FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1996-12-30**
SEC Accession No. 0000950137-96-002700

FILER

STRONG INSTITUTIONAL FUNDS INC

CIK:**948336**| IRS No.: **391802441** | State of Incorp.:**WI** | Fiscal Year End: **0228**
Type: **485BPOS** | Act: **33** | File No.: **033-61545** | Film No.: **96687577**

Mailing Address
100 HERITAGE RESERVE
MENOMONEE FALLS WI
53051

Business Address
100 HERITAGE RESERVE
MENOMONEE FALLS WI
53051
4143593400

As filed with the Securities and Exchange Commission on or about
December 30, 1996

Securities Act Registration No. 33-61545
Investment Company Act Registration No. 811-7335

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. 4 [X]
----
and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [ ]
Amendment No. 5 [X]

(Check appropriate box or boxes)

STRONG INSTITUTIONAL FUNDS, INC.
(Exact Name of Registrant as Specified in Charter)

100 HERITAGE RESERVE
MENOMONEE FALLS, WISCONSIN 53051
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (414) 359-3400

THOMAS P. LEMKE
STRONG CAPITAL MANAGEMENT, INC.
100 HERITAGE RESERVE
MENOMONEE FALLS, WISCONSIN 53051
(Name and Address of Agent for Service)

Registrant has registered an indefinite amount of securities pursuant to Rule 24f-2 under the Securities Act of 1933; the Registrant's Rule 24f-2 Notice for the period September 21, 1995 through February 29, 1996 was filed on or about April 19, 1996.

It is proposed that this filing will become effective (check appropriate box).

[ ] immediately upon filing pursuant to paragraph (b) of Rule 485
[X] on December 31, 1996 pursuant to paragraph (b) of Rule 485
[ ] 60 days after filing pursuant to paragraph (a)(1) of Rule 485
[ ] on (date) pursuant to paragraph (a)(1) of Rule 485
[ ] 75 days after filing pursuant to paragraph (a)(2) of Rule 485
[ ] on (date) pursuant to paragraph (a)(2) of Rule 485

If appropriate, check the following box:

[ ] this post-effective amendment designates a new effective date for a previously filed post-effective amendment.

STRONG INSTITUTIONAL FUNDS, INC.

CROSS REFERENCE SHEET

STRONG INSTITUTIONAL MONEY FUND

(Pursuant to Rule 481 showing the location in the Prospectus and the Statement of Additional Information of the responses to the Items of Parts A and B of Form N-1A.)

<TABLE>
<CAPTION>

ITEM NO. ON FORM N-1A	CAPTION OR SUBHEADING IN PROSPECTUS OR STATEMENT OF ADDITIONAL INFORMATION
<S>	<C>
PART A - INFORMATION REQUIRED IN PROSPECTUS	
1. Cover Page	Cover Page
2. Synopsis	Expenses
3. Condensed Financial Information	Financial Highlights
4. General Description of Registrant	Investment Objective and Policies; Implementation of Policies and Risks; About the Fund
5. Management of the Fund	About the Fund
5A. Management's Discussion of Fund Performance	*
6. Capital Stock and Other Securities	About the Fund; Additional Information
7. Purchase of Securities Being Offered	How to Buy Shares, Determining Your Share Price, Additional Information
8. Redemption or Repurchase	How to Sell Shares, Determining Your Share Price, Additional Information
9. Pending Legal Proceedings	Inapplicable
PART B - INFORMATION REQUIRED IN STATEMENT OF ADDITIONAL INFORMATION	
10. Cover Page	Cover page
11. Table of Contents	Table of Contents
12. General Information and History	**
13. Investment Objectives and Policies	Investment Restrictions; Investment Policies and Techniques
14. Management of the Fund	Directors and Officers of the Fund
15. Control Persons and Principal Holders of Securities	Principal Shareholders; Directors and Officers of the Fund; Investment Advisor and Distributor

</TABLE>

<TABLE>
<CAPTION>

ITEM NO. ON FORM N-1A	CAPTION OR SUBHEADING IN PROSPECTUS OR STATEMENT OF ADDITIONAL INFORMATION
<S>	<C>
16. Investment Advisory and Other Services	Investment Advisor and Distributor; About the Fund (in Prospectus); Custodian; Transfer Agent and Dividend-Disbursing Agent; Independent Accountants; Legal Counsel

17. Brokerage Allocation and Other Practices	Portfolio Transactions and Brokerage
18. Capital Stock and Other Securities	Included in Prospectus under the heading About the Fund and in the Statement of Additional Information under the heading Shareholder Meetings
19. Purchase, Redemption and Pricing of Securities Being Offered	Included in Prospectus under the headings: How to Buy Shares, Determining Your Share Price, How to Sell Shares, Additional Information; and in the Statement of Additional Information under the headings: Investment Advisor and Distributor; and Determination of Net Asset Value
20. Tax Status	Included in Prospectus under the heading About the Fund; and in the Statement of Additional Information under the heading Taxes
21. Underwriters	Investment Advisor and Distributor
22. Calculation of Performance Data	Performance Information
23. Financial Statements	Financial Statements

* Complete answer to Item is contained in the Fund's Annual Report.
** Complete answer to Item is contained in Fund's Prospectus.

STRONG INSTITUTIONAL FUNDS, INC.

CROSS REFERENCE SHEET

STRONG INSTITUTIONAL BOND FUND

(Pursuant to Rule 481 showing the location in the Prospectus and the Statement of Additional Information of the responses to the Items of Parts A and B of Form N-1A.)

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PART A - INFORMATION REQUIRED IN PROSPECTUS	
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5. Management of the Fund	About the Fund
5A. Management's Discussion of Fund Performance	Inapplicable
6. Capital Stock and Other Securities	About the Fund; Additional Information
7. Purchase of Securities Being Offered	How to Buy Shares, Determining Your Share Price, Additional Information
8. Redemption or Repurchase	How to Sell Shares, Determining Your Share Price, Additional Information

9. Pending Legal Proceedings	Inapplicable

PART B - INFORMATION REQUIRED IN STATEMENT OF ADDITIONAL INFORMATION

10. Cover Page	Cover page
11. Table of Contents	Table of Contents
12. General Information and History	*
13. Investment Objectives and Policies	Investment Restrictions; Investment Policies and Techniques
14. Management of the Fund	Directors and Officers of the Fund
15. Control Persons and Principal Holders of Securities	Principal Shareholders; Directors and Officers of the Fund; Investment Advisor and Distributor

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22. Calculation of Performance Data	Performance Information
23. Financial Statements	Inapplicable

</TABLE>

* Complete answer to Item is contained in Fund's Prospectus.

PART A

PROSPECTUS

STRONG INSTITUTIONAL MONEY FUND

Incorporated by Reference to the Registrant's Post-Effective Amendment No. 2 to

the Registration Statement on Form N-1A (File No. 33-61545), which was filed with the Securities and Exchange Commission on or about June 27, 1996 (Edgar Reference 0000950137-96-001019).

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STRONG INSTITUTIONAL BOND FUND

The Strong Institutional Bond Fund is a diversified, no-load series of Strong Institutional Funds, Inc., an open-end management investment company. The Strong Institutional Bond Fund (the "Fund") seeks total return by investing for a high level of current income with a moderate degree of share-price fluctuation. The Fund invests primarily in investment-grade debt obligations and its average portfolio duration will normally vary between three and six years. The Fund is designed to provide access to the professional investment management services offered by Strong Capital Management, Inc., the Fund's investment advisor.

This Prospectus contains information you should consider before you invest. Please read it carefully and keep it for future reference. A Statement of Additional Information for the Fund, dated December 31, 1996, contains further information, is incorporated by reference into this Prospectus, and has been filed with the Securities and Exchange Commission ("SEC"). This Statement, which may be revised from time to time, is available without charge by writing to Strong Funds Distributors, Inc., P.O. Box 782, Milwaukee, Wisconsin 53201-0782 or by calling (800) 733-2274.

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.

Toll Free: 800-733-2274

December 31, 1996

PROSPECTUS PAGE 1

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<TABLE>

<S> <C> <C>

</TABLE>

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and the Statement of Additional Information, and if given or made, such information or representations may not be relied upon as having been authorized by the Fund. This Prospectus does not constitute an offer to sell securities in any state or jurisdiction in which such offering may not lawfully be made.

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EXPENSES

The following information is provided in order to help you understand the various costs and expenses that you, as an investor in the Fund, will bear directly or indirectly.

SHAREHOLDER TRANSACTION EXPENSES

<TABLE>

<S>	<C>
Sales Load Imposed on Purchases.....	NONE
Sales Load Imposed on Reinvested Dividends.....	NONE
Deferred Sales Load.....	NONE
Redemption Fee.....	NONE
Exchange Fee.....	NONE

</TABLE>

Purchases and redemptions may also be made through broker-dealers or other financial intermediaries who may charge a commission or other transaction fee for their services.

ANNUAL FUND OPERATING EXPENSES
(as a percentage of average net assets)

<TABLE>
<CAPTION>

<S>	Institutional Bond Fund <C>
Management Fee	.25%
Other Expenses	.15
Administrative Services Fee	NONE
12b-1 Fees	NONE
Total Operating Expenses	.40%

</TABLE>

STRONG CAPITAL MANAGEMENT, INC. (THE "ADVISOR") HAS VOLUNTARILY AGREED TO MAINTAIN THE FUND'S TOTAL OPERATING EXPENSE AT .40% UNTIL DECEMBER 31, 1997. If this expense cap was not in place, Other Expenses would have been .27%. Thereafter, the Advisor may voluntarily waive its management fee or absorb Other Expenses for the Fund. Since the Fund is new and did not begin operations until December 31, 1996, the Other Expenses have been estimated. For additional information concerning fees and expenses, see "About the Fund - Management."

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EXAMPLE. You would pay the following expenses on a $1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period:

<TABLE>
<CAPTION>

	Period (in years)	
	1	3
<S>	<C>	<C>
Institutional Bond Fund...	$ 4	$13

</TABLE>

The Example is based on the Fund's "Total Operating Expenses" after waiver or absorption, as described above. PLEASE REMEMBER THAT THE EXAMPLE SHOULD NOT BE CONSIDERED AS REPRESENTATIVE OF PAST OR FUTURE EXPENSES AND THAT ACTUAL EXPENSES MAY BE HIGHER OR LOWER THAN THOSE SHOWN. The assumption in the Example of a 5% annual return is required by regulations of the SEC applicable to all mutual funds. The assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund's shares.

INVESTMENT OBJECTIVE AND POLICIES

The Fund has adopted certain fundamental investment restrictions that are designed to reduce the Fund's investment risk. A complete list of these and other operating policies are set forth in the Fund's Statement of Additional Information ("SAI"). To further guide investment activities, the Fund has also instituted a number of non-fundamental operating policies which are described throughout this Prospectus and in the SAI. Although operating policies may be changed by the Fund's Board of Directors without shareholder approval, the Fund will promptly notify shareholders of any material change in operating policies. Because of the risks inherent in all investments, there can be no assurance that the Fund will meet its objective.

The Fund seeks total return by investing for a high level of current income with a moderate degree of share-price fluctuation. The Fund invests primarily in investment-grade debt obligations and its average portfolio duration will normally vary between three and six years.

Under normal market conditions, at least 80% of the Fund's net assets will be invested in investment-grade debt obligations, which include a range of securities from those in the highest rating category to those rated medium-quality (e.g., BBB or higher by Standard & Poor's Ratings Group ("S&P")). The Fund may also invest up to 20% of its net assets in non-investment-grade debt obligations and other high-yield (high-risk) securities (e.g., those bonds rated as low as C by S&P). The Fund may invest up to 20% of its net assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. When the Advisor determines that market conditions warrant a temporary defensive position, the Fund may invest without limitation in cash and short-term fixed income securities.

IMPLEMENTATION OF POLICIES AND RISKS

In addition to the investment policies described above (and subject to certain restrictions described below), the Fund may invest in some or all of the following securities and may employ some or all of the following investment techniques, some of which may present special risks as described below. A more complete discussion of certain of these securities and investment techniques and the associated risks is contained in the Fund's SAI.

DEBT OBLIGATIONS

The Fund may invest in any type of debt obligations. The Fund's authority to invest in certain types of debt obligations may be restricted or subject to objective investment criteria. For additional information on these restrictions, see "Investment Objective and Policies."

In conducting its credit research and analysis, the Advisor considers both qualitative and quantitative factors to evaluate the creditworthiness of individual issuers. The Advisor also relies, in part, on credit ratings compiled by a number of nationally recognized statistical rating organizations ("NRSRO"). "Appendix A - Ratings of Debt Obligations" presents a summary of the ratings of three well-known such organizations: S&P, Moody's Investors Service, Inc., and Fitch Investors Service, Inc. Please refer to the Appendix in the Fund's SAI for a more detailed description of these ratings.

TYPES OF OBLIGATIONS. Debt obligations include (i) corporate debt securities, including bonds, debentures, and notes; (ii) bank obligations, such as certificates of deposit, banker's acceptances, and time deposits of domestic and foreign banks and their subsidiaries and branches, and domestic savings and loan associations (in amounts in excess of the insurance coverage (currently $100,000 per account) provided by the Federal Deposit Insurance Corporation); (iii) commercial paper (including variable-amount master demand notes); (iv) repurchase agreements; (v) loan interests; (vi) foreign debt obligations issued by foreign issuers traded either in foreign markets or in domestic markets through depositary receipts; (vii) convertible securities - debt obligations of corporations convertible into or exchangeable for equity securities or debt obligations that carry with them the right to acquire equity securities, as evidenced by warrants attached to such securities, or acquired as part of units of the securities; (viii) preferred stocks - securities that represent an ownership interest in a corporation and that give the owner a prior claim over common stock on the company's earnings or assets; (ix) U.S. government securities; (x) mortgage-backed securities, collateralized mortgage obligations, and similar securities; and (xi) municipal obligations.

INVESTMENT-GRADE DEBT OBLIGATIONS. Debt obligations rated in the highest- through the medium-quality categories are commonly referred to as "investment-grade" debt obligations and include the following:

- U.S. government securities (See "Government Securities" below);

- bonds or bank obligations rated in one of the four highest rating categories (e.g., BBB or higher by S&P);

- short-term notes rated in one of the two highest rating categories (e.g., SP-2 or higher by S&P);

- short-term bank obligations rated in one of the three highest rating categories (e.g., A-3 or higher by S&P), with respect to obligations maturing in one year or less;

- commercial paper rated in one of the three highest rating categories (e.g., A-3 or higher by S&P);

- unrated debt obligations determined by the Advisor to be of comparable quality; and

- repurchase agreements involving investment-grade debt obligations.

Investment-grade debt obligations are generally believed to have relatively low degrees of credit risk. All ratings are determined at the time of investment. Any subsequent rating downgrade of a debt obligation will be monitored by the Advisor to consider what action, if any, the Fund should take consistent with its investment objective.

HIGH-YIELD (HIGH-RISK) SECURITIES. High-yield (high-risk) securities, also referred to as "junk bonds," are those securities that are rated lower than investment grade and unrated securities of comparable quality. Although these securities generally offer higher yields than investment-grade securities with similar maturities, lower-quality securities involve greater risks, including the possibility of default or bankruptcy. In general, they are regarded to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Other potential risks associated with investing in high-yield securities include:

- substantial market-price volatility resulting from changes in interest rates, changes in or uncertainty about economic conditions, and changes in the actual or perceived ability of the issuer to meet its obligations;

- greater sensitivity of highly-leveraged issuers to adverse economic changes and individual-issuer developments;

- subordination to the prior claims of other creditors;

- additional Congressional attempts to restrict the use or limit the tax and other advantages of these securities; and

- adverse publicity and changing investor perceptions about these securities.

As with any other asset in the Fund's portfolio, any reduction in the value of such securities as a result of the factors listed above would be reflected in the net asset value of the Fund. In addition, a fund that invests in lower-quality securities may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal and interest on its holdings. As a result of the associated risks, successful investments in high-yield, high-risk securities will be more dependent on the Advisor's credit analysis than generally would be the case with investments in investment-grade securities.

It is uncertain how the high-yield market will perform during a prolonged period of rising interest rates. A prolonged economic downturn or a prolonged period of rising interest rates could adversely affect the market for these securities, increase their volatility, and reduce their value and liquidity. In addition, lower-quality securities tend to be less liquid than higher-quality debt securities because the market for them is not as broad or active. If market quotations are not available, these securities will be valued in accordance with procedures established by the Fund's Board of Directors. Judgment may, therefore, play a greater role in valuing these securities. The lack of a liquid secondary market may have an adverse effect on market price and the Fund's

ability to sell particular securities.

DURATION. Duration is a measure of the expected life of a debt obligation that was developed as a more precise alternative to the concept of "maturity." Traditionally, a debt obligation's maturity has been used as a proxy for the sensitivity of the security's price to changes in interest rates (which is the "interest rate risk" or "volatility" of the security). However, maturity measures only the time until a debt obligation provides its final payment, taking no account of the pattern of the security's payments prior to maturity. In contrast, duration incorporates a bond's yield, coupon interest payments, final maturity and call features into one measure. Duration management is one of the fundamental tools used by the Advisor.

GOVERNMENT SECURITIES

U.S. government securities are issued or guaranteed by the U.S. government or its agencies or instrumentalities. Securities issued by the government include U.S. Treasury obligations, such as Treasury bills, notes, and bonds. Securities issued or guaranteed by government agencies or instrumentalities include the following:

- the Federal Housing Administration, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration, and the Government National Mortgage Association, including GNMA pass-through certificates, whose securities are supported by the full faith and credit of the United States;

- the Federal Home Loan Banks, Federal Intermediate Credit Banks, and the Tennessee Valley Authority, whose securities are supported by the right of the agency to borrow from the U.S. Treasury;
- the Federal National Mortgage Association, whose securities are supported by the discretionary authority of the U.S. government to purchase certain obligations of the agency or instrumentality; and
- the Student Loan Marketing Association, the Interamerican Development Bank, and International Bank for Reconstruction and Development, whose securities are supported only by the credit of such agencies.

Although the U.S. government provides financial support to such U.S. government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so. The U.S. government and its agencies and instrumentalities do not guarantee the market value of their securities; consequently, the value of such securities will fluctuate.

MORTGAGE- AND ASSET-BACKED SECURITIES

Mortgage-backed securities represent direct or indirect participation in, or are secured by and payable from, mortgage loans secured by real property, and include single- and multi-class pass-through securities and collateralized mortgage obligations. Such securities may be issued or guaranteed by U.S. government agencies or instrumentalities or by private issuers, generally originators in mortgage loans, including savings associations, mortgage bankers, commercial banks, investment bankers, and special purpose entities (collectively, "private lenders"). Mortgage-backed securities issued by private lenders may be supported by pools of mortgage loans or other mortgage-backed securities that are guaranteed, directly or indirectly, by the U.S. government or one of its agencies or instrumentalities, or they may be issued without any governmental guarantee of the underlying mortgage assets but with some form of non-governmental credit enhancement.

Asset-backed securities have structural characteristics similar to mortgage-backed securities. However, the underlying assets are not first-lien mortgage loans or interests therein; rather they include assets such as motor vehicle installment sales contracts, other installment loan contracts, home equity loans, leases of various types of property and receivables from credit card or other revolving credit arrangements. Payments or distributions of principal and

interest on asset-backed securities may be supported by non-governmental credit enhancements similar to those utilized in connection with mortgage-backed securities.

The yield characteristics of mortgage- and asset-backed securities differ from those of traditional debt obligations. Among the principal differences are that interest and principal payments are made more frequently on mortgage-and asset-backed securities, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally

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may be prepaid at any time. As a result, if the Fund purchases these securities at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing the yield to maturity. Conversely, if the Fund purchases these securities at a discount, a prepayment rate that is faster than expected will increase yield to maturity, while a prepayment rate that is slower than expected will reduce yield to maturity. Accelerated prepayments on securities purchased by the Fund at a premium also impose a risk of loss of principal because the premium may not have been fully amortized at the time the principal is prepaid in full. The market for privately issued mortgage- and asset-backed securities is smaller and less liquid than the market for government sponsored mortgage-backed securities.

The Fund may invest in stripped mortgage- or asset-backed securities, which receive differing proportions of the interest and principal payments from the underlying assets. The market value of such securities generally is more sensitive to changes in prepayment and interest rates than is the case with traditional mortgage- and asset-backed securities, and in some cases the market value may be extremely volatile. With respect to certain stripped securities, such as interest-only ("IO") and principal-only ("PO") classes, a rate of prepayment that is faster or slower than anticipated may result in the Fund failing to recover all or a portion of its investment, even though the securities are rated investment grade.

LOAN INTERESTS

The Fund may invest in loan interests, which are interests in amounts owed by a corporate, governmental or other borrower to lenders or lending syndicates. Loan interests purchased by the Fund may have a maturity of any number of days or years, and may be secured or unsecured. Loan interests, which may take the form of participation interests in, assignments of, or novations of a loan, may be acquired from U.S. and foreign banks, insurance companies, finance companies or other financial institutions that have made loans or are members of a lending syndicate or from the holders of loan interests. Loan interests involve the risk of loss in case of default or bankruptcy of the borrower and, in the case of participation interests, involve a risk of insolvency of the agent lending bank or other financial intermediary. Loan interests are not rated by any NRSROs and are, at present, not readily marketable and may be subject to contractual restrictions on resale.

FOREIGN INVESTMENTS AND CURRENCIES

The Fund may invest up to 20% of its net assets in securities denominated in foreign currencies. The Fund may invest without limitation in U.S. dollar-denominated securities of foreign issuers and U.S. securities enhanced as to

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credit quality or liquidity by foreign issuers. Foreign investments involve special risks, including:

- expropriation, confiscatory taxation, and withholding taxes on dividends and

interest;
- less extensive regulation of foreign brokers, securities markets, and issuers;
- less publicly available information and different accounting standards;
- costs incurred in conversions between currencies, possible delays in settlement in foreign securities markets, limitations on the use or transfer of assets (including suspension of the ability to transfer currency from a given country), and difficulty of enforcing obligations in other countries; and
- diplomatic developments and political or social instability.

Foreign economies may differ favorably or unfavorably from the U.S. economy in various respects, including growth of gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, and balance-of-payments positions. Many foreign investments may be less liquid and their prices more volatile than comparable U.S. securities. Although the Fund generally will invest only in securities that are regularly traded on recognized exchanges or in over-the-counter markets, from time to time foreign investments may be difficult to liquidate rapidly without adverse price effects. Certain costs attributable to foreign investing, such as custody charges and brokerage costs, may be higher than those attributable to domestic investing.

Because most foreign investments are denominated in non-U.S. currencies, the investment performance of the Fund could be affected by changes in foreign currency exchange rates to some extent. The value of the Fund's assets denominated in foreign currencies will increase or decrease in response to fluctuations in the value of those foreign currencies relative to the U.S. dollar. Currency exchange rates can be volatile at times in response to supply and demand in the currency exchange markets, international balances of payments, governmental intervention, speculation, and other political and economic conditions.

The Fund may purchase and sell foreign currency on a spot basis and may engage in forward currency contracts, currency options, and futures transactions for hedging, risk management, or any other lawful purpose. (See "Derivative Instruments.")

REPURCHASE AGREEMENTS

The Fund may enter into repurchase agreements with certain banks and non-bank dealers. In a repurchase agreement, the Fund buys a security at one price, and at the time of sale, the seller agrees to repurchase the obligation at a mutually agreed upon time and price (usually within seven days). The repurchase agreement determines the yield during the purchaser's holding period,

while the seller's obligation to repurchase is secured by the value of the underlying security. The Fund may enter into repurchase agreements with respect to any security in which it may invest. The Advisor will monitor, on an ongoing basis, the value of the underlying securities to ensure that the value always equals or exceeds the repurchase price plus accrued interest. Repurchase agreements could involve certain risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities. Although no definitive creditworthiness criteria are used, the Advisor reviews the creditworthiness of the banks and non-bank dealers with which the Fund enters into repurchase agreements to evaluate those risks. The Fund may, under certain circumstances, deem repurchase agreements collateralized by U.S. government securities to be investments in U.S. government securities.

DERIVATIVE INSTRUMENTS

The Fund may use derivative instruments for any lawful purpose consistent with the Fund's investment objective such as hedging or managing risk. Derivative instruments are commonly defined to include securities or contracts whose values depend on (or "derive" from) the value of one or more other assets,

such as securities, currencies, or commodities. These "other assets" are commonly referred to as "underlying assets."

A derivative instrument generally consists of, is based upon, or exhibits characteristics similar to options or forward contracts. Options and forward contracts are considered to be the basic "building blocks" of derivatives. For example, forward-based derivatives include forward contracts, swap contracts, as well as exchange-traded futures. Option-based derivatives include privately negotiated, over-the-counter (OTC) options (including caps, floors, collars, and options on forward and swap contracts) and exchange-traded options on futures. Diverse types of derivatives may be created by combining options or forward contracts in different ways, and by applying these structures to a wide range of underlying assets.

An option is a contract in which the "holder" (the buyer) pays a certain amount (the "premium") to the "writer" (the seller) to obtain the right, but not the obligation, to buy from the writer (in a "call") or sell to the writer (in a "put") a specific asset at an agreed upon price at or before a certain time. The holder pays the premium at inception and has no further financial obligation. The holder of an option-based derivative generally will benefit from favorable movements in the price of the underlying asset but is not exposed to corresponding losses due to adverse movements in the value of the underlying asset. The writer of an option-based derivative generally will receive fees or premiums but generally is exposed to losses due to changes in the value of the underlying asset.

A forward is a sales contract between a buyer (holding the "long" position) and a seller (holding the "short" position) for an asset with delivery deferred

until a future date. The buyer agrees to pay a fixed price at the agreed future date and the seller agrees to deliver the asset. The seller hopes that the market price on the delivery date is less than the agreed upon price, while the buyer hopes for the contrary. The change in value of a forward-based derivative generally is roughly proportional to the change in value of the underlying asset.

Derivative instruments may include (i) options; (ii) futures; (iii) options on futures; (iv) short sales against the box, in which the Fund sells a security it owns for delivery at a future date; (v) swaps, in which two parties agree to exchange a series of cash flows in the future, such as interest-rate payments; (vi) interest-rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap"; (vii) interest-rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified level, or "floor"; (viii) forward currency contracts and foreign currency exchange-related securities; and (ix) structured instruments which combine the foregoing in different ways.

Derivatives may be exchange-traded or traded in OTC transactions between private parties. OTC transactions are subject to additional risks, such as the credit risk of the counterparty to the instrument and are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the transaction. Derivative instruments may include elements of leverage and, accordingly, the fluctuation of the value of the derivative instrument in relation to the underlying asset may be magnified. When required by SEC guidelines, the Fund will set aside permissible liquid assets in a segregated account to secure its obligations under the derivative.

The successful use of derivatives by the Fund is dependent upon a variety of factors, particularly the Advisor's ability to correctly anticipate trends in the underlying asset. In a hedging transaction, if the Advisor incorrectly anticipates trends in the underlying asset, the Fund may be in a worse position than if no hedging had occurred. In addition, there may be imperfect correlation between the Fund's derivative transactions and the instruments being hedged. To the extent that the Fund is engaging in derivative transactions for risk management, the Fund's successful use of such transactions is more dependent upon the Advisor's ability to correctly anticipate such trends, since losses in these transactions may not be offset by gains in the Fund's portfolio or by lower purchase prices for assets it intends to acquire. The Advisor's prediction of trends in underlying assets may prove to be inaccurate, which could result in substantial losses to the Fund.

In addition to the derivative instruments and strategies described above, the Advisor expects to discover additional derivative instruments and other trading techniques. The Advisor may utilize these new derivative instruments and techniques to the extent that they are consistent with the Fund's investment objective and permitted by the Fund's investment limitations, operating policies, and applicable regulatory authorities.

WHEN-ISSUED SECURITIES

The Fund may invest in securities purchased on a when-issued or delayed-delivery basis. Although the payment and interest terms of these securities are established at the time the purchaser enters into the commitment, these securities may be delivered and paid for at a future date, generally within 45 days. Purchasing when-issued securities allows the Fund to lock in a fixed price or yield on a security it intends to purchase. However, when the Fund purchases a when-issued security, it immediately assumes the risk of ownership, including the risk of price fluctuation.

The greater the Fund's outstanding commitments for these securities, the greater the exposure to potential fluctuations in the net asset value of the Fund. Purchasing when-issued securities may involve the additional risk that the yield available in the market when the delivery occurs may be higher or the market price lower than that obtained at the time of commitment. Although the Fund may be able to sell these securities prior to the delivery date, it will purchase when-issued securities for the purpose of actually acquiring the securities, unless, after entering into the commitment, a sale appears desirable for investment reasons. When required by SEC guidelines, the Fund will set aside permissible liquid assets in a segregated account to secure its outstanding commitments for when-issued securities.

ILLIQUID SECURITIES

The Fund may invest up to 15% of its net assets in illiquid securities. Illiquid securities are those securities that are not readily marketable, including restricted securities and repurchase obligations maturing in more than seven days. Certain restricted securities which may be resold to institutional investors under Rule 144A under the Securities Act of 1933 and Section 4(2) commercial paper may be determined to be liquid under guidelines adopted by the Fund's Board of Directors.

ZERO-COUPON, STEP-COUPON, AND PAY-IN-KIND SECURITIES

The Fund may invest in zero-coupon, step-coupon, and pay-in-kind securities. These securities are debt securities that do not make regular cash interest payments. Zero-coupon and step-coupon securities are sold at a deep discount to their face value. Pay-in-kind securities pay interest through the issuance of additional securities. Because such securities do not pay current cash income, the price of these securities can be volatile when interest rates fluctuate. While these securities do not pay current cash income, federal income tax law requires the holders of zero-coupon, step-coupon, and pay-in-kind securities to include in income each year the portion of the original issue discount (or deemed discount) and other non-cash income on such securities accrued during that year. In order to continue to qualify for treatment as a "regulated

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investment company" under the Internal Revenue Code and avoid a certain excise

tax, the Fund may be required to distribute a portion of such discount and income and may be required to dispose of other portfolio securities, which may occur in periods of adverse market prices, in order to generate cash to meet these distribution requirements.

MORTGAGE DOLLAR ROLLS AND REVERSE REPURCHASE AGREEMENTS

The Fund may engage in reverse repurchase agreements to facilitate portfolio liquidity, a practice common in the mutual fund industry, or for arbitrage transactions discussed below. In a reverse repurchase agreement, the Fund would sell a security and enter into an agreement to repurchase the security at a specified future date and price. The Fund generally retains the right to interest and principal payments on the security. Since the Fund receives cash upon entering into a reverse repurchase agreement, it may be considered a borrowing. When required by SEC guidelines, the Fund will set aside permissible liquid assets in a segregated account to secure its obligation to repurchase the security.

The Fund may also enter into mortgage dollar rolls, in which the Fund would sell mortgage-backed securities for delivery in the current month and simultaneously contract to purchase substantially similar securities on a specified future date. While the Fund would forego principal and interest paid on the mortgage-backed securities during the roll period, the Fund would be compensated by the difference between the current sale price and the lower price for the future purchase as well as by any interest earned on the proceeds of the initial sale. The Fund also could be compensated through the receipt of fee income equivalent to a lower forward price. When required by SEC guidelines, a Fund would set aside permissible liquid assets in a segregated account to secure its obligation for the forward commitment to buy mortgage-backed securities. Mortgage dollar roll transactions may be considered a borrowing by the Fund.

The mortgage dollar rolls and reverse repurchase agreements entered into by the Fund may be used as arbitrage transactions in which the Fund will maintain an offsetting position in investment-grade debt obligations or repurchase agreements that mature on or before the settlement date of the related mortgage dollar roll or reverse repurchase agreement. Since the Fund will receive interest on the securities or repurchase agreements in which it invests the transaction proceeds, such transactions may involve leverage. However, since such securities or repurchase agreements will be high quality and will mature on or before the settlement date of the mortgage dollar roll or reverse repurchase agreement, the Advisor believes that such arbitrage transactions do not present the risks to the Fund that are associated with other types of leverage.

CASH MANAGEMENT

The Fund may invest directly in cash and short-term fixed income securities, including, for this purpose, shares of one or more money market funds managed by the Advisor (collectively, the "Strong Money Funds"). The Strong Money Funds seek current income, a stable share price of $1.00, and daily liquidity. All money market instruments can change in value when interest rates or an issuer's creditworthiness change dramatically. The Strong Money Funds cannot guarantee that they will always be able to maintain a stable net asset value of $1.00 per share.

PORTFOLIO TURNOVER

The annual portfolio turnover rate indicates changes in the Fund's portfolio. The turnover rate may vary from year to year, as well as within a year. It may also be affected by sales of portfolio securities necessary to meet cash requirements for redemption of shares. High portfolio turnover in any year will result in the payment by the Fund of above-average amounts of transaction costs and could result in the payment by shareholders of above-average amounts of taxes on realized investment gains. The annual portfolio turnover rate for the

Fund is expected to be between 200% and 300%. However, the Fund's portfolio turnover rate may exceed 300% when the Advisor believes the anticipated benefits of short-term investments outweigh any increase in transaction costs or increase in capital gains.

ABOUT THE FUND

MANAGEMENT

The Board of Directors of the Fund is responsible for managing its business and affairs. The Fund has entered into an investment advisory agreement with Strong Capital Management, Inc. (the "Advisor"). Under the terms of the agreement, the Advisor manages the Fund's investments and business affairs subject to the supervision of the Fund's Board of Directors.

ADVISOR. The Advisor began conducting business in 1974. Since then, its principal business has been providing continuous investment supervision for individuals and institutional accounts, such as pension fund and profit-sharing plans, as well as mutual funds, several of which are funding vehicles for variable insurance products. As of November 30, 1996, the Advisor had over $23 billion under management. The Advisor's principal mailing address is P.O. Box 2936, Milwaukee, Wisconsin 53201. Mr. Richard S. Strong, the Chairman of the Board of Strong Institutional Funds, Inc., is the controlling shareholder of the Advisor.

As compensation for its services, the Fund pays the Advisor a monthly management fee based on a percentage of the Fund's average daily net asset value. The annual rate is .25%. From time to time, the Advisor may voluntarily waive all or a portion of its management fee and/or absorb certain Fund expenses without further notification of the commencement or termination of such waiver or absorption. Any such waiver or absorption will temporarily lower the Fund's overall expense ratio and increase the Fund's overall return to investors.

Except for expenses assumed by the Advisor or Strong Funds Distributors, Inc., the Fund is responsible for all its other expenses, including, without limitation, interest charges, taxes, brokerage commissions, and similar expenses; expenses of issue, sale, repurchase, or redemption of shares; expenses of registering or qualifying shares for sale with the states and the SEC; expenses of printing and distribution of prospectuses to existing shareholders; charges of custodians (including fees as custodian for keeping books and similar services for the Fund), transfer agents (including the printing and mailing of reports and notices to shareholders), registrars, auditing and legal services, and clerical services related to recordkeeping and shareholder relations; printing of stock certificates; fees for directors who are not "interested persons" of the Advisor; expenses of indemnification; extraordinary expenses; and costs of shareholder and director meetings.

The Advisor permits portfolio managers and other persons who may have access to information about the purchase or sale of securities in the Fund's portfolio ("access persons") to purchase and sell securities for their own accounts, subject to the Advisor's policy governing personal investing. The policy requires access persons to conduct their personal investment activities in a manner that the Advisor believes is not detrimental to the Fund or to the Advisor's other advisory clients. Among other things, the policy requires access persons to obtain preclearance before executing personal trades and prohibits access persons from keeping profits derived from the purchase or sale of the same security within 60 calendar days. See the SAI for more information.

PORTFOLIO MANAGERS. The following individuals serve as co-portfolio managers of the Fund.

BRADLEY C. TANK. Mr. Tank leads the Fund's investment team. Before joining the Advisor in June 1990, Mr. Tank spent eight years at Salomon Brothers, Inc.,

where he was a vice president and fixed income specialist. In addition, Mr. Tank chairs the Fixed Income Investment Committee. Mr. Tank received his B.A. in 1980 from the University of Wisconsin - Eau Claire and his M.B.A. in 1982 from the University of Wisconsin - Madison, where he also completed the Applied Securities Analysis Program.

JEFFREY A. KOCH. Mr. Koch joined the Advisor as a portfolio manager and securities analyst in June 1989. For a brief period prior to that, he was a market-maker clerk at Fossett Corporation, a clearing firm. Mr. Koch earned his M.B.A. in Finance at Washington University in St. Louis, Missouri in 1989. His undergraduate degree, awarded in 1987, is from the University of Minnesota - Morris.

SHIRISH T. MALEKAR. Mr. Malekar joined the Advisor in January 1994. He was an international bond portfolio manager at Pacific Investment Management Company in California for the previous three years. Prior to that, he was a bond trader at Harris Bank in Chicago for one year and a bond trader at PaineWebber Incorporated in New York and Tokyo for more than two years. He has an M.S. in Management from the Massachusetts Institute of Technology, an M.S. in Petroleum Engineering from the University of Pittsburgh, and a B.S. in Chemical Engineering from the University of Bombay, India.

TRANSFER AND DIVIDEND-DISBURSING AGENT

The Advisor, P.O. Box 2936, Milwaukee, Wisconsin 53201, also acts as dividend-disbursing agent and transfer agent for the Fund. As compensation for these services, the Fund pays the Advisor a monthly fee based on a percentage of the Fund's average daily net asset value. The annual rate is .02%. However, the minimum annual fee paid by the Fund to the Advisor will be $25,000. The fees received and the services provided as transfer agent and dividend-disbursing agent are in addition to those received and provided under the advisory agreement between the Advisor and the Fund.

DISTRIBUTOR

Strong Funds Distributors, Inc., P.O. Box 2936, Milwaukee, Wisconsin 53201, an indirect subsidiary of the Advisor, acts as distributor of the shares of the Fund.

ORGANIZATION

The Fund is a series of Strong Institutional Funds, Inc., a Wisconsin corporation that is authorized to issue an indefinite number of shares of common stock and series and classes of series of shares of common stock. Each share of the Fund has one vote, and all shares participate equally in dividends and other capital gains distributions and in the residual assets of the Fund in the event of liquidation. Generally, the Fund will not hold an annual meeting of shareholders unless required by the Investment Company Act of 1940 (the "1940 Act").

DISTRIBUTIONS AND TAXES

PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS. Dividends from the Fund automatically will be invested in additional shares of the Fund. Shares are purchased at the net asset value determined on the payment date. If you request in writing that your dividends be paid in cash, the Fund will credit your bank

account by Electronic Funds Transfer ("EFT") or issue a check to you within five business days of the payment date. You may change your election at any time by calling or writing Strong Funds. Strong Funds must receive any such change 7 days (15 days for EFT) prior to a dividend or capital gain distribution payment date in order for the change to be effective for that payment.

The policy of the Fund is to pay dividends from net investment income monthly and to distribute substantially all net realized capital gains and gains from foreign currency transactions, if any, annually. The Fund may make additional distributions if necessary to avoid imposition of a 4% excise tax on undistributed income and gains. The Fund declares dividends on each day its net asset value is calculated, except for bank holidays. Income earned on weekends, holidays (including bank holidays), and other days on which net asset value is not calculated is declared as a dividend on the day on which the Fund's net asset value was most recently calculated.

TAX STATUS OF DIVIDENDS AND OTHER DISTRIBUTIONS. You may be subject to federal income tax at ordinary income tax rates on any dividends you receive that are derived from investment company taxable income (consisting generally of net investment income, net short-term capital gain, and net gains from certain foreign currency transactions, if any). Distributions by the Fund of net capital gain (the excess of net long-term capital gain over net short-term capital loss), when designated as such, are taxable to you as long-term capital gains, regardless of how long you have held your Fund shares.

The Fund's distributions are taxable in the year they are paid, whether they are taken in cash or reinvested in additional shares, except that certain distributions declared in the last three months of the year and paid in January are taxable as if paid on December 31. All state laws provide a pass-through to mutual fund shareholders of the state and local income tax exemption afforded owners of direct U.S. government obligations, although there are conditions to this treatment in some states. You will be notified annually of the percentage of the Fund's income that is derived from U.S. government securities.

If the Fund's distributions exceed its investment company taxable income and net capital gain in any year, as a result of currency-related losses or otherwise, all or a portion of those distributions may be treated as a return of capital to shareholders for tax purposes.

YEAR-END TAX REPORTING. After the end of each calendar year, you will receive a statement (Form 1099) of the federal income tax status of all dividends and other distributions paid (or deemed paid) during the year.

SHARES SOLD OR EXCHANGED. Your redemption of shares of the Fund may result in taxable gain or loss to you, depending upon whether the redemption proceeds payable to you are more or less than your adjusted cost basis for the redeemed shares. Similar tax consequences generally will result from an exchange of shares of the Fund for shares of another Strong Fund. If you purchase shares of the Fund within thirty days before or after redeeming shares of the Fund at a loss, a portion or all of that loss will not be deductible and will increase the cost basis of the newly purchased shares. If you redeem shares out of a non-IRA retirement account, you will be subject to withholding for federal income tax purposes unless you transfer the distribution directly to an "eligible retirement plan." In addition, if you redeem all shares in an account at any time during a month, dividends credited to the account since the beginning of the month through the day of redemption will be paid with the redemption proceeds.

BACKUP WITHHOLDING. If you are an individual or certain other noncorporate shareholder and do not furnish the Fund with a correct taxpayer identification number, the Fund is required to withhold federal income tax at a rate of 31% (backup withholding) from all dividends, capital gain distributions, and redemption proceeds, payable to you. Withholding at that rate from dividends and capital gain distributions payable to you also is required if you otherwise are subject to backup withholding. To avoid backup withholding, you must provide a taxpayer identification number and state that you are not subject to backup withholding due to the underreporting of your income. This certification is included as part of your application. Please complete it when you open your

account.

TAX STATUS OF THE FUND. The Fund intends to qualify for treatment as a regulated investment company under Subchapter M of the Internal Revenue Code and, if so qualified, will not be liable for federal income tax on earnings and gains distributed to its shareholders in a timely manner.

This section is not intended to be a full discussion of present or proposed federal income tax law and its effects on the Fund and investors therein. See the SAI for a further discussion. There may be other federal, state, or local tax considerations applicable to a particular investor. You are therefore urged to consult your own tax adviser.

PERFORMANCE INFORMATION

The Fund may advertise a variety of types of performance information, including "yield," "average annual total return," "total return," and "cumulative

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total return." Each of these figures is based upon historical results and is not necessarily representative of the future performance of the Fund.

Yield is an annualized figure, which means that it is assumed that the Fund generates the same level of net investment income over a one-year period. The Fund's yield is a measure of the net investment income per share earned by the Fund over a specific one-month period and is shown as a percentage of the net asset value of the Fund's shares at the end of the period.

Average annual total return and total return figures measure both the net investment income generated by, and the effect of any realized and unrealized appreciation or depreciation of, the underlying investments in the Fund assuming the reinvestment of all dividends and distributions. Total return figures are not annualized and simply represent the aggregate change of the Fund's investments over a specified period of time.

DETERMINING YOUR SHARE PRICE

Generally, when you make any purchases, sales, or exchanges, the price of your shares will be the net asset value ("NAV") next determined after Strong Funds receives your request in proper form. If Strong Funds receives such request prior to the close of the New York Stock Exchange (the "Exchange") on a day on which the Exchange is open, your share price will be the NAV determined that day. The NAV for the Fund is normally determined as of 3:00 p.m. Central Time ("CT") each day the Exchange is open. The Fund reserves the right to change the time at which purchases, redemptions, and exchanges are priced if the Exchange closes at a time other than 3:00 p.m. CT or if an emergency exists. The Fund's NAV is calculated by taking the fair value of the Fund's total assets, subtracting all its liabilities, and dividing by the total number of shares outstanding. Expenses are accrued and applied daily when determining the NAV.

The Fund's debt securities are valued by a pricing service that utilizes electronic data processing techniques to determine values for normal institutional size trading units of debt securities without regard to the existence of sale or bid prices when such techniques are believed to more accurately reflect the fair market value of such securities. Otherwise, sale or bid prices are used. Any securities or other assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Board of Directors. Debt securities having remaining maturities of 60 days or less are valued by the amortized cost method when the Board of Directors determines that the fair value of such securities is their amortized cost.

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HOW TO BUY SHARES

An institutional investor may purchase shares at the NAV next determined after an order is received in proper form. Although the Fund does not impose any sales charge in connection with the purchase of its shares, financial intermediaries may charge their clients fees in connection with purchases for their accounts. A completed, signed application must be received by Strong Institutional Investor Services prior to the initial investment in the Fund's shares. The application should be forwarded to Strong Institutional Investor Services, 100 Heritage Reserve, P.O. Box 782, Milwaukee, Wisconsin 53201-0782 (or fax to 414-359-3535). The minimum initial investment is $1 million. Shares must be purchased by wire (except as noted below under "Additional Information -- Exchange Privilege"). To purchase by wire, place an order by calling (800) 733-2274 before 3:00 p.m. CT. Payment must be received by Firstar Bank Milwaukee, N.A., the Fund's agent, by the close of the federal wire system that day. Any failure to deliver payment by such deadline may result in cancellation of the order or liability for the resulting interest expenses. Federal funds should be wired as follows:

Firstar Bank Milwaukee, N.A. ("Firstar")
777 East Wisconsin Avenue
Milwaukee, WI 53202
ABA routing number: 075000022
Account number: 112737-090

For Further Credit to: (your account number and registration)

The Fund and the Distributor each reserves the right, in its sole discretion, to suspend the offering of shares of the Fund or to reject any purchase order, in whole or in part for any reason; to waive the minimum initial investment for certain investors; and to redeem shares if information provided in the application should prove to be incorrect in any manner judged by the Fund to be material (e.g., in a manner such as to render the shareholder ineligible to purchase shares of the Fund).

HOW TO SELL SHARES

An institutional investor may redeem shares at the NAV next determined after an order is received in proper form by Strong Institutional Investor Services. Although the Fund does not impose any sales charges in connection with the redemption of its shares, financial intermediaries may charge their clients fees in connection with redemptions for their accounts. Shares must be redeemed by wire (except as noted below under "Additional Information -- Exchange Privilege"). Wire fees are absorbed by the Fund and are a Fund expense. Shares may be redeemed by either telephone or written instruction.

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To redeem by wire, place an order by calling Strong Institutional Investor Services at (800) 733-2274 before 3:00 p.m. CT. The original application must be on file with the Fund's transfer agent before a redemption will be processed. Shares may also be redeemed by submitting a written request to Strong Institutional Investor Services, 100 Heritage Reserve, P.O. Box 782, Milwaukee, Wisconsin 53201-0782 (or fax to 414-359-3535). Such written request must be

signed exactly as the names of the registered owners appear on the Fund's account records, and the request must be signed by the minimum number of persons designated on the account application that are required to effect a redemption. Please note that any written redemption request of $25,000 or more must be accompanied by a signature guarantee. Payment of the redemption proceeds will be wired to the bank account(s) designated on the account application. Redemption proceeds will ordinarily be wired the next business day, but in no event more than seven days after receipt of the redemption.

The right of redemption may be suspended during any period in which (i) trading on the Exchange is restricted, as determined by the SEC, or the Exchange is closed for other than weekends and holidays; (ii) the SEC has permitted such suspension by order; or (iii) an emergency as determined by the SEC exists, making disposal of portfolio securities or valuation of net assets of the Fund not reasonably practicable.

ADDITIONAL INFORMATION

TELEPHONE INSTRUCTIONS

The Fund reserves the right to refuse a telephone instruction if it believes it advisable to do so. Once you place your telephone instruction, it cannot be canceled or modified. Investors will bear the risk of loss from fraudulent unauthorized instructions received over the telephone provided that the Fund reasonably believes that such instructions are genuine. The Fund and its transfer agent employ reasonable procedures to confirm that instructions communicated by telephone are genuine. The Fund may incur liability if they do not follow these procedures. Because of increased telephone volume, you may experience difficulty in implementing a telephone redemption during periods of dramatic economic or market changes.

EXCHANGE PRIVILEGE

Shares of the Fund may be exchanged for shares of certain Strong Funds. Shares of certain eligible Strong Funds may be exchanged for shares of the Fund provided that the Fund's minimum initial investment of $1 million is met. An exchange may be made by calling Strong Institutional Investor Services at (800) 733-2274 or by sending a fax to (414) 359-3535. For tax purposes, an exchange is considered a sale and a purchase of Fund shares and may result in

a capital gain or loss for tax purposes. Please obtain and read the appropriate prospectus before investing in any of the Strong Funds. Since an excessive number of exchanges may be detrimental to the Fund, the Fund reserves the right to discontinue the exchange privilege of any shareholder who makes more than five exchanges in a year or three exchanges in a calendar quarter.

ADVANCE NOTICE OF LARGE TRANSACTIONS

To allow the Advisor to manage the Fund most effectively, investors are strongly urged to initiate all purchases and redemptions as early in the day as possible and to notify the Advisor at least one day in advance of transactions in excess of $5 million. In making advance notification of a purchase or redemption transaction, an investor must provide the Advisor with its name and account number. To protect the Fund's performance and shareholders, the Advisor discourages frequent trading in response to short-term market fluctuations.

PURCHASES IN KIND

Investors may, subject to the approval of the Fund, purchase shares of the Fund with liquid securities that are eligible for purchase by the Fund (consistent with the Fund's investment restrictions, policies, and objective) and that have a value that is readily ascertainable in accordance with the Fund's valuation policies. These transactions will be effected only if the Advisor intends to retain the security in the Fund as an investment. The Fund

reserves the right to amend or terminate this practice at any time.

REDEMPTIONS IN KIND

If the Advisor determines that existing conditions make cash payments undesirable, redemption payments may be made in whole or in part in securities or other financial assets, valued for this purpose as they are valued in computing the NAV for the Fund's shares. Shareholders receiving securities or other financial assets on redemption may realize a gain or loss for tax purposes, and will incur any costs of sale, as well as the associated inconveniences.

MINIMUM INVESTMENT AND ACCOUNT BALANCE

The minimum initial investment to establish a new account in the Fund is $1 million. Subsequent transactions may be made in any amount. If an account balance falls below $1 million due to redemption, the account may be closed and the proceeds wired to the bank account of record. An investor will be given 30 days' notice that the account will be closed unless an additional investment is made to increase the account balance to the $1 million minimum.

CERTIFICATES, STATEMENTS, AND REPORTS

The Fund does not issue share certificates. The Fund will send investors a confirmation statement after every transaction (except for a reinvestment of dividends) on an account, and will confirm all transactions for an account on a quarterly basis. Should you need additional copies of previous statements, you may order confirmation statements for the current and preceding year at no charge. Statements for earlier years are available for $10 each. Call 1-800-733-2274 to order past statements. Each year, you will also receive a statement confirming the tax status of any distributions paid to you, as well as a semi-annual report and an annual report containing audited financial statements.

FINANCIAL INTERMEDIARIES

Broker-dealers, financial institutions, and other financial intermediaries that have entered into agreements with the Distributor may enter purchase or redemption orders on behalf of their customers. If you purchase or redeem shares of the Fund through a financial intermediary, certain features of the Fund relating to such transactions may not be available or may be modified in accordance with the terms of the intermediaries' agreement with the Distributor. In addition, certain operational policies of the Fund, including those related to settlement and dividend accrual, may vary from those applicable to direct shareholders of the Fund and may vary among intermediaries. We urge you to consult your financial intermediary for more information regarding these matters. In addition, the Fund may pay, directly or indirectly through arrangements with the Advisor, amounts to financial intermediaries that provide transfer agent type services and/or administrative services relating to the Fund to their customers, provided, however, that the Fund will not pay more for these services through intermediary relationships that it would have if the intermediaries' customers were direct shareholders in the Fund. Certain financial intermediaries may charge a commission or other transaction fee for their services. You will not be charged for such fees if you purchase or redeem your Fund shares directly from the Fund without the intervention of a financial intermediary.

SIGNATURE GUARANTEES

Investors requesting (i) a written redemption of $25,000 or more, (ii) a redemption of any amount to be sent to an address other than that on record with the Fund, (iii) a redemption payable other than to the shareholder of record,

(iv) a change in the account's registration, or (v) a change or addition to a preauthorized bank address must have their signatures guaranteed by any eligible guarantor institution, as defined by the SEC. These institutions include banks, savings associations, credit unions, brokerage firms, and others. PLEASE NOTE THAT A NOTARY PUBLIC STAMP OR SEAL IS NOT ACCEPTABLE.

APPENDIX A

RATINGS OF DEBT OBLIGATIONS

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Moody's Investors Services, Inc.	Standard & Poor's Ratings Group	Fitch Investors Service, Inc.	Definition
<S>	<C>	<C>	<C>
Aaa	AAA	AAA	Highest quality
Aa	AA	AA	High quality
A	A	A	Upper medium grade
Baa	BBB	BBB	Medium grade
Ba	BB	BB	Low Grade
B	B	B	Speculative
Caa, Ca, C	CCC, CC, C	CCC, CC, C	Submarginal
D	D	DDD, DD, D	Probably in default

</TABLE>

STRONG INSTITUTIONAL INVESTOR SERVICES

P.O. BOX 782

MILWAUKEE, WI 53201-0782

TOLL FREE: 800-733-2274

FACSIMILE: 414-359-3535

PART B

STATEMENT OF ADDITIONAL INFORMATION

STRONG INSTITUTIONAL MONEY FUND

Incorporated by Reference to the Registrant's Post-Effective Amendment No. 2 to

the Registration Statement on Form N-1A (File No. 33-61545), which was filed with the Securities and Exchange Commission on or about June 27, 1996 (Edgar Reference 0000950137-96-001019).

STATEMENT OF ADDITIONAL INFORMATION

STRONG INSTITUTIONAL BOND FUND
P.O. Box 2936
Milwaukee, Wisconsin 53201
Telephone: (414) 359-1400
Toll-Free: (800) 368-3863

Strong Institutional Bond Fund (the "Fund") is a diversified series of Strong Institutional Funds, Inc. (the "Corporation"), an open-end management investment company. This Statement of Additional Information ("SAI") is not a Prospectus and should be read in conjunction with the Prospectus of the Fund, dated December 31, 1996. Requests for copies of the Prospectus should be made by calling the number listed above.

This Statement of Additional Information is dated December 31, 1996.

STRONG INSTITUTIONAL BOND FUND

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No person has been authorized to give any information or to make any representations other than those contained in this Statement of Additional Information and the Prospectus dated December 31, 1996 and, if given or made, such information or representations may not be relied upon as having been authorized by the Fund.

This Statement of Additional Information does not constitute an offer to sell securities.

INVESTMENT RESTRICTIONS

The investment objective of the Fund is to seek total return by investing for a high level of current income with a moderate degree of share-price fluctuation. The Fund's investment objective and policies are described in detail in the Prospectus under the caption "Investment Objective and Policies." The following are the Fund's fundamental investment limitations which cannot be changed without shareholder approval.

The Fund:

1. May not with respect to 75% of its total assets, purchase the securities of any issuer (except securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) if, as a result, (i) more than 5% of the Fund's total assets would be invested in the securities of that issuer, or (ii) the Fund would hold more than 10% of the outstanding voting securities of that issuer.

2. May (i) borrow money from banks and (ii) make other investments or engage in other transactions permissible under the Investment Company Act of 1940 (the "1940 Act") which may involve a borrowing, provided that the combination of (i) and (ii) shall not exceed 33 1/3% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings), except that the Fund may borrow up to an additional 5% of its total assets (not including the amount borrowed) from a bank for temporary or emergency purposes (but not for leverage or the purchase of investments). The Fund may also borrow money from the other Strong Funds or other persons to the extent permitted by applicable law.

3. May not issue senior securities, except as permitted under the 1940 Act.

4. May not act as an underwriter of another issuer's securities, except to the extent that the Fund may be deemed to be an underwriter within the meaning of the Securities Act of 1933 in connection with the purchase and sale of portfolio securities.

5. May not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options, futures contracts, or other derivative instruments, or from investing in securities or other instruments backed by physical commodities).

6. May not make loans if, as a result, more than 33 1/3% of the Fund's total assets would be lent to other persons, except through (i) purchases of debt securities or other debt instruments, or (ii) engaging in repurchase

agreements.

7. May not purchase the securities of any issuer if, as a result, more than 25% of the Fund's total assets would be invested in the securities of issuers, the principal business activities of which are in the same industry.

8. May not purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prohibit the Fund from purchasing or selling securities or other instruments backed by real estate or of issuers engaged in real estate activities).

9. May, notwithstanding any other fundamental investment policy or restriction, invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies, and restrictions as the Fund.

The following are the Fund's non-fundamental operating policies which may be changed by the Board of Directors of the Corporation without shareholder approval.

The Fund may not:

1. Sell securities short, unless the Fund owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, or unless it covers such short sale as required by the current rules and positions of the Securities and Exchange Commission or its staff, and provided that transactions in options, futures contracts, options on futures contracts, or other derivative instruments are not deemed to constitute selling securities short.

2. Purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions; and provided that margin deposits in connection with futures contracts, options on futures contracts, or other derivative instruments shall not constitute purchasing securities on margin.

3. Invest in illiquid securities if, as a result of such investment, more than 15% of its net assets would be invested in illiquid securities, or such other amounts as may be permitted under the 1940 Act.

4. Purchase securities of other investment companies except in compliance with the 1940 Act and applicable state law.

5. Invest all of its assets in the securities of a single open-end investment management company with substantially the same fundamental investment objective, restrictions and policies as the Fund.

6. Engage in futures or options on futures transactions which are impermissible pursuant to Rule 4.5 under the Commodity Exchange Act and, in accordance with Rule 4.5, will use futures or options on futures transactions solely for bona fide hedging transactions (within the meaning of the Commodity Exchange Act), provided, however, that the Fund may, in addition to bona fide hedging transactions, use futures and options on futures transactions if the aggregate initial margin and premiums required to establish such positions, less the amount by which any such options positions are in the money (within the meaning of the Commodity Exchange Act), do not exceed 5% of the Fund's net assets.

7. Borrow money except (i) from banks or (ii) through reverse repurchase agreements or mortgage dollar rolls, and will not purchase securities when bank borrowings exceed 5% of its total assets.

8. Make any loans other than loans of portfolio securities, except through (i) purchases of debt securities or other debt instruments, or (ii) engaging in repurchase agreements.

Except for the fundamental investment limitations listed above and the Fund's investment objective, the other investment policies described in the Prospectus and this Statement of Additional Information are not fundamental and may be changed with approval of the Corporation's Board of Directors.

Unless noted otherwise, if a percentage restriction is adhered to at the time of investment, a later increase or decrease in percentage resulting from a change in the Fund's assets (i.e., due to cash inflows or redemptions) or in market value of the investment or the Fund's assets will not constitute a violation of that restriction.

INVESTMENT POLICIES AND TECHNIQUES

The information supplements the discussion of the Fund's investment objective, policies, techniques that are described in detail in the Prospectus under the captions "Investment Objectives and Policies" and "Implementation of Policies and Risks."

BORROWING

The Fund may borrow money from banks and make other investments or engage in other transactions permissible under the 1940 Act which may be considered a borrowing (such as mortgage dollar rolls and reverse repurchase agreements) as discussed under "Investment Restrictions." However, the Fund may not purchase securities when bank borrowings exceed 5% of the Fund's total assets. Presently, the Fund only intends to borrow from banks for temporary or emergency purposes.

The Fund has established a line-of-credit (LOC) with certain banks by which the Fund may borrow funds for temporary or emergency purposes. A borrowing is presumed to be for temporary or emergency purposes if it is repaid by the Fund within sixty days and is not extended or renewed. The Fund intends to use the LOC to meet large or unexpected redemptions that would otherwise force the Fund to liquidate securities under circumstances which are unfavorable to the Fund's remaining shareholders. The Fund pays a commitment fee to the banks for the LOC.

CONVERTIBLE SECURITIES

The Fund may invest in convertible securities, which are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest normally paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying stock since they have fixed income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. Most convertible securities currently are issued by U.S. companies, although a substantial Eurodollar convertible securities market has developed, and the markets for convertible securities denominated in local currencies are increasing.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an

effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party.

DERIVATIVE INSTRUMENTS

IN GENERAL. The Fund may use derivative instruments for any lawful purpose consistent with the Fund's investment objective such as hedging or managing risk. Derivative instruments are commonly defined to include securities or contracts whose values depend on (or "derive" from) the value of one or more other assets, such as securities, currencies, or commodities. These "other assets" are commonly referred to as "underlying assets."

A derivative instrument generally consists of, is based upon, or exhibits characteristics similar to options or forward contracts. Options and forward contracts are considered to be the basic "building blocks" of derivatives. For example, forward-based derivatives include forward contracts, swap contracts, as well as exchange-traded futures. Option-based derivatives include privately negotiated, over-the-counter (OTC) options (including caps, floors, collars, and options on forward and swap contracts) and exchange-traded options on futures. Diverse types of derivatives may be created by combining options or forward contracts in different ways, and by applying these structures to a wide range of underlying assets.

An option is a contract in which the "holder" (the buyer) pays a certain amount (the "premium") to the "writer" (the seller) to obtain the right, but not the obligation, to buy from the writer (in a "call") or sell to the writer (in a "put") a specific asset at an agreed upon price at or before a certain time. The holder pays the premium at inception and has no further financial obligation. The holder of an option-based derivative generally will benefit from favorable movements in the price of the underlying asset but is not exposed to corresponding losses due to adverse movements in the value of the underlying asset. The writer of an option-based derivative generally will receive fees or premiums but generally is exposed to losses due to changes in the value of the underlying asset.

A forward is a sales contract between a buyer (holding the "long" position) and a seller (holding the "short" position) for an asset with delivery deferred until a future date. The buyer agrees to pay a fixed price at the agreed future date and the seller agrees to deliver the asset. The seller hopes that the market price on the delivery date is less than the agreed upon price, while the buyer hopes for the contrary. The change in value of a forward-based derivative generally is roughly proportional to the change in value of the underlying asset.

HEDGING. The Fund may use derivative instruments to protect against possible adverse changes in the market value of securities held in, or are anticipated to be held in, the Fund's portfolio. Derivatives may also be used by the Fund to "lock-in" the Fund's realized but unrecognized gains in the value of its portfolio securities. Hedging strategies, if successful, can reduce the risk of loss by wholly or partially offsetting the negative effect of unfavorable price movements in the investments being hedged. However, hedging strategies can

also reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments.

MANAGING RISK. The Fund may also use derivative instruments to manage the risks of the Fund's portfolio. Risk management strategies include, but are not limited to, facilitating the sale of portfolio securities, managing the effective maturity or duration of debt obligations in the Fund's portfolio, establishing a position in the derivatives markets as a substitute for buying or selling certain securities, or creating or altering exposure to certain asset classes, such as equity, debt, and foreign securities. The use of derivative instruments may provide a less expensive, more expedient or more specifically focused way for the Fund to invest than "traditional" securities (i.e., stocks or bonds) would.

EXCHANGE OR OTC DERIVATIVES. Derivative instruments may be exchange-traded or traded in OTC transactions between private parties. Exchange-traded derivatives are standardized options and futures contracts traded in an auction on the floor of a regulated exchange. Exchange contracts are generally very liquid. The exchange clearinghouse is the counterparty of every contract. Thus, each holder of an exchange contract bears the credit risk of the clearinghouse (and has the benefit of its financial strength) rather than that of a particular counterparty. Over-the-counter transactions are subject to additional risks, such as the credit risk of the counterparty to the instrument and are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the transaction.

RISKS AND SPECIAL CONSIDERATIONS. The use of derivative instruments involves risks and special considerations as described below. Risks pertaining to particular derivative instruments are described in the sections that follow.

(1) MARKET RISK. The primary risk of derivatives is the same as the risk of the underlying assets, namely that the value of the underlying asset may go up or down. Adverse movements in the value of an underlying asset can expose the Fund to losses. Derivative instruments may include elements of leverage and, accordingly, the fluctuation of the value of the derivative instrument in relation to the underlying asset may be magnified. The successful use of derivative instruments depends upon a variety of factors, particularly Strong Capital Management, Inc.'s (the "Advisor") ability to predict movements of the securities, currencies, and commodity markets, which requires different skills than predicting changes in the prices of individual securities. There can be no assurance that any particular strategy adopted will succeed. The Advisor's

decision to engage in a derivative instrument will reflect the Advisor's judgment that the derivative transaction will provide value to the Fund and its shareholders and is consistent with the Fund's objective, investment limitations, and operating policies. In making such a judgment, the Advisor will analyze the benefits and risks of the derivative transaction and weigh them in the context of the Fund's entire portfolio and investment objective.

(2) CREDIT RISK. The Fund will be subject to the risk that a loss may be sustained by the Fund as a result of the failure of a counterparty to comply with the terms of a derivative instrument. The counterparty risk for exchange-traded derivative instruments is generally less than for privately-negotiated or OTC derivative instruments, since generally a clearing agency, which is the issuer or counterparty to each exchange-traded instrument, provides a guarantee of performance. For privately-negotiated instruments, there is no similar clearing agency guarantee. In all transactions, the Fund will bear the risk that the counterparty will default, and this could result in a loss of the expected benefit of the derivative transaction and possibly other losses to the Fund. The Fund will enter into transactions in derivative instruments only with counterparties that the Advisor reasonably believes are capable of performing under the contract.

(3) CORRELATION RISK. When a derivative transaction is used to completely

hedge another position, changes in the market value of the combined position (the derivative instrument plus the position being hedged) result from an imperfect correlation between the price movements of the two instruments. With a perfect hedge, the value of the combined position remains unchanged for any change in the price of the underlying asset. With an imperfect hedge, the values of the derivative instrument and its hedge are not perfectly correlated. Correlation risk is the risk that there might be imperfect correlation, or even no correlation, between price movements of an instrument and price movements of investments being hedged. For example, if the value of a derivative instruments used in a short hedge (such as writing a call option, buying a put option, or selling a futures contract) increased by less than the decline in value of the hedged investments, the hedge would not be perfectly correlated. Such a lack of correlation might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded. The effectiveness of hedges using instruments on indices will depend, in part, on the degree of correlation between price movements in the index and price movements in the investments being hedged.

(4) LIQUIDITY RISK. Derivatives are also subject to liquidity risk. Liquidity risk is the risk that a derivative instrument cannot be sold, closed out, or replaced quickly at or very close to its fundamental value. Generally, exchange contracts are very liquid because the exchange clearinghouse is the counterparty of every contract. OTC transactions are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the transaction. The Fund might be required by applicable regulatory requirement to maintain assets as "cover," maintain segregated accounts, and/or make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchased options). If the Fund was unable to close out its positions in such instruments, it might be required to continue to maintain such assets or accounts or make such payments until the position expired, matured, or was closed out. The requirements might impair the Fund's ability to sell a portfolio security or make an investment at a time when it would otherwise be favorable to do so, or require that the Fund sell a portfolio security at a disadvantageous time. The Fund's ability to sell or close out a position in an instrument prior to expiration or maturity depends on the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the counterparty to enter into a transaction closing out the position. Therefore, there is no assurance that any derivatives position can be sold or closed out at a time and price that is favorable to the Fund.

(5) LEGAL RISK. Legal risk is the risk of loss caused by the legal unenforcibility of a party's obligations under the derivative. While a party seeking price certainty agrees to surrender the potential upside in exchange for downside protection, the party taking the risk is looking for a positive payoff. Despite this voluntary assumption of risk, a counterparty that has lost money in a derivative transaction may try to avoid payment by exploiting various legal uncertainties about certain derivative products.

(6) SYSTEMIC OR "INTERCONNECTION" RISK. Interconnection risk is the risk that a disruption in the financial markets will cause difficulties for all market participants. In other words, a disruption in one market will spill over into other markets, perhaps creating a chain reaction. Much of the OTC derivatives market takes place among the OTC dealers themselves, thus creating a large interconnected web of financial obligations. This interconnectedness raises the possibility that a default by one large dealer could create losses at other dealers and destabilize the entire market for OTC derivative instruments.

GENERAL LIMITATIONS. The use of derivative instruments is subject to applicable regulations of the Securities and Exchange Commission (the "SEC"), the several options and futures exchanges upon which they may be traded, the Commodity Futures Trading Commission ("CFTC"), and various state regulatory authorities. In addition, the Fund's ability to use derivative instruments may be limited by certain tax considerations. For a discussion of the federal income tax treatment of the Fund's derivative instruments, see "Taxes - Derivative Instruments."

The Fund has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the CFTC and the National Futures Association, which regulate trading in the futures markets. In accordance with Rule 4.5 of the regulations under the Commodity Exchange Act (the "CEA"), the notice of eligibility for the Fund includes representations that the Fund will use futures contracts and related options solely for bona fide hedging purposes within the meaning of CFTC regulations, provided that the Fund may hold other positions in futures contracts and related options that do not qualify as a bona fide hedging position if the aggregate initial margin deposits and premiums required to establish these positions, less the amount by which any such futures contracts and related options positions are "in the money," do not exceed 5% of the Fund's net assets. Adherence to these guidelines does not limit the Fund's risk to 5% of the Fund's assets.

The SEC has identified certain trading practices involving derivative instruments that involve the potential for leveraging the Fund's assets in a manner that raises issues under the 1940 Act. In order to limit the potential for the leveraging of the Fund's assets, as defined under the 1940 Act, the SEC has stated that the Fund may use coverage or the segregation of the Fund's assets. To the extent required by SEC guidelines, the Fund will not enter into any such transactions unless it owns either: (i) an offsetting ("covered") position in securities, options, futures, or derivative instruments; or (ii) liquid securities with a value sufficient at all times to cover its potential obligations to the extent that the position is not "covered". The Fund will also set aside cash and/or appropriate liquid assets in a segregated custodial account if required to do so by the SEC and CFTC regulations. Assets used as cover or held in a segregated account cannot be sold while the derivative position is open, unless they are replaced with similar assets. As a result, the commitment of a large portion of the Fund's assets to segregated accounts could impede portfolio management or the Fund's ability to meet redemption requests or other current obligations.

In some cases the Fund may be required to maintain or limit exposure to a specified percentage of its assets to a particular asset class. In such cases, when the Fund uses a derivative instrument to increase or decrease exposure to an asset class and is required by applicable SEC guidelines to set aside liquid assets in a segregated account to secure its obligations under the derivative instruments, the Advisor may, where reasonable in light of the circumstances, measure compliance with the applicable percentage by reference to the nature of the economic exposure created through the use of the derivative instrument and not by reference to the nature of the exposure arising from the liquid assets set aside in the segregated account (unless another interpretation is specified by applicable regulatory requirements).

OPTIONS. The Fund may use options for any lawful purpose consistent with the Fund's investment objective such as hedging or managing risk. An option is a contract in which the "holder" (the buyer) pays a certain amount (the "premium") to the "writer" (the seller) to obtain the right, but not the obligation, to buy from the writer (in a "call") or sell to the writer (in a "put") a specific asset at an agreed upon price (the "strike price" or "exercise price") at or before a certain time (the "expiration date"). The holder pays the premium at inception and has no further financial obligation. The holder of an option will benefit from favorable movements in the price of the underlying asset but is not exposed to corresponding losses due to adverse movements in the value of the underlying asset. The writer of an option will receive fees or premiums but is exposed to losses due to changes in the value of the underlying asset. The Fund may buy or write (sell) put and call options on assets, such as securities, currencies, commodities, and indices of debt and equity securities ("underlying assets") and enter into closing transactions with respect to such options to terminate an existing position. Options used by the Fund may include European, American, and Bermuda style options. If an option is exercisable only at maturity, it is a "European" option; if it is also exercisable prior to maturity, it is an "American" option. If it is exercisable only at certain times, it is a "Bermuda" option.

The Fund may purchase (buy) and write (sell) put and call options underlying assets and enter into closing transactions with respect to such options to terminate an existing position. The purchase of call options serves as a long hedge, and the purchase of put options serves as a short hedge.

Writing put or call options can enable the Fund to enhance income by reason of the premiums paid by the purchaser of such options. Writing call options serves as a limited short hedge because

declines in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, if the security appreciates to a price higher than the exercise price of the call option, it can be expected that the option will be exercised and the Fund will be obligated to sell the security at less than its market value or will be obligated to purchase the security at a price greater than that at which the security must be sold under the option. All or a portion of any assets used as cover for OTC options written by the Fund would be considered illiquid to the extent described under "Investment Policies and Techniques -- Illiquid Securities." Writing put options serves as a limited long hedge because increases in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, if the security depreciates to a price lower than the exercise price of the put option, it can be expected that the put option will be exercised and the Fund will be obligated to purchase the security at more than its market value.

The value of an option position will reflect, among other things, the historical price volatility of the underlying investment, the current market value of the underlying investment, the time remaining until expiration, the relationship of the exercise price to the market price of the underlying investment, and general market conditions.

The Fund may effectively terminate its right or obligation under an option by entering into a closing transaction. For example, the Fund may terminate its obligation under a call or put option that it had written by purchasing an identical call or put option; this is known as a closing purchase transaction. Conversely, the Fund may terminate a position in a put or call option it had purchased by writing an identical put or call option; this is known as a closing sale transaction. Closing transactions permit the Fund to realize the profit or limit the loss on an option position prior to its exercise or expiration.

The Fund may purchase or write both exchange-traded and OTC options. Exchange-traded options are issued by a clearing organization affiliated with the exchange on which the option is listed that, in effect, guarantees completion of every exchange-traded option transaction. In contrast, OTC options are contracts between the Fund and the other party to the transaction ("counter party") (usually a securities dealer or a bank) with no clearing organization guarantee. Thus, when the Fund purchases or writes an OTC option, it relies on the counter party to make or take delivery of the underlying investment upon exercise of the option. Failure by the counter party to do so would result in the loss of any premium paid by the Fund as well as the loss of any expected benefit of the transaction.

The Fund's ability to establish and close out positions in exchange-listed options depends on the existence of a liquid market. The Fund intends to purchase or write only those exchange-traded options for which there appears to be a liquid secondary market. However, there can be no assurance that such a market will exist at any particular time. Closing transactions can be made for OTC options only by negotiating directly with the counter party, or by a transaction in the secondary market if any such market exists. Although the Fund will enter into OTC options only with counter parties that are expected to be capable of entering into closing transactions with the Fund, there is no assurance that the Fund will in fact be able to close out an OTC option at a favorable price prior to expiration. In the event of insolvency of the counter party, the Fund might be unable to close out an OTC option position at any time prior to its expiration. If the Fund were unable to effect a closing transaction for an option it had purchased, it would have to exercise the option to realize any profit.

The Fund may engage in options transactions on indices in much the same manner as the options on securities discussed above, except the index options may serve as a hedge against overall fluctuations in the securities market in

general.

The writing and purchasing of options is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Imperfect correlation between the options and securities markets may detract from the effectiveness of attempted hedging.

SPREAD TRANSACTIONS. The Fund may use spread transactions for any lawful purpose consistent with the Fund's investment objective such as hedging or managing risk. The Fund may purchase covered spread options from securities dealers. Such covered spread options are not presently exchange-listed or exchange-traded. The purchase of a spread option gives the Fund the right to put, or sell, a security that it owns at a fixed dollar spread or fixed yield spread in relationship to another security that the Fund does not own, but which is used as a benchmark. The risk to the Fund in purchasing covered spread options is the cost of the premium paid for the spread option and any transaction costs. In addition, there is no assurance that closing transactions will be available. The purchase of spread options will be used to protect the Fund against adverse changes in prevailing credit quality spreads, i.e., the yield spread between high quality and lower quality securities. Such protection is only provided during the life of the spread option.

FUTURES CONTRACTS. The Fund may use futures contracts for any lawful purpose consistent with the Fund's investment objective such as hedging or managing risk. The Fund may enter into futures contracts, including interest rate, index, and currency futures. The Fund may also purchase put and call options, and write covered put and call options, on futures in which it is allowed to invest. The purchase of futures or call options thereon can serve as a long hedge, and the sale of futures or the purchase of put options thereon can serve as a short hedge. Writing covered call options on futures contracts can serve as a limited short hedge, and writing covered put options on futures contracts can serve as a limited long hedge, using a strategy similar to that used for writing covered options in securities. The Fund's hedging may include purchases of futures as an offset against the effect of expected increases in currency exchange rates and securities prices and sales of futures as an offset against the effect of expected declines in currency exchange rates and securities prices. The Fund may also write put options on futures contracts while at the same time purchasing call options on the same futures contracts in order to create synthetically a long futures contract position. Such options would have the same strike prices and expiration dates. The Fund will engage in this strategy only when the Advisor believes it is more advantageous to the Fund than is purchasing the futures contract.

To the extent required by regulatory authorities, the Fund only enters into futures contracts that are traded on national futures exchanges and are standardized as to maturity date and underlying financial instrument. Futures exchanges and trading are regulated under the CEA by the CFTC. Although techniques other than sales and purchases of futures contracts could be used to the a Fund's exposure to market, currency, or interest rate fluctuations, the Fund may be able to hedge its exposure more effectively and perhaps at a lower cost through using futures contracts.

An interest rate futures contract provides for the future sale by one party and purchase by another party of a specified amount of a specific financial instrument (e.g., debt security) or currency for a specified price at a designated date, time, and place. An index futures contract is an agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index futures contract was originally written. Transaction costs are incurred when a futures contract is bought or sold and margin deposits must be maintained. A futures contract may be satisfied by delivery or purchase, as the case may be, of the instrument, the currency or by payment of the change in the cash value of the index. More commonly, futures contracts are closed out prior to delivery by

entering into an offsetting transaction in a matching futures contract. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of those securities is made. If the offsetting purchase price is less than the original sale price, the Fund realizes a gain; if it is more, the Fund realizes a loss. Conversely, if the offsetting sale price is more than the original purchase price, the Fund realizes a gain; if it is less, the Fund realizes a loss. The transaction costs must also be included in these calculations. There can be no assurance, however, that the Fund will be able to enter into an offsetting transaction with respect to a particular futures contract at a particular time. If the Fund is not able to enter into an offsetting transaction, the Fund will continue to be required to maintain the margin deposits on the futures contract.

No price is paid by the Fund upon entering into a futures contract. Instead, at the inception of a futures contract, the Fund is required to deposit in a segregated account with its custodian, in the name of the futures broker through whom the transaction was effected, "initial margin" consisting of cash, U.S. government securities or other liquid, high grade debt obligations, in an amount generally equal to 10% or less of the contract value. High grade securities include securities rated "A" or better by an NRSRO. Margin must also be deposited when writing a call or put option on a futures contract, in accordance with applicable exchange rules. Unlike margin in securities transactions, initial margin on futures contracts does not represent a borrowing, but rather is in the nature of a performance bond or good-faith deposit that is returned to the Fund at the termination of the transaction if all contractual obligations have been satisfied. Under certain circumstances, such as periods of high volatility, the Fund may be required by an exchange to increase the level of its initial margin payment, and initial margin requirements might be increased generally in the future by regulatory action.

Subsequent "variation margin" payments are made to and from the futures broker daily as the value of the futures position varies, a process known as "marking to market." Variation margin does not involve borrowing, but rather represents a daily settlement of the Fund's obligations to or from a futures broker. When the Fund purchases an option on a future, the premium paid plus transaction costs is all that is at risk. In contrast, when the Fund purchases or sells a futures contract or writes a call or put option thereon, it is subject to daily variation margin calls that could be substantial in the event of adverse price movements. If the Fund has insufficient cash to meet daily variation margin requirements, it might need to sell securities at a time when such sales are disadvantageous. Purchasers and sellers of futures positions and options on futures can enter into

offsetting closing transactions by selling or purchasing, respectively, an instrument identical to the instrument held or written. Positions in futures and options on futures may be closed only on an exchange or board of trade that provides a secondary market. The Fund intends to enter into futures transactions only on exchanges or boards of trade where there appears to be a liquid secondary market. However, there can be no assurance that such a market will exist for a particular contract at a particular time.

Under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a future or option on a futures contract can vary from the previous day's settlement price; once that limit is reached, no trades may be made that day at a price beyond the limit. Daily price limits do not limit potential losses because prices could move to the daily limit for several consecutive days with little or no trading, thereby preventing liquidation of unfavorable positions.

If the Fund were unable to liquidate a futures or option on a futures contract position due to the absence of a liquid secondary market or the imposition of price limits, it could incur substantial losses. The Fund would continue to be subject to market risk with respect to the position. In addition, except in the case of purchased options, the Fund would continue to be required to make daily variation margin payments and might be required to maintain the position being hedged by the future or option or to maintain cash or securities

in a segregated account.

Certain characteristics of the futures market might increase the risk that movements in the prices of futures contracts or options on futures contracts might not correlate perfectly with movements in the prices of the investments being hedged. For example, all participants in the futures and options on futures contracts markets are subject to daily variation margin calls and might be compelled to liquidate futures or options on futures contracts positions whose prices are moving unfavorably to avoid being subject to further calls. These liquidations could increase price volatility of the instruments and distort the normal price relationship between the futures or options and the investments being hedged. Also, because initial margin deposit requirements in the futures markets are less onerous than margin requirements in the securities markets, there might be increased participation by speculators in the future markets. This participation also might cause temporary price distortions. In addition, activities of large traders in both the futures and securities markets involving arbitrage, "program trading" and other investment strategies might result in temporary price distortions.

FOREIGN CURRENCIES. The Fund may purchase and sell foreign currency on a spot basis, and may use currency-related derivatives instruments such as options on foreign currencies, futures on foreign currencies, options on futures on foreign currencies and forward currency contracts (i.e., an obligation to purchase or sell a specific currency at a specified future date, which may be any fixed number of days from the contract date agreed upon by the parties, at a price set at the time the contract is entered into). The Fund may use these instruments for hedging or any other lawful purpose consistent with its investment objective, including transaction hedging, anticipatory hedging, cross hedging, proxy hedging, and position hedging. The Fund's use of currency-related derivative instruments will be directly related to the Fund's current or anticipated portfolio securities, and the Fund may engage in transactions in currency-related derivative instruments as a means to protect against some or all of the effects of adverse changes in foreign currency exchange rates on its portfolio investments. In general, if the currency in which a portfolio investment is denominated appreciates against the U.S. dollar, the dollar value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the portfolio investment expressed in U.S. dollars.

For example, the Fund might use currency-related derivative instruments to "lock in" a U.S. dollar price for a portfolio investment, thereby enabling the Fund to protect itself against a possible loss resulting from an adverse change in the relationship between the U.S. dollar and the subject foreign currency during the period between the date the security is purchased or sold and the date on which payment is made or received. The Fund also might use currency-related derivative instruments when the Advisor believes that one currency may experience a substantial movement against another currency, including the U.S. dollar, and it may use currency-related derivative instruments to sell or buy the amount of the former foreign currency, approximating the value of some or all of the Fund's portfolio securities denominated in such foreign currency. Alternatively, where appropriate, the Fund may use currency-related derivative instruments to hedge all or part of its foreign currency exposure through the use of a basket of currencies or a proxy currency where such currency or currencies act as an effective proxy for other currencies. The use of this basket hedging technique may be more efficient and economical than using separate currency-related derivative instruments for each currency exposure held by the Fund. Furthermore, currency-related derivative instruments may be used for short hedges - for example, the Fund may sell a forward currency contract to lock in the U.S. dollar equivalent of the proceeds from the anticipated sale of a security denominated in a foreign currency.

In addition, the Fund may use a currency-related derivative instrument to shift exposure to foreign currency fluctuations from one foreign country to another foreign country where the Advisor believes that the foreign currency exposure purchased will appreciate relative to the U.S. dollar and thus better protect the Fund against the expected decline in the foreign currency exposure

sold. For example, if the Fund owns securities denominated in a foreign currency and the Advisor believes that currency will decline, it might enter into a forward contract to sell an appropriate amount of the first foreign currency, with payment to be made in a second foreign currency that the Advisor believes would better protect the Fund against the decline in the first security than would a U.S. dollar exposure. Hedging transactions that use two foreign currencies are sometimes referred to as "cross hedges." The effective use of currency-related derivative instruments by the Fund in a cross hedge is dependent upon a correlation between price movements of the two currency instruments and the underlying security involved, and the use of two currencies magnifies the risk that movements in the price of one instrument may not correlate or may correlate unfavorably with the foreign currency being hedged. Such a lack of correlation might occur due to factors unrelated to the value of the currency instruments used or investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded.

The Fund also might seek to hedge against changes in the value of a particular currency when no hedging instruments on that currency are available or such hedging instruments are more expensive than certain other hedging instruments. In such cases, the Fund may hedge against price movements in that currency by entering into transactions using currency-related derivative instruments on another foreign currency or a basket of currencies, the values of which the Advisor believes will have a high degree of positive correlation to the value of the currency being hedged. The risk that movements in the price of the hedging instrument will not correlate perfectly with movements in the price of the currency being hedged is magnified when this strategy is used.

The use of currency-related derivative instruments by the Fund involves a number of risks. The value of currency-related derivative instruments depends on the value of the underlying currency relative to the U.S. dollar. Because foreign currency transactions occurring in the interbank market might involve substantially larger amounts than those involved in the use of such derivative instruments, the Fund could be disadvantaged by having to deal in the odd lot market (generally consisting of transactions of less than $1 million) for the underlying foreign currencies at prices that are less favorable than for round lots (generally consisting of transactions of greater than $1 million).

There is no systematic reporting of last sale information for foreign currencies or any regulatory requirement that quotations available through dealers or other market sources be firm or revised on a timely basis. Quotation information generally is representative of very large transactions in the interbank market and thus might not reflect odd-lot transactions where rates might be less favorable. The interbank market in foreign currencies is a global, round-the-clock market. To the extent the U.S. options or futures markets are closed while the markets for the underlying currencies remain open, significant price and rate movements might take place in the underlying markets that cannot be reflected in the markets for the derivative instruments until they re-open.

Settlement of transactions in currency-related derivative instruments might be required to take place within the country issuing the underlying currency. Thus, the Fund might be required to accept or make delivery of the underlying foreign currency in accordance with any U.S. or foreign regulations regarding the maintenance of foreign banking arrangements by U.S. residents and might be required to pay any fees, taxes and charges associated with such delivery assessed in the issuing country.

When the Fund engages in a transaction in a currency-related derivative instrument, it relies on the counterparty to make or take delivery of the underlying currency at the maturity of the contract or otherwise complete the contract. In other words, the Fund will be subject to the risk that a loss may be sustained by the Fund as a result of the failure of the counterparty to comply with the terms of the transaction. The counterparty risk for exchange-traded instruments is generally less than for privately-negotiated or OTC currency instruments, since generally a clearing agency, which is the issuer or counterparty to each instrument, provides a guarantee of performance. For privately-negotiated instruments, there is no similar clearing agency guarantee. In all transactions, the Fund will bear the risk that the counterparty will default, and this could result in a loss of the expected benefit of the transaction and possibly other losses to the Fund. The Fund will enter into transactions in currency-related derivative instruments only with counterparties that the Advisor reasonably believes are capable of performing under the contract.

Purchasers and sellers of currency-related derivative instruments may enter into offsetting closing transactions by selling or purchasing, respectively, an instrument identical to the instrument purchased or sold. Secondary markets generally do not exist for forward currency contracts, with the result that closing transactions generally can be made for forward currency contracts only by negotiating directly with the counterparty. Thus, there can be no assurance that the Fund will in fact be able to close out a forward currency contract (or any other currency-related derivative instrument) at a time and price favorable to the Fund. In addition, in the event of insolvency of the counterparty, the Fund might be unable to close out a forward currency contract at any time prior to maturity. In the case of an exchange-traded instrument, the Fund will be able to close the position out only on an exchange which provides a market for the instruments. The ability to establish and close out positions on an exchange is subject to the maintenance of a liquid market, and there can be no assurance that a liquid market will exist for any instrument at any specific time. In the case of a privately-negotiated instrument, the Fund will be able to realize the value of the instrument only by entering into a closing transaction with the issuer or finding a third party buyer for the instrument. While the Fund will enter into privately-negotiated transactions only with entities who are expected to be capable of entering into a closing transaction, there can be no assurance that the Fund will in fact be able to enter into such closing transactions.

The precise matching of currency-related derivative instrument amounts and the value of the portfolio securities involved generally will not be possible because the value of such securities, measured in the foreign currency, will change after the currency-related derivative instrument position has been established. Thus, the Fund might need to purchase or sell foreign currencies in the spot (cash) market. The projection of short-term currency market movements is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain.

Permissible foreign currency options will include options traded primarily in the OTC market. Although options on foreign currencies are traded primarily in the OTC market, the Fund will normally purchase or sell OTC options on foreign currency only when the Advisor reasonably believes a liquid secondary market will exist for a particular option at any specific time.

There will be a cost to the Fund of engaging in transactions in currency-related derivative instruments that will vary with factors such as the contract or currency involved, the length of the contract period and the market conditions then prevailing. The Fund using these instruments may have to pay a fee or commission or, in cases where the instruments are entered into on a principal basis, foreign exchange dealers or other counterparties will realize a profit based on the difference ("spread") between the prices at which they are buying and selling various currencies. Thus, for example, 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.

When required by the SEC guidelines, the Fund will set aside permissible liquid assets in segregated accounts or otherwise cover their respective potential obligations under currency-related derivatives instruments. To the extent the Fund's assets are so set aside, they cannot be sold while the corresponding currency position is open, unless they are replaced with similar assets. As a result, if a large portion of the Fund's assets are so set aside, this could impede portfolio management or the Fund's ability to meet redemption requests or other current obligations.

The Advisor's decision to engage in a transaction in a particular currency-related derivative instrument will reflect the Advisor's judgment that the transaction will provide value to the Fund and its shareholders and is consistent with the Fund's objectives and policies. In making such a judgment, the Advisor will analyze the benefits and risks of the transaction and weigh them in the context of the Fund's entire portfolio and objectives. The effectiveness of any transaction in a currency-related derivative instrument is

dependent on a variety of factors, including the Advisor's skill in analyzing and predicting currency values and upon a correlation between price movements of the currency instrument and the underlying security. There might be imperfect correlation, or even no correlation, between price movements of an instrument and price movements of investments being hedged. Such a lack of correlation might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded. In addition, the Fund's use of currency-related derivative instruments is always subject to the risk that the currency in question could be devalued by the foreign government. In such a case, any long currency positions would decline in value and could adversely affect any hedging position maintained by the Fund.

The Fund's dealing in currency-related derivative instruments will generally be limited to the transactions described above. However, the Fund reserves the right to use currency-related derivatives instruments for different purposes and under different circumstances. Of course, the Fund is not required to use currency-related derivatives instruments and will not do so unless deemed appropriate by the Advisor. It also should be realized that use of these instruments does not eliminate, or protect against, price movements in the Fund's securities that are attributable to other (i.e., non-currency related) causes. Moreover, while the use of currency-related derivatives instruments may reduce the risk of loss due to a decline in the value of a hedged currency, at the same time the use of these instruments tends to limit any potential gain which may result from an increase in the value of that currency.

SWAP AGREEMENTS. The Fund may enter into interest rate, securities index, commodity, or security and currency exchange rate swap agreements for any lawful purpose consistent with the Fund's investment objective, such as for the purpose of attempting to obtain or preserve a particular desired return or spread at a lower cost to the Fund than if the Fund had invested directly in an instrument that yielded that desired return or spread. The Fund also may enter into swaps in order to protect against an increase in the price of, or the currency exchange rate applicable to, securities that the Fund anticipates purchasing at a later date. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to several years. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a "notional amount," i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. Swap agreements may include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap;" interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified level, or "floor;" and interest rate collars, under which a party sells a cap and purchases a floor, or vice versa, in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

The "notional amount" of the swap agreement is the agreed upon basis for calculating the obligations that the parties to a swap agreement have agreed to exchange. Under most swap agreements entered into by the Fund, the obligations of the parties would be exchanged on a "net basis." Consequently, the Fund's obligation (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). The Fund's obligation under a swap agreement will be accrued daily (offset against amounts owed to the Fund) and any accrued but unpaid net amounts owed to a swap counterparty will be covered by the maintenance of a segregated account consisting of cash, or liquid high grade debt obligations.

Whether the Fund's use of swap agreements will be successful in furthering

its investment objective will depend, in part, on the Advisor's ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Swap agreements may be considered to be illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Certain restrictions imposed on the Fund by the Internal Revenue Code may limit the Fund's ability to use swap agreements. The swaps market is largely unregulated.

The Fund will enter swap agreements only with counterparties that the Advisor reasonably believes are capable of performing under the swap agreements. If there is a default by the other party to such a transaction, the Fund will have to rely on its contractual remedies (which may be limited by bankruptcy, insolvency or similar laws) pursuant to the agreements related to the transaction.

ADDITIONAL DERIVATIVE INSTRUMENTS AND STRATEGIES. In addition to the derivative instruments and strategies described above and in the Fund's Prospectus, the Advisor expects to discover additional derivative instruments and other hedging or risk management techniques. The Advisor may utilize these new derivative instruments and techniques to the extent that they are consistent with the Fund's investment objective and permitted by the Fund's investment limitations, operating policies, and applicable regulatory authorities.

DURATION

Duration is a measure of the expected life of a debt obligation that was developed as a more precise alternative to the concept of "maturity." Traditionally, a debt obligations' maturity has been used as a proxy for the sensitivity of the security's price to changes in interest rates (which is the "interest rate risk" or "volatility" of the security). However, maturity measures only the time until a debt obligation provides its final payment, taking no account of the pattern of the security's payments prior to maturity. In contrast, duration incorporates a bond's yield, coupon interest payments, final maturity and call features into one measure. Duration management is one of the fundamental tools used by the Advisor.

Duration is a measure of the expected life of a debt obligation on a present value basis. Duration takes the length of the time intervals between the present time and the time that the interest and principal payments are scheduled or, in the case of a callable bond, expected to be received, and weights them by the present values of the cash to be received at each future point in time. For any debt obligation with interest payments occurring prior to the payment of principal, duration is always less than maturity. In general, all other things being equal, the lower the stated or coupon rate of interest of a fixed income security, the longer the duration of the security; conversely, the higher the stated or coupon rate of interest of a fixed income security, the shorter the duration of the security.

Futures, options and options on futures have durations which, in general, are closely related to the duration of the securities which underlie them. Holding long futures or call option positions will lengthen the Fund's duration by approximately the same amount that holding an equivalent amount of the underlying securities would.

Short futures or put option positions have durations roughly equal to the negative duration of the securities that underlie these positions, and have the effect of reducing portfolio duration by approximately the same amount that selling an equivalent amount of the underlying securities would.

There are some situations where even the standard duration calculation does not properly reflect the interest rate exposure of a security. For example, floating and variable rate securities often have final maturities of ten or more years; however, their interest rate exposure corresponds to the frequency of the coupon reset. Another example where the interest rate exposure is not properly captured by duration is the case of mortgage pass-through securities. The stated

final maturity of such securities is generally 30 years, but current prepayment rates are more critical in determining the securities' interest rate exposure. Finally, the duration of a debt obligation may vary over time in response to changes in interest rates and other market factors. In these and other similar situations, the Advisor will use more sophisticated analytical techniques that incorporate the economic life of a security into the determination of its interest rate exposure.

FOREIGN INVESTMENT COMPANIES

The Fund may invest, to a limited extent, in foreign investment companies. Some of the countries in which the Fund may invest may not permit direct investment by outside investors. Investments in such countries may only be permitted through foreign government-approved or -authorized investment vehicles, which may include other investment companies. In addition, it may be less expensive and more expedient for the Fund to invest in a foreign investment company in a country which permits direct foreign investment. Investing through such vehicles may involve frequent or layered fees or expenses and may also be subject to limitation under the 1940 Act. Under the 1940 Act, the Fund may invest up to 10% of its assets in shares of other investment companies and up to 5% of its assets in any one investment company as long as the investment does not represent more than 3% of the voting stock of the acquired investment company. The Fund does not intend to invest in such investment companies unless, in the judgment of the Advisor, the potential benefits of such investments justify the payment of any associated fees and expenses.

FOREIGN SECURITIES

Investing in foreign securities involves a series of risks not present in investing in U.S. securities. Many of the foreign securities held by the Fund will not be registered with the Securities and Exchange Commission (the "SEC"), nor will the foreign issuers be subject to SEC reporting requirements. Accordingly, there may be less publicly available information concerning foreign issuers of securities held by the Fund than is available concerning U.S. companies. Disclosure and regulatory standards in many respects are less stringent in emerging market countries than in the U.S.
and other major markets.

There also may be a lower level of monitoring and regulation of emerging markets and the activities of investors in such markets, and enforcement of existing regulations may be extremely limited. Foreign companies, and in particular, companies in smaller and emerging capital markets are not generally subject to uniform accounting, auditing and financial reporting standards, or to other regulatory requirements comparable to those applicable to U.S. companies. The Fund's net investment income and capital gains from its foreign investment activities may be subject to non-U.S. withholding taxes.

The costs attributable to foreign investing that the Fund must bear frequently are higher than those attributable to domestic investing; this is particularly true with respect to emerging capital markets. For example, the cost of maintaining custody of foreign securities exceeds custodian costs for domestic securities, and transaction and settlement costs of foreign investing also frequently are higher than those attributable to domestic investing. Costs associated with the exchange of currencies also make foreign investing more expensive than domestic investing. Investment income on certain foreign securities in which the Fund may invest may be subject to foreign withholding or other government taxes that could reduce the return of these securities. Tax treaties between the United States and foreign countries, however, may reduce or eliminate the amount of foreign tax to which the Fund would be subject.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed 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 investment opportunities. Inability to dispose of a portfolio security due to settlement problems could result either in losses to the Fund due to subsequent declines in the value of such portfolio security or, if the Fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

HIGH-YIELD (HIGH-RISK) SECURITIES

IN GENERAL. The Fund may invest up to 20% of its net assets in non-investment grade debt obligations. Non-investment grade debt obligations (hereinafter referred to as "lower-quality securities") include (i) bonds rated as low as C by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Group ("S&P"), or Fitch Investors Service, Inc. ("Fitch"), or CCC by Duff & Phelps, Inc. ("D&P"); (ii) commercial paper rated as low as C by S&P, Not Prime by Moody's, or Fitch 4 by Fitch; and (iii) unrated debt obligations of comparable quality. Lower-quality securities, while generally offering higher yields than investment grade securities with similar maturities, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. The special risk considerations in connection with investments in these securities are discussed below. Refer to the Appendix for a discussion of securities ratings.

EFFECT OF INTEREST RATES AND ECONOMIC CHANGES. The lower-quality and comparable unrated security market is relatively new and its growth has paralleled a long economic expansion. As a result, it is not clear how this market may withstand a prolonged recession or economic downturn. Such conditions could severely disrupt the market for and adversely affect the value of such securities.

All interest-bearing securities typically experience appreciation when interest rates decline and depreciation when interest rates rise. The market values of lower-quality and comparable unrated securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. Lower-quality and comparable unrated securities also tend to be more sensitive to economic conditions than are higher-rated securities. As a result, they generally involve more credit risks than securities in the higher-rated categories. During an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of lower-quality and comparable unrated securities may experience financial stress and may not have sufficient revenues to meet their payment obligations. The issuer's ability to service its debt obligations may also be adversely affected by specific corporate developments, the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. The risk of loss due to default by an issuer of these securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. Further, if the issuer of a lower-quality or comparable unrated security defaulted, the Fund might incur additional expenses to seek recovery. Periods of economic uncertainty and changes would also generally result in increased volatility in the market prices of these securities and thus in the Fund's net asset value.

As previously stated, the value of a lower-quality or comparable unrated security will decrease in a rising interest rate market and accordingly, so will the Fund's net asset value. If the Fund experiences unexpected net redemptions in such a market, it may be forced to liquidate a portion of its portfolio securities without regard to their investment merits. Due to the limited liquidity of lower-quality and comparable unrated securities (discussed below), the Fund may be forced to liquidate these securities at a substantial discount. Any such liquidation would force the Fund to sell the more liquid portion of its portfolio.

PAYMENT EXPECTATIONS. Lower-quality and comparable unrated securities typically contain redemption, call or prepayment provisions which permit the issuer of such securities containing such provisions to, at its discretion,

redeem the securities. During periods of falling interest rates, issuers of these securities are likely to redeem or prepay the securities and refinance them with debt securities with a lower interest rate. To the extent an issuer is able to refinance the securities, or otherwise redeem them, the Fund may have to replace the securities with a lower yielding security, which would result in a lower return for the Fund.

CREDIT RATINGS. Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of lower-quality securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the condition of the issuer that affect the market value of the security. Consequently, credit ratings are used only as a preliminary indicator of investment quality. Investments in lower-quality and comparable unrated obligations will be more dependent on the Advisor's credit analysis than would be the case with investments in investment-grade debt obligations. The Advisor employs its own credit research and analysis, which includes a study of existing debt, capital structure, ability to service debt and to pay dividends, the issuer's sensitivity to economic conditions, its operating history and the current trend of earnings. The Advisor continually monitors the investments in the Fund's portfolio and carefully evaluates whether to dispose of or to retain lower-quality and comparable unrated securities whose credit ratings or credit quality may have changed.

LIQUIDITY AND VALUATION. The Fund may have difficulty disposing of certain lower-quality and comparable unrated securities because there may be a thin trading market for such securities. Because not all dealers maintain markets in all lower-quality and comparable unrated securities, there is no established retail secondary market for many of these securities. The Fund anticipates that such securities could be sold only to a limited number of dealers or institutional investors. To the extent a secondary trading market does exist, it is generally not as liquid as the secondary market for higher-rated securities. The lack of a liquid secondary market may have an adverse impact on the market price of the security. As a result, the Fund's asset value and ability to dispose of particular securities, when necessary to meet the Fund's liquidity needs or in response to a specific economic event, may be impacted. The lack of a liquid secondary market for certain securities may also make it more difficult for the Fund to obtain accurate market quotations for purposes of valuing the Fund's portfolio. Market quotations are generally available on many lower-quality and comparable unrated issues only from a limited number of dealers and may not necessarily represent firm bids of such dealers or prices for actual sales. During periods of thin trading, the spread between bid and asked prices is likely to increase significantly. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower-quality and comparable unrated securities, especially in a thinly traded market.

LEGISLATION. Legislation may be adopted, and from time to time designed to limit the use of certain lower-quality and comparable unrated securities by certain issuers. It is anticipated that if additional legislation is enacted or proposed, it could have a material affect on the value of these securities and the existence of a secondary trading market for the securities.

ILLIQUID SECURITIES

The Fund may invest in illiquid securities (i.e., securities that are not readily marketable). However, the Fund will not acquire illiquid securities if, as a result, they would comprise more than 15% of the value of the Fund's net assets (or such other amounts as may be permitted under the 1940 Act). However, as a matter of internal policy, the Advisor intends to limit the Fund's investments in illiquid securities to 10% of its net assets.

The Board of Directors of the Fund, or its delegate, has the ultimate authority to determine, to the extent permissible under the federal securities laws, which securities are illiquid for purposes of this limitation. Certain securities exempt from registration or issued in transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), such as securities that may be resold to institutional investors under Rule 144A under the Securities Act and Section 4(2) commercial paper, may be considered liquid under guidelines adopted by the Fund's Board of Directors.

The Board of Directors of the Fund has delegated to the Advisor the day-to-day determination of the liquidity of a security, although it has retained oversight and ultimate responsibility for such determinations. The Board of Directors has directed the Advisor to look to such factors as (i) the frequency of trades or quotes for a security, (ii) the number of dealers willing to purchase or sell the security and number of potential buyers, (iii) the willingness of dealers to undertake to make a market in the security, (iv) the nature of the security and nature of the marketplace trades, such as the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer, (v) the likelihood that the security's marketability will be maintained throughout the anticipated holding period, and (vi) any other relevant factors. The Advisor may determine 4(2) commercial paper to be liquid if (i) the 4(2) commercial paper is not traded flat or in default as to principal and interest, (ii) the 4(2) commercial paper is rated in one of the two highest rating categories by at least two nationally rated statistical rating organizations ("NRSRO"), or if only one NRSRO rates the security, by that NRSRO, or is determined by the Advisor to be of equivalent quality, and (iii) the Advisor considers the trading market for the specific security taking into account all relevant factors. With respect to the Fund's foreign holdings, a foreign security may be considered liquid by the Advisor (despite its restricted nature under the Securities Act) if the security can be freely traded in a foreign securities market and all the facts and circumstances support a finding of liquidity.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act. Where registration is required, the Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Fund might obtain a less favorable price than prevailed when it decided to sell. Restricted securities will be priced at fair value as determined in good faith by the Board of Directors of the Fund. If through the appreciation of restricted securities or the depreciation of unrestricted securities, the Fund should be in a position where more than 15% of the value of its net assets are invested in illiquid securities, including restricted securities which are not readily marketable (except for 144A Securities and 4(2) commercial paper deemed to be liquid by the Advisor), the Fund will take such steps as is deemed advisable, if any, to protect liquidity.

The Fund may sell over-the-counter ("OTC") options and, in connection therewith, segregate assets or cover its obligations with respect to OTC options written by the Fund. The assets used as cover for OTC options written by the Fund will be considered illiquid unless the OTC options are sold to qualified dealers who agree that the Fund may repurchase any OTC option it writes at a maximum price to be calculated by a formula set forth in the option agreement. The cover for an OTC option written subject to this procedure would be considered illiquid only to the extent that the maximum repurchase price under the formula exceeds the intrinsic value of the option.

LENDING OF PORTFOLIO SECURITIES

The Fund is authorized to lend up to 33 1/3% of the total value of its portfolio securities to broker-dealers or institutional investors that the Advisor deems qualified, but only when the borrower maintains with the Fund's custodian bank collateral either in cash or money market instruments in an amount at least equal to the market value of the securities loaned, plus accrued interest and dividends, determined on a daily basis and adjusted accordingly. Although the Fund is authorized to lend, the Fund does not presently intend to engage in lending. In determining whether to lend securities to a particular

broker-dealer or institutional investor, the Advisor will consider, and during the period of the loan will monitor, all relevant facts and circumstances, including the creditworthiness of the borrower. The Fund will retain authority to terminate any loans at any time. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or money market instruments held as collateral to the borrower or placing broker. The Fund will receive reasonable interest on the loan or a flat fee from the borrower and amounts equivalent to any dividends, interest or other distributions on the securities loaned. The Fund will retain record ownership of loaned securities to exercise beneficial rights, such as voting and subscription rights and rights to dividends, interest or other distributions, when retaining such rights is considered to be in the Fund's interest.

LOAN INTERESTS

The Fund may acquire a loan interest (a "Loan Interest"). A Loan Interest is typically originated, negotiated, and structured by a U.S. or foreign commercial bank, insurance company, finance company, or other financial institution (the "Agent") for a lending syndicate of financial institutions. The Agent typically administers and enforces the loan on behalf of the other lenders in the syndicate. In addition, an institution, typically but not always the Agent (the "Collateral Bank"), holds collateral (if any) on behalf of the lenders. These Loan Interests may take the form of participation interests in, assignments of or novations of a loan during its secondary distribution, or direct interests during a primary distribution. Such Loan Interests may be acquired from U.S. or foreign banks, insurance companies, finance companies, or other financial institutions who have made loans or are members of a lending syndicate or from other holders of Loan Interests. The Fund may also acquire Loan Interests under which the Fund derives its rights directly from the borrower. Such Loan Interests are separately enforceable by the Fund against the borrower and all payments of interest and principal are typically made directly to the Fund from the borrower. In the event that the Fund and other lenders become entitled to take possession of shared collateral, it is anticipated that such collateral would be held in the custody of a Collateral Bank for their mutual benefit. The Fund may not act as an Agent, a Collateral Bank, a guarantor or sole negotiator or structurer with respect to a loan.

The Advisor will analyze and evaluate the financial condition of the borrower in connection with the acquisition of any Loan Interest. The Advisor also analyzes and evaluates the financial condition of the Agent and, in the case of Loan Interests in which the Fund does not have privity with the borrower, those institutions from or through whom the Fund derives its rights in a loan (the "Intermediate Participants").

In a typical loan the Agent administers the terms of the loan agreement. In such cases, the Agent is normally responsible for the collection of principal and interest payments from the borrower and the apportionment of these payments to the credit of all institutions which are parties to the loan agreement. The Fund will generally rely upon the Agent or an Intermediate Participant to receive and forward to the Fund its portion of the principal and interest payments on the loan. Furthermore, unless under the terms of a participation agreement the Fund has direct recourse against the borrower, the Fund will rely on the Agent and the other members of the lending syndicate to use appropriate credit remedies against the borrower. The Agent is typically responsible for monitoring compliance with covenants contained in the loan agreement based upon reports prepared by the borrower. The seller of the Loan Interest usually does, but is often not obligated to, notify holders of Loan Interests of any failures of compliance. The Agent may monitor the value of the collateral and, if the value of the collateral declines, may accelerate the loan, may give the borrower an opportunity to provide additional collateral or may seek other protection for the benefit of the participants in the loan. The Agent is compensated by the borrower for providing these services under a loan agreement, and such compensation may include special fees paid upon structuring and funding the loan and other fees paid on a continuing basis. With respect to Loan Interests for which the Agent does not perform such administrative and enforcement functions,

the Fund will perform such tasks on its own behalf, although a Collateral Bank will typically hold any collateral on behalf of the Fund and the other lenders pursuant to the applicable loan agreement.

A financial institution's appointment as Agent may usually be terminated in the event that it fails to observe the requisite standard of care or becomes insolvent, enters Federal Deposit Insurance Corporation ("FDIC") receivership, or, if not FDIC insured, enters into bankruptcy proceedings. A successor Agent would generally be appointed to replace the terminated Agent, and assets held by the Agent under the loan agreement should remain available to holders of Loan Interests. However, if assets held by the Agent for the benefit of the Fund were determined to be subject to the claims of the Agent's general creditors, the Fund might incur certain costs and delays in realizing payment on a loan interest, or suffer a loss of principal and/or interest. In situations involving Intermediate Participants similar risks may arise.

Purchasers of Loan Interests depend primarily upon the creditworthiness of the borrower for payment of principal and interest. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Loans that are fully secured offer the Fund more protections than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation, or that the collateral can be liquidated. Indebtedness of borrowers whose creditworthiness is poor involves substantially greater risks, and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or may pay only a small fraction of the amount owed. Direct indebtedness of developing countries will also involve a risk that the governmental entities responsible for the repayment of the debt may be unable, or unwilling, to pay interest and repay principal when due.

MATURITY

The Fund's average portfolio maturity represents an average based on the actual stated maturity dates of the debt securities in the Fund's portfolio, except that (i) variable-rate securities are deemed to mature at the next interest-rate adjustment date, (ii) debt securities with put features are deemed to mature at the next put-exercise date, (iii) the maturity of mortgage-backed securities is determined on an "expected life" basis as determined by the Advisor, and (iv) securities being hedged with futures contracts may be deemed to have a longer maturity, in the case of purchases of futures contracts, and a shorter maturity, in the case of sales of futures contracts, than they would otherwise be deemed to have. In addition, a security that is subject to redemption at the option of the issuer on a particular date (the "call date"), which is prior to the security's stated maturity, may be deemed to mature on the call date rather than on its stated maturity date. The call date of a security will be used to calculate average portfolio maturity when the Advisor reasonably anticipates, based upon information available to it, that the issuer will exercise its right to redeem the security. The average portfolio maturity of the Fund is dollar-weighted based upon the market value of the Fund's securities at the time of the calculation.

MORTGAGE- AND ASSET-BACKED SECURITIES

Mortgage-backed securities represent direct or indirect participations in, or are secured by and payable from, mortgage loans secured by real property, and include single- and multi-class pass-through securities and collateralized mortgage obligations. Such securities may be issued or guaranteed by U.S. government agencies or instrumentalities, such as the Government National Mortgage Association and the Federal National Mortgage Association, or by private issuers, generally originators and investors in mortgage loans, including savings associations, mortgage bankers, commercial banks, investment bankers, and special purpose entities (collectively, "private lenders"). Mortgage-backed securities issued by private lenders may be supported by pools of mortgage loans or other mortgage-backed securities that are guaranteed, directly or indirectly, by the U.S. government or one of its agencies or

instrumentalities, or they may be issued without any governmental guarantee of the underlying mortgage assets but with some form of non-governmental credit enhancement.

Asset-backed securities have structural characteristics similar to mortgage-backed securities. Asset-backed debt obligations represent direct or indirect participation in, or secured by and payable from, assets such as motor vehicle installment sales contracts, other installment loan contracts, home equity loans, leases of various types of property, and receivables from credit card or other revolving credit arrangements. The credit quality of most asset-backed securities depends primarily on the credit quality of the assets underlying such securities, how well the entity issuing the security is insulated from the credit risk of the originator or any other affiliated entities, and the amount and quality of any credit enhancement of the securities. Payments or distributions of principal and interest on asset-backed debt obligations may be supported by non-governmental credit enhancements including letters of credit, reserve funds, overcollateralization, and guarantees by third parties. The market for privately issued asset-backed debt obligations is smaller and less liquid than the market for government sponsored mortgage-backed securities.

The rate of principal payment on mortgage- and asset-backed securities generally depends on the rate of principal payments received on the underlying assets which in turn may be affected by a variety of economic and other factors. As a result, the yield on any mortgage- and asset-backed security is difficult to predict with precision and actual yield to maturity may be more or less than the anticipated yield to maturity. The yield characteristics of mortgage- and asset-backed securities differ from those of traditional debt securities. Among the principal differences are that interest and principal payments are made more frequently on mortgage-and asset-backed securities, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. As a result, if the Fund purchases these securities at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing the yield to maturity. Conversely, if the Fund purchases these securities at a discount, a prepayment rate that is faster than expected will increase yield to maturity, while a prepayment rate that is slower than expected will reduce yield to maturity. Amounts available for reinvestment by the Fund are likely to be greater during a period of declining interest rates and, as a result, are likely to be reinvested at lower interest rates than during a period of rising interest rates. Accelerated prepayments on securities purchased by the Fund at a premium also impose a risk of loss of principal because the premium may not have been fully amortized at the time the principal is prepaid in full. The market for privately issued mortgage- and asset-backed securities is smaller and less liquid than the market for government-sponsored mortgage-backed securities.

While many mortgage- and asset-backed securities are issued with only one class of security, many are issued in more than one class, each with different payment terms. Multiple class mortgage- and asset-backed securities are issued for two main reasons. First, multiple classes may be used as a method of providing credit support. This is accomplished typically through creation of one or more classes whose right to payments on the security is made subordinate to the right to such payments of the remaining class or classes. Second, multiple classes may permit the issuance of securities with payment terms, interest rates, or other characteristics differing both from those of each other and from those of the underlying assets. Examples include so-called "strips" (mortgage- and asset-backed securities entitling the holder to disproportionate interests with respect to the allocation of interest and principal of the assets backing the security), and securities with class or classes having characteristics which mimic the characteristics of non-mortgage- or asset-backed securities, such as floating interest rates (i.e., interest rates which adjust as a specified benchmark changes) or scheduled amortization of principal.

The Fund may invest in stripped mortgage- or asset-backed securities, which receive differing proportions of the interest and principal payments from the underlying assets. The market value of such securities generally is more sensitive to changes in prepayment and interest rates than is the case with traditional mortgage- and asset-backed securities, and in some cases such market value may be extremely volatile. With respect to certain stripped securities, such as interest only and principal only classes, a rate of prepayment that is faster or slower than anticipated may result in the Fund failing to recover all or a portion of its investment, even though the securities are rated investment grade.

Mortgage- and asset-backed securities backed by assets, other than as described above, or in which the payment streams on the underlying assets are allocated in a manner different than those described above may be issued in the future. The Fund may invest in such securities if such investment is otherwise consistent with its investment objectives and policies and with the investment restrictions of the Fund.

MORTGAGE DOLLAR ROLLS AND REVERSE REPURCHASE AGREEMENTS

The Fund may engage in reverse repurchase agreements to facilitate portfolio liquidity, a practice common in the mutual fund industry, or for arbitrage transactions discussed below. In a reverse repurchase agreement, the Fund would sell a security and enter into an agreement to repurchase the security at a specified future date and price. The Fund generally retains the right to interest and principal payments on the security. Since the Fund receives cash upon entering into a reverse repurchase agreement, it may be considered a borrowing. (See "Borrowing".) When required by guidelines of the SEC, the Fund will set aside permissible liquid assets in a segregated account to secure its obligations to repurchase the security.

The Fund may also enter into mortgage dollar rolls, in which the Fund would sell mortgage-backed securities for delivery in the current month and simultaneously contract to purchase substantially similar securities on a specified future date. While the Fund would forego principal and interest paid on the mortgage-backed securities during the roll period, the Fund would be compensated by the difference between the current sales price and the lower price for the future purchase as well as by any interest earned on the proceeds of the initial sale. The Fund also could be compensated through the receipt of fee income equivalent to a lower forward price. At the time the Fund would enter into a mortgage dollar roll, it would set aside permissible liquid assets in a segregated account to secure its obligation for the forward commitment to buy mortgage-backed securities. Mortgage dollar roll transactions may be considered a borrowing by the Fund. (See "Borrowing".)

The mortgage dollar rolls and reverse repurchase agreements entered into by the Fund may be used as arbitrage transactions in which the Fund will maintain an offsetting position in investment grade debt obligations or repurchase agreements that mature on or before the settlement date on the related mortgage dollar roll or reverse repurchase agreements. Since the Fund will receive interest on the securities or repurchase agreements in which it invests the transaction proceeds, such transactions may involve leverage. However, since such securities or repurchase agreements will be high quality and will mature on or before the settlement date of the mortgage dollar roll or reverse repurchase agreement, the Advisor believes that such arbitrage transactions do not present the risks to the Fund that are associated with other types of leverage.

MUNICIPAL OBLIGATIONS

General obligation bonds are secured by the issuer's pledge of its full faith, credit, and taxing power for the payment of interest and principal. Revenue bonds are payable only from the revenues derived from a project or facility or from the proceeds of a specified revenue source. Industrial development bonds are generally revenue bonds secured by payments from and the credit of private users. Municipal notes are issued to meet the short-term

funding requirements of state, regional, and local governments. Municipal notes include tax anticipation notes, bond anticipation notes, revenue anticipation notes, tax and revenue anticipation notes, construction loan notes, short-term discount notes, tax-exempt commercial paper, demand notes, and similar instruments. Municipal obligations include obligations, the interest on which is exempt from federal income tax, that may become available in the future as long as the Board of Directors of the Fund determines that an investment in any such type of obligation is consistent with that Fund's investment objective.

Municipal lease obligations may take the form of a lease, an installment purchase, or a conditional sales contract. They are issued by state and local governments and authorities to acquire land, equipment, and facilities, such as state and municipal vehicles, telecommunications and computer equipment, and other capital assets. The Fund may purchase these obligations directly, or it may purchase participation interests in such obligations. Municipal leases are generally subject to greater risks than general obligation or revenue bonds. State constitutions and statutes set forth requirements that states or municipalities must meet in order to issue municipal obligations. Municipal leases may contain a covenant by the state or municipality to budget for, appropriate, and make payments due under the obligation. Certain municipal leases may, however, contain "non-appropriation" clauses which provide that the issuer is not obligated to make payments on the obligation in future years unless funds have been appropriated for this purpose each year. Accordingly, such obligations are subject to "non-appropriation" risk. While municipal leases are secured by the underlying capital asset, it may be difficult to dispose of any such asset in the event of non-appropriation or other default.

REPURCHASE AGREEMENTS

The Fund may enter into repurchase agreements with certain banks or non-bank dealers. In a repurchase agreement, the Fund buys a security at one price, and at the time of sale, the seller agrees to repurchase the obligation at a mutually agreed upon time and price (usually within seven days). The repurchase agreement, thereby, determines the yield during the purchaser's holding period, while the seller's obligation to repurchase is secured by the value of the underlying security. The Advisor will monitor, on an ongoing basis, the value of the underlying securities to ensure that the value always equals or exceeds the repurchase price plus accrued interest. Repurchase agreements could involve certain risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities. Although no definitive creditworthiness criteria are used, the Advisor reviews the creditworthiness of the banks and non-bank dealers with which the Fund enter into repurchase agreements to evaluate those risks. The Fund may, under certain circumstances, deem repurchase agreements collateralized by U.S. government securities to be investments in U.S. government securities.

SHORT SALES AGAINST THE BOX

The Fund may sell securities short against the box to hedge unrealized gains on portfolio securities. Selling securities short against the box involves selling a security that the Fund owns or has the right to acquire, for delivery at a specified date in the future. If the Fund sells securities short against the box, it may protect unrealized gains, but will lose the opportunity to profit on such securities if the price rises.

TEMPORARY DEFENSIVE POSITION

When the Advisor determines that market conditions warrant a temporary defensive position, the Fund may invest without limitation in cash and short-term fixed income securities, including U.S. government securities, commercial paper, banker's acceptances, certificates of deposit, and time deposits.

VARIABLE- OR FLOATING-RATE SECURITIES

The Fund may invest in securities which offer a variable- or floating-rate of interest. Variable-rate securities provide for automatic establishment of a new interest rate at fixed intervals (e.g., daily, monthly, semi-annually, etc.). Floating-rate securities generally provide for automatic adjustment of the interest rate whenever some specified interest rate index changes. The interest rate on variable- or floating-rate securities is ordinarily determined by reference to or is a percentage of a bank's prime rate, the 90-day U.S. Treasury bill rate, the rate of return on commercial paper or bank certificates of deposit, an index of short-term interest rates, or some other objective measure.

Variable- or floating-rate securities frequently include a demand feature entitling the holder to sell the securities to the issuer at par. In many cases, the demand feature can be exercised at any time on 7 days notice; in other cases, the demand feature is exercisable at any time on 30 days notice or on similar notice at intervals of not more than one year. Some securities which do not have variable or floating interest rates may be accompanied by puts producing similar results and price characteristics. When considering the maturity of any instrument which may be sold or put to the issuer or a third party, the Fund may consider that instrument's maturity to be shorter than its stated maturity.

Variable-rate demand notes include master demand notes which are obligations that permit the Fund to invest fluctuating amounts, which may change daily without penalty, pursuant to direct arrangements between the Fund, as lender, and the borrower. The interest rates on these notes fluctuate from time to time. The issuer of such obligations normally has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the obligations plus accrued interest upon a specified number of days' notice to the holders of such obligations. The interest rate on a floating-rate demand obligation is based on a known lending rate, such as a bank's prime rate, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable-rate demand obligation is adjusted automatically at specified intervals. Frequently, such obligations are secured by letters of credit or other credit support arrangements provided by banks. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments will generally be traded. There generally is not an established secondary market for these obligations, although they are redeemable at face value. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, the Fund's right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. Such obligations frequently are not rated by credit rating agencies and, if not so rated, the Fund may invest in them only if the Advisor determines that at the time of investment the obligations are of comparable quality to the other obligations in which the Fund may invest. The Advisor, on behalf of the Fund, will consider on an ongoing basis the creditworthiness of the issuers of the floating- and variable-rate demand obligations in the Fund's portfolio.

The Fund will not invest more than 15% of its net assets in variable- and floating-rate demand obligations that are not readily marketable (a variable- or floating-rate demand obligation that may be disposed of on not more than seven days notice will be deemed readily marketable and will not be subject to this limitation). (See "Illiquid Securities" and "Investment Restrictions.") In addition, each variable- or floating-rate obligation must meet the credit quality requirements applicable to all the Fund's investments at the time of purchase. When determining whether such an obligation meets the Fund's credit quality requirements, the Fund may look to the credit quality of the financial guarantor providing a letter of credit or other credit support arrangement.

In determining the Fund's weighted average portfolio maturity, the Fund will consider a floating or variable rate security to have a maturity equal to its stated maturity (or redemption date if it has been called for redemption), except that it may consider (i) variable rate securities to have a maturity equal to the period remaining until the next readjustment in the interest rate, unless subject to a demand feature, (ii) variable rate securities subject to a demand feature to have a remaining maturity equal to the longer of (a) the next readjustment in the interest rate or (b) the period remaining until the

principal can be recovered through demand, and (iii) floating rate securities subject to a demand feature to have a maturity equal to the period remaining until the principal can be recovered through demand. Variable and floating rate securities generally are subject to less principal fluctuation than securities without these attributes since the securities usually trade at amortized cost following the readjustment in the interest rate.

WARRANTS

The Fund may acquire warrants. Warrants are securities giving the holder the right, but not the obligation, to buy the stock of an issuer at a given price (generally higher than the value of the stock at the time of issuance) during a specified period or perpetually. Warrants may be acquired separately or in connection with the acquisition of securities. Warrants acquired by the Fund in units or attached to securities are not subject to these restrictions. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants may be considered to have more speculative characteristics than certain other types of investments. In addition, the value of a warrant does not necessarily change with the value of the underlying securities, and a warrant ceases to have value if it is not exercised prior to its expiration date.

WHEN-ISSUED SECURITIES

The Fund may from time to time purchase securities on a "when-issued" basis. The price of debt obligations purchased on a when-issued basis, which may be expressed in yield terms, generally is fixed at the time the commitment to purchase is made, but delivery and payment for the securities take place at a later date. Normally, the settlement date occurs within 45 days of the purchase, although in some cases settlement may take longer. During the period between the purchase and settlement, no payment is made by the Fund to the issuer and no interest on the debt obligations accrues to the Fund. Forward commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in value of the Fund's other assets. While when-issued securities may be sold prior to the settlement date, the Fund intends to purchase such securities with the purpose of actually acquiring them unless a sale appears desirable for investment reasons. At the time the Fund makes the commitment to purchase a security on a when-issued basis, it will record the transaction and reflect the value of the security in determining its net asset value. The Fund does not believe that its net asset value will be adversely affected by purchases of securities on a when-issued basis.

To the extent required by the SEC, the Fund will maintain cash and marketable securities equal in value to commitments for when-issued securities. Such segregated securities either will mature or, if necessary, be sold on or before the settlement date. When the time comes to pay for when-issued securities, the Fund will meet its obligations from then-available cash flow, sale of the securities held in the separate account, described above, sale of other securities or, although it would not normally expect to do so, from the sale of the when-issued securities themselves (which may have a market value greater or less than the Fund's payment obligation).

ZERO-COUPON, STEP-COUPON AND PAY-IN-KIND SECURITIES

The Fund may invest in zero-coupon, step-coupon, and pay-in-kind securities. These securities are debt securities that do not make regular cash interest payments. Zero-coupon and step-coupon securities are sold at a deep discount to their face value. Pay-in-kind securities pay interest through the

issuance of additional securities. Because such securities do not pay current cash income, the price of these securities can be volatile when interest rates fluctuate. While these securities do not pay current cash income, federal income tax law requires the holders of zero-coupon, step-coupon, and pay-in-kind securities to include in income each year the portion of the original issue discount (or deemed discount) and other non-cash income on such securities accruing that year. In order to continue to qualify as a "regulated investment company" under the Internal Revenue Code and avoid a certain excise tax, the Fund may be required to distribute a portion of such discount and income and may be required to dispose of other portfolio securities, which may occur in periods of adverse market prices, in order to generate cash to meet these distribution requirements.

DIRECTORS AND OFFICERS OF THE FUND

Directors and officers of the Fund, together with information as to their principal business occupations during the last five years, and other information are shown below. Each director who is deemed an "interested person," as defined in the 1940 Act, is indicated by an asterisk (*). Each officer and director holds the same position with the 25 registered open-end management investment companies consisting of 36 mutual funds, which are managed by the Advisor (the "Strong Funds"). The Strong Funds, in the aggregate, pays each Director who is not a director, officer, or employee of the Advisor, or any affiliated company (a "disinterested director") an annual fee of $50,000, plus $100 per Board meeting for each Strong Fund. In addition, each disinterested director is reimbursed by the Strong Funds for travel and other expenses incurred in connection

with attendance at such meetings. Other officers and directors of the Strong Funds receive no compensation or expense reimbursement from the Strong Funds.

*RICHARD S. STRONG (DOB 5/12/42), Chairman of the Board and Director of the Fund.

Prior to August 1985, Mr. Strong was Chief Executive Officer of the Advisor, which he founded in 1974. Since August 1985, Mr. Strong has been a Security Analyst and Portfolio Manager of the Advisor. In October 1991, Mr. Strong also became the Chairman of the Advisor. Mr. Strong is a director of the Advisor. Mr. Strong has been in the investment management business since 1967. Mr. Strong has served the Fund as a director and Chairman of the Board since October 1996.

MARVIN E. NEVINS (DOB 7/9/18), Director of the Fund.

Private Investor. From 1945 to 1980, Mr. Nevins was Chairman of Wisconsin Centrifugal Inc.; a foundry. From July 1983 to December 1986, he was Chairman of General Casting Corp., Waukesha, Wisconsin, a foundry. Mr. Nevins is a former Chairman of the Wisconsin Association of Manufacturers & Commerce. He was also a regent of the Milwaukee School of Engineering and a member of the Board of Trustees of the Medical College of Wisconsin. Mr. Nevins has served the Fund as a director since October 1996.

WILLIE D. DAVIS (DOB 7/24/34), Director of the Fund.

Mr. Davis has been director of Alliance Bank Since 1980, Sara Lee Corporation (a food/consumer products company) since 1983, KMart Corporation (a discount consumer products company) since 1985, YMCA Metropolitan - Los Angeles since 1985, Dow Chemical Company since 1988, MGM Grand, Inc. (an entertainment/ hotel company) since 1990, WICOR, Inc. (a utility company) since 1990, Johnson Controls, Inc. (an industrial company) since 1992, L.A. Gear (a footwear/

sportswear company) since 1992, and Rally's Hamburger, Inc. since 1994. Mr. Davis has been a trustee of the University of Chicago since 1980, Marquette University since 1988, and Occidental College since 1990. Since 1977, Mr. Davis has been President and Chief Executive Officer of All Pro Broadcasting, Inc. Mr. Davis was a director of the Fireman's Fund (an insurance company) from 1975 until 1990. Mr. Davis has served the Fund as a director since October 1996.

*JOHN DRAGISIC (DOB 11/26/40), President and Director of the Fund.

Mr. Dragisic has been President of the Advisor since October 1995, and a director of the Advisor since July 1994. Mr. Dragisic served as Vice Chairman of the Advisor from July 1994 until October 1995. Mr. Dragisic was the President and Chief Executive Officer of Grunau Company, Inc. (a mechanical contracting and engineering firm), Milwaukee, Wisconsin from 1987 until July 1994. From 1981 to 1987, he was an Executive Vice President with Grunau Company, Inc. From 1969 until 1973, Mr. Dragisic worked for the InterAmerican Development Bank. Mr. Dragisic received his Ph.D. in Economics in 1971 from the University of Wisconsin - Madison and his B.A. degree in Economics in 1962 from Lake Forest College. Mr. Dragisic has served the Fund as President and as a director since October 1996.

STANLEY KRITZIK (DOB 1/9/30), Director of the Fund.

Mr. Kritzik has been a Partner of Metropolitan Associates since 1962, a Director of Aurora Health Care since 1987, and Health Network Ventures, Inc. since 1992. Mr. Kritzik has served the Fund as a director since October 1996.

WILLIAM F. VOGT (DOB 7/19/47), Director of the Fund.

Mr. Vogt has been the President of Vogt Management Consulting, Inc. since 1990. From 1982 until 1990, he served as Executive Director of University Physicians of the University of Colorado. Mr. Vogt is the Past President of the Medical Group Management Association and a Fellow of the American College of Medical Practice Executives. Mr. Vogt has served the Fund as a director since October 1996.

LAWRENCE A. TOTSKY (DOB 5/6/59), C.P.A., Vice President of the Fund.

Mr. Totsky has been Senior Vice President of the Advisor since December 1994. Mr. Totsky acted as the Advisor's Manager of Shareholder Accounting and Compliance from June 1987 to June 1991 when he was named Director of Mutual Fund Administration. Mr. Totsky has served the Fund as a Vice President since October 1996.

THOMAS P. LEMKE (DOB 7/30/54), Vice President of the Fund.

Mr. Lemke has been Senior Vice President, Secretary, and General Counsel of the Advisor since September 1994. For two years prior to joining the Advisor, Mr. Lemke acted as Resident Counsel for Funds Management at J.P. Morgan & Co., Inc. From February 1989 until April 1992, Mr. Lemke acted as Associate General Counsel to Sanford C. Bernstein Co., Inc. For two years prior to that, Mr. Lemke was Of Counsel at the Washington, D.C. law firm of Tew Jorden & Schulte, a successor of Finley, Kumble & Wagner. From August 1979 until December 1986, Mr. Lemke worked at the Securities and Exchange Commission, most notably as the Chief Counsel to the Division of Investment Management (November 1984 - December 1986), and as Special Counsel to the Office of Insurance Products, Division of Investment Management (April 1982 - October 1984). Mr. Lemke has served the Fund as a Vice President since October 1996.

STEPHEN J. SHENKENBERG (DOB 6/14/58), Vice President and Secretary of the Fund.

Mr. Shenkenberg has been Deputy General Counsel to the Advisor since

November 1996. From December 1992 until November 1996, Mr. Shenkenberg acted as Associate Counsel to the Advisor. From June 1987 until December 1992, Mr. Shenkenberg was an attorney for Godfrey & Kahn, S.C., a Milwaukee law firm. Mr. Shenkenberg has served the Fund as Vice President and as Secretary since October 1996.

JOHN S. WEITZER (DOB 10/31/67), Vice President of the Fund.

Mr. Weitzer has been an Associate Counsel of the Advisor since July 1993. Mr. Weitzer has served the Fund as a Vice President since October 1996.

Except for Messrs. Nevins, Davis, Kritzik, and Vogt, the address of all of the above persons is P.O. Box 2936, Milwaukee, Wisconsin 53201. Mr. Nevins' address is 6075 Pelican Bay Boulevard, Naples, Florida 34108. Mr. Davis' address is 161 North La Brea, Inglewood, California 90301. Mr. Kritzik's address is 1123 North Astor Street, P.O. Box 92547, Milwaukee, Wisconsin 53202-0547. Mr. Vogt's address is 2830 East Third Avenue, Denver, Colorado 80206.

In addition to the positions listed above, the following individuals also hold the following positions with Strong Holdings, Inc. ("Holdings"), a Wisconsin corporation and subsidiary of the Advisor; Strong Funds Distributors, Inc., the Fund's underwriter ("Distributors"), Heritage Reserve Development Corporation ("Heritage"), and Strong Service Corporation ("SSC"), each of which is a Wisconsin corporation and subsidiary of Holdings; Fussville Real Estate Holdings L.L.C. ("Real Estate Holdings") and Sherwood Development L.L.C. ("Sherwood"), each of which is a Wisconsin Limited Liability Company and subsidiary of the Advisor and Heritage; and Fussville Development L.L.C. ("Fussville Development"), a Wisconsin Limited Liability Company and subsidiary of the Advisor and Real Estate Holdings:

RICHARD S. STRONG:

CHAIRMAN AND A DIRECTOR - Holdings and Distributors (since October 1993); Heritage (since January 1994); and SSC (since November 1995).

CHAIRMAN AND A MEMBER OF THE MANAGING BOARD - Real Estate Holdings and Fussville Development (since December 1995 and February 1994, respectively); and Sherwood (since October 1994).

JOHN DRAGISIC:

PRESIDENT AND A DIRECTOR - Holdings (since December 1995 and July 1994, respectively); Distributors (since September 1996 and July 1994, respectively); Heritage (since May 1994 and August 1994, respectively); and SSC (since November 1995).

VICE CHAIRMAN AND A MEMBER OF THE MANAGING BOARD - Real Estate and Fussville Development (since December 1995 and August 1994, respectively); and Sherwood (since October 1994).

THOMAS P. LEMKE:

VICE PRESIDENT - Holdings, Heritage, Real Estate Holdings, and Fussville Development (since December 1995); Distributors (since October 1996); Sherwood (since October 1994); and SSC (since November 1995).

STEPHEN J. SHENKENBERG:

VICE PRESIDENT AND SECRETARY - Distributors (since December 1995).

SECRETARY - Holdings, Heritage, Fussville Development, Real Estate Holdings, and Sherwood (since December 1995); and SSC (since November 1995).

As of December 15, 1996, the officers and directors of the Fund did not own any of the Fund's shares.

PRINCIPAL SHAREHOLDERS

As of December 15, 1996, no one owned of record and beneficially any shares of the Fund.

INVESTMENT ADVISOR AND DISTRIBUTOR

The Advisor to the Fund is Strong Capital Management, Inc. Mr. Richard S. Strong controls the Advisor. Mr. Strong is the Chairman and a director of the Advisor, Mr. Dragisic is the President and a director of the Advisor, Mr. Totsky is a Senior Vice President of the Advisor, Mr. Lemke is a Senior Vice President, Secretary, and General Counsel of the Advisor, Mr. Shenkenberg is Vice President, Assistant Secretary, and Deputy General Counsel of the Advisor, and Mr. Weitzer is an Associate Counsel of the Advisor. A brief description of the Fund's investment advisory agreement ("Advisory Agreement") is set forth in the Prospectus under "Management."

The Fund's Advisory Agreement is dated December 30, 1996, and will remain in effect as to the Fund for a period of two years. The Advisory Agreement was approved by the Fund's initial shareholder on its first day of operations. Thereafter, the Advisory Agreement is required to be approved annually by the Board of Directors of the Corporation or by vote of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act). In either case, each annual renewal must also be approved by the vote of a majority of the Corporation's directors who are not parties to the Advisory Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement is terminable, without penalty, on 60 days' written notice by the Board of Directors of the Corporation, by vote of a majority of the Fund's outstanding voting securities, or by the Advisor. In addition, the Advisory Agreement will terminate automatically in the event of its assignment.

Under the terms of the Advisory Agreement, the Advisor manages the Fund's investments subject to the supervision of the Corporation's Board of Directors. The Advisor is responsible for investment decisions and supplies investment research and portfolio management. At its expense, the Advisor provides office space and all necessary office facilities, equipment, and

personnel for servicing the investments of the Fund. The Advisor places all orders for the purchase and sale of the Fund's securities at its expense.

As compensation for its services, the Fund pays to the Advisor a monthly management fee at the annual rate of .25% of the Fund's average daily net asset value. (See "Additional Information - Calculation of Net Asset Value" in the Prospectus.) From time to time, the Advisor may voluntarily waive all or a portion of its management fee for the Fund.

The Advisory Agreement requires the Advisor to reimburse the Fund in the event that the expenses and charges payable by the Fund in any fiscal year, including the management fee but excluding taxes, interest, brokerage commissions, and similar fees and to the extent permitted extraordinary expenses, exceed two percent (2%) of the average net asset value of the Fund for such year, as determined by valuations made as of the close of each business day of the year. Reimbursement of expenses in excess of the applicable limitation will be made on a monthly basis and will be paid to the Fund by reduction of the

Advisor's fee, subject to later adjustment month by month for the remainder of the Fund's fiscal year. The Advisor may from time to time absorb expenses for the Fund in addition to the reimbursement of expenses in excess of applicable limitations.

On July 12, 1994, the Securities and Exchange Commission (the "SEC") filed an administrative action (Order) against the Advisor, Mr. Strong, and another employee of the Advisor in connection with conduct that occurred between 1987 and early 1990. In re Strong/Corneliuson Capital Management, Inc.; et al. Admin. Proc. File No. 3-8411. The proceeding was settled by consent without admitting or denying the allegations in the Order. The Order found that the Advisor and Mr. Strong aided and abetted violations of Section 17(a) of the 1940 Act by effecting trades between mutual funds, and between mutual funds and Harbour Investments Ltd. ("Harbour"), without complying with the exemptive provisions of SEC Rule 17a-7 or otherwise obtaining an exemption. It further found that the Advisor violated, and Mr. Strong aided and abetted violations of, the disclosure provisions of the 1940 Act and the Investment Advisers Act of 1940 by misrepresenting the Advisor's policy on personal trading and by failing to disclose trading by Harbour, an entity in which principals of the Advisor owned between 18 and 25 percent of the voting stock. As part of the settlement, the respondents agreed to a censure and a cease and desist order and the Advisor agreed to various undertakings, including adoption of certain procedures and a limitation for six months on accepting certain types of new advisory clients.

On June 6, 1996, the Department of Labor (the "DOL") filed an action against the Advisor for equitable relief alleging violations of the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with cross trades that occurred between 1987 and late 1989 involving certain pension accounts managed by the Advisor. Contemporaneous with this filing, the Advisor, without admitting or denying the DOL's allegations, agreed to the entry of a consent judgment resolving all matters relating to the allegations. Reich v. Strong Capital Management, Inc., (U.S.D.C. E.D. WI)(the "Consent Judgment"). Under the terms of the Consent Judgment, the Advisor agreed to reimburse the affected accounts a total of $5.9 million. The settlement did not have any material impact on the Advisor's financial position or operations.

The Fund and the Advisor have adopted a Code of Ethics (the "Code") which governs the personal trading activities of all "Access Persons" of the Advisor. Access Persons include every director and officer of the Advisor and the investment companies managed by the Advisor, including the Fund, as well as certain employees of the Advisor who have access to information relating to the purchase or sale of securities by the Advisor on behalf of accounts managed by it. The Code is based upon the principal that such Access Persons have a fiduciary duty to place the interests of the Fund and the Advisor's other clients ahead of their own.

The Code requires Access Persons (other than Access Persons who are independent directors of the investment companies managed by the Advisor, including the Fund) to, among other things, preclear their securities transactions (with limited exceptions, such as transactions in shares of mutual funds, direct obligations of the U.S. government, and certain options on broad-based securities market indexes) and to execute such transactions through the Advisor's trading department. The Code, which applies to all Access Persons (other than Access Persons who are independent directors of the investment companies managed by the Advisor, including the Fund), includes a ban on acquiring any securities in an initial public offering, other than a new offering of a registered open-end investment company, and a prohibition from profiting on short-term trading in securities. In addition, no Access Person may purchase or sell any security which is contemporaneously being purchased or sold, or to the knowledge of the Access Person, being considered for purchase or sale, by the Advisor on behalf of any mutual fund or other account managed by it. Finally, the Code provides for trading "black out" periods of seven calendar days

during which time Access Persons who are portfolio managers may not trade in securities which have been purchased or sold by any mutual fund or other account managed by the portfolio manager.

The Advisor provides investment advisory services for multiple clients and may give advice and take action, with respect to any client, that may differ from the advice given, or the timing or nature of action taken, with respect to any one account. However, the Advisor will allocate over a period of time, to the extent practical, investment opportunities to each account on a fair and equitable basis relative to other similarly-situated client accounts. The Advisor, its principals and associates (to the extent not prohibited by the Code), and other clients of the Advisor may have, acquire, increase, decrease, or dispose of securities or interest therein at or about the same time that the Advisor is purchasing or selling securities or interests therein for an account that are or may be deemed to be inconsistent with the actions taken by such persons.

From time to time the Advisor votes the shares owned by the Funds according to its Statement of General Proxy Voting Policy ("Proxy Voting Policy"). The general principal of the Proxy Voting Policy is to vote any beneficial interest in an equity security prudently and solely in the best long-term economic interest of the Fund and its beneficiaries considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. Shareholders may obtain a copy of the Proxy Voting Policy upon request from the Advisor.

Except for expenses assumed by the Advisor as set forth above or by the Distributor as described below with respect to the distribution of the Fund's shares, the Fund is responsible for all its other expenses, including, without limitation, interest charges, taxes, brokerage commissions, and similar expenses; expenses of issue, sale, repurchase, or redemption of shares; expenses of registering or qualifying shares for sale; expenses for printing and distribution costs of prospectuses and quarterly financial statements mailed to existing shareholders; charges of custodians, transfer agent fees (including the printing and mailing of reports and notices to shareholders), fees of registrars, fees for auditing and legal services, fees for clerical services related to recordkeeping and shareholder relations, and the cost of stock certificates and fees for directors who are not "interested persons" of the Advisor.

Under a Distribution Agreement dated December 30, 1996 with the Corporation (the "Distribution Agreement"), Strong Funds Distributors, Inc. ("Distributor"), a subsidiary of the Advisor, acts as underwriter of the Fund's shares. The Distribution Agreement provides that the Distributor will use its best efforts to distribute the Fund's shares. Since the Fund is a "no-load" fund, no sales commissions are charged on the purchase of Fund shares. The Distribution Agreement further provides that the Distributor will bear the additional costs of printing prospectuses and shareholder reports which are used for selling purposes, as well as advertising and other costs attributable to the distribution of the Fund's shares. The Distributor is an indirect subsidiary of the Advisor and controlled by the Advisor and Richard S. Strong. The Distribution Agreement is subject to the same termination and renewal provisions as are described above with respect to the Advisory Agreement.

PORTFOLIO TRANSACTIONS AND BROKERAGE

The Advisor is responsible for decisions to buy and sell securities for the Fund and for the placement of the Fund's investment business and the negotiation of the commissions to be paid on such transactions. It is the policy of the Advisor to seek the best execution at the best security price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to the Advisor or the Fund. In over-the-counter transactions, orders are placed directly with a principal market maker unless it is believed that a better price and execution can be obtained using a broker. The best price to the Fund means the best net price without regard to the mix between purchase or sale price and commission, if any. In selecting

broker-dealers and in negotiating commissions, the Advisor considers a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, as well as its capital strength and stability, and the quality of the research and research services provided by the broker. Brokerage will not be allocated based on the sale of any shares of the Strong Funds.

The Advisor has adopted procedures that provide generally for the Advisor to seek to bunch orders for the purchase or sale of the same security for the Fund, other mutual funds managed by the Advisor, and other advisory clients (collectively, the "client accounts"). The Advisor will bunch orders when it deems it to be appropriate and in the best interest of the client accounts. When a bunched order is filled in its entirety, each participating client account will participate at the average share price for the bunched order on the same business day, and transaction costs shall be shared pro rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated on a

pro rata basis to each client account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions, and each participating account will participate at the average share price for the bunched order on the same business day.

Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") permits an investment advisor, under certain circumstances, to cause an account to pay a broker or dealer a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker or dealer. Brokerage and research services include (a) furnishing 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; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody).

In carrying out the provisions of the Advisory Agreement, the Advisor may cause the Fund to pay a broker, which provides brokerage and research services to the Advisor, a commission for effecting a securities transaction in excess of the amount another broker would have charged for effecting the transaction. The Advisor believes it is important to its investment decision-making process to have access to independent research. The Advisory Agreement provides that such higher commissions will not be paid by the Fund unless (a) the Advisor determines in good faith that the amount is reasonable in relation to the services in terms of the particular transaction or in terms of the Advisor's overall responsibilities with respect to the accounts as to which it exercises investment discretion; (b) such payment is made in compliance with the provisions of Section 28(e), other applicable state and federal laws, and the Advisory Agreement; and (c) in the opinion of the Advisor, the total commissions paid by the Fund will be reasonable in relation to the benefits to the Fund over the long term. The investment management fee paid by the Fund under the Advisory Agreement is not reduced as a result of the Advisor's receipt of research services.

Generally, research services provided by brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer hardware and software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and

government representatives. In some cases, research services are generated by third parties but are provided to the Advisor by or through brokers. Such brokers may pay for all or a portion of computer hardware and software costs relating to the pricing of securities.

Where the Advisor itself receives both administrative benefits and research and brokerage services from the services provided by brokers, it makes a good faith allocation between the administrative benefits and the research and brokerage services, and will pay for any administrative benefits with cash. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Advisor's allocation of the costs of such benefits and services between those that primarily benefit the Advisor and those that primarily benefit the Fund and other advisory clients.

From time to time, the Advisor may purchase new issues of securities for the Fund in a fixed price offering. In these situations, the seller may be a member of the selling group that will, in addition to selling the securities to the Fund and other advisory clients, provide the Advisor with research. The National Association of Securities Dealers has adopted rules expressly permitting these types of arrangements under certain circumstances. Generally, the seller will provide research "credits" in these situations at a rate that is higher than that which is available for typical secondary market transactions. These arrangements may not fall within the safe harbor of Section 28(e).

Each year, the Advisor considers the amount and nature of research and research services provided by brokers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Fund and other advisory clients on the basis of that consideration. In addition, brokers may suggest a level of business they would like to receive in order to continue to provide such services. The actual brokerage business received by a broker may be more or less than the suggested allocations, depending upon the Advisor's evaluation of all applicable considerations.

The Advisor has informal arrangements with various brokers whereby, in consideration for providing research services and subject to Section 28(e), the Advisor allocates brokerage to those firms, provided that their brokerage and research services were satisfactory to the Advisor and their execution capabilities were compatible with the Advisor's policy of seeking best execution at the best security price available, as discussed above. In no case will the Advisor make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if any informal targets are not met. The Advisor anticipates it will continue to enter into such brokerage arrangements.

The Advisor may direct the purchase of securities on behalf of the Fund and other advisory clients in secondary market transactions, in public offerings directly from an underwriter, or in privately negotiated transactions with an issuer. When the Advisor believes the circumstances so warrant, securities purchased in public offerings may be resold shortly after acquisition in the immediate aftermarket for the security in order to take advantage of price appreciation from the public offering price or for other reasons. Short-term trading of securities acquired in public offerings, or otherwise, may result in higher portfolio turnover and associated brokerage expenses.

The Advisor places portfolio transactions for other advisory accounts, including other mutual funds managed by the Advisor. Research services furnished by firms through which the Fund effects its securities transactions may be used by the Advisor in servicing all of its accounts; not all of such services may be used by the Advisor in connection with the Fund. In the opinion of the Advisor, it is not possible to measure separately the benefits from research services to each of the accounts (including the Fund) managed by the Advisor. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, in the opinion of the Advisor, such costs to the Fund will not be disproportionate to the

benefits received by the Fund on a continuing basis.

The Advisor seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by the Fund and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the Fund. In making such allocations between the Fund and other advisory accounts, the main factors considered by the Advisor are the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held, and the opinions of the persons responsible for recommending the investment.

Where consistent with a client's investment objectives, investment restrictions, and risk tolerance, the Advisor may purchase securities sold in underwritten public offerings for client accounts, commonly referred to as "deal" securities. The Advisor has adopted deal allocation procedures (the "procedures"), summarized below, that reflect the Advisor's overriding policy that deal securities must be allocated among participating client accounts in a fair and equitable manner and that deal securities may not be allocated in a manner that unfairly discriminates in favor of certain clients or types of clients.

The procedures provide that, in determining which client accounts a portfolio manager team will seek to have purchase deal securities, the team will consider all relevant factors including, but not limited to, the nature, size, and expected allocation to the Advisor of deal securities; the size of the account(s); the accounts' investment objectives and restrictions; the risk tolerance of the client; the client's tolerance for possibly higher portfolio turnover; the amount of commissions generated by the account during the past year; and the number of other deals the client has participated in during the past year.

Where more than one of the Advisor's portfolio manager team seeks to have client accounts participate in a deal and the amount of deal securities allocated to the Advisor by the underwriting syndicate is less than the aggregate amount ordered by the Advisor (a "reduced allocation"), the deal securities will be allocated among the portfolio manager teams based on all relevant factors. The primary factor shall be assets under management, although other factors that may be considered in the allocation decision include, but are not limited to, the nature, size, and expected allocation of the deal; the amount of brokerage commissions or other amounts generated by the respective participating portfolio manager teams; and which portfolio manager team is primarily responsible for the Advisor receiving securities in the deal. Based on the relevant factors, the Advisor has established general allocation percentages for its portfolio manager teams, and these percentages are reviewed on a regular basis to determine whether asset growth or other factors make it appropriate to use different general allocation percentages for reduced allocations.

When a portfolio manager team receives a reduced allocation of deal securities, the portfolio manager team will allocate the reduced allocation among client accounts in accordance with the allocation percentages set forth in the team's initial allocation instructions for the deal securities, except where this would result in a de minimis allocation to any client account. On a regular basis, the Advisor reviews the allocation of deal securities to ensure that they have been allocated in a fair and equitable manner that does not unfairly discriminate in favor of certain clients or types of clients.

CUSTODIAN

As custodian of the Fund's assets, Firstar Trust Company, P.O. Box 761, Milwaukee, Wisconsin 53201, has custody of all securities and cash of the Fund, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments, and performs other duties, all as directed by officers of the Corporation. The custodian is in no way responsible for any of the investment policies or decisions of the Fund.

TRANSFER AGENT AND DIVIDEND-DISBURSING AGENT

The Advisor acts as transfer agent and dividend-disbursing agent for the Fund. As compensation for these services, the Fund pays the Advisor a monthly fee based on a percentage of the Fund's average daily net asset value. The fees received and the services provided as transfer agent and dividend disbursing agent are in addition to those received and provided by the Advisor under the Advisory Agreement. In addition, the Advisor provides certain printing and mailing services for the Fund, such as printing and mailing of shareholder account statements, checks, and tax forms.

From time to time, the Fund, directly or indirectly through arrangements with the Advisor and/or the Advisor, may pay amounts to third parties that provide transfer agent and/or other administrative services relating to the Fund to persons who beneficially own interests in the Fund, such as participants in 401(k) plans. These services may include, among other things, sub-accounting services, transfer agent type activities, answering inquiries relating to the Fund, transmitting, on behalf of the Fund, proxy statements, annual reports, updated Prospectuses, other communications regarding the Fund, and related services as the Fund or beneficial owners may reasonably request.

TAXES

GENERAL

As indicated under "Additional Information - Distributions and Taxes" in the Prospectus, the Fund intends to continue to qualify annually for treatment as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"). This qualification does not involve government supervision of the Fund's management practices or policies.

In order to qualify for treatment as a RIC under the Code, the Fund must distribute to its shareholders for each taxable year at least 90% of its investment company taxable income (consisting generally of net investment income, net short-term capital gain, and net gains from certain foreign currency transactions) ("Distribution Requirement") and must meet several additional requirements. Among these requirements are the following: (1) the Fund must derive at least 90% of its gross income each taxable year from dividends, interest, payments with respect to securities loans, and gains from the sale or other disposition of securities or foreign currencies, or other income (including gains from options, futures, or forward contracts) derived with respect to its business of investing in securities or those currencies ("Income Requirement"); (2) the Fund must derive less than 30% of its gross income each taxable year from the sale or other disposition of securities, or any of the following, that were held for less than three months - options or futures (other than those on foreign currencies), or foreign currencies (or options, futures, or forward contracts thereon) that are not directly related to the Fund's principal business or investing in securities (or options and futures with respect to securities) ("30% Limitation"); (3) at the close of each quarter of the Fund's taxable year, at least 50% of the value of its total assets must be represented by cash and cash items, U.S. government securities, securities of other RICs, and other securities, with these other securities limited, in respect of any one issuer, to an amount that does not exceed 5% of the value of the Fund's total assets and that does not represent more than 10% of the issuer's outstanding voting securities; and (4) at the close of each quarter of the Fund's taxable year, not more than 25%

of the value of its total assets may be invested in securities (other than U.S. government securities or the securities of other RICs) of any one issuer. From time to time the Advisor may find it necessary to make certain types of investments for the purpose of ensuring that the Fund continues to qualify for treatment as a RIC under the Code.

If Fund shares are sold at a loss after being held for six months or less, the loss will be treated as long-term, instead of short-term, capital loss to

the extent of any capital gain distributions received on those shares.

The Fund will be subject to a nondeductible 4% excise tax ("Excise Tax") to the extent it fails to distribute by the end of any calendar year substantially all of its ordinary income for that year and capital gain net income for the one-year period ending on October 31 of that year, plus certain other amounts.

FOREIGN TRANSACTIONS

Interest and dividends received by the Fund may be subject to income, withholding, or other taxes imposed by foreign countries and U.S. possessions that would reduce the yield on its securities. Tax conventions between certain countries and the United States may reduce or eliminate these foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors.

The Fund maintains its accounts and calculates its income in U.S. dollars. In general, gain or loss (1) from the disposition of foreign currencies and forward currency contracts, (2) from the disposition of foreign-currency-denominated debt securities that are attributable to fluctuations in exchange rates between the date the securities are acquired and their disposition date, and (3) attributable to fluctuations in exchange rates between the time the Fund accrues interest or other receivables or expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects those receivables or pays those liabilities, will be treated as ordinary income or loss. A foreign-currency-denominated debt security acquired by the Fund may bear interest at a high normal rate that takes into account expected decreases in the value of the principal amount of the security due to anticipated currency devaluations; in that case, the Fund would be required to include the interest in income as it accrues but generally would realize a currency loss with respect to the principal only when the principal was received (through disposition or upon maturity).

The Fund may invest in the stock of "passive foreign investment companies" ("PFICs"). A PFIC is a foreign corporation that, in general, meets either of the following tests: (1) at least 75% of its gross income is passive or (2) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, the Fund will be subject to federal income tax on a portion of any "excess distribution" received on the stock or of any gain on disposition of the stock (collectively, "PFIC income"), plus interest thereon, even if the Fund distributes the PFIC income to its shareholders. The balance of the PFIC income will be included in the Fund's investment company taxable income and, accordingly, will not be taxable to it to the extent that income is distributed to its shareholders. If the Fund invests in a PFIC and elects to treat the PFIC as a "qualified electing fund," then in lieu of the foregoing tax and interest obligation, the Fund will be required to include in income each year its pro rata share of the qualified electing fund's annual ordinary earnings and net capital gain (the excess of net long-term capital gain over net short-term capital loss) -- which probably would have to be distributed to its shareholders to satisfy the Distribution Requirement -- even if those earnings and gain were not received by the Fund. In most instances it will be very difficult, if not impossible, to make this election because of certain requirements thereof.

DERIVATIVE INSTRUMENTS

The use of derivatives strategies, such as purchasing and selling (writing) options and futures and entering into forward currency contracts, involves complex rules that will determine for income tax purposes the character and timing of recognition of the gains and losses the Fund realizes in connection therewith. Gains from the disposition of foreign currencies (except certain gains therefrom that may be excluded by future regulations), and income from transactions in options, futures, and forward currency contracts derived by the Fund with respect to its business of investing in securities or foreign currencies, will qualify as permissible income under the Income Requirement. However, income from the disposition of options and futures (other than those on foreign currencies) will be subject to the 30% Limitation if they are held for less than three months. Income from the disposition of foreign currencies, and options, futures, and forward contracts on foreign currencies, that are not directly related to the Fund's principal business of investing in securities (or options and futures with respect to securities) also will be subject to the 30%

Limitation if they are held for less than three months.

If the Fund satisfies certain requirements, any increase in value of a position that is part of a "designated hedge" will be offset by any decrease in value (whether realized or not) of the offsetting hedging position during the period of the hedge for purposes of determining whether the Fund satisfies the 30% Limitation. Thus, only the net gain (if any) from the designated hedge will be included in gross income for purposes of that limitation. The Fund intends that, when it engages in hedging strategies, the hedging transactions will qualify for this treatment, but at the present time it is not clear whether this treatment will be available for all of the Fund's hedging transactions. To the extent this treatment is not available or is not elected by the Fund, it may be forced to defer the closing out of certain options, futures, or forward currency contracts beyond the time when it otherwise would be advantageous to do so, in order for the Fund to continue to qualify as a RIC.

For federal income tax purposes, the Fund is required to recognize as income for each taxable year its net unrealized gains and losses on options, futures, and forward currency contracts that are subject to section 1256 of the Code ("Section 1256 Contracts") and are held by the Fund as of the end of the year, as well as gains and losses on Section 1256 Contracts actually realized during the year. Except for Section 1256 Contracts that are part of a "mixed straddle" and with respect to which the Fund makes a certain election, any gain or loss recognized with respect to Section 1256 Contracts is considered to be 60% long-term capital gain or loss and 40% short-term capital gain or loss, without regard to the holding period of the Section 1256 Contract. Unrealized gains on Section 1256 Contracts that have been held by the Fund for less than three months as of the end of its taxable year, and that are recognized for federal income tax purposes as described above, will not be considered gains on investments held for less than three months for purposes of the 30% Limitation.

ZERO-COUPON, STEP-COUPON, AND PAY-IN-KIND SECURITIES

The Fund may acquire zero-coupon, step-coupon, or other securities issued with original issue discount. As a holder of those securities, the Fund must include in its income the original issue discount that accrues on the securities during the taxable year, even if the Fund receives no corresponding payment on the securities during the year. Similarly, the Fund must include in its income securities it receives as "interest" on pay-in-kind securities. Because the Fund annually must distribute substantially all of its investment company taxable income, including any original issue discount and other non-cash income, to satisfy the Distribution Requirement, it may be required in a particular year to distribute as a dividend an amount that is greater than the total amount of cash it actually receives. Those distributions may be made from the proceeds on sales of portfolio securities, if necessary. The Fund may realize capital gains or losses from those sales, which would increase or decrease its investment company taxable income or net capital gain, or both. In addition, any such gains may be realized on the disposition of securities held for less than three months. Because of the 30% Limitation, any such gains would reduce the Fund's ability to sell other securities, or certain options, futures, or forward currency contracts, held for less that three months that it might wish to sell in the ordinary course of its portfolio management.

The foregoing federal tax discussion as well as the tax discussion contained within the Prospectus under "Additional Information Distributions and Taxes" is intended to provide you with an overview of the impact of federal income tax provisions on the Fund or its shareholders. These tax provisions are subject to change by legislative or administrative action at the federal, state, or local level, and any changes may be applied retroactively. Any such action that limits or restricts the Fund's current ability to pass-through earnings without taxation at the Fund level, or otherwise materially changes the Fund's tax treatment, could adversely affect the value of a shareholder's investment in the Fund. Because the Fund's taxes are a complex matter, you should consult your tax adviser for more detailed information concerning the taxation of the Fund and the federal, state, and local tax consequences to shareholders of an investment in the Fund.

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DETERMINATION OF NET ASSET VALUE

A more complete discussion of the Fund's determination of net asset value is contained in the Prospectus. Generally, the net asset value of the Fund will be determined as of the close of trading on each day the New York Stock Exchange (the "NYSE") is open for trading. The NYSE is open for trading Monday through Friday except New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Additionally, if any of the aforementioned holidays falls on a Saturday, the NYSE will not be open for trading on the preceding Friday, and when any such holiday falls on a Sunday, the NYSE will not be open for trading on the succeeding Monday, unless unusual business conditions exist, such as the ending of a monthly or the yearly accounting period.

ADDITIONAL SHAREHOLDER INFORMATION

TELEPHONE EXCHANGE AND REDEMPTION PRIVILEGES

The Funds employ reasonable procedures to confirm that instructions communicated by telephone are genuine. The Funds may not be liable for losses due to unauthorized or fraudulent instructions. Such procedures include but are not limited to requiring a form of personal identification prior to acting on instructions received by telephone, providing written confirmations of such transactions to the address of record, and tape recording telephone instructions.

RETIREMENT PLANS

Individual Retirement Account (IRA): Everyone under age 70 1/2 with earned income may contribute to a tax-deferred IRA. The Strong Funds offer a prototype plan for you to establish your own IRA. You are allowed to contribute up to the lesser of $2,000 or 100% of your earned income each year to your IRA. Under certain circumstances, your contribution will be deductible.

Direct Rollover IRA: To avoid the mandatory 20% federal withholding tax on distributions, you must transfer the qualified retirement or Code section 403(b) plan distribution directly into an IRA. This tax cannot be avoided if you receive a distribution and then roll it over into an IRA. The amount of your Direct Rollover IRA contribution will not be included in your taxable income for the year.

Simplified Employee Pension Plan (SEP-IRA): A SEP-IRA allows an employer to make deductible contributions to separate IRA accounts established for each eligible employee.

Salary Reduction Simplified Employee Pension Plan (SAR SEP-IRA): A SAR SEP-IRA is a type of SEP-IRA in which an employer may allow employees to defer part of their salaries and contribute to an IRA account. These deferrals help lower the employees' taxable income.

Defined Contribution Plan: A defined contribution plan allows self-employed individuals, partners, or a corporation to provide retirement benefits for themselves and their employees. There are three plan types: a profit-sharing plan, a money purchase pension plan, and a paired plan (a combination of a profit-sharing plan and a money purchase plan).

401(k) Plan: A 401(k) plan is a type of profit-sharing plan that allows employees to have part of their salary contributed to a retirement plan which will earn tax-deferred income. A 401(k) plan is funded by employee contributions, employer contributions, or a combination of both.

403(b)(7) Plan: A tax-sheltered custodial account designed to qualify under section 403(b)(7) of the Code is available for use by employees of certain educational, non-profit, hospital, and charitable organizations.

FUND ORGANIZATION

The Corporation was organized on the following dates and currently has the following authorized shares of capital stock:

Corporation	Incorporation Date	Series Created	Authorized Shares	Par Value($)
Strong Institutional Funds, Inc.	07/01/94		Indefinite	.01
- Strong Institutional Money Fund*		07/01/94	Indefinite	.01
- Strong Institutional Bond Fund		10/28/96	Indefinite	.01

* Described in a different prospectus and statement of additional information.

The Fund is a series of common stock of Strong Institutional Funds, Inc., a Wisconsin corporation (the "Corporation") that is authorized to offer separate series of shares representing interests in separate portfolios of securities, each with differing objectives. The shares in any one portfolio may, in turn, be offered in separate classes, each with differing preferences, limitations or relative rights. However, the Corporation's Articles of Incorporation provides that if additional classes of shares are issued by the Fund, such new classes of shares may not affect the preferences, limitations or relative rights of the Fund's outstanding shares. In addition, the Corporation's Board is authorized to allocate assets, liabilities, income and expenses to each series and class. Classes within a series may have different expense arrangements than other classes of the same series and, accordingly, the net asset value of shares within a series may differ. Finally, all holders of shares of the Corporation may vote on each matter presented to shareholders for action except with respect to any matter which affects only one or more series or class, in which case only the shares of the affected series or class are entitled to vote. Fractional shares have the same rights proportionately as do full shares. Shares of the Fund have no preemptive, conversion, or subscription rights. The Corporation currently has two series of common stock outstanding, each with an indefinite number of authorized shares. If the Corporation issues additional series, the assets belonging to each series of shares will be held separately by the custodian, and in effect each series will be a separate fund.

SHAREHOLDER MEETINGS

The Wisconsin Business Corporation Law permits registered investment companies, such as the series of the Corporation, to operate without an annual meeting of shareholders under specified circumstances if an annual meeting is not required by the 1940 Act. The Corporation has adopted the appropriate provisions in its Bylaws and may, at its discretion, not hold an annual meeting in any year in which the election of directors is not required to be acted on by shareholders under the 1940 Act.

The Corporation's Bylaws allow for a director to be removed by its shareholders with or without cause, only at a meeting called for the purpose of removing the director. Upon the written request of the holders of shares entitled to not less than ten percent (10%) of all the votes entitled to be cast

at such meeting, the Secretary of the Corporation shall promptly call a special meeting of shareholders for the purpose of voting upon the question of removal of any director. The Secretary shall inform such shareholders of the reasonable estimated costs of preparing and mailing the notice of the meeting, and upon payment to the Corporation of such costs, the Corporation shall give not less than ten nor more than sixty days notice of the special meeting.

PERFORMANCE INFORMATION

As described under "Additional Information - Performance Information" in the Prospectus, the Fund's historical performance or return may be shown in the form of "yield," "average annual total return," "total return," and "cumulative total return." From time to time, the Advisor may voluntarily waive all or a portion of its management fee and/or absorb certain expenses for the Fund. Total returns contained in advertisements include the effect of deducting the Fund's expenses, but may not include charges and expenses attributable to any particular insurance product. Since shares may only be purchased by the separate accounts of certain insurance companies, contracts owners should carefully review the prospectus of the separate account for information on fees and expenses. Excluding such fees and expenses from the Fund's total return quotations has the effect of increasing the performance quoted.

YIELD

The Fund's yield is computed in accordance with a standardized method prescribed by rules of the SEC. Under that method, the current yield quotation for the Fund is based on a one month or 30-day period. The yield is computed by dividing the net investment income per share earned during the 30-day or one month period by the maximum offering price per share on the last day of the period, according to the following formula:

$$YIELD = 2\left[\left(\frac{(a-b)}{cd} + 1\right)^{(6)} - 1\right]$$

Where: a = dividends and interest earned during the period.
b = expenses accrued for the period (net of reimbursements).
c = the average daily number of shares outstanding during the period that were entitled to receive dividends.
d = the maximum offering price per share on the last day of the period.

In computing yield, the Fund follows certain standardized accounting practices specified by SEC rules. These practices are not necessarily consistent with those that the Fund uses to prepare annual and interim financial statements in conformity with generally accepted accounting principles.

DISTRIBUTION RATE

The distribution rate is computed, according to a non-standardized formula, by dividing the total amount of actual distributions per share paid by the Fund over a twelve month period by the Fund's net asset value on the last day of the period. The distribution rate differs from the Fund's yield because the distribution rate includes distributions to shareholders from sources other than dividends and interest, such as premium income from option writing and short-term capital gains. Therefore, the Fund's distribution rate may be substantially different than its yield. Both the Fund's yield and distribution rate will fluctuate.

AVERAGE ANNUAL TOTAL RETURN

The Fund's average annual total return quotation is computed in accordance with a standardized method prescribed by rules of the SEC. The average annual total return for the Fund for a specific period is found by first taking a hypothetical $10,000 investment ("initial investment") in the Fund's shares on

the first day of the period and computing the "redeemable value" of that investment at the end of the period. The redeemable value is then divided by the initial investment, and this quotient is taken to the Nth root (N representing the number of years in the period) and one is subtracted from the result, which is then expressed as a percentage. The calculation assumes that all income and capital gains dividends paid by the Fund have been reinvested at net asset value on the reinvestment dates during the period.

TOTAL RETURN

Calculation of the Fund's total return is not subject to a standardized formula. Total return performance for a specific period is calculated by first taking an investment (assumed below to be $10,000) ("initial investment") in the Fund's shares on the first day of the period and computing the "ending value" of that investment at the end of the period. The total return percentage is then determined by subtracting the initial investment from the ending value and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income and capital gains dividends paid by the Fund have been reinvested at net asset value on the reinvestment dates during the period. Total return may also be shown as the increased dollar value of the hypothetical investment over the period.

CUMULATIVE TOTAL RETURN

Calculation of the Fund's cumulative total return is not subject to a standardized formula and represents the simple change in value of an investment over a stated period and may be quoted as a percentage or as a dollar amount. Total returns and cumulative total returns may be broken down into their components of income and capital (including capital gains and changes in share price) in order to illustrate the relationship between these factors and their contributions to total return.

The Fund's performance figures are based upon historical results and do not represent future performance. The Fund's shares are sold at net asset value per share. The Fund's returns and net asset value will fluctuate and shares are redeemable at the then current net asset value of the Fund, which may be more or less than original cost. Factors affecting the Fund's performance include general market conditions, operating expenses, and investment management. Any additional fees charged by an insurance company or other financial services firm would reduce the returns described in this section.

COMPARISONS

(1) U.S. TREASURY BILLS, NOTES, OR BONDS

Investors may want to compare the performance of a Fund to that of U.S. Treasury bills, notes or bonds, which are issued by the U.S. government. Treasury obligations are issued in selected denominations. Rates of Treasury obligations are fixed at the time of issuance and payment of principal and interest is backed by the full faith and credit of the United States Treasury. The market value of such instruments will generally fluctuate inversely with interest rates prior to maturity and will equal par value at maturity. Generally, the values of obligations with shorter maturities will fluctuate less than those with longer maturities.

(2) CERTIFICATES OF DEPOSIT

Investors may want to compare a Fund's performance to that of certificates of deposit offered by banks and other depositary institutions. Certificates of deposit may offer fixed or variable interest rates and principal is guaranteed and may be insured. Withdrawal of the deposits prior to maturity normally will be subject to a penalty. Rates offered by banks and other depositary institutions are subject to change at any time specified by the issuing institution.

(3) MONEY MARKET FUNDS

Investors may also want to compare performance of a Fund to that of money market funds. Money market fund yields will fluctuate and shares are not

insured, but share values usually remain stable.

(4) LIPPER ANALYTICAL SERVICES, INC. ("LIPPER") AND OTHER INDEPENDENT RANKING ORGANIZATIONS

From time to time, in marketing and other fund literature, a Fund's performance may be compared to the performance of other mutual funds in general or to the performance of particular types of mutual funds, with similar investment goals, as tracked by independent organizations. Among these organizations, Lipper, a widely used independent research firm which ranks mutual funds by overall performance, investment objectives, and assets, may be cited. Lipper performance figures are based on changes in net asset value, with all income and capital gain dividends reinvested. Such calculations do not include the effect of any sales charges imposed by other funds. A Fund will be compared to Lipper's appropriate fund category, that is, by fund objective and portfolio holdings. A Fund's performance may also be compared to the average performance of its Lipper category.

(5) MORNINGSTAR, INC.

A Fund's performance may also be compared to the performance of other mutual funds by Morningstar, Inc. which rates funds on the basis of historical risk and total return. Morningstar's ratings range from five stars (highest) to one star (lowest) and represent Morningstar's assessment of the historical risk level and total return of a fund as a weighted average for 3, 5, and 10 year periods. Ratings are not absolute and do not represent future results.

(6) INDEPENDENT SOURCES

Evaluations of Fund performance made by independent sources may also be used in advertisements concerning a Fund, including reprints of, or selections from, editorials or articles about a Fund, especially those with similar objectives. Sources for Fund performance information and articles about a Fund may include publications such as Money, Forbes, Kiplinger's, Smart Money, Morningstar, Inc., Financial World, Business Week, U.S. News and World Report, The Wall Street Journal, Barron's, and a variety of investment newsletters.

(7) VARIOUS BANK PRODUCTS

Each Fund's performance also may be compared on a before or after-tax basis to various bank products, including the average rate of bank and thrift institution money market deposit accounts, Super N.O.W. accounts and certificates of deposit of various maturities as reported in the Bank Rate Monitor, National Index of 100 leading banks, and thrift institutions as published by the Bank Rate Monitor, Miami Beach, Florida. The rates published by the Bank Rate Monitor National Index are averages of the personal account rates offered on the Wednesday prior to the date of publication by 100 large banks and thrifts in the top ten Consolidated Standard Metropolitan Statistical Areas. The rates provided for the bank accounts assume no compounding and are for the lowest minimum deposit required to open an account. Higher rates may be available for larger deposits.

With respect to money market deposit accounts and Super N.O.W. accounts, account minimums range upward from $2,000 in each institution and compounding methods vary. Super N.O.W. accounts generally offer unlimited check writing while money market deposit accounts generally restrict the number of checks that may be written. If more than one rate is offered, the lowest rate is used. Rates are determined by the financial institution and are subject to change at any time specified by the institution. Generally, the rates offered for these products take market conditions and competitive product yields into consideration when set. Bank products represent a taxable alternative income producing product. Bank and thrift institution deposit accounts may be insured. Shareholder accounts in the Fund are not insured. Bank passbook savings accounts compete with money market mutual fund products with respect to certain liquidity features but may not offer all of the features available from a money market mutual fund, such as check writing. Bank passbook savings accounts normally offer a fixed rate of interest while the yield of the Fund fluctuates. Bank checking accounts normally do not pay interest but compete with money market mutual fund products with respect to certain liquidity features (e.g., the ability to write checks against the account). Bank certificates of deposit may

offer fixed or variable rates for a set term. (Normally, a variety of terms are available.) Withdrawal of these deposits prior to maturity will normally be subject to a penalty. In contrast, shares of each Fund are redeemable at the net asset value (normally, $1.00 per share) next determined after a request is received, without charge.

(8) INDICES

The Fund may compare its performance to a wide variety of indices including the following:

(a) The Consumer Price Index
(b) Merrill Lynch 91 Day Treasury Bill Index
(c) Merrill Lynch Government/Corporate 1-3 Year Index
(d) IBC/Donoghue's Taxable Money Fund Average(TM)
(e) IBC/Donoghue's Government Money Fund Average(TM)
(f) Salomon Brothers 1-Month Treasury Bill Index
(g) Salomon Brothers 3-Month Treasury Bill Index
(h) Salomon Brothers 1-Year Treasury Benchmark-on-the-Run Index
(i) Salomon Brothers 1-3 Year Treasury/Government-Sponsored/Corporate Bond Index
(j) Salomon Brothers Corporate Bond Index
(k) Salomon Brothers AAA, AA, A, BBB, and BB Corporate Bond Indexes
(l) Salomon Brothers Broad Investment-Grade Bond Index

(m) Salomon Brothers High-Yield BBB Index
(n) Salomon Brothers Non-U.S. World Government Bond Index
(o) Salomon Brothers 1-3 Year World Government Bond Index
(p) Lehman Brothers Aggregate Bond Index
(q) Lehman Brothers 1-3 Year Government/Corporate Bond Index
(r) Lehman Brothers Intermediate Government/Corporate Bond Index
(s) Lehman Brothers Intermediate AAA, AA, and A Corporate Bond Indexes
(t) Lehman Brothers Government/Corporate Bond Index
(u) Lehman Brothers Corporate Baa Index
(v) Lehman Brothers Intermediate Corporate Baa Index
(w) JP Morgan Global Bond Index

(9) HISTORICAL ASSET CLASS RETURNS

From time to time, marketing materials may portray the historical returns of various asset classes. Such presentations will typically compare the average annual rates of return of inflation, U.S. Treasury bills, bonds, common stocks, and small stocks. There are important differences between each of these investments that should be considered in viewing any such comparison. The market value of stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. Stocks are generally more volatile than bonds. In return for this volatility, stocks have generally performed better than bonds or cash over time. Bond prices generally will fluctuate inversely with interest rates and other market conditions, and the prices of bonds with longer maturities generally will fluctuate more than those of shorter-maturity bonds. Interest rates for bonds may be fixed at the time of issuance, and payment of principal and interest may be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury.

Each Fund may from time to time be compared to the other funds in the Strong Family of Funds based on a risk/reward spectrum. In general, the amount of risk associated with any investment product is commensurate with that product's potential level of reward. The Strong Funds risk/reward continuum or any Fund's position on the continuum may be described or diagrammed in marketing materials. The Strong Funds risk/reward continuum positions the risk and reward potential of each Strong Fund relative to the other Strong Funds, but is not intended to position any Strong Fund relative to other mutual funds or investment products. Marketing materials may also discuss the relationship between risk and reward as it relates to an individual investor's portfolio.

Financial goals vary from person to person. You may choose one or more of the Strong Funds to help you reach your financial goals. To help you better understand the Strong Income Funds and determine which Fund or combination of Funds best meets your personal investment objectives, they are described in the same Prospectus.

ADDITIONAL FUND INFORMATION

(1) DURATION

Duration is a calculation that seeks to measure the price sensitivity of a bond or a bond fund to changes in interest rates. It measures bond price sensitivity to interest rate changes by taking into account the time value of cash flows generated over the bond's life. Future interest and principal payments are discounted to reflect their present value and then are multiplied by the number of years they will be received to produce a value that is expressed in years. Since duration can also be computed for the Funds, you can estimate the effect of interest rates on a Fund's share price. Simply multiply the Fund's duration by an expected change in interest rates. For example, the price of a Fund with a duration of two years would be expected to fall approximately two percent if market interest rates rose by one percentage point.

(2) PORTFOLIO CHARACTERISTICS

In order to present a more complete picture of the Fund's portfolio, marketing materials may include various actual or estimated portfolio characteristics, including but not limited to median market capitalizations, earnings per share, alphas, betas, price/earnings ratios, returns on equity, dividend yields, capitalization ranges, growth rates, price/book ratios, top holdings, sector breakdowns, asset allocations, quality breakdowns, and breakdowns by geographic region.

(3) MEASURES OF VOLATILITY AND RELATIVE PERFORMANCE

Occasionally statistics may be used to specify Fund volatility or risk. The general premise is that greater volatility connotes greater risk undertaken in achieving performance. Measures of volatility or risk are generally used to compare the Fund's net asset value or performance relative to a market index. One measure of volatility is beta. Beta is the volatility of the Fund relative to the total market as represented by the Standard & Poor's 500 Stock Index. A beta of more than 1.00 indicates volatility greater than the market, and a beta of less than 1.00 indicates volatility less than the market. Another measure of volatility or risk is standard deviation. Standard deviation is a statistical tool that measures the degree to which the Fund's performance has varied from its average performance during a particular time period.

Standard deviation is calculated using the following formula:

$$\text{Standard deviation} = \text{the square root of } \frac{\text{SIGMA } (x(i) - x(m))(2)}{n-1}$$

where (SIGMA) = "the sum of",
xi = each individual return during the time period,
xm = the average return over the time period, and
n = the number of individual returns during the time period.

Statistics may also be used to discuss the Fund's relative performance. One such measure is alpha. Alpha measures the actual return of the Fund compared to the expected return of the Fund given its risk (as measured by beta). The expected return is based on how the market as a whole performed, and how the

particular fund has historically performed against the market. Specifically, alpha is the actual return less the expected return. The expected return is computed by multiplying the advance or decline in a market representation by the Fund's beta. A positive alpha quantifies the value that the fund manager has added, and a negative alpha quantifies the value that the fund manager has lost.

Other measures of volatility and relative performance may be used as appropriate. However, all such measures will fluctuate and do not represent future results.

PORTFOLIO MANAGEMENT

Each portfolio manager works with a team of analysts, traders, and administrative personnel. From time to time, marketing materials may discuss various members of the team, including their education, investment experience, and other credentials.

The Advisor believes that actively managing each Fund's portfolio and adjusting the average portfolio maturity according to the Advisor's interest rate outlook is the best way to achieve the Fund's objectives. This policy is based on a fundamental belief that economic and financial conditions create favorable and unfavorable investment periods (or seasons) and that these different seasons require different investment approaches. Through its active management approach, the Advisor seeks to avoid or reduce any negative change in the Fund's net asset value per share during the periods of falling bond prices and provide consistently positive annual returns throughout the seasons of investment.

The Advisor's investment philosophy includes the following basic beliefs:

* Active management pursued by a team with a uniform discipline across the fixed income spectrum can produce results that are superior to those produced through passive management.

* Controlling risk by making only moderate deviations from the defined benchmark is the cornerstone of successful fixed income investing.

* Successful fixed income management is best pursued on a top-down basis utilizing fundamental techniques.

The investment process includes decisions made at four levels that are consistent with the Advisor's viewpoint of the path of economic activity, interest rates, and the supply of and demand for credit.

The goal is to derive equivalent amounts of excess performance and risk control over the long run from each of the four levels of decision-making:

1. Duration. Each Fund's portfolio duration is managed within a range relative to its respective benchmark.

2. Yield Curve. Modest overweights and underweights along the yield curve are made to benefit from changes in the yield curve's shape.

3. Sector/Quality. Sector weightings are generally maintained between zero and two times those of the benchmark.

4. Security Selection. Quantitative analysis drives issue selection in the Treasury and mortgage marketplace. Proactive credit research drives corporate issue selection.

Risk control is pursued at three levels:

1. Portfolio structure. In structuring the portfolio, the Advisor carefully considers such factors as position sizes, duration, benchmark

characteristics, and the use of illiquid securities.

2. Credit research. Proactive credit research is used to identify issues which the Advisor believes will be candidates for credit upgrade. This research includes visiting company management, establishing appropriate values for credit ratings, and monitoring yield spread relationships.

3. Portfolio monitoring. Portfolio fundamentals are re-evaluated continuously, and buy/sell targets are established and generally adhered to.

INDEPENDENT ACCOUNTANTS

Coopers & Lybrand L.L.P., 411 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, have been selected as the independent accountants for the Fund, providing audit services and assistance and consultation with respect to the preparation of filings with the SEC.

LEGAL COUNSEL

Godfrey & Kahn, S.C., 780 North Water Street, Milwaukee, Wisconsin 53202, acts as outside legal counsel for the Fund.

APPENDIX

BOND RATINGS

STANDARD & POOR'S DEBT RATINGS

A Standard & Poor's corporate or municipal debt rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees.

The debt rating is not a recommendation to purchase, sell, or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer or obtained by S&P from other sources it considers reliable. S&P does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

The ratings are based, in varying degrees, on the following considerations:

1. Likelihood of default capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation.

2. Nature of and provisions of the obligation.

3. Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

INVESTMENT GRADE

AAA Debt rated 'AAA' has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA Debt rated 'AA' has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree.

A Debt rated 'A' has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB Debt rated 'BBB' is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

SPECULATIVE GRADE

Debt rated 'BB', 'B', 'CCC', 'CC' and 'C' is regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. 'BB' indicates the least degree of speculation and 'C' the highest. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major exposures to adverse conditions.

BB Debt rated 'BB' has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The 'BB' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'BBB-' rating.

B Debt rated 'B' has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The 'B' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'BB' or 'BB-' rating.

CCC Debt rated 'CCC' has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The 'CCC' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'B' or 'B-' rating.

CC Debt rated 'CC' typically is applied to debt subordinated to senior debt that is assigned an actual or implied 'CCC' rating.

C Debt rated 'C' typically is applied to debt subordinated to senior debt which is assigned an actual or implied 'CCC-' rating. The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

CI The rating 'CI' is reserved for income bonds on which no interest is being paid.

D Debt rated 'D' is in payment default. The 'D' rating category is used when interest payments or principal payments are not made on the date due, even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grade period. The 'D' rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

MOODY'S LONG-TERM DEBT RATINGS

Aaa - Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged". Interest payments are protected by a large or by an

exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa - Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than in Aaa securities.

A - Bonds which are rated A possess many favorable investment attributes and are to be considered as upper-medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa - Bonds which are rated Baa are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba - Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B - Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.

Caa - Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca - Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C - Bonds which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

FITCH INVESTORS SERVICE, INC. BOND RATINGS

Fitch investment grade bond ratings provide a guide to investors in determining the credit risk associated with a particular security. The ratings represent Fitch's assessment of the issuer's ability to meet the obligations of a specific debt issue or class of debt in a timely manner.

The rating takes into consideration special features of the issue, its relationship to other obligations of the issuer, the current and prospective financial condition and operating performance of the issuer and any guarantor, as well as the economic and political environment that might affect the issuer's future financial strength and credit quality.

Fitch ratings do not reflect any credit enhancement that may be provided by insurance policies or financial guaranties unless otherwise indicated.

Bonds that have the same rating are of similar but not necessarily

identical credit quality since the rating categories do not fully reflect small differences in the degrees of credit risk.

Fitch ratings are not recommendations to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

Fitch ratings are based on information obtained from issuers, other obligors, underwriters, their experts, and other sources Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of such information. Ratings may be changed, suspended, or withdrawn as a result of changes in, or the unavailability of, information or for other reasons.

AAA Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated 'AAA'. Because bonds rated in the 'AAA' and 'AA' categories are not significantly vulnerable to foreseeable future developments, short-term debt of the issuers is generally rated 'F-1+'.

A Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds and, therefore, impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

Fitch speculative grade bond ratings provide a guide to investors in determining the credit risk associated with a particular security. The ratings ('BB' to 'C') represent Fitch's assessment of the likelihood of timely payment of principal and interest in accordance with the terms of obligation for bond issues not in default. For defaulted bonds, the rating ('DDD' to 'D') is an assessment of the ultimate recovery value through reorganization or liquidation.

The rating takes into consideration special features of the issue, its relationship to other obligations of the issuer, the current and prospective financial condition and operating performance of the issuer and any guarantor, as well as the economic and political environment that might affect the issuer's future financial strength.

Bonds that have the same rating are of similar but not necessarily identical credit quality since the rating categories cannot fully reflect the differences in the degrees of credit risk.

BB Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified, which could assist the obligor in satisfying its debt service requirements.

B Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

CCC Bonds have certain identifiable characteristics that, if not remedied, may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time.

C Bonds are in imminent default in payment of interest or principal.

DDD, DD, and D Bonds are in default on interest and/or principal payments. Such bonds are extremely speculative and should be valued on the basis of their ultimate recovery value in liquidation or reorganization of the obligor. 'DDD' represents the highest potential for recovery of these bonds, and 'D' represents the lowest potential for recovery.

DUFF & PHELPS, INC. LONG-TERM DEBT RATINGS

These ratings represent a summary opinion of the issuer's long-term fundamental quality. Rating determination is based on qualitative and quantitative factors which may vary according to the basic economic and financial characteristics of each industry and each issuer. Important considerations are vulnerability to economic cycles as well as risks related to such factors as competition, government action, regulation, technological obsolescence, demand shifts, cost structure, and management depth and expertise. The projected viability of the obligor at the trough of the cycle is a critical determination.

Each rating also takes into account the legal form of the security, (e.g., first mortgage bonds, subordinated debt, preferred stock, etc.). The extent of rating dispersion among the various classes of securities is determined by several factors including relative weightings of the different security classes in the capital structure, the overall credit strength of the issuer, and the nature of covenant protection. Review of indenture restrictions is important to the analysis of a company's operating and financial constraints.

The Credit Rating Committee formally reviews all ratings once per quarter (more frequently, if necessary). Ratings of 'BBB-' and higher fall within the definition of investment grade securities, as defined by bank and insurance supervisory authorities.

<TABLE>

RATING SCALE	DEFINITION
AAA	Highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.
AA+	High credit quality. Protection factors are strong. Risk is modest, but may

AA AA-	vary slightly from time to time because of economic conditions.
A+ A A-	Protection factors are average but adequate. However, risk factors are more variable and greater in periods of economic stress.
BBB+ BBB BBB-	Below-average protection factors but still considered sufficient for prudent investment. Considerable variability in risk during economic cycles.
BB+ BB BB-	Below investment grade but deemed likely to meet obligations when due. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.
B+ B B-	Below investment grade and possessing risk that obligations will not be met when due. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes. Potential exists for frequent changes in the rating within this category or into a higher or lower rating grade.
CCC	Well below investment grade securities. Considerable uncertainty exists as to timely payment of principal, interest or preferred dividends. Protection factors are narrow and risk can be substantial with unfavorable economic/industry conditions, and/or with unfavorable company developments.
DD	Defaulted debt obligations. Issuer failed to meet scheduled principal and/or interest payments.
DP	Preferred stock with dividend arrearages.

</TABLE>

SHORT-TERM RATINGS

STANDARD & POOR'S COMMERCIAL PAPER RATINGS

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt considered short-term in the relevant market.

Ratings are graded into several categories, ranging from 'A-1' for the highest quality obligations to 'D' for the lowest. These categories are as follows:

A-1 This highest category indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted with a plus sign (+) designation.

A-2 Capacity for timely payment on issues with this designation is

satisfactory. However, the relative degree of safety is not as high as for issues designated 'A-1'.

A-3 Issues carrying this designation have adequate capacity for timely payment. They are, however, more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.

B Issues rated 'B' are regarded as having only speculative capacity for timely payment.

C This rating is assigned to short-term debt obligations with doubtful capacity for payment.

D Debt rated 'D' is in payment default. The 'D' rating category is used when interest payments or principal payments are not made on the date due, even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period.

STANDARD & POOR'S NOTE RATINGS

An S&P note rating reflects the liquidity factors and market-access risks unique to notes. Notes maturing in three years or less will likely receive a note rating. Notes maturing beyond three years will most likely receive a long-term debt rating.

The following criteria will be used in making the assessment:

- Amortization schedule - the larger the final maturity relative to other maturities, the more likely the issue is to be treated as a note.

- Source of payment - the more the issue depends on the market for its refinancing, the more likely it is to be considered a note.

Note rating symbols and definitions are as follows:

SP-1 Strong capacity to pay principal and interest. Issues determined to possess very strong characteristics are given a plus (+) designation.

SP-2 Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

SP-3 Speculative capacity to pay principal and interest.

MOODY'S SHORT-TERM RATINGS

Moody's short-term debt ratings are opinions of the ability of issuers to repay punctually senior debt obligations. These obligations have an original maturity not exceeding one year, unless explicitly noted.

Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment ability of rated issuers:

Issuers rated PRIME-1 (or supporting institutions) have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment will often be evidenced by many of the following characteristics: (i) leading market positions in well-established industries, (ii) high rates of return on funds employed, (iii) conservative capitalization structure with moderate reliance on debt and ample asset protection, (iv) broad margins in earnings coverage of fixed financial charges and high internal cash generation, and (v) well established access to a range of financial markets and assured sources of alternate liquidity.

Issuers rated PRIME-2 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above, but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Issuers rated PRIME-3 (or supporting institutions) have an acceptable ability for repayment of senior short-term obligations. The effect of industry characteristics and market compositions may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and may require relatively high financial leverage. Adequate alternate liquidity is maintained.

Issuers rated NOT PRIME do not fall within any of the Prime rating categories.

MOODY'S NOTE RATINGS

MIG 1/VMIG 1 This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad based access to the market for refinancing.

MIG 2/VMIG 2 This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

MIG 3/VMIG 3 This designation denotes favorable quality. All security elements are accounted for but there is lacking the undeniable strength of the preceding grades. Liquidity and cash flow protection may be narrow and market access for refinancing is likely to be less well established.

MIG 4/VMIG 4 This designation denotes adequate quality. Protection commonly regarded as required of an investment security is present and although not distinctly or predominantly speculative, there is specific risk.

SG This designation denotes speculative quality. Debt instruments in this category lack margins of protection.

FITCH INVESTORS SERVICE, INC. SHORT-TERM RATINGS

Fitch's short-term ratings apply to debt obligations that are payable on demand or have original maturities of generally up to three years, including commercial paper, certificates of deposit, medium-term notes, and municipal and investment notes.

The short-term rating places greater emphasis than a long-term rating on the existence of liquidity necessary to meet the issuer's obligations in a timely manner.

F-1+ Exceptionally Strong Credit Quality. Issues assigned this rating are regarded as having the strongest degree of assurance for timely payment.

F-1 Very Strong Credit Quality. Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than issues rated 'F-1+'.

F-2 Good Credit Quality. Issues assigned this rating have a satisfactory degree of assurance for timely payment but the margin of safety is not as great as for issues assigned 'F-1+' and 'F-1' ratings.

F-3 Fair Credit Quality. Issues assigned this rating have

characteristics suggesting that the degree of assurance for timely payment is adequate; however, near-term adverse changes could cause these securities to be rated below investment grade.

F-S Weak Credit Quality. Issues assigned this rating have characteristics suggesting a minimal degree of assurance for timely payment and are vulnerable to near-term adverse changes in financial and economic conditions.

D Default. Issues assigned this rating are in actual or imminent payment default.

LOC The symbol LOC indicates that the rating is based on a letter of credit issued by a commercial bank.

DUFF & PHELPS, INC. SHORT-TERM DEBT RATINGS

Duff & Phelps' short-term ratings are consistent with the rating criteria used by money market participants. The ratings apply to all obligations with maturities of under one year, including commercial paper, the uninsured portion of certificates of deposit, unsecured bank loans, master notes, bankers acceptances, irrevocable letters of credit, and current maturities of long-term debt. Asset-backed commercial paper is also rated according to this scale.

Emphasis is placed on liquidity which is defined as not only cash from operations, but also access to alternative sources of funds including trade credit, bank lines, and the capital markets. An important consideration is the level of an obligor's reliance on short-term funds on an ongoing basis.

<TABLE>

<S>	<C>
Rating Scale:	Definition
	High Grade

</TABLE>

D-1+ Highest certainty of timely payment. Short-Term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding, and safety is just below risk-free U.S. Treasury short-term obligations.

D-1 Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

D-1- High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Good Grade

D-2 Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

Satisfactory Grade

D-3 Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject

to more variation. Nevertheless, timely payment is expected.

Non-Investment Grade

D-4 Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.

Default

D-5 Issuer failed to meet scheduled principal and/or interest payments.

THOMSON BANKWATCH (TBW) SHORT-TERM RATINGS

The TBW Short-Term Ratings apply, unless otherwise noted, to specific debt instruments of the rated entities with a maturity of one year or less. TBW Short-Term Ratings are intended to assess the likelihood of an untimely or incomplete payments of principal or interest.

TBW-1 The highest category; indicates a very high likelihood that principal and interest will be paid on a timely basis.

TBW-2 The second highest category; while the degree of safety regarding timely repayment of principal and interest is strong, the relative degree of safety is not as high as for issues rated "TBW-1".

TBW-3 The lowest investment-grade category; indicates that while the obligation is more susceptible to adverse developments (both internal and external) than those with higher ratings, the capacity to service principal and interest in a timely fashion is considered adequate.

TBW-4 The lowest rating category; this rating is regarded as non-investment grade and therefore speculative.

IBCA SHORT-TERM RATINGS

IBCA Short-Term Ratings assess the borrowing characteristics of banks and corporations, and the capacity for timely repayment of debt obligations. The Short-Term Ratings relate to debt which has a maturity of less than one year.

<TABLE>
<S> <C>
A1+ Obligations supported by the highest capacity for timely repayment and possess a particularly strong credit feature.

A1 Obligations supported by the highest capacity for timely repayment.

A2 Obligations supported by a good capacity for timely repayment.

A3 Obligations supported by a satisfactory capacity for timely repayment.

B Obligations for which there is an uncertainty as to the capacity to ensure timely repayment.

C Obligations for which there is a high risk of default or which are currently in default.
</TABLE>

STRONG INSTITUTIONAL MONEY FUND

Incorporated by Reference to the Registrant's Annual Report filed on Form N-30D (File No. 33-61545), which was filed with the Securities and Exchange Commission on or about April 18, 1996 (Edgar Reference No. 0000950124-96-001643).

STRONG INSTITUTIONAL FUNDS, INC.

PART C
OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) Financial Statements:

(1) Strong Institutional Money Fund (all included or incorporated by reference in Part A & B):

Schedules of Investments in Securities
Statement of Operations
Statement of Assets and Liabilities
Statement of Changes in Net Assets
Notes to Financial Statements
Financial Highlights
Report of Independent Accountants

(2) Strong Institutional Bond Fund

Inapplicable

(b) Exhibits

(1)	Articles of Incorporation dated July 31, 1996
(1.1)	Amendment to Articles of Incorporation dated October 22, 1996
(2)	Bylaws dated October 20, 1995(1)
(3)	Inapplicable
(4)	Specimen Stock Certificate(1)
(5)	Investment Advisory Agreement(1)
(5.1)	Schedule of Additional Funds (Institutional Bond Fund)
(6)	Distribution Agreement(1)
(7)	Inapplicable
(8)	Custody Agreement with Firstar (Institutional Money Fund and Institutional Bond Fund)(3)
(8.1)	Global Custody Agreement with Brown Brothers Harriman & Co. (Institutional Bond Fund)
(9)	Shareholder Servicing Agent Agreement(2)
(10)	Opinion of Counsel (Institutional Bond Fund)
(11)	Consent of Auditor
(12)	Inapplicable
(13)	Stock Subscription Agreement (Institutional Bond Fund)
(14.1)	Prototype Defined Contribution Retirement Plan - No. 1
(14.1.1)	Prototype Defined Contribution Retirement Plan - No. 2
(14.2)	Individual Retirement Custodial Account
(14.3)	Section 403(b)(7) Retirement Plan
(14.4)	Simplified Employee Pension Plan Brochure
(15)	Inapplicable
(16)	Computation of Performance Figures(3)
(17)	Financial Data Schedule
(18)	Inapplicable
(19)	Power of Attorney dated December 27, 1996

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(20) Letter of Representation
(21.1) Code of Ethics for Access Persons dated October 18, 1996
(21.2) Code of Ethics for Non-Access Persons dated October 18, 1996

---

(1) Incorporated herein by reference to the Registration Statement on Form N-1A of Registrant filed on or about August 3, 1995.

(2) Incorporated herein by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A filed on or about September 19, 1995.

(3) Incorporated herein by reference to Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A filed on or about June 27, 1996.

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

Registrant neither controls any person nor is under common control with any other person.

Item 26. Number of Holders of Securities

<TABLE>
<CAPTION>

Title of Class	Number of Record Holders as of November 29, 1996
<S>	<C>
Common Stock, $.01 par value	
Strong Institutional Money Fund	38
Strong Institutional Bond Fund	None

</TABLE>

Item 27. Indemnification

Officers and directors are insured under a joint errors and omissions insurance policy underwritten by American International Group, First State Insurance Company, Chubb Group, and Gulf Insurance Companies in the aggregate amount of $40,000,000, subject to certain deductions. Pursuant to the authority of the Wisconsin Business Corporation Law, Article VII of Registrant's Bylaws provides as follows:

ARTICLE VII. INDEMNIFICATION OF OFFICERS AND DIRECTORS

SECTION 7.01. Mandatory Indemnification. The corporation shall indemnify, to the full extent permitted by the WBCL, as in effect from time to time, the persons described in Sections 180.0850 through 180.0859 (or any successor provisions) of the WBCL or other provisions of the law of the State of Wisconsin relating to indemnification of directors and officers, as in effect from time to time. The indemnification afforded such persons by this section shall not be exclusive of other rights to which they may be entitled as a matter of law.

SECTION 7.02. Permissive Supplementary Benefits. The Corporation may, but shall not be required to, supplement the right of indemnification under Section 7.01 by (a) the purchase of insurance on behalf of any one or more of such persons, whether or not the Corporation would be obligated to indemnify such person under Section 7.01; (b) individual or group indemnification agreements with any one or more of such persons; and (c) advances for related expenses of such a person.

SECTION 7.03. Amendment. This Article VII may be amended or repealed only by a vote of the shareholders and not by a vote of the Board of Directors.

SECTION 7.04. Investment Company Act. In no event shall the Corporation indemnify any person hereunder in contravention of any provision of the Investment Company Act.

Item 28. Business and Other Connections of Investment Advisor

The information contained under "About the Fund - Management" in the Prospectus and under "Directors and Officers of the Corporation" and "Investment Advisor and Distributor" in the Statement of Additional Information is hereby incorporated by reference pursuant to Rule 411 under the Securities Act of 1933.

Item 29. Principal Underwriters

(a) Strong Funds Distributors, Inc., principal underwriter for Registrant, also serves as principal underwriter for Strong Advantage Fund, Inc.; Strong Asia Pacific Fund, Inc.; Strong Asset Allocation Fund, Inc.; Strong Common Stock Fund, Inc.; Strong Conservative Equity Funds, Inc.; Strong Corporate Bond Fund, Inc.; Strong Discovery Fund, Inc.; Strong Equity Funds, Inc.; Strong Government Securities Fund, Inc.; Strong Heritage Reserve Series, Inc.; Strong High-Yield Municipal Bond Fund, Inc.; Strong Income Funds, Inc.; Strong International Bond Fund, Inc.; Strong International Stock Fund, Inc.; Strong Money Market Fund, Inc.; Strong Municipal Funds, Inc.; Strong Municipal Bond Fund, Inc.; Strong Opportunity Fund, Inc.; Strong Schafer Value Fund, Inc.; Strong Short-Term Bond Fund, Inc.; Strong Short-Term Global Bond Fund, Inc.; Strong Short-Term Municipal Bond Fund, Inc.; Strong Special Fund II, Inc.; Strong Total Return Fund, Inc.; and Strong Variable Insurance Funds, Inc.

(b) The information contained under "About the Fund - Management" in the Prospectus and under "Directors and Officers of the Corporation" and "Investment Advisor and Distributor" in the Statement of Additional Information is hereby incorporated by reference pursuant to Rule 411 under the Securities Act of 1933.

(c) Inapplicable

Item 30. Location of Accounts and Records

All accounts, books, or other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the rules promulgated thereunder are in the physical possession of Registrant's Vice President, Thomas P. Lemke, at Registrant's corporate offices, 100 Heritage Reserve, Menomonee Falls, Wisconsin 53051.

Item 31. Management Services

All management-related service contracts entered into by Registrant are discussed in Parts A and B of this Registration Statement.

Item 32. Undertakings

(a) Inapplicable.

(b) The Registrant undertakes to file a post-effective amendment, using financial statements which need not be certified, within four to six months from the effective date of this Registration Statement with respect to Strong Institutional Bond Fund.

(c) The Registrant undertakes to furnish to each person to whom a prospectus is delivered, upon request and without charge, a copy of the

Registrant's latest annual report to shareholders.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Post-Effective Amendment No. 4 to the Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment No. 4 to the Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the Village of Menomonee Falls, and State of Wisconsin on the 27th day of December, 1996.

STRONG INSTITUTIONAL FUNDS, INC.
(Registrant)

BY: /s/ John Dragisic

John Dragisic,
President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A has been signed below by the following persons in the capacities and on the date indicated.

<TABLE>
<CAPTION>

NAME	TITLE	DATE
<S>	<C>	<C>
/s/ John Dragisic John Dragisic	President (Principal Executive Officer and acting Principal Financial and Accounting Officer) and a Director	December 27, 1996
/s/ Richard S. Strong Richard S. Strong	Chairman of the Board and a Director	December 27, 1996
Marvin E. Nevins*	Director	December 27, 1996
Willie D. Davis*	Director	December 27, 1996
William F. Vogt*	Director	December 27, 1996
Stanley Kritzik*	Director	December 27, 1996

</TABLE>

* John S. Weitzer signs this document pursuant to powers of attorney filed with this Post-Effective No. 4 to the Registration Statement on Form N-1A.

BY: /s/ John S. Weitzer

John S. Weitzer, Vice President

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Exhibit	EDGAR Exhibit No.
<C>	<C>	<C>
(1)	Articles of Incorporation	EX-99.B1
(1.1)	Amendment to Articles of Incorporation	EX-99.B1.1
(5.1)	Schedule of Additional Funds	EX-99.B5.1
(8.1)	Global Custody Agreement with Brown Brothers Harriman & Co. (Institutional Bond Fund)	EX99.B8.1
(10)	Opinion of Counsel (Institutional Bond Fund)	EX-99.B10
(11)	Consent of Auditor	EX-99.B11
(13)	Stock Subscription Agreement (Institutional Bond)	EX-99.B13
(14.1)	Prototype Defined Contribution Retirement Plan - No. 1	EX-99.B14.1
(14.1.1)	Prototype Defined Contribution Retirement Plan - No. 2	EX-99.B14.1.1
(14.2)	Individual Retirement Custodial Account	EX-99.B14.2
(14.3)	Section 403(b)(7) Retirement Plan	EX-99.B14.3
(14.4)	Simplified Employee Pension Plan Brochure	EX-99.B14.4
(17)	Financial Data Schedule	EX-27.1 (Money)
(19)	Power of Attorney	EX-99.B19
(20)	Letter of Representation	EX-99.B20
(21.1)	Code of Ethics for Access Persons	EX-99.B21.1
(21.2)	Code of Ethics for Non-Access Persons	EX-99.B21.2

</TABLE>

EXHIBIT 99.B1

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF STRONG INSTITUTIONAL FUNDS, INC.

These Amended and Restated Articles of Incorporation shall supersede and replace the heretofore existing Articles of Incorporation of Strong Institutional Funds, Inc., as amended to date, a corporation organized under chapter 180 of the Wisconsin Statutes:

ARTICLE I

The name of the corporation (hereinafter, the "Corporation") is:

Strong Institutional Funds, Inc.

ARTICLE II

The period of existence of the Corporation shall be perpetual.

ARTICLE III

The purpose for which the Corporation is organized is, without limitation, to act as a registered management investment company under 15 USC 80a-1 to 80a-64, as amended from time to time (the "Investment Company Act"), and for any other purposes for which corporations may be organized under Chapter 180 of the Wisconsin Statutes, as amended from time to time (the "WBCL").

ARTICLE IV

A. The Corporation shall have the authority to issue an indefinite number of shares of Common Stock with a par value of $.01 per share. Subject to the following paragraph the authorized shares are classified as follows:

Class	Authorized Number of Shares
Strong Institutional Money Fund	Indefinite

B. The Board of Directors is authorized to classify or to reclassify (i.e. into classes and series of classes), from time to time, any unissued shares of the Corporation by setting, changing, or eliminating the distinguishing designation and the preferences, limitations, and relative rights, in whole or in part, to the fullest extent permissible under the WBCL.

Unless otherwise provided by the Board of Directors prior to the

issuance of shares, the shares of any and all classes and series shall be subject to the following:

1. The Board of Directors may redesignate a class or series whether or not shares of such class or series are issued and outstanding, provided that such redesignation does not affect the preferences, limitations, and relative rights, in whole or in part, of such class or series.

2. The assets and liabilities and the income and expenses for each class shall be attributable to that class. The assets and liabilities and the income and expenses of each series within a class shall be determined separately and, accordingly, the net asset value of shares may vary from series to series within a class. The income or gain and the expense or liabilities of the Corporation shall be allocated to each class or series as determined by or under the direction of the Board of Directors.

3. Shares of each class or series shall be entitled to such dividends or distributions, in shares or in cash or both, as may be declared from time to time by the Board of Directors with respect to such class or series. Dividends or distributions shall be paid on shares of a class or series only out of the assets belonging to that class or series.

4. Any shares redeemed by the Corporation shall be deemed to be canceled and restored to the status of authorized but unissued shares of the particular class or series.

5. In the event of the liquidation or dissolution of the Corporation, the holders of a class or series shall be entitled to receive, as a class or series, out of the assets of the Corporation available for distribution to shareholders, the assets belonging to that class or series less the liabilities allocated to that class or series. The assets so distributable to the holders of a class or series shall be distributed among such holders in proportion to the number of shares of that class or series held by them and recorded on the books of the Corporation. In the event that there are any assets available for distribution that are not attributable to any particular class or series, such assets shall be allocated to all classes or series in proportion to the net asset value of the respective class or series.

6. All holders of shares shall vote as a single class and series except with respect to any matter which affects only one or more series or class or shares, in which case only the holders of shares of the class or series affected shall be entitled to vote.

7. For purposes of the Corporation's Registration Statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Company Act of 1940, including all prospectuses and Statements of Additional Information, and other reports filed under the Investment Company Act of 1940, references therein to "classes" of the Corporation's common stock shall mean "series", as used in these Articles of Incorporation and the WBCL, and references therein to "series" shall mean

"classes", as used in these Articles of Incorporation and the WBCL.

C. The Corporation may issue fractional shares. Any fractional shares shall carry proportionately all the rights of the whole shares, including, without limitation, the right to vote and the right to receive dividends and distributions.

D. The Board of Directors of the Corporation may authorize the issuance and sale of any class or series of shares from time to time in such amount and on such terms and conditions, for such purposes and for such amounts or kind of consideration as the Board of Directors shall determine, subject to any limits required by then applicable law. Nothing in this paragraph shall be construed in any way as limiting the Board of Directors authority to issue the Corporation's shares in connection with a share dividend under the WBCL.

E. Subject to the suspension of the right of redemption or postponement of the date of payment or satisfaction upon redemption in accordance with the Investment Company Act, each holder of any class or series of the Common Stock of the Corporation, upon request and after complying with the redemption procedures established by or under the supervision of the Board of Directors, shall be entitled to require the Corporation to redeem out of legally available funds all or any part of the Common Stock standing in the name of such holder on the books of the Corporation at the net asset value (as determined in accordance with the Investment Company Act) of such shares (less any applicable redemption fee). Any such redeemed shares shall be canceled and restored to the status of authorized but unissued shares.

F. The Board of Directors may authorize the Corporation, at its option and to the extent permitted by and in accordance with the Investment Company Act, to redeem any shares of Common Stock of any class or series of the

Corporation owned by any shareholder under circumstances deemed appropriate by the Board of Directors in its sole discretion from time to time, including without limitation the failure to maintain ownership of a specified minimum number of value of shares of Common Stock of any class or series of the Corporation, at the net asset value (as determined in accordance with the Investment Company Act) of such shares (less any applicable redemption fee).

G. The Board of Directors of the Corporation may, upon reasonable notice to the holders of Common Stock of any class or series of the Corporation, impose a fee for the redemption of shares, such fee to be not in excess of the amount set forth in the Corporation's then existing Bylaws and to apply in the case of such redemptions and under such terms and conditions as the Board of Directors shall determine. The Board of Directors shall have the authority to rescind imposition of any such fee in its discretion and to reimpose the redemption fee from time to time upon reasonable notice.

H. No holder of the Common Stock of any class or series of the Corporation shall, as such holder, have any right to purchase or subscribe for any shares of the Common Stock of any class or series of the Corporation which it may issue or sell other than such right, if any, as the Board of Directors, in its sole discretion, may determine.

I. With respect to any class or series, the Board of Directors may adopt provisions to seek to maintain a stable net asset value per share. Without limiting the foregoing, the Board of Directors may determine that the net asset value per share of any class or series should be maintained at a designated constant value and may establish procedures, not inconsistent with applicable law, to accomplish that result. Such procedures may include a requirement, in the event of a net loss with respect to the particular class or series from time to time, for automatic pro rata capital contributions from each shareholder of that class or series in amounts sufficient to maintain the designated constant share value.

ARTICLE V

The number of directors shall be fixed by the Bylaws of the Corporation.

ARTICLE VI

The Corporation reserves the right to enter into, from time to time, investment advisory agreements providing for the management and supervision of the investments of the Corporation, the furnishing of advice to the Corporation with respect to the desirability of investing in, purchasing or selling securities or other assets and the furnishing of clerical and administrative services to the Corporation. Such agreements shall contain such other terms, provisions and conditions as the Board of Directors of the Corporation may deem advisable and as are permitted by the Investment Company Act.

The Corporation may, without limitation, designate distributors, custodians, transfer agents, registrars and/or disbursing agents for the stock and assets of the Corporation and employ and fix the powers, rights, duties, responsibilities and compensation of each such director, custodian, transfer agent, registrar and/or disbursing agent.

ARTICLE VII

If the Board of Directors redesignate the outstanding Common Stock in accordance with paragraph A of Article IV, the Board of Directors shall designate the corporation with a generic name that is consistent with the name of the first series and any subsequent series.

ARTICLE VIII

The registered office of the Corporation is located at 100 Heritage Reserve, in the Village of Menomonee Falls, Waukesha County, Wisconsin 53051 and the name of the registered agent at such address is Thomas P. Lemke.

This instrument was drafted by:

John S. Weitzer
Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, Wisconsin 53051

EXHIBIT 99.B1.1

AMENDMENT OF ARTICLES OF INCORPORATION

OF

STRONG INSTITUTIONAL FUNDS, INC.

The undersigned Vice President of Strong Institutional Funds, Inc. (the "Corporation"), hereby certifies that in accordance with Section 180.1002 of the Wisconsin Statutes, the following Amendment was duly adopted to create Strong Institutional Bond Fund as an additional class of Common Stock:

"Paragraph A of Article IV is hereby amended by deleting Paragraph A thereof and inserting the following as a new paragraph:

'A. The Corporation shall have the authority to issue an indefinite number of shares of Common Stock with a par value of $.01 per share. Subject to the following paragraph the authorized shares are classified as follows:

Class	Authorized Number of Shares
Strong Institutional Money Fund	Indefinite
Strong Institutional Bond Fund	Indefinite' "

This Amendment to the Articles of Incorporation of the Corporation was adopted by the Board of Directors on October 18, 1996 in accordance with Section 180.1002 and 180.0602(2) of the Wisconsin Statutes without shareholder approval.

Executed in duplicate this 22th day of October, 1996.

STRONG INSTITUTIONAL FUNDS, INC.

By: /s/ Thomas P. Lemke

Thomas P. Lemke, Vice President

This instrument was drafted by:

John S. Weitzer

Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, WI 53051

EXHIBIT 99.B5.1

SCHEDULE A

The Portfolio(s) of the Corporation currently subject to this Agreement are as follows:

Portfolio(s)	Date of Addition to this Agreement
Strong Institutional Money Fund	September 12, 1995
Strong Institutional Bond Fund	December 30, 1996

Attest: Strong Capital Management, Inc.

/s/ Stephen J. Shenkenberg
Stephen J. Shenkenberg,
Vice President

/s/ John Dragisic
John Dragisic, President

Attest: Strong Institutional Funds, Inc.

/s/ John S. Weitzer
John S. Weitzer, Vice President

/s/ Lawrence A. Totsky
Lawrence A. Totsky, Vice President

SCHEDULE B

Compensation pursuant to Paragraph 5 of this Agreement shall be calculated in accordance with the following schedules:

Portfolio(s)	Annual Fee

Strong Institutional Money Fund	.35%
Strong Institutional Bond Fund	.25%

Attest:

Strong Capital Management,Inc.

/s/ Stephen J. Shenkenberg
Stephen J. Shenkenberg, Vice President

/s/ John Dragisic
John Dragisic, President

Attest:

Strong Institutional Funds, Inc.

/s/ John S. Weitzer
John S. Weitzer, Vice President

/s/ Lawrence A. Totsky
Lawrence A. Totsky, Vice President

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EXHIBIT 99.B8.1

AGREEMENT BETWEEN

BROWN BROTHERS HARRIMAN & CO.

AND

FIRSTAR TRUST COMPANY

AND

THE STRONG FUNDS

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CUSTODIAN AGREEMENT

AGREEMENT made this 22nd day of December, 1993, between FIRSTAR TRUST COMPANY (the "Custodian") and each of the Funds listed in Appendix B attached hereto as said Exhibit may from time to time be revised (collectively, the "Funds" individually, a "Fund") and Brown Brothers Harriman & Co, (the "Subcustodian");

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Employment of Subcustodian: The Custodian and the Funds hereby employ and appoint the Subcustodian as a subcustodian for the term and subject to the provisions of this Agreement. The Subcustodian shall not be under any duty or obligation to require a Fund to deliver to it any securities, funds or other property owned by the Fund and shall have no responsibility or liability for or on account of securities, funds or other property not so delivered. Each Fund will deposit with the Subcustodian copies of its Declaration of Trust or Certificate of Incorporation and By-Laws (or comparable documents) and all amendments thereto, and copies of such votes and other proceedings of the shareholders or Trustees or Directors of the Fund as may be necessary for or convenient to the Subcustodian in the performance of its duties. The Subcustodian shall maintain separate accounts and records for each of the Funds.

2. Powers and Duties of the Subcustodian with respect to Property of the Funds held by the Subcustodian: Except for securities, funds and other property held by any Secondary Subcustodian appointed pursuant to the provisions of Section 3 hereof or held by any Foreign Depository (as said term is defined in Section 3) utilized by a Secondary Subcustodian, the Subcustodian shall have and perform the following powers and duties with respect to securities, funds and other property of the Funds:

2.1 Safekeeping - To keep safely the securities, funds and other property of each Fund that have been delivered to the Subcustodian and, on behalf of the Custodian and each Fund, from time to time to receive delivery of securities and other property for safekeeping.

2.2 Manner of Holding Securities - To hold securities of each Fund (1) by physical possession of the share certificates or other instruments representing such securities in registered or bearer form, or (2) in book-entry form by a Securities System (as said term is defined in Section 2.22) or a Foreign Depository,

2.3 Registration - To hold registered securities of each Fund, with or without any indication of fiduciary capacity, provided that securities are held in an account of the Subcustodian containing only property of such Fund or only property held as fiduciary or custodian for customers; provided that the records of the Subcustodian shall indicate at all times the Funds or other customers for which such securities and other

property are held in such account and the respective interests therein.

2.4 Purchases - Upon receipt of proper instructions, as defined in Section 2.27, insofar as funds are available for the purpose, to pay for and receive securities purchased for the account of a Fund, payment being made only upon receipt of the securities (1) by the Subcustodian, or (2) by a clearing corporation of a national securities exchange of which the Subcustodian is a member, or (3) by a Securities System or a Foreign Depository. However, (i) in the case of repurchase agreements entered into by a Fund, the Subcustodian (as well as an Agent) may release funds to a Securities System, a Foreign Depository or a Secondary Subcustodian prior to the receipt of advice from the Securities System, Foreign Depository or Secondary Subcustodian that the securities underlying such repurchase agreement have been transferred by book-entry into the Account (as defined in Section 2.22) of the Subcustodian (or such Agent) maintained with such Securities System or to the Foreign Depository or Secondary Subcustodian, so long as such payment instructions to the Securities System, Foreign Depository or Secondary Subcustodian include a requirement that delivery is only against payment for securities, (ii) in the case of foreign exchange contracts, options, time deposits, call account deposits, currency deposits, and other deposits, contracts or options pursuant

to Sections 2.10, 2.72, 2.13, 2.14 and 2.15, the Subcustodian may make payment therefor without receiving an

instrument evidencing said deposits, contracts or options so long as such payment instructions detail specific deposits, contracts or options to be acquired, and (iii) in the case of securities as to which payment for the securities and receipt of the instrument evidencing the securities ordinarily take place in different locations or through separate parties, the Subcustodian may make payment for such securities prior to delivery thereof only if such payment is in accordance with the terms of the instrument representing the security or the generally accepted practice of Institutional Clients (as hereinafter defined) in the country or countries in which the settlement occurs or the terms of the instrument representing the security, but in all events subject to the standard of care set forth in Section 6 hereof. "Institutional Clients" shall mean major commercial banks, corporations, insurance companies, or substantially similar institutions, which, as a substantial part of their business operations, purchase or sell securities and make use of custodial services.

2.5 Exchanges - Upon receipt of proper instructions, to exchange securities held by it for the account of a Fund for other securities in connection with any reorganization, recapitalization, split-up of shares, change of par value, conversion or other event relating to the securities or the issuer of such securities and to deposit any such securities in accordance with the terms of any reorganization or protective plan. Without proper instructions, the Subcustodian may

surrender securities in temporary form for definitive securities, may surrender securities for transfer into an account as permitted in Section 2.3, and may surrender securities for a different number of certificates or instruments representing the same number of shares or same principal amount of indebtedness, provided the securities to be issued are to be delivered to the Subcustodian.

2.6 Sales of Securities - Upon receipt of proper instructions, to make delivery of securities which have been sold for the account of a Fund, but only against payment therefor (1) in cash, by a certified check, bank cashier's check, bank credit, or bank wire transfer, or (2) by credit to the account of

the Subcustodian with a clearing corporation of a national securities exchange of which the Subcustodian is a member, or (3) by credit to the account of the Subcustodian or an Agent of the Subcustodian with a Securities System or a Foreign Depository. Notwithstanding the foregoing: (i) in the case of delivery of physical certificates or instruments representing securities, the Subcustodian may make delivery to the broker buying the securities, against receipt therefor, for examination in accordance with "street delivery" custom, provided that the payment therefor is to be made to the Subcustodian (which payment may be made by a broker's check) or that such securities are to be returned to the Subcustodian, and (ii) in the case of securities referred to in clause (iii) of Section 2.4, the Subcustodian may make settlement, including with respect to the

form of payment, in accordance with the terms of the instrument representing the security or the generally accepted trade practice of Institutional Clients in the country or countries in which the settlement occurs, but in all events subject to the standard of care set forth in Section 6 hereof, provided that the Subcustodian shall have taken all reasonable steps to ensure prompt collection of the payment for, or return of, such securities by the broker or its clearing agent and provided further that the Subcustodian shall not be responsible for the selection of a broker or clearing agent that fails or is unable to perform.

2.7 Depositary Receipts - Upon receipt of proper instructions, to instruct a Secondary Subcustodian or an Agent to surrender securities to the depositary used by an issuer of American Depositary Receipts or International Depositary Receipts (hereinafter collectively referred to as "ADRs") for such securities against a written receipt therefor adequately describing such securities and written evidence satisfactory to the Secondary Subcustodians or Agent that the depositary has acknowledged receipt of instructions to issue with respect to such securities ADRs in the name of the Subcustodian, or a nominee of the Subcustodian, for delivery to the Subcustodian in Boston, Massachusetts, or at such other place as the Subcustodian may from time to time designate.

Upon receipt of proper instructions, to surrender ADRs to the issuer thereof against a written receipt therefor adequately

describing the ADRs surrendered and written evidence satisfactory to the

Subcustodian that the issuer of the ADRs has acknowledged receipt of instructions to cause its depositary to deliver the securities underlying such ADRs to a Secondary Subcustodian or an Agent.

2.8 Exercise of Rights; Tender Offers - Upon timely receipt of proper instructions, to promptly deliver to the issuer or trustee thereof, or to the agent of either, warrants, puts, calls, rights or similar securities for the purpose of being exercised or sold, provided that the new securities and cash, if any, acquired by such action are to be delivered to the Subcustodian, and, upon receipt of proper instructions, to promptly deposit securities upon invitations for tenders of securities, provided that the consideration is to be paid or delivered or the tendered securities are to be returned to the Subcustodian.

2.9 Stock Dividends, Rights, Etc. - To receive and collect all stock dividends, rights and other items of like nature; and to deal with the same pursuant to proper instructions relative thereto.

2.10 Options - Upon receipt of proper instructions or upon receipt of instructions given pursuant to any agreement relating to an option or as otherwise provided in any such agreement to (i) receive and retain, to the extent provided to the Subcustodian, confirmations or other documents evidencing the purchase, sale or writing of an option of any type on or in

respect of a security, securities index or similar form of property by a Fund; (ii) deposit and maintain in a segregated account, either physically or by book-entry in a Securities System or Foreign Depository or with a broker, dealer or other entity, securities, funds or other property in connection with options transactions entered into by a Fund; (iii) transfer securities, funds or other property to a Securities System, Foreign Depository, broker, dealer or other entity, as margin (including variation margin) or other security for a Fund's obligations in respect of any option; and (iv) pay, release and/or transfer such securities, funds or other property in accordance with a notice or other communication evidencing the expiration, termination or exercise of or default under any such option furnished by The Options Clearing Corporation, by the securities or options exchange on which such option is traded or by such broker, dealer or other entity as may be responsible for handling such options transaction or have authority to give such notice or communication. The Subcustodian shall not be responsible for the sufficiency of property held in any segregated account established in compliance with applicable margin maintenance requirements or the performance of the other terms of any agreement relating to an option. Notwithstanding the foregoing, options on futures contracts and options to purchase and sell foreign currencies shall be governed by Sections 2.14 and 2.15.

2.11 Borrowings - Upon receipt of proper instructions, to

deliver securities of a Fund to lenders or their agents as collateral for borrowings effected by the Fund, provided that such borrowed money is payable by the lender to or upon the Subcustodian's order as Subcustodian for the Fund.

2.12 Demand Deposit Bank Accounts - To open and operate an account or accounts in the name of each Fund, subject only to draft or order by the Custodian or a Fund, and to hold in such account or accounts as a deposit accepted on the Subcustodian's books cash, including foreign currency, received for the account of such Fund other than cash held as deposits with Banking Institutions in accordance with the following paragraph. The responsibilities of the Subcustodian for cash, including foreign currency, of a Fund accepted on the Subcustodian's books as a deposit shall be that of a U. S. bank for a similar deposit.

If and when authorized by proper instructions, the Subcustodian may open and operate an additional account(s) in such other banks or trust companies as may be designated by the Custodian or a Fund in such instructions (any such bank or trust company so designated by the Custodian and a Fund being referred to hereafter as a "Banking Institution"), and may deposit cash, including foreign currency, of such Fund in such account or accounts, provided that such account(s) (hereinafter collectively referred to as "demand deposit bank accounts") shall be in the name of the Subcustodian or a nominee of the Subcustodian for the account of such Fund or for the account of the Subcustodian's customers generally and shall be subject only to the

Subcustodian's draft or order; provided that any such demand deposit bank account shall contain only property held by the Subcustodian as a fiduciary or custodian for the Fund and/or other customers and that the records of the Subcustodian shall indicate at all times such Fund and/or other customers for which such funds are held in such account and the respective interests therein. Such demand deposit accounts may be opened with Banking Institutions in the United States and in other countries and may be denominated in either U. S. Dollars or other currencies as the Custodian or a Fund may determine. The records for each such account will be maintained by the Subcustodian but the deposits in any such account shall not constitute a deposit liability of the Subcustodian. All such deposits, including with Secondary Subcustodians, shall be deemed to be portfolio securities of a Fund and accordingly the responsibility of the Subcustodian therefor shall be the same as and no greater than the Subcustodian's responsibility in respect of other portfolio securities of the Fund. The authorization by Custodian or a Fund to appoint a Secondary Subcustodian as such shall also constitute a proper instruction to open a demand deposit bank account subject to the provisions of this paragraph with such Secondary Subcustodian.

2.13 Interest Bearing Call or Time Deposits - To place interest bearing fixed term and call deposits with such banks and in such amounts as the Custodian or a Fund may authorize pursuant to proper instructions. Such deposits may be placed with the

Subcustodian or with Secondary Subcustodians or other Banking Institutions as the Custodian or a Fund may determine, in the name of the Subcustodian or a nominee of the Subcustodian for the account of the Fund or the account of the Subcustodian's customers generally and subject only to the Subcustodian's draft or order; provided that any such deposit shall be held in an account containing only property held by the Subcustodian as a fiduciary or custodian for the Fund and/or other customers and that the records of the Subcustodian shall indicate at all times such Fund and/or other customers for which such funds are held in such account and the respective interests therein. Deposits may be denominated in U. S. Dollars or other currencies and need not be evidenced by the issuance or delivery of a certificate to the Subcustodian, provided that the Subcustodian shall include in its records with respect to the assets of a Fund appropriate notation as to the amount and currency of each such deposit, the accepting Banking Institution and other appropriate details, and shall retain such forms of advice or receipt evidencing the deposit, if any, as may be forwarded to the Subcustodian by the Banking Institution. Funds, other than those accepted on the Subcustodian's books as a deposit, but including those placed with Secondary Subcustodians, shall be deemed portfolio securities of a Fund and the responsibilities of the Subcustodian therefor shall be the same as those for demand deposit bank accounts placed with other banks, as described in the second paragraph of Section 2.12 of this Agreement. The responsibility

of the Subcustodian for funds accepted on the Subcustodian's books as a deposit shall be that of a U. S. bank for a similar deposit.

2.14 Futures Contracts - Upon receipt of proper instructions or upon receipt of instructions given pursuant to any agreement relating to a futures contract or an option thereon or as otherwise provided in any such agreement, to (i) receive and retain, to the extent provided to the Subcustodian, confirmations or other documents evidencing the purchase or sale of a futures contract or an option on a futures contract by a Fund; (ii) deposit and maintain in a segregated account, either physically or by book-entry in a Securities System or Foreign Depository, for the benefit of any futures commission merchant, or pay to such futures commission merchant, securities, cash or other property designated by the Custodian or a Fund as initial, maintenance or variation "margin" deposits intended to secure the Fund's

performance of its obligations under any futures contract purchased or sold or any option on a futures contract written, purchased or sold by the Fund, in accordance with the provisions of any agreement relating thereto or the rules of the Commodity Futures Trading Commission and/or any contract market or any similar organization on which such contract or option is traded; and (iii) pay, release and/or transfer securities, cash or other property into or out of such margin accounts only in accordance with any such agreement or rules. The Subcustodian shall not be responsible for the sufficiency of property held in any

segregated account established in compliance with applicable margin maintenance requirements or the performance of the other terms of any agreement relating to a futures contract or an option thereon.

2.15 Foreign Exchange Transactions - Pursuant to proper instructions, to settle foreign exchange contracts or options to purchase and sell foreign currencies for spot and future delivery on behalf and for the account of a Fund with such currency brokers or Banking Institutions, including Secondary Subcustodians, as the Custodian or the Fund may direct pursuant to proper instructions. The Subcustodian shall be responsible for the transmission of cash and instructions to and from the currency broker or Banking Institution with which the contract or option is made, the safekeeping of all certificates and other documents and agreements evidencing or relating to such foreign exchange transactions as the Subcustodian may receive and the maintenance of proper records as set forth in Section 5.1. In connection with such transactions, the Subcustodian is authorized to make free outgoing payments of cash in the form of U. S. Dollars or foreign currency without receiving confirmation of a foreign exchange contract or option or confirmation that the countervalue currency completing the foreign exchange contract has been delivered or received or that the option has been delivered or received. Each Fund accepts full responsibility for its use of third-party foreign exchange dealers and for execution of said foreign exchange contracts and options and understands

that the Fund shall be responsible for any and all costs and interest charges which may be incurred by the Fund or the Subcustodian as a result of the failure or delay of third parties to deliver foreign exchange.

Alternatively, such transactions may be undertaken by the Subcustodian as principal, if instructed by a Fund.

Foreign exchange contracts and options, other than those executed with

the Subcustodian as principal, but including those executed with Secondary Subcustodians, shall be deemed to be portfolio securities of a Fund and the responsibility of the Subcustodian therefor shall be the same as and no greater than the Subcustodian's responsibility in respect of other portfolio securities of the Fund. The responsibility of the Subcustodian with respect to foreign exchange contracts and options executed with the Subcustodian as principal shall be that of a U. S. bank with respect to a similar contract or option.

2.16 Stock Loans - Upon receipt of proper instructions, to deliver securities of a Fund, in connection with loans of securities by the Fund, to the borrower thereof prior to receipt of the collateral, if any, for such borrowing, provided that for stock loans secured by cash collateral the Subcustodian's instructions to any Securities System holding such securities require that the Securities System may deliver the securities to the borrower thereof only upon receipt of the collateral for such borrowing.

2.17 Collections - (i) To collect and receive all income,

payments of principal and other payments with respect to the securities held hereunder, and in connection therewith to deliver the certificates or other instruments representing the securities to the issuer thereof or its agent when securities are called, redeemed, retired or otherwise become payable; provided, that the payment is to be made in such form and manner and at such time, which may be after delivery by the Subcustodian of the instrument representing the security, as is in accordance with the terms of the instrument representing the security, or such proper instructions as the Subcustodian may receive, or governmental regulations, the rules of Securities Systems, Foreign Depositories or other U.S. or foreign securities depositories and clearing agencies or, with respect to securities referred to in clause (iii) of Section 2.4, in accordance with the terms of the instrument representing the security or the generally accepted practice of Institutional Clients in the country or countries in which the settlement occurs, but in all events subject to the standard of care set forth in Section 6 hereof, provided that the Subcustodian shall have taken all reasonable steps to ensure prompt collection of the payment for, or return of, such securities by the broker or its clearing agent and provided further that the Subcustodian shall not be responsible for the selection of a broker or clearing agent that fails or is unable to perform; (ii) to execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income, principal or other payments with respect

to securities of a Fund or in connection with transfer of securities; and (iii)

pursuant to proper instructions to take such other actions with respect to collection or receipt of funds or transfer of securities which involve an investment decision.

2.18 Dividends, Distributions and Redemptions - Upon receipt of proper instructions from the Custodian or a Fund, or upon receipt of instructions from the Fund's shareholder servicing agent or agent with comparable duties (the "Shareholder Servicing Agent") (given by such person or persons and in such manner on behalf of the Shareholder Servicing Agent as the Custodian or the Fund shall have authorized), the Subcustodian shall release securities, funds or other property to the Shareholder Servicing Agent or other wise apply securities, funds or other property, insofar as available, for the payment of dividends or other distributions to Fund shareholders. Upon receipt of proper instructions from the Custodian or the Fund, or upon receipt of instructions from the Shareholder Servicing Agent (given by such person or persons and in such manner on behalf of the Shareholder Servicing Agent as the Custodian or the Fund shall have authorized), the Subcustodian shall release securities, funds or other property, insofar as available, to the Shareholder Servicing Agent or as such Agent shall otherwise instruct for payment to Fund shareholders who have delivered to such Agent a request for repurchase or redemption of their shares of the Fund.

2.19 Proxies, Notices, Etc. - Promptly to deliver or mail

to the Custodian or a Fund all forms of proxies and all notices of meetings and any other notices or announcements affecting or relating to securities owned by the Fund that are received by the Subcustodian, and upon receipt of proper instructions, to promptly execute and deliver or cause its nominee to promptly execute and deliver such proxies or other authorizations as may be required. Neither the Subcustodian nor its nominee shall vote upon any of such securities or execute any proxy to vote thereon or give any consent or take any other action with respect thereto (except as otherwise herein provided) unless ordered to do so by proper instructions.

2.20 Nondiscretionary Details - Without the necessity of express authorization from the Custodian or a Fund, (1) to attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer or other dealings with securities, funds or other property of the Fund held by the Subcustodian except as otherwise directed from time to time by the Custodian or the Directors or Trustees of the Fund, and (2) to make payments to itself or others for minor expenses of handling securities or other similar items relating to the Subcustodian's duties under this Agreement, provided that all such payments shall be accounted for to a Fund.

2.21 Bills - Upon receipt of proper instructions, to pay or cause to be paid, insofar as funds are available for the purpose, bills, statements and other obligations of a Fund (including but not limited to interest charges, taxes, management

fees, compensation to Fund officers and employees, and other operating expenses of a Fund).

2.22 Deposit of Fund Property in Securities Systems - The Subcustodian may deposit and/or maintain securities owned by a Fund in (i) The Depository Trust Company, (ii) the Participants Trust Company, (iii) any book-entry system as provided in Subpart O of Treasury Circular No. 300, 31 CFR 306, Subpart B of 31 CFR Part 350, or the book-entry regulations of federal agencies substantially in the form of Subpart O, or (iv) any other domestic 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 and whose use the Custodian or the Fund has previously approved in writing (each of the foregoing being referred to in this Agreement as a "Securities System"). Utilization of a Securities System shall be in accordance with applicable Federal Reserve Board and Securities and Exchange Commission rules and regulations, if any, and subject to the following provisions:

1) The Subcustodian may deposit and/or maintain Fund securities, either directly or through one or more Agents appointed by the Subcustodian (provided that any such agent shall be qualified to act as a custodian of a Fund pursuant to the Investment Company Act of 1940 and the rules and regulations thereunder), in a Securities System provided that such securities are represented in an account ("Account") of the Subcustodian or such Agent in the Securities System which shall not include any

assets of the Subcustodian or Agent other than property held as a fiduciary, custodian, or otherwise for customers;

2) The records of the Subcustodian with respect to securities of a Fund which are maintained in a Securities System shall identify by book-entry those securities belonging to the Fund;

3) The Subcustodian shall pay for securities purchased for the account of a 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 Subcustodian to reflect such payment and transfer for the account of the Fund. The Subcustodian shall transfer securities sold for the account of a Fund upon (i) 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 Subcustodian 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 a Fund shall identify the Fund, be maintained for a Fund by the Subcustodian or an Agent as referred to above, and be provided to the Custodian or the Fund at its request. The Subcustodian shall furnish the Custodian or a 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 Custodian or the Fund copies of daily transaction sheets reflecting each day's transactions in the Securities System for the account of the Custodian or the Fund on the next business day;

4) The Subcustodian shall provide the Custodian or a Fund with any report obtained by the Subcustodian or any Agent as referred to above on the Securities System's accounting system, internal accounting control and procedures for safeguarding securities deposited in the Securities System; and the Subcustodian and such Agents shall send to the Custodian or the Fund such reports on their own systems of internal accounting control as the Custodian or the Fund may reasonably request from time to time; and

5) At the written request of the Custodian or the Fund, the Subcustodian will terminate the use of any such Securities System on behalf of the Fund as promptly as practicable.

2.23 Other Transfers - Upon receipt of proper instructions, to deliver securities, funds and other property of a Fund to a Secondary Subcustodian or another custodian for the Fund as necessary to effect transactions authorized by proper instructions and upon receipt of proper instructions, to deliver securities, funds and other property of a Fund to a Secondary Subcustodian or another custodian of the Fund; and, upon receipt of proper instructions, to make such other disposition of securities, funds or other property of a Fund in a manner other than or for purposes other than as enumerated elsewhere in this Agreement, provided that the instructions relating to such disposition shall state the amount of securities to be delivered and the name of the person or persons to whom delivery is to be made.

2.24 Investment Limitations - In performing its duties generally, and more particularly in connection with the purchase, sale and exchange of securities made by or for a Fund, the Subcustodian may assume unless and until

notified in writing to the contrary that proper instructions received by it are not in conflict with or in any way contrary to any provisions of the Fund's Declaration of Trust or Certificate of Incorporation or By-Laws (or comparable documents) or votes or proceedings of the shareholders or Trustees or Directors of the Fund. The Subcustodian shall in no event be liable to the Custodian or any Fund and shall be indemnified by the Custodian and the Fund for any violation which occurs in the course of carrying out instructions given by the Custodian or the Fund of any investment limitations to which the Fund is subject or other limitations with respect to the Fund's powers to make expenditures, encumber securities, borrow or take similar actions affecting the Fund.

2.25 Subcustodian Advances - In the event that the Subcustodian is directed by proper instructions to make any payment or transfer of funds on behalf of a Fund for which there would be, at the close of business on the date of such payment or transfer, insufficient funds held by the Subcustodian on behalf of the Fund, the Subcustodian may, in its discretion without further proper instructions, provide an advance ("Advance") to the Fund in an amount sufficient to allow the completion of the transaction by reason of which such payment or transfer of funds is to be made. In addition, in the event the Subcustodian is

directed by proper instructions to make any payment or transfer of funds on behalf of a Fund as to which it is subsequently determined that the Fund has overdrawn its cash account with the Subcustodian as of the close of business on the date of such payment or transfer, said overdraft shall constitute an Advance. Any Advance shall be payable by the Fund or the Custodian on demand by Subcustodian, unless otherwise agreed by the Custodian or the Fund and the Subcustodian, and shall accrue interest from the date of the Advance to the date of payment by the Fund or the Custodian at a rate agreed upon in writing from time to time by the Subcustodian and the Custodian or the Fund. It is understood that any transaction in respect of which the Subcustodian shall have made an Advance, including but not limited to a foreign exchange contract or transaction in respect of which the Subcustodian is not acting as a principal, is for the account of and at the risk of a Fund, and not, by reason of such Advance, deemed to be a transaction undertaken by the Subcustodian for its own account and risk. The Subcustodian and each Fund acknowledge that the purpose of Advances is to finance temporarily the purchase or sale of securities for prompt delivery in accordance with the settlement terms of such transactions or to meet emergency expenses not reasonably foreseeable by the Fund. The Subcustodian shall promptly notify a Fund of any Advance. Such notification shall be sent by facsimile transmission or in such other manner as such Fund and the Subcustodian may agree.

2.26 Restricted Securities - In the case of a "restricted

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security", the Custodian or the Fund shall have the responsibility to provide to or obtain for the Subcustodian, the issuer of the security or other appropriate third party any necessary documentation, including without limitation, legal opinions or consents, and to take any necessary actions required in connection with the registration of restricted securities in the manner provided in Section 2.3 upon acquisition thereof by the Fund or required in connection with any sale or other disposition thereof by the Fund. Upon acquisition and until so registered, the Subcustodian shall use its best efforts to service such restricted securities (including, without limitation, the receipt and collection of cash and stock dividends, rights and other items of like nature); to exercise in a timely manner any right in respect of any restricted security; and to take any action in a timely manner in respect of any other type of corporate action relating to a restricted security. The Subcustodian shall not have responsibility for the inability of a Fund to sell or otherwise transfer in a timely manner any restricted security in the absence of any such documentation or action to be provided, obtained or taken by the Custodian or the Fund or for the Subcustodian's inability to take in a timely manner any of the actions referred to in the preceeding sentence provided that such inability of the Custodian or the Fund to sell or otherwise transfer restricted securities pursuant to this Section 2.26 or the Subcustodian's inability to take the aforesaid actions is not caused by the negligence, misfeasance or

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misconduct of the Subcustodian or its nominees. At such time as the Subcustodian shall receive any restricted security, regardless of when it shall be registered as aforesaid, the Custodian or the Fund shall also deliver to the Subcustodian a term sheet summarizing those rights, restrictions or other matters of which the Subcustodian should have knowledge, such as exercise periods, expiration dates and payment dates, in order to assist the Subcustodian in servicing such securities. As used herein, the term "restricted security" shall mean a security which is subject to restrictions on transfer, whether by reason of contractual restrictions or federal, state or foreign securities or similar laws, or a security which has special rights or contractual features which do not apply to publicly-traded shares of, or comparable interests representing, such security.

2.27 Proper Instructions - Proper instructions shall mean a tested telex or a swift message from the Custodian or a Fund or a written request, direction, instruction or certification signed or initialled on behalf of the Custodian or the Fund by two or more persons as the Custodian or the Board of Trustees or Directors of the Fund shall have from time to time authorized,

provided, however, that no such instructions directing the delivery of securities or the payment of funds to an authorized signatory of the Custodian or the Fund shall be signed by such person. Those persons authorized to give proper instructions may be identified by the Custodian or the Fund's Board of Trustees or

Directors by name, title or position and will include at least one officer empowered by the Custodian or the Board to name other individuals who are authorized to give proper instructions on behalf of the Custodian or the Fund. Telephonic or other oral instructions or instructions given by facsimile transmission may be given by any one of the above persons and will be considered proper instructions if the Subcustodian reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction involved. Oral instructions will be confirmed by tested telex or in writing in the manner set forth above but the lack of such confirmation shall in no way affect any action taken by the Subcustodian in reasonable reliance upon such oral instructions. The Custodian and each Fund authorizes the Subcustodian to tape record any and all telephonic or other oral instructions given to the Subcustodian by or on behalf of the Custodian or the Fund (including any of their respective officers, Directors, Trustees, employees or agents or any investment manager or adviser of the Fund or person or entity with similar reponsibilities which is authorized to give proper instructions on behalf of the Custodian or the Fund to the Subcustodian). Proper instructions may relate to specific transactions or to types or classes of transactions, and may be in the form of standing instructions.

Proper instructions may include communications effected directly between electromechanical or electronic devices or systems, in addition to tested telex, provided that the Custodian

or the Fund and the Subcustodian agree to the use of such device or system.

2.28 Segregated Account - The Subcustodian shall upon receipt of proper instructions establish and maintain on its books a segregated account or accounts for and on behalf of each Fund, into which account or accounts may be transferred cash and/or securities of the Fund, including securities maintained by the Subcustodian pursuant to Section 2.22 hereof, (i) in accordance with the provisions of any agreement among the Fund, the Subcustodian and/or Custodian and a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. (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 any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Fund, (ii) for purposes of segregating cash or 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, or (iv) as mutually agreed from time to time between the Custodian or the Fund and the Subcustodian.

2.29 Opinion of Fund's Independent Certified Public Accountants - The Subcustodian shall take all reasonable action as a Fund may request to obtain from year to year favorable opinions from the Fund's independent certified public accountants with respect to the Subcustodian's activities hereunder in connection with the preparation of the Fund's Securities and Exchange Commission registration statement and all amendments thereto and the Fund's Form N-SAR or other periodic reports to the Securities and Exchange Commission and with respect to any other requirements of the Securities and Exchange Commission.

2.30 Reports by Independent Certified Public Accountants - At the request of a Fund, the Subcustodian shall deliver to the Fund a written report prepared by the Subcustodian's independent certified public accountants with respect to the services provided by the Subcustodian under this Agreement, including, without limitation, the Subcustodian's accounting system, internal accounting control and procedures for safeguarding cash, securities and other property, including cash, securities and other property deposited and/or maintained in a Securities System or with a Secondary Subcustodian. Such report shall be sufficient scope and in sufficient detail as may reasonably be required by a Fund and as may reasonably be obtained by the Subcustodian.

2.31 Proceeds from Shares Sold - The Subcustodian shall

receive funds representing cash payments received for Fund shares issued or sold from time to time by a Fund, and shall promptly credit such funds to the

account of the applicable Fund. The Subcustodian shall promptly notify such Fund of the Subcustodian's receipt of cash in payment for shares issued by the Fund by facsimile transmission or in such other manner as the Fund and Subcustodian may agree in writing. Upon receipt of proper instructions, the Subcustodian shall: (a) deliver all federal funds received by the Subcustodian in payment for Fund shares in payment for such investments and at the time agreed upon by the Subcustodian and the relevant Fund; and (b) make federal funds available to such Fund as of specified times agreed upon from time to time by the Fund and the Subcustodian, in the amount of checks received in payment for Fund shares that are deposited in the account of the Fund.

3. Powers and Duties of the Subcustodian with Respect to the Appointment of Secondary Subcustodians: With regard to the selection of a Secondary Subcustodian or Foreign Depository pursuant to this Section 3, the Subcustodian may, at any time and from time to time; appoint, subject to approval of the relevant Fund or Funds: (i) any bank, trust company or other entity meeting the requirements of an "eligible foreign custodian" under Section 17(f) of the Investment Company Act of 1940 and the rules and regulations thereunder or by order of the Securities and Exchange Commission exempted therefrom, or (ii) any bank as defined in Section 2(a)(5) of the Investment Company Act of 1940

meeting the requirements of a custodian under Section 17(f) of the Investment Company Act of 1940 and the rules and regulations thereunder. The Custodian and each Fund hereby authorize and instruct the Subcustodian to hold securities, funds and other property of the Fund which are maintained outside the United States at subcustodians appointed pursuant to the provisions of this Section 3 (a "Secondary Subcustodian"). The Custodian and each Fund shall approve in writing (1) the appointment of each Secondary Subcustodian and the subcustodian agreement to be entered into between such Secondary Subcustodian and the Subcustodian, and (2) if the Secondary Subcustodians is organized under the laws of a country other than the United States, the country or countries in which the Secondary Subcustodians is authorized to hold securities, funds and other property of the Fund. The Custodian and each Fund hereby further authorize and instruct the Subcustodian and any Secondary Subcustodian to utilize such securities depositories located outside the United States which are approved in writing by the Custodian and the Fund to hold securities, funds and other property of the Fund (a "Foreign Depository"). Upon such approval by the Custodian and the Fund, the Subcustodian is authorized on behalf of the Custodian and the Fund to notify each Secondary Subcustodian of its appointment as such.

Those Secondary Subcustodians, and the countries where and the Foreign Depositories through which they or the Subcustodian may hold securities, funds and other property of a Fund which the

Custodian and each Fund has approved to date are set forth on Appendix A hereto. The Custodian shall monitor the performance and financial condition of the Subcustodians, Secondary Subcustodians and Foreign Depositories to the extent practicable and shall promptly report to each Fund any material adverse facts of which it becomes aware. Upon request of a Fund, the Custodian shall deliver to the Fund a certificate stating: (i) the identity of each Subcustodian or Secondary Subcustodian then acting on behalf of the Custodian, as identified in Appendix A and as such Appendix may be amended from time to time; (ii) the countries in which and the securities depositories and clearing agents through which each such Subcustodian or Secondary Subcustodian is then holding securities, funds and other property of the Fund; and (iii) such other information as may be requested by the Fund and as the Custodian shall be reasonably able to obtain to evidence compliance with Rule 17f-5 under the Investment Company Act of 1940. Upon approval by a Fund in accordance with this Section 3, Appendix A shall be amended from time to time as Secondary Subcustodians, and/or countries and/or Foreign Depositories are changed, added or deleted. The Custodian or the Fund shall be responsible for informing the Subcustodian sufficiently in advance of a proposed investment which is to be held in a country not listed on Appendix A, in order that there shall be sufficient time for the Custodian and the Fund to give the approval required by the preceding paragraph and for the Subcustodian to put the appropriate arrangements in

place with such Secondary Subcustodian, including negotiation of a subcustodian agreement and submission of such subcustodian agreement to the Custodian and the Fund for approval.

If a Fund shall have invested in a security to be held in a country before the foregoing procedures have been completed, such security shall be held by such agent as the Subcustodian may appoint. In any event, the Subcustodian shall be liable to the Custodian and the Fund for the actions of such agent if and only to the extent the Subcustodian shall have recovered from such agent for any damages caused the Custodian and/or the Fund by such agent. At the request of the Custodian or a Fund, the Subcustodian agrees to remove any securities held on behalf of the Fund by such agent, if practical, to an approved Secondary Subcustodian. Under such circumstances the Subcustodian will collect income and respond to corporate actions on a best efforts basis.

With respect to securities and funds held by a Secondary Subcustodian, either directly or indirectly (including by a Foreign Depository or foreign clearing agency) or by a Foreign Depository or foreign clearing agency utilized

by the Subcustodian, notwithstanding any provision of this Agreement to the contrary, payment for securities purchased and delivery of securities sold may be made prior to receipt of the securities or payment, respectively, and securities or payment may be received in a form, in accordance with governmental regulations, rules of Foreign Depositories and foreign clearing agencies, or generally accepted trade practice in the applicable local market.

In the event that any Secondary Subcustodian appointed pursuant to the provisions of this Section 3 fails to perform any of its obligations under the terms and conditions of the applicable subcustodian agreement, the Subcustodian shall use its best efforts to cause such Secondary Subcustodian to perform such obligations. In the event that the Subcustodian is unable to cause such Secondary Subcustodian to perform fully its obligations thereunder, the Subcustodian shall forthwith upon the Custodian or a Fund's request terminate such Secondary Subcustodian as a Secondary Subcustodian for such Fund in accordance with the termination provisions under the applicable subcustodian agreement and, if necessary or desirable, appoint another subcustodian in accordance with the provisions of this Section 3. At the election of the Custodian or a Fund, it shall have the right to enforce, to the extent permitted by the subcustodian agreement and applicable law, the Subcustodian's rights against any such Secondary Subcustodian for loss, damage or expense caused the Custodian or the Fund by such Secondary Subcustodian. The Subcustodian agrees to cooperate with the Fund and or the Custodian, as the case may be, and take all actions reasonably requested by the Fund or the Custodian, at the Fund's expense, in connection with the enforcement of any rights of the Subcustodian by the Fund or the Custodian.

The Subcustodian will not amend any subcustodian agreement or agree to change or permit any changes thereunder in respect of a Fund except upon the prior written approval of the Custodian and the Fund.

The Subcustodian may, at any time in its discretion upon notification to the Custodian and a Fund, terminate any Secondary Subcustodian of the Fund in accordance with the termination provisions under the applicable secondary subcustodian agreement, and at the written request of the Custodian or a Fund, the Subcustodian will terminate any Secondary Subcustodian in respect of the Fund in accordance with the termination provisions under the applicable secondary subcustodian agreement.

If necessary or desirable, the Subcustodian may appoint another subcustodian in respect of a Fund to replace a Secondary Subcustodian terminated pursuant to the foregoing provisions of this Section 3, such appointment to be made upon approval of the successor subcustodian by the Custodian and the Fund's Board of Directors or Trustees in accordance with the provisions of this Section 3.

In the event the Subcustodian receives a claim from a Secondary Subcustodian under the indemnification provisions of any subcustodian agreement in respect of a Fund, the Subcustodian shall promptly give written notice to the Custodian and the Fund of such claim. No more than thirty days after written notice to the Custodian and the Fund of the Subcustodian's intention to make such payment, the Custodian or the Fund will reimburse the Subcustodian the amount of such payment except in respect of any negligence or misconduct of the Subcustodian.

4. Assistance by the Subcustodian as to Certain Matters: The Subcustodian may assist generally in the preparation of

reports to Fund shareholders and others, audits of accounts, and other ministerial matters of like nature.

5. Powers and Duties of the Subcustodian with Respect to its Role as Recordkeeping Agent: The Subcustodian shall have and perform the following powers and duties with respect to recordkeeping:

5.1 Records - To create, maintain and retain such records relating to its activities and obligations under this Agreement as are required under the Investment Company Act of 1940 and the rules and regulations thereunder (including Section 31 thereof and Rules 31a-1 and 31a-2 thereunder) and under applicable Federal and State tax laws. All such records will be the property of the relevant Fund and in the event of termination of this Agreement shall be delivered to the Fund or successor custodian.

5.2 Accounts - To keep books of account and render statements, including interim monthly and complete quarterly financial statements, or copies thereof, from time to time as reasonably requested by proper instructions.

5.3 Access to Records - The books and records maintained by the Subcustodian pursuant to Sections 5.1 and 5.2 shall at all times during the Subcustodian's regular business hours be open to inspection and audit by officers of, attorneys for and auditors employed by the Custodian or a Fund and by employees and agents of the Securities and Exchange Commission, provided that all such individuals shall observe all security requirements of the

Subcustodian applicable to its own employees having access to similar records within the Subcustodian and such regulations as may be reasonably imposed by the Subcustodian.

6. Standard of Care and Related Matters:

6.1 Liability of the Subcustodian with Respect to Proper Instructions; Evidence of Authority, Etc. The Subcustodian shall not be liable for any action taken or omitted in reliance upon proper instructions reasonably believed by it to be genuine or upon any other written notice, request, direction, instruction, certificate or other instrument believed by it to be genuine and signed by the proper party or parties.

The Secretary or Assistant Secretary of the Custodian and of each Fund shall certify to the Subcustodian the names, signatures and scope of authority of all persons authorized to give proper instructions or any other such notice, request, direction, instruction, certificate or instrument on behalf of the Custodian or the Fund, respectively, the names and signatures of the officers of the Custodian or the Fund, respectively, the name and address of the Shareholder Servicing Agent, and any resolutions, votes, instructions or directions of the Custodian or the Fund's respective Board of Directors or Trustees or shareholders. Such certificate may be accepted and relied upon by the Subcustodian as conclusive evidence of the facts set forth therein and may be considered in full force and effect until receipt of a similar certificate to the contrary.

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 be entitled, at the expense of a Fund, to receive and act upon advice of (i) counsel regularly retained by the Subcustodian in respect of custodian matters, (ii) counsel for the Custodian or the Fund, or (iii) such other counsel as the Custodian or the Fund and the Subcustodian may agree upon, with respect to all matters, and the Subcustodian shall be without liability for any action reasonably taken or omitted pursuant to such advice.

6.2 Liability of the Subcustodian with Respect to Use of Securities Systems and Foreign Depositories - With respect to the portfolio securities, funds and other property of a Fund held by a Securities System or by a Foreign Depository utilized by the Subcustodian or any Secondary Subcustodian, the Subcustodian shall be liable to the Custodian or a Fund only for any loss, damage or expense to the Custodian or the Fund resulting from use of the Securities System or Foreign Depository if caused by any negligence, misfeasance or misconduct of the Subcustodian or any of its Agents (as said term is defined in Section 6.6) or of any of its or its Agents' employees or

from any failure of the Subcustodian or any such Agent to enforce effectively such rights as it may have against the Securities System or Foreign Depository. At the election of the Custodian or a Fund, it shall

be entitled to be subrogated to the rights of the Subcustodian with respect to any claim against the Securities System, Foreign Depository or any other person which the Subcustodian may have as a consequence of any such loss, damage or expense to the Custodian or the Fund if and to the extent that the Custodian or the Fund has not been made whole for any such loss, damage or expense. The Subcustodian agrees to cooperate with the Fund or the Custodian, as the case may be, and take all actions reasonably requested by the Fund or the Custodian, at the Fund's expense, in connection with the enforcement of any rights of the Subcustodian by the Fund or the Custodian.

6.3 Liability of the Subcustodian with respect to Secondary Subcustodians - The Subcustodian shall be liable to a Fund for the actions or omissions of any Secondary Subcustodian to the same extent as if such actions or omissions were performed by the Subcustodian itself in the country in which the Secondary Subcustodian is operating under the terms of the secondary subcustodian agreement; provided, however, that if there has been a final adjudication of any term or provision thereof or of the governing law of such agreement by a court of competent jurisdication, then such determination shall govern the determination of the Subcustodian's liability under this Section 6.3. In the event of any loss, damage or expense suffered or incurred by a Fund caused by or resulting from the actions or omissions of any Secondary Subcustodian for which the Subcustodian would be liable pursuant to this Section 6.3, the

Subcustodian shall promptly reimburse the Fund in the amount of any such loss, damage or expense.

The Subcustodian shall also be liable to a Fund for the Subcustodian's own negligence in transmitting any instructions received by it from a Fund and for the Subcustodian's own negligence in connection with the delivery of any securities, funds or other property held by it to any Secondary Subcustodian.

6.4 Standard of Care; Liability; Indemnification - The Subcustodian shall be held to the exercise of reasonable care and diligence in carrying out the provisions of this Agreement, and shall be liable to the Custodian and the relevant Fund for all loss, damage and expense suffered or incurred by the Custodian or the Fund resulting from the failure of the Subcustodian to

exercise such reasonable care and diligence; provided that the Subcustodian shall not thereby be required to take any action which is in contravention of any applicable law, rule or regulation or any order or judgment of any court of competent jurisdiction.

The Custodian and each Fund agree to indemnify and hold harmless the Subcustodian and its nominees from all claims and liabilities (including counsel fees) incurred or assessed against it or its nominees in connection with the performance of this Agreement, except such as may arise from the Subcustodian or its nominee's breach of the relevant standard of conduct set forth in this Agreement. Notwithstanding the above, no Fund shall be liable to indemnify the Subcustodian for any claims and liabilities other than those arising from services provided to that particular Fund. Without limiting the

foregoing indemnification obligation of the Custodian and each Fund, the Custodian and each relevant Fund agree to indemnify the Subcustodian and any nominee in whose name portfolio securities or other property of the Fund is registered against any liability the Subcustodian or such nominee may incur by reason of taxes assessed to the Subcustodian or such nominee or other costs, liability or expense incurred by the Subcustodian or such nominee resulting directly or indirectly from the fact that portfolio securities or other property of the Fund is registered in the name of the Subcustodian or such nominee.

In no event shall the Subcustodian incur liability under this Agreement if the Subcustodian or any Secondary Subcustodian, Securities System, Foreign Depository, Banking Institution or any agent or entity utilized by any of them (each individually, a "Person") is prevented, forbidden or delayed from performing, or omits to perform, any act or thing which this Ageement provides shall be performed or omitted to be performed, by reason of (i) any Sovereign Risk or (ii) any provision of any present or future law or regulation or order of the United States of America or any state thereof, or of any foreign country or political subdivision thereof, or of any securities depository or clearing agency which operates a central system for handling of securities or equivalent book-entries in a country or which operates a transnational system for the central handling of securities or equivalent book-entries, or (iii) any provision of any order or judgment of any court of competent jurisdiction. A "Sovereign Risk" shall mean nationalization, expropriation, devaluation, revaluation,

confiscation, seizure, cancellation, destruction or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, taxes, levies or other charges affecting a Fund's property; or acts of war, terrorism, insurrection or revolution; or any other act or event beyond the Subcustodian's control.

6.5 Mitigation by Subcustodian - Upon the occurence of any event that causes or may cause loss, damage or expense to the Custodian or a Fund, (i) the Subcustodian or a Secondary Subcustodian shall and (ii) the Subcustodian or a Secondary Subcustodian shall cause any applicable Subcustodian or Secondary Subcustodian to use all commercially reasonable efforts and take all reasonable steps under the circumstances to mitigate the effects of such event and to avoid continuing harm to the Custodian or the Fund.

6.6 Expenses of the Custodian and the Funds - In addition to the liability of the Subcustodian or a Secondary Subcustodian under this Section 6, the Subcustodian or a Secondary Subcustodian shall be liable to the Custodian or the relevant Fund for all reasonable costs and expenses incurred by the Custodian or the Fund in connection with any claim by the Custodian or the Fund against the Subcustodian or a Secondary Subcustodian arising from the obligations of the Subcustodian or Secondary Subcustodian hereunder including, without limitation,

all reasonable attorneys' fees and expenses incurred by the Custodian or the Fund in asserting any such claim, and all expenses incurred by the Fund in connection with any investigations, lawsuits or proceedings relating to such claims; provided, that the Custodian or relevant Fund has recovered from the Subcustodian or a Secondary Subcustodian for such claim.

6.7 Liability for Past Records - The Subcustodian shall have no liability in respect of any loss, damage or expense suffered by a Fund, insofar as such loss, damage or expense arises from the performance of the Subcustodian's duties hereunder by reason of the Subcustodian's reasonable reliance upon records that were maintained for the Fund by entities other than the Subcustodian prior to the Subcustodian's employment hereunder.

6.8 Reimbursement of Disbursements, Etc. - The Subcustodian shall be entitled to receive reimbursement from the Custodian or the relevant Fund on demand, in the manner provided in Section 7, for its cash disbursements, expenses and charges (including the fees and expenses of any Secondary Subcustodian or any Agent) in connection with this Agreement, but excluding salaries and usual overhead expenses.

6.9 Notice of Litigation; Right to Prosecute, Etc. - Neither the Custodian nor the Fund shall be liable for indemnification under Section 6 of this Agreement unless a Person shall have promptly notified the Custodian or

the relevant Fund in writing of the commencement of any litigation or proceeding

brought against such Person in respect of which indemnity may be sought under Section 6. With respect to claims in such litigation or proceedings for which indemnity by the Custodian or a Fund may be sought and subject to applicable law and the ruling of any court of competent jurisdiction, the Custodian and the Fund shall be entitled to participate in any such litigation or proceeding and, after written notice from the Custodian or the Fund to any Person, the Custodian or the relevant Fund may assume the defense of such litigation or proceeding with counsel of its choice at its own expense in respect of that portion of the litigation for which the Custodian or the Fund may be subject to an indemnification obligation; provided, however, a Person shall be entitled to participate in (but not control), at its own expense, the defense of any such litigation or proceeding if the Custodian or the Fund has not acknowledged in writing its obligation to indemnify the Person with respect to such litigation or proceeding. If the Custodian or the Fund is not permitted to participate in or control such litigation or proceeding under applicable law or by a ruling of a court of competent jurisdiction, such Person shall reasonably prosecute such litigation or proceeding.

6.10 Security for Obligations to Subcustodian - If the Subcustodian or any nominee thereof shall incur or be assessed any taxes, charges, expenses, assessments, claims or liabilities in connection with the performance of this Agreement (collectively a "Liability"), except such as may arise from its

or such nominee's breach of the relevant standard of conduct set forth in this Agreement, or if the Subcustodian shall make any Advance to a Fund, then in such event property equal in value to not more than 125% of such Advance and accrued interest on the Advance or the anticipated amount of such Liability, held at any time for the account of the Fund by the Subcustodian or a Secondary Subcustodian may be held as security for such Liability or for such Advance and accrued interest on the Advance. The Subcustodian shall designate the security or securities constituting security for an Advance or Liability (the "Designated Securities") by notice in writing to the Fund (which may be sent by telefax or telex). In the event the value of the Designated Securities shall decline to less than 110% of the amount of such Advance and accrued interest on the Advance or the anticipated amount of such Liability, then the Subcustodian

may designate in the same manner an additional security for such obligation but the aggregate value of the Designated Securities and Additional Securities shall not be in excess of 125% of the amount of such Advance and the accrued interest on the Advance or the anticipated amount of such Liability. At the request of the Fund, the Subcustodian shall agree to substitution of a security or securities which have a value equal to the value of the Designated or Additional Securities which the Fund desires be released from their status as security, and such release from status as security shall be effective upon the Subcustodian and the Fund agreeing in writing as to the identity of the

substituted security or securities, which shall thereupon become Designated Securities.

Notwithstanding the above, the Subcustodian shall, at the request of a Fund, immediately release from their status as security any or all of the Designated Securities or Additional Securities upon the Subcustodian's receipt from such Fund cash or cash equivalents in an amount equal to 100% of the value of the Designated Securities or Additional Securities that the Fund desires to be released from their status as security pursuant to this Section. The Fund shall reimburse or indemnify the Subcustodian and shall pay any Advances upon demand; provided, however, that the Subcustodian first notified the Custodian or the Fund of such demand for repayment, reimbursement or indemnification. If, upon notification, the Custodian or the Fund shall fail to pay such Advance or interest when due or shall fail to reimburse or indemnify the Subcustodian promptly in respect of a Liability, the Subcustodian shall be entitled to dispose of the Designated Securities and Additional Securities to the extent necessary to obtain repayment, reimbursement or indemnification. Interest, dividends and other distributions paid or received on the Designated Securities and Additional Securities, other than payments of principal or payments upon retirement, redemption or repurchase, shall remain the property of the Fund, and shall not be subject to this Section 6.10. To the extent that the disposition of a Fund's property, designated as security for such Advance or Liability, results in an amount

less than necessary to obtain repayment, reimbursement or indemnification, the Fund shall continue to be liable to the Subcustodian for the difference between the proceeds of the disposition of the Fund's property, designated as security

for such Advance or Liability, and the amount of the repayment, reimbursement or indemnification due to the Subcustodian.

6.11 Appointment of Agents - The Subcustodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company as its agent (an "Agent") to carry out such of the provisions of this Agreement as the Subcustodian may from time to time direct, provided, however, that the appointment of such Agent (other than an Agent appointed pursuant to the third paragraph of Section 3) shall not relieve the Subcustodian of any of its responsibilities under this Agreement.

In the event of any loss, damage, or expense suffered or incurred by the Custodian or a Fund caused by or resulting from the actions or omissions of any Agent for which the Subcustodian would otherwise be liable, the Subcustodian shall promptly reimburse the Custodian or the Fund, as the case may be, in the amount of any such loss, damage or expense.

6.12 Powers of Attorney - Upon request, the Custodian or a Fund shall deliver to the Subcustodian such proxies, powers of attorney or other instruments as may be reasonable and necessary or desirable in connection with the performance by the Subcustodian or any Secondary Subcustodian of their respective

obligations under this Agreement or any applicable subcustodian agreement.

7. Compensation of the Subcustodian: The Custodian or such Fund shall pay the Subcustodian a custody fee based on such fee schedule as may from time to time be agreed upon in writing by the Subcustodian, the Custodian and each Fund. Such fee, together with all amounts for which the Subcustodian is to be reimbursed in accordance with Section 6.4, shall be billed to the Custodian or the Fund and be paid in cash to the Subcustodian.

8. Termination; Successor Custodian/Subcustodian; Additional Funds: This Agreement shall continue in full force and effect until terminated as to one or more of the Funds by the Custodian, the Subcustodian or such Fund or Funds by an instrument in writing delivered or mailed, postage prepaid, to the other parties, such termination to take effect not sooner than sixty (60) days after the date of such delivery or mailing. In the event of termination, the Subcustodian shall be entitled to receive prior to delivery of the securities, funds and other property held by it all accrued fees and unreimbursed expenses the payment of which is contemplated by Sections 6.4 and 7, and all Advances and Liabilities, upon receipt by the Custodian or the relevant Fund or Funds of a statement setting forth such fees, expenses, Advances and Liabilities.

In the event of the appointment of a successor custodian, the Subcustodian shall take all reasonable steps to execute an agreement with the successor custodian and a Fund or Funds on

substantially the same terms as contained in this Agreement. The Subcustodian agrees to cooperate with the Custodian, the successor custodian, and such Fund or Funds in execution of documents and performance of other actions necessary or desirable in order to substitute the successor custodian for the Custodian.

In the event of the appointment of a successor subcustodian, it is agreed that the securities, funds and other property owned by a Fund or Funds as to which this Agreement has been terminated and held by the Subcustodian or any Secondary Subcustodian shall be delivered to the successor subcustodian, unless the Subcustodian is otherwise instructed by the Custodian or the Fund or Funds. The Subcustodian agrees to cooperate with the Custodian, the successor custodian, and such Fund or Funds in execution of documents and performance of other actions necessary or desirable in order to substitute the successor subcustodian for the Subcustodian under this Agreement.

An additional Fund or Funds may become a party to this Agreement after the date hereof by an instrument in writing to such effect signed by such Fund or Funds, the Custodian and the Subcustodian. If this Agreement is terminated as to one or more of the Funds (but less than all of the Funds) of if an additional Fund or Funds shall become a party to this Agreement, there shall be delivered to the Subcustodian by the Custodian an amended Appendix B deleting or adding such Fund or Funds, as the case may be. The termination of this Agreement as to less than all of the Funds shall not affect the obligations of the Custodian, the

Subcustodian and the remaining Funds hereunder as set forth in Appendix B, as revised from time to time.

9. Amendment; Waiver: This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter hereof. No provision of this Agreement may be waived, amended or terminated except by a statement in writing signed by the party or parties against which enforcement of the waiver, amendment or termination is sought.

In connection with the operation of this Agreement, the Subcustodian, the Custodian and one or more of the Funds may agree in writing from time to time on such provisions interpretative 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. No interpretative or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Agreement.

The section headings in this Agreement are for the convenience of the parties and in no way alter, amend, limit or restrict the contractual obligations of the parties set forth in this Agreement.

10. Governing Law: This Agreement is executed and delivered in The Commonwealth of Massachusetts and shall be governed by and construed according to the laws of said Commonwealth.

11. Notices: Notices and other writings delivered or mailed

postage prepaid to a Fund addressed to the Fund at 100

Heritage Reserve, Menomonee Falls, Wisconsin 53051 Attention: Helge Krist Lee, or to such other address as the Fund may have designated to the Subcustodian and the Custodian in writing, or to the Custodian at 615 East Michigan Street, P. 0. Box 701, Milwaukee, Wisconsin 53201, Attention: J. Redwine, or to such other address as the Custodian may have designated to the Funds and the Subcustodian in writing or to the Subcustodian at 40 Water Street, Boston, Massachusetts 02109, Attention: Manager, Securities Department, or to such other address as the Subcustodian may have designated to the Custodian and the Funds in writing, shall be deemed to have been properly delivered or given hereunder to the respective addressee.

12. Binding Effect: This Agreement shall be binding on and shall inure to the benefit of the Funds, the Custodian and the Subcustodian and their respective successors and assigns, provided that no party hereto may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other parties (except that assignment by a Fund shall not require the consent of any other Funds).

13. Severability: If any provision of this Agreement shall be held or made unenforceable by a court decision, statute, rule, regulation or otherwise, the remaining provisions of this Agreement shall not be affected thereby.

14. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. This Agreement shall become effective when one or more

counterparts have been signed and delivered by each of the parties.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed in its name and behalf on the day and year first above written.

FIRSTAR TRUST COMPANY

By _____
Title _____

FUNDS LISTED IN APPENDIX B

By _____

BROWN BROTHERS HARRIMAN & CO.

per pro _____

Title _____

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GLOBAL CUSTODY TRI-PARTY AGREEMENT

WITH FIRSTAR TRUST COMPANY

AND THE INDIVIDUAL STRONG FUNDS LISTED IN

APPENDIX B ATTACHED HERETO

DATE _____

SPECIAL TERMS AND CONDITIONS RIDER

1. Multiple Accounts

Pursuant to Sections 1 and 8 of the Agreement, Brown Brothers Harriman & Co. and Firstar Trust Company have established the Accounts set forth on Appendix B to be separately accounted for under the terms of this Agreement. Appendix B shall be updated from time to time by the Custodian to reflect any changes in the Funds a party to the Agreement.

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STRONG CAPITAL MANAGEMENT, INC.

DOMESTIC MUTUAL FUND

REVISED GLOBAL CUSTODY FEE SCHEDULE
APRIL 1996

Payable quarterly on the value of assets:

Foreign (excluding Euroclear)
.0015 per year on first $50 million

.0012 per year on next $50 million
.0010 per year on all over $100 million

Euroclear
.0012 per year on first $50 million
.0010 per year on next $50 million
.0008 per year on all over $100 million

Argentina
.0030 on all assets
Transaction charge: $75

Bangladesh
.0045 on all assets
Transaction charge: $175

Botswana
.0050 on all assets
Transaction charge: $200

Brazil
.0015 on all assets
Transaction charge: $50

Chile
.0035 on all assets
Transaction charge: $85

China
.0035 on all assets
Transaction charge: $75

Colombia
.0045 on all assets
Transaction charge: $100

Czech Republic
.0030 on all assets
Transaction charge: $65

Ecuador
.0050 on all assets
Transaction charge: $150

Egypt
.0050 on all assets
Transaction charge: $150

Ghana:
.0050 on all assets
Transaction charge: $150

Greece
.0050 on all assets
Transaction charge: $100 on-site
$400 off-site

Hungary
.0055 on all assets
Transaction charge: $200

Israel
.0025 on all assets
Transaction charge: $75

India
.0040 on all assets
Transaction charge: $150

Indonesia
.0015 on all assets
Transaction charge: $55

Jordan
.0045 on all assets
Transaction charge: $175

Kenya
.0050 on all assets
Transaction charge: $150

Korea .0022 on all assets
Transaction charge: $50

Morocco
.0040 on all assets
Transaction charge: $150

Pakistan
.0035 on all assets
Transaction charge: $125

Peru
.0050 on all assets
Transaction charge: $110

Philippines
.0025 on all assets
Transaction charge: $65

Poland .0060 on all assets
Transaction charge: $125

Portugal
.0030 on all assets
Transaction charge: $150

Slovakia
.0035 on all assets
Transaction charge: $100

South Africa
.0012 on all assets
Transaction charge: $ 50

Sri Lanka
.0020 on all assets
Transaction charge: $ 85

Swaziland
.0050 on all assets
Transaction charge: $200

Taiwan
.0025 on all assets

Transaction charge: $ 75

Turkey
.0035 on all assets
Transaction charge: $125

Uruguay
.0055 on all assets
Transaction charge: $125

Venezuela
.0045 on all assets
Transaction charge: $125

STRONG CAPITAL MANAGEMENT, INC.

DOMESTIC MUTUAL FUND

GLOBAL CUSTODY FEE SCHEDULE
APRIL 1996
PAGE 5

Zambia
.0050 on all assets
Transaction charge: $150

Zimbabwe
.0050 on all assets
Transaction charge: $150

Minimum: $45,000 (all domestic portfolios combined)

Transaction Charge: $35

Emerging markets will be negotiated at the time of investment

OUT-OF-POCKET EXPENSES

Out-of-pocket expenses including, but not limited to telex, legal, telephone, postage and direct expenses including but not limited to customized systems programming, registration and certificate fees would be additional. Brokerage, stamp duty and Euroclear deposit and withdrawal charges are for the account of the Fund.

This schedule includes all custody fees and transaction charges of subcustodians. Emerging Markets may require the use of a local administrative

agent. Administrative fees will be for the account of the Fund. Charges associated with income collection, governmental stamp or other taxes will also be for the account of the Fund.

EXHIBIT 99.B10

[GODFREY & KAHN, S.C. LETTERHEAD]

December 19, 1996

Strong Institutional Funds, Inc.
100 Heritage Reserve
Menomonee Falls, Wisconsin 53051

Re: Strong Institutional Bond Fund

Gentlemen:

We have acted as your counsel in connection with the preparation of a Registration Statement on Form N-1A (Registration Nos. 33-61545; 811-7335) (the "Registration Statement") relating to the sale by you of an indefinite number of shares (the "Shares") of common stock, $.01 par value of Strong Institutional Bond Fund (the "Fund"), a series of Strong Institutional Funds, Inc. (the "Company") in the manner set forth in the Registration Statement (and the Prospectus of the Fund included therein).

We have examined: (a) the Registration Statement (and the Prospectus of the Fund included therein), (b) the Company's Articles of Incorporation and By-Laws, each as amended to date, (c) certain resolutions of the Company's Board of Directors, and (d) such other proceedings, documents and records as we have deemed necessary to enable us to render this opinion.

Based upon the foregoing, we are of the opinion that the Shares, when sold as contemplated in the Registration Statement, will be duly authorized and validly issued, fully paid and nonassessable except to the extent provided in Section 180.0622(2)(b) of the Wisconsin Statutes, or any successor provision, which provides that shareholders of a corporation organized under Chapter 180 of the Wisconsin Statutes may be assessed up to the par value of their shares to satisfy the obligations of such corporation to its employees for services rendered, but not exceeding six months service in the case of any individual employee; certain Wisconsin courts have interpreted "par value" to mean the full amount paid by the purchaser of shares upon the issuance thereof.

We consent to the use of this opinion as an exhibit to the Registration Statement. In giving this consent, however, we do not admit that we are "experts" within the meaning of Section 11 of the Securities Act of 1933, as amended, or within the category of persons whose consent is required by

Section 7 of said Act.

Very truly yours

/s/ Godfrey & Kahn, S.C.
GODFREY & KAHN, S.C.

EXHIBIT 99.B11

[COOPERS & LYBRAND LETTERHEAD]

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Strong Institutional Funds, Inc.

We consent to the incorporation by reference in Post-Effective Amendment No. 4 to the Registration Statement of Strong Institutional Funds, Inc. on Form N-1A of our report dated March 20, 1996 on our audit of the financial statements and financial highlights of Strong Institutional Money Fund, a series of Strong Institutional Funds, Inc., which report is included in the Annual Report to Shareholders for the period from September 21, 1995 (inception) to February 29, 1996, which is also incorporated by reference in the Registration Statement. We also consent to the reference to our Firm under the caption "Independent Accountants" in the Statement of Additional Information.

/s/ Coopers & Lybrand

Coopers & Lybrand LLP

Milwaukee, Wisconsin
December 30, 1996

EXHIBIT 99.B13

STRONG <<FUND>>, INC. -

STOCK SUBSCRIPTION AGREEMENT

To the Board of Directors of Strong <<FUND>>, Inc.:

The undersigned purchaser (the "Purchaser") hereby subscribes to _____ shares (the "Shares") of common stock, _____ par value (the "Common Stock"), of Strong <<FUND>>, Inc. - in consideration for which the Purchaser agrees to transfer to you upon demand cash in the amount of _____.

It is understood that a certificate representing the Shares shall be issued to the undersigned upon request at any time after receipt by you of payment therefore, and said Shares shall be deemed fully paid and nonassessable, except to the extent provided in Section 180.0622(2)(b) of the Wisconsin Statutes, as interpreted by courts of competent jurisdiction, or any successor provision to said Section 180.0622(2)(b).

The Purchaser agrees that the Shares are being purchased for investment with no present intention of reselling or redeeming said Shares.

Dated and effective this _____ day of _____, 199__.

Strong Capital Management, Inc.

By: _____
Officer

ACCEPTANCE

The foregoing subscription is hereby accepted. Dated and effective as of this _____ day of _____, 199__.

STRONG <<FUND>>, INC.

By: _____
Officer

Attest: _____
Officer

EXHIBIT 99.B14.1

STRONG FUNDS
PROTOTYPE DEFINED CONTRIBUTION
RETIREMENT PLAN

PROFIT SHARING PLAN AA - PLAN NO. 01-001
PENSION PLAN AA - PLAN NO. 01-002

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STRONG FUNDS
PROTOTYPE DEFINED CONTRIBUTION
RETIREMENT PLAN

ARTICLE I
INTRODUCTION

This Plan, which is made available by Strong Capital Management, Inc. has been adopted by the Employer named in the Adoption Agreement(s) as a qualified money purchase pension and/or profit sharing plan for its eligible employees which is intended to qualify under Code Section 401(a). The Employer's Plan shall consist of the following provisions, together with the Adoption Agreement(s).

ARTICLE II
Definitions

2.1 ACCOUNT means the account or accounts maintained by the Custodian for a Participant, as described in Article VII.

2.2 ADMINISTRATOR means the plan administrator and fiduciary of the Plan with authority and responsibility to control and manage the operation and administration of the Plan in accordance with its terms and to comply with the reporting, disclosure and other requirements of ERISA. Unless a different Administrator is appointed by the Employer, the Administrator shall be the Employer.

2.3 BENEFICIARY means the person or persons designated by a Participant or otherwise entitled to receive benefits in the event of the Participant's death as provided herein. Such designation shall be made in writing and in such form as may be required by the Administrator, and shall be filed with the Administrator. Any designation may include contingent or successive

Beneficiaries. Where such designation has been properly made, distribution of benefits shall be made directly to such Beneficiary or Beneficiaries. The Beneficiary or Beneficiaries designated by a Participant may be changed or withdrawn at any time from time to time, by the Participant, but only by filing with the Administrator a new designation, and revoking all prior designations. The most recent valid designation on file with the Administrator at the time of the Participant's death shall be the Beneficiary. Notwithstanding the foregoing, in the event the Participant is married at the time of his death, the Beneficiary shall be the Participant's surviving spouse unless such spouse consented in writing to the designation of an alternative Beneficiary after notice of the spouse's rights and such consent was witnessed by a Plan representative appointed by the Administrator or a notary public as provided in Section 8.2(a) hereof. In the event no valid designation of Beneficiary is on file with the Administrator at the date of death or no designated Beneficiary survives him, the Participant's spouse shall be deemed the Beneficiary; in the further event the Participant is unmarried or his spouse does not survive him, the Participant's estate shall be deemed to be his Beneficiary.

2.4 BREAK IN SERVICE means a Plan Year in which a Participant fails to complete at least five hundred one (501) Hours of Service. Breaks in Service and Years of Service will be measured on the same vesting computation period.

2.5 CODE means the Internal Revenue Code of 1986, as interpreted by applicable regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Reference to a Code Section shall include that Section, and any comparable section or sections of any future legislation that amends, supplements or supersedes that Section.

2.6 COMPENSATION means the wages actually paid by the Employer to an Employee for the taxable year ending with or within the Plan Year as defined in Code Section 3121(a) for purposes of calculating social security (FICA) taxes without regard to the dollar limitation of Code Section 312(a)(1), the special rules in Code Section 3121(v) (applicable to certain elective contributions and nonqualified deferred compensation), any rules that limit covered employment based on the type or location of the Employer, and any rules that limit remuneration included in wages based on familial relationship or based on the nature or location of the employment or the services performed (such as the exceptions to the definition of employment in Code Section 3121 (b)(1) through (20)), except as limited pursuant to item 5 of the Adoption Agreement. For any Self-Employed Individual covered under the Plan, Compensation shall mean such individual's Earned Income.

For Plan Years beginning after December 31, 1988, the maximum amount of Compensation taken into account under the Plan for a Participant in any Plan Year shall not exceed two hundred thousand dollars ($200,000) or such greater amount as permitted by the Secretary of the Treasury, except that the dollar increase in effect on January 1 of any calendar year is effective for years beginning in such calendar year and the first adjustment to the $200,000 limitation is effective on January 1, 1990. If the Plan determines Compensation on a period of time that contains fewer than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12.

For purposes of this limitation, the family aggregation rules of Code Section 414(q)(6) shall apply, except that the term "family" shall include only the spouse of the Participant and any lineal descendants of the Participant who have not attained age nineteen (19) before the close of such year. If, as a result of the application of such rules the adjusted two hundred thousand dollars ($200,000) limitation is exceeded, then (except for purposes of determining the portion of Compensation up to the integration level if the Plan provides for permitted disparity), the limitation shall be prorated among the affected individuals in proportion to each such individual's Compensation as determined under this Section prior to the application of this limitation. If Compensation for any prior Plan Year is taken into account in determining an Employee's contributions or benefits for the current year, the Compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year. For this purpose, for years beginning before January 1, 1990, the applicable annual compensation limit is $200,000.

2.7 CUSTODIAL ACCOUNT means the account established by the Custodian, in accordance with Article IX, in the name of the Employer or for each Participant as elected in the Adoption Agreement.

2.8 CUSTODIAN means Firstar Trust Company, or any successor thereto.

2.9 DISABILITY means a mental or physical condition of injury or sickness, as determined by the Administrator based upon the report of a medical examiner satisfactory to the Employer, which prevents a Participant from carrying out the duties of his position and which is likely to be permanent. Any such determination by the Administrator shall be made in a uniform and nondiscriminatory manner.

2.10 EARNED INCOME means net earnings from self-employment in the trade or business with respect to which the Plan is established for which the personal services of the individual are a material income-producing factor. Net earnings shall be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings shall be reduced by contributions by the Employer to a qualified plan to the extent deductible under Code Section 404. Net earnings shall be determined with regard to the deduction allowed to the Employer under Code Section 164(f) for taxable years beginning after December 31, 1989.

2.11 EFFECTIVE DATE means the date as of which this Plan is initially effective as indicated in item 3 of the Adoption Agreement.

2.12 ELECTIVE DEFERRALS means any Employer contributions made to the Plan at the election of a participating Employee, in lieu of payment of an equal amount to the participating Employee in cash as Compensation pursuant to Section 5.2 hereof, and shall include contributions made pursuant to a salary reduction agreement or other deferral method. With respect to any taxable year, a participating Employee's Elective Deferrals are the sum of all employer contributions made on behalf of such Employee pursuant to an election to defer under any qualified CODA as described in Code Section 401(k), any simplified employee pension cash or deferred arrangement as described in Code Section 402(h)(1)(B), any eligible deferred compensation plan under Code Section 457, any plan as described under Code Section 501(c)(18), and any employer contributions made on the behalf of a participating Employee for the purchase of an annuity contract under Code Section 403(b) pursuant to a salary reduction agreement.

2.13 EMPLOYEE means an individual employed by the Employer (including any eligible Self-Employed Individual) or any Related Employer adopting this Plan except as excluded pursuant to item 4 of the Adoption Agreement. The term Employee shall also include any individual who is a Leased Employee, unless excluded pursuant to item 4 of the Adoption Agreement.

2.14 EMPLOYER means any entity adopting the Plan.

2.15 EMPLOYER PENSION CONTRIBUTIONS means the contributions made by the Employer pursuant to Section 4.2 hereof if elected in item 6 of the Adoption Agreement (Pension Plan).

2.16 EMPLOYER PROFIT SHARING CONTRIBUTIONS means the contributions made by the Employer pursuant to Section 4.1 hereof if elected in item 6 of the Adoption Agreement (Profit Sharing Plan).

2.17 ERISA means the Employee Retirement Income Security Act of 1974, as interpreted and applied under regulations and rulings issued pursuant thereto, all as amended and in effect from time to time.

2.18 HOUR OF SERVICE means:

(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 compensation period in which the duties are performed; and

(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 five hundred one (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 of Service under this paragraph shall be calculated and credited pursuant to Section 2530. 200b-2 of the Department of Labor and Regulations which are incorporated herein by this reference; and

(c) 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) or subsection (b), as the case may be, and under this subsection (c). 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.

(d) Solely for purposes of determining whether a Break in Service, as defined in Section 2.4, for participation and vesting purposes has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons shall receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, eight (8) hours of service per normal workday of such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(i) by reason of the pregnancy of the individual;

(ii) by reason of a birth of a child of the individual;

(iii) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual; or

(iv) for purposes of caring for such child for a period beginning immediately following such birth or placement.

The Hours of Service credited under this Section 2.18 shall be credited (i) in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (ii) in all other cases the following computation period.

(e) Hours of Service shall be determined on the basis of actual hours for which an Employee is paid or entitled to payment unless a different method of determining Hours of Service is selected in item 4(A) of the Adoption Agreement.

(f) In the event the Employer maintains the plan of a predecessor employer, service for such predecessor employer shall be treated as service for the Employer. Hours of Service will be credited for employment with members of an affiliated service group under Code Section 414(m), a controlled group of corporations under Code Section 414(b), or a group of trades or businesses under common control under Code Section 414(c) of which the Employer is a member and any other entity required to be aggregated with the Employer pursuant to Code Section 414(o) and the Regulations thereunder. Hours of Service will also be credited for any Leased Employee for purposes of this Plan under Code Sections 414(n) or (o) and the Regulations thereunder, unless excluded under item 4 of the Adoption Agreement.

2.19 INVESTMENT ADVISOR means Strong Capital Management, Inc.

2.20 INVESTMENT COMPANY means Strong Asset Allocation Fund, Inc., Strong Total Return Fund, Inc., Strong Corporate Bond Fund, Inc., Strong Money Market Fund, Inc., and any other regulated investment company(ies) designated by the Investment Advisor.

2.21 INVESTMENT COMPANY SHARES means the shares of each Investment Company.

2.22 LEASED EMPLOYEE means any individual who is considered a leased employee within the meaning of Code Sections 414(n) or (o). For purposes of this Section, a Leased Employee means any person who, pursuant to an agreement between the Employer and any other person (which may include the Leased Employee), has performed services for the Employer (or for the Employer and any Related Employer) in a capacity other than as a common law employee 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. Notwithstanding the foregoing, no individual shall be considered to be a Leased Employee if (a) such individual is covered by a money purchase pension plan providing: (i) a non-integrated employer contribution rate of at least ten percent (10%) of compensation, as defined in Code Section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the individual's gross income under Code Sections 125, 402(a)(8), 402(h) or 403(b), (ii) immediate participation, and (iii) full and immediate vesting and (b) Leased Employees do not constitute more than twenty percent (20%) of the Employer's nonhighly compensated work force. Contributions or benefits provided to a Leased Employee by the leasing organization which are attributable to services performed for the Employer shall be treated as provided by the Employer.

2.23 MATCHING CONTRIBUTION means an Employer contribution made to the Plan or any other defined contribution plan on behalf of a participating Employee on account of a participating Employee's Elective Deferrals pursuant to Section 5.3 hereof or on account of any employee contributions or elective deferrals made to any other plan.

2.24 NET PROFITS means the current or accumulated earnings of the Employer before federal and state taxes and contributions to this or any other qualified plan.

2.25 NORMAL RETIREMENT AGE means age 65 or such other age as selected in item 11 of the Adoption Agreement (Profit Sharing Plan) and item 9 of the Adoption Agreement (Pension Plan). If the Employer enforces a mandatory retirement age, the Normal Retirement Age shall be the lesser of such mandatory retirement age or the age specified in the Adoption Agreement.

2.26 ORIGINAL PLAN means any defined contribution plan which meets the requirements of Code Section 401 and referred to in Article XII of the Plan.

2.27 OWNER-EMPLOYEE means an individual who is a sole proprietor, or who is a partner owning more than ten percent (10%) of either the capital or profits interest of the partnership.

2.28 PARTICIPANT means each Employee (including any eligible Self-Employed Individual) who has completed the requirements for eligibility specified in Section 3.1 hereof. Each such Employee shall become a Participant as of the earlier of: (i) the first day of the Plan Year or (ii) the first day of the seventh month of the Plan Year beginning after he completes such requirements.

2.29 PARTICIPANT VOLUNTARY CONTRIBUTIONS means contributions by a Participant under the Plan pursuant to Section 4.3, if elected in item 9 of the Adoption Agreement (Profit Sharing Plan) and item 8 of the Adoption Agreement (Pension Plan).

2.30 PENSION PLAN means the feature of the Plan pursuant to which the Employer makes Employer Pension Contributions. Such feature applies only to the extent elected in item 6 of the Adoption Agreement (Pension Plan).

2.31 PLAN means this prototype profit sharing plan and/or money purchase pension plan, together with the appropriate Adoption Agreement(s), as set forth herein and as may be amended from time to time. As used herein, the term Plan shall mean either or both the money purchase pension plan and the profit-sharing plan depending on whether the Employer has adopted one or both plans.

2.32 PLAN YEAR means the twelve (12) consecutive month period designated in item 2 of the Adoption Agreement. The first Plan Year shall commence on the Effective Date.

2.33 PROFIT SHARING PLAN means the feaures of the Plan pursuant to which all contributions, other than Employer Pension Contributions, are made to the Plan, including any contributions pursuant to the cash or deferred arrangement (Section 401(k)) described in Article V hereof. Such features apply only to the extent elected in items 6 and/or 8 of the Adoption Agreement (Profit Sharing Plan).

2.34 RELATED EMPLOYER means an organization which, together with the Employer,

constitutes (i) a controlled group of corporations as defined in Code Section 414(b); (ii) trades or businesses under common control as defined in Code Section 414(c); (iii) an affiliated service group as defined in Code Section 414(m); or (iv) a group of employers required to be aggregated under Code Section 414(o).

2.35 SELF-EMPLOYED INDIVIDUAL means an individual who has Earned Income for the taxable year from the trade or business for which the Plan was established or who would have had Earned Income but for the fact that the trade or business had no Net Profits for the taxable year.

2.36 VALUATION DATE means the last day of each Plan Year and such other times as shall be determined by the Administrator.

2.37 YEAR OF EMPLOYMENT means the twelve (12) consecutive month period, beginning on the date the Employee first performs an Hour of Service or any anniversary thereof, in which the Employee completes at least one thousand (1,000) Hours of Service or such lesser number of Hours of Service as selected in item 4 of the Adoption Agreement.

2.38 YEAR OF SERVICE means a Plan Year in which the Employee completes at least one thousand (1,000) Hours of Service or such lesser number of Hours of Service as selected in item 7 of the Adoption Agreement.

ARTICLE III
PARTICIPATION

3.1 PARTICIPATION AT EFFECTIVE DATE Each Employee shall become a Participant on the Effective Date, if on the Effective Date such Employee has completed the number of Years of Employment and has attained age 21 or such lesser age as elected in item 4 of the Adoption Agreement.

3.2 PARTICIPATION AFTER EFFECTIVE DATE Each Employee who did not become a Participant as of the Effective Date, including future Employees, shall be entitled to become a Participant in accordance with Section 2.28 after such Employee has completed the number of Years of Employment and has attained age 21 or such lesser age as elected in item 4 of the Adoption Agreement.

3.3 REENTRY A former Participant shall become a Participant immediately upon his return to employment with the Employer or his return to an eligible class of Employees, whichever is applicable. In the event an Employee who is not a member of the eligible class of Employees becomes a member of the eligible class, such Employee will become a Participant in accordance with Section 3.2 above; provided that if the Employee has previously satisfied the eligibility requirements of Section 3.2, the Employee shall become a Participant immediately upon becoming a member of the eligible class of Employees.

3.4 PARTICIPATION BY AN OWNER-EMPLOYEE OF MORE THAN ONE TRADE OR BUSINESS

(a) If this Plan provides contributions or benefits for one or more Owner-Employees who control both the business with respect to which this Plan is established, and one or more other trades or businesses, this Plan and the plan established with respect to such other trades or businesses must, when looked at as a single plan, satisfy Code Sections 401(a) and (d) with respect to the employees of this and all such other trades or businesses.

(b) If this Plan provides contributions or benefits for one or more Owner-Employees who control one or more other trades or businesses, the employees of each such other trade or business must be included in a plan which satisfies Code Section 401(a) and (d) and which provides contributions and benefits not less favorable than provided for such Owner-Employees under this Plan.

(c) If an individual is covered as an Owner-Employee under the plans of two or more trades or businesses which he does not control, and such individual controls a trade or business, then the contributions or benefits of the employees under the plan of the trade or business which he or she does control must be as favorable as those provided for him or her under the most favorable plan of the trade or business which he or she does not control.

(d) For purposes of the preceding subparagraphs, an Owner-Employee, or two or more Owner-Employees, shall be considered to control a trade or business if such Owner-Employee, or such two or more Owner-Employees together, own the entire interest in an unincorporated trade or

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business, or, in the case of a partnership, own more than fifty percent (50%) of either the capital interest or the profits interest in such partnership. For purposes of the preceding sentence, an Owner-Employee, or two 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 two or more Owner-Employees, are considered to control within the meaning of the preceding sentence.

(e) Employees and Owner-Employees of trades or businesses which are under common control (within the meaning of Code Section 414(c)) and Employees and Owner-Employees of the members of an affiliated service group (within the meaning of Code Section 414(m)) or of a group of aggregated employers (under Code Section 414(o)) will be treated as employed by a single Employer for purposes of employee benefit requirements of Code Section 414(m)(4).

ARTICLE IV
CONTRIBUTIONS
4.1 EMPLOYER PROFIT SHARING CONTRIBUTIONS

(a) If elected in item 6 of the Adoption Agreement (Profit Sharing Plan), the Employer shall make an Employer Profit Sharing Contribution for each Plan Year ending on or after the Effective Date in the amount determined under such Adoption Agreement.

(b) The total amount of such Employer Profit Sharing Contribution for a Plan Year shall be allocated to the Account of each eligible Participant as follows:

(i) Unless otherwise elected in item 6(C) of the Adoption Agreement, the total amount of such Employer Profit Sharing Contribution shall be allocated based on the ratio that such eligible Participant's Compensation and/or Earned Income for the Plan Year bears to the total Compensation and Earned Income of all eligible Participants for the Plan Year.

(ii) If the Integration Formula is selected in item 6(C) of the Adoption Agreement, the total amount of such Employer Profit Sharing Contribution shall be allocated based on the ratio that such eligible Participant's Compensation and/or Earned Income for the Plan Year in excess of the integration level for the Plan Year bears to the total Compensation and Earned Income for all eligible Participants in excess of the integration level for the Plan Year; provided, however, that contributions allocated to a Participant with respect to Compensation and/or Earned Income in excess of the integration level shall not represent a greater percentage of such excess Compensation and/or Earned Income than the lesser of (A) 200% of the base contribution percentage, or

(B) the base contribution percentage plus the greater of:

(I) 5.7%, or

(II) the rate of tax under Code Section 3111(a) which is attributable to old-age insurance in effect at the beginning of the Plan Year.

Any Employer Profit Sharing Contribution remaining after the allocation in this subsection (ii) shall be allocated in accordance with subsection (i) above. The "integration level" shall be the taxable wage base or such lesser level of Compensation and/or Earned Income selected in item 6(C) of the Adoption Agreement. The "base contribution percentage" shall mean the percentage of Compensation and/or Earned Income which is contributed under the Plan with respect to each Participant's Compensation and/or Earned Income not in excess of the integration level.

If the integration level exceeds the greater of ten thousand dollars

($10,000) or one-fifth (1/5) of the taxable wage base but is not more than eighty percent (80%) of the taxable wage base, the percentage referred to in (I) above shall be reduced to 4.3% and a proportionate reduction shall be made to the rate described in (II) above. If the integration level is more than eighty percent (80%) but less than one hundred percent (100%) of the taxable wage base, the percentage referred to in (I) above shall be reduced to 5.4% and a proportionate reduction shall be made to the rate described in (II) above. The "taxable wage base" shall be the maximum amount of earnings which may be considered wages for a year under Code Section 3121(a)(1) in effect as of the beginning of the applicable Plan Year.

Notwithstanding the above, for any Plan Year in which the Plan is top-heavy (as defined in Section 13.1 hereof) the Employer Profit Sharing Contribution shall be allocated

(A) first, to each eligible Participant based on the ratio that such Participant's Compensation and/or Earned Income for the Plan Year bears to the total Compensation and Earned Income of all eligible Participants for the Plan Year, but not more than three percent (3%) of such Participant's Compensation and/or Earned Income.

(B) second, to each eligible Participant based on the ratio that such Participant's Compensation and/or Earned Income in excess of the integration level for the Plan Year bears to the total Compensation and Earned Income of all eligible Participants in excess of the integration level for the Plan Year, but not more than three percent (3%) of such Participant's excess Compensation and/or Earned Income, and

(C) any remaining Employer Profit Sharing Contribution shall be allocated pursuant to the provisions of this subsection (ii) above.

(c) A Participant will be considered eligible for an allocation of the Employer Profit Sharing Contribution if the Participant (i) is employed by the Employer on the last day of the Plan Year or (ii) has completed at least Five Hundred One (501) Hours of Service during the Plan Year.

(d) If elected in item 6(B) of the Adoption Agreement, Employer Profit Sharing Contributions for a Plan Year shall not exceed the Net Profits of the Employer for such Plan Year.

4.2 EMPLOYER PENSION CONTRIBUTIONS

(a) If elected in item 6 of the Adoption Agreement (Pension Plan), the Employer shall make an Employer Pension Contribution for each eligible Participant for each Plan Year ending on or after the Effective Date in an amount determined under such Adoption Agreement.

(b) The total amount of such Employer Pension Contribution for a Plan Year shall be allocated to the Account of each eligible Participant as follows:

(i) Unless otherwise elected in item 6(B) of the Adoption Agreement, each eligible Participant shall be allocated an amount equal to the percentage of such eligible Participant's Compensation and/or Earned Income as specified in the Adoption Agreement.

(ii) If the Integration Formula is selected in item 6(B) of the Adoption Agreement, the total amount of such Employer Pension Contribution shall be allocated in accordance with the method described in Section 4.1(b) (ii) above. Notwithstanding the foregoing, if the Integration Formula is selected under the Profit Sharing Plan, the Employer Pension Contribution shall be allocated in accordance with subsection (b)(i) above.

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(c) A Participant will be considered eligible for an Employer Pension contribution if the Participant (i) is employed by the Employer on the last day of the Plan Year or (ii) has completed at least Five Hundred One (501) Hours of Service during the Plan Year.

4.3 PARTICIPANT VOLUNTARY CONTRIBUTIONS

(a) If elected in item 9 of the Adoption Agreement (Profit Sharing Plan) or item 8 of the Adoption Agreement (Pension Plan), a Participant may voluntarily contribute to the Plan an amount up to ten percent (10%) of his aggregate Compensation for all years since becoming a Participant under this Plan and all other qualified plans of the Employer. Any Participant Voluntary Contributions shall be limited in accordance with the provisions of Section 5.3, even if the Employer does not elect the Cash or Deferred Arrangement (Section 401(k)) under item 8 of the Adoption Agreement (Profit Sharing Plan). If the Profit Sharing Plan is elected, all Participant Voluntary Contributions shall be deemed made to such plan. Participant Voluntary Contributions shall be limited to Participants who are not highly compensated employees (within the meaning of Code Section 414(q)) if elected in the Adoption Agreement.

(b) A Participant shall be entitled to withdraw from his appropriate Account at any time upon thirty (30) days' notice from the Administrator to the Custodian (which notice shall specify the amount of the withdrawal), a sum not in excess of the capital amount contributed by him as Participant Voluntary Contributions under the provisions of this Section 4.3, or the value of such Account, whichever is less, provided that no ordinary income or capital gains attributable to such contributions shall be subject to withdrawal. Notwithstanding anything to the contrary herein, (i) all withdrawals are subject to the provisions of Article VIII, and (ii) no forfeiture shall occur solely as a result of a Participant's withdrawal of all or any portion of his Participant Voluntary Contributions.

(c) No deductible voluntary employee contributions may be made for taxable years beginning after December 31, 1986. Such contributions made prior to that date will be maintained in a separate Account which will be nonforfeitable at all times. The Account will share in the gains or losses in the same manner as described in Section 9.3 of the Plan. Subject to Section 8.2, a Participant may withdraw any part of the deductible voluntary contribution Account by making a written application to the Administrator.

4.4 TIME FOR MAKING CONTRIBUTIONS Employer Pension Contributions and Employer Profit Sharing Contributions must be made no later than the due date, including extensions thereof, for filing the Employer's Federal income tax return for the year coincident with or within which the Plan Year ends (or such later time as authorized by Treasury Regulations). Participant Voluntary Contributions for any Plan Year shall be made no later than thirty (30) days after the end of such Plan Year. The Employer may establish a payroll deduction system or other procedure to assist the making of Participant Voluntary Contributions and shall transfer such contributions to the Custodian as soon as practicable after collected.

4.5 LEASED EMPLOYEES Contributions or benefits provided to a Leased Employee by the leasing organization (within the meaning of Code Section 414(n)) which are attributable to services performed for the Employer shall be treated as provided by the Employer for purposes of this Plan.

4.6 ROLLOVERS AND TRANSFERS In the discretion of the Administrator according to such uniform and nondiscriminatory rules established by the Administrator, and in accordance with Sections 402 and 408 of the Code, a Particpant may make a rollover to the Plan or the Plan may accept a direct transfer (including voluntary after-tax contributions) from another plan qualified under Section 401(a) of the Code or from an individual retirement account. If the Employer has adopted the Profit Sharing Plan, any rollover or transfer shall be made to such Plan.

ARTICLE V
CASH OR DEFERRED ARRANGEMENT
(CODE SECTION 401(k))

5.1 CASH OR DEFERRED ARRANGEMENT (CODE SECTION 401(k)) The provisions of this Article shall be effective as of the first day of the Plan Year in which this cash or deferred arrangement is elected in item 8 of the Adoption Agreement (Profit Sharing Plan). Under no circumstances shall the provisions of this Article apply prior to the time specified in the preceding sentence.

5.2 ELECTIVE DEFERRALS

(a) ELECTION

(i) An Employee who has satisfied the minimum age and service requirements set forth in item 8(A) of the Adoption Agreement (Profit Sharing Plan) may elect to have Elective Deferrals made to the Plan pursuant to a salary reduction agreement to the extent permitted in item 8(A) of the Adoption Agreement (Profit Sharing Plan). Such an election shall be effective as of the time specified in item 8(A) of the Adoption Agreement (Profit Sharing Plan) and may not be made effective retroactively.

(ii) An eligible Employee may also base Elective Deferrals, to the extent provided in item 8(A) of the Adoption Agreement (Profit Sharing Plan), on cash bonuses that, at the Employee's election, may be contributed to the Plan or received by the Employee. Such an election shall be effective as of the time specified in item 8(A) of the Adoption Agreement (Profit Sharing Plan) and may not be made effective retroactively.

(b) CHANGE IN RATE The rate at which Elective Deferrals are made shall remain in effect until modified in accordance with item 8(A) of the Adoption Agreement (Profit Sharing Plan). Notwithstanding the foregoing, Elective Deferrals may be suspended entirely by an Employee at any time by written notice to the Administrator. Any such suspension shall be effective as soon as administratively practicable following the Administrator's receipt of such notice.

(c) VESTING A Participant shall at all times have a fully vested and nonforfeitable interest in his Elective Deferrals.

(d) EXCESS ELECTIVE DEFERRALS

(i) No Participating Employee shall be permitted to have Elective Deferrals made under this Plan or any other qualified plan maintained by the Employer during any taxable year pursuant to Code Sections 401(k), 408(k) or 403(b) in excess of the dollar limitation contained in Code Section 402(g) in effect at the beginning of such taxable year.

(ii) A Participating Employee may assign to the Plan any Excess Elective Deferrals made during a taxable year of such Employee by notifying the Administrator on or before the date specified below of the Excess Elective Deferrals to be assigned to the Plan. Notwithstanding any other provision of the Plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto, may be distributed no later than April 15 to any Participating Employee to whose Accounts Excess Elective Deferrals were assigned for the preceding year and who claims Excess Elective Deferrals for such taxable year. A Participating Employee's claim for Excess Elective Deferrals shall be made in writing and shall be submitted to the Administrator not later than the March 1 immediately preceding the relevant April 15. Such claim shall specify the amount of the Participating Employee's Excess Elective Deferrals for the preceding taxable

year and shall be accompanied by the Participating Employee'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 Code Sections 401(k), 408(k) or 403(b), exceed the limit imposed on the Participating Employee by Code Section 402(g) for the year of the deferral.

(iii) Excess Elective Deferrals shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Elective Deferrals is the sum of:

(A) income or loss allocable to the participating Employee's Elective Deferrals Account for the taxable year for which the Excess Elective Deferrals occurred multiplied by a fraction, the numerator of which is such Participating Employee's Excess Elective Deferrals for such taxable year and the denominator of which is such Participating Employee's Elective Deferrals Account balance as of the end of the

taxable year without regard to any income or loss occurring during such taxable year; and

(B) income or loss allocable to the Participating Employee's Elective Deferrals Account for the period between the end of such taxable year and the date of distribution under (A) above; or, at the option of the Employer, ten percent (10%) of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such taxable year and the date of distribution, counting the month of distribution if distribution occurs after the fifteenth (15th) of such month.

The amount of Excess Elective Deferrals that may be distributed with respect to a Participating Employee shall be reduced by any Excess Contributions previously distributed or recharacterized with respect to such Participating Employee for the Plan Year beginning with or within such taxable year. In no event may the amount distributed exceed the Participating Employee's total Elective Deferrals for such taxable year.

(e) ACTUAL DEFERRAL PERCENTAGE

(i) The Actual Deferral Percentage for Participating Employees who are Highly Compensated Employees for each Plan Year and the Actual Deferral Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year must satisfy one of the following tests:

(A) The Actual Deferral Percentage for Participating Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Actual Deferral Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year multiplied by 1.25; or

(B) The Actual Deferral Percentage for Participating Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Actual Deferral Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year multiplied by 2.0, provided that the Actual Deferral Percentage for Participating Employees who are Highly Compensated Employees does not exceed the Actual Deferral Percentage for Participating Employees who are not Highly Compensated Employees by more than two (2) percentage points.

(ii) The Actual Deferral Percentage for any Participating Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferrals (and Qualified Non-Elective Contributions or Qualified Matching Contributions, or both) allocated to his Accounts under two or more arrangements described in Code Section 401(k), that are maintained by the Employer, shall be determined as if such Elective Deferrals (and, if applicable, such Qualified Non-Elective Contributions or Qualified Matching Contributions, or both) were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different Plan Years, contributions for such employee shall be aggregated for purposes of this subsection (e). Contributions which are required to be aggregated are any contributions made under all cash or deferred arrangements ending with or within the same calendar year.

(iii) In the event that the Plan satisfies the requirements of Code Sections 401(k), 401(a)(4) or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code Sections only if aggregated with this Plan, then this subsection shall be applied by determining the Actual Deferral Percentage of Participating Employees as if all such plans were a single plan. For Plan Years beginning after December 31, 1989, plans may be aggregated in order to satisfy Code Section 401(k) only if they have the same Plan Year.

(iv) For purposes of determining the Actual Deferral Percentage of a Participating Employee who is a five (5) percent owner or one of the ten (10) most highly-paid Highly Compensated Employees, the Elective Deferrals (and Qualified Non-Elective Contributions and Qualified Matching Contributions, or both) and Compensation of such Participating Employee shall include the Elective Deferrals (and,

if applicable, Qualified Non-Elective Contributions and Qualified Matching Contributions, or both) and Compensation for the Plan Year of Family Members. Family Members, with respect to such Highly Compensated Employees, shall be disregarded as separate employees in determining the Actual Deferral Percentage both for Participating Employees who are not Highly Compensated Employees and for Participating Employees who are Highly Compensated Employees.

(v) For purposes of determining the Actual Deferral Percentage test, Elective Deferrals, Qualified Non-Elective Contributions and Qualified Matching Contributions must be made before the last day of the twelve-month period immediately following the Plan Year to which such contributions relate.

(vi) The Employer shall maintain records sufficient to demonstrate satisfaction of the Actual Deferral Percentage test and the amount of Qualified Non-Elective Contributions or Qualified Matching Contributions, or both, used in such test.

(vii) The determination and treatment of the Actual Deferral Percentage amounts of any Participating Employee shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

(f) DISTRIBUTION OF EXCESS CONTRIBUTIONS

(i) Notwithstanding any other provision of this Plan, Excess Contributions, plus any income and minus any loss allocable thereto, shall be distributed no later than the last day of each Plan Year to Participating Employees to whose Accounts such Excess Contributions were allocated for the preceding Plan Year. If

such excess amounts are distributed more than two and one-half (2 1/2) months after the last day of the Plan Year in which such excess amounts arose, a ten percent (10%) excise tax will be imposed on the Employer with respect to such amounts. Such distributions shall be made to Highly Compensated Employees on the basis of the respective portions of the Excess Contributions attributable to each of such Employees. Excess Contributions shall be allocated to Participating Employees who are subject to the family member aggregation rules of Code Section 414(q)(6) in the manner prescribed by the regulations. Excess Contributions (including any amounts recharacterized) shall be treated as Annual Additions for purposes of Article VI of the Plan.

(ii) Excess Contributions shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Contributions is the sum of:

(A) income or loss allocable to the Participating Employee's Elective Deferrals Account (and, if applicable, the Qualified Non-Elective Contributions Account or the Qualified Matching Contributions Account, or both) for the Plan Year for which the Excess Contributions occurred multiplied by a fraction, the numerator of which is such Participating Employee's Excess Contributions for such Plan Year and the denominator of which is such Participating Employee's Account balance(s) attributable to Elective Deferrals (and Qualified Non-Elective Contributions or Qualified Matching Contributions, or both) as of the end of the Plan Year without regard to any income or loss occurring during such Plan Year; and

(B) income or loss allocable to the Participant's Elective Deferrals Account (and, if applicable, the Qualified Non-Elective Contribution Account or the Qualified Matching Contribution Account, or both) for the period between the end of such Plan Year and the date of distribution multiplied by the fraction determined under (A) above; or, at the option of the Employer, ten percent (10%) of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such Plan Year and the date of distribution, counting the month of distribution if

distribution occurs after the fifteenth (15th) of such month.

(iii) Excess Contributions shall be distributed from the Participating Employee's Elective Deferrals Account and Qualified Matching Contributions Account (if applicable) in proportion to the Participating Employee's Elective Deferrals and Qualified Matching Contributions (to the extent used in the Actual Deferral Percentage test) for the Plan Year. Excess Contributions shall be distributed from the Participating Employee's Qualified Non-Elective Contributions Account only to the extent that such Excess Contributions exceed the balance in the Participating Employee's Elective Deferrals Account and Matching Contributions Account.

(g) RECHARACTERIZATION

(i) A Participating Employee may treat his Excess Contributions as an amount distributed to the Participating Employee and then contributed by the Participating Employee to the Plan. Recharacterized amounts will remain nonforfeitable and subject to the same distribution requirements as Elective Deferrals. Amounts may not be recharacterized by a Highly Compensated Employee to the extent that such amount in combination with other Participant Voluntary Contributions would exceed any stated limit under the Plan on Participant Voluntary Contributions. Recharacterizing Excess Contributions shall be limited to Participants who are not Highly Compensated Employees if elected in the Adoption Agreement.

(ii) Recharacterization must occur no later than two and one-half (2 1/2) months after the end of the Plan Year in which such Excess Contributions arose and is deemed to occur no earlier than the date the last Highly Compensated Employee is informed in writing of the amount recharacterized and the consequences thereof. Recharacterized amounts will be taxable to the Participating Employee for such Participating Employee's taxable year in which the Participating Employee would have received them in cash.

5.3 MATCHING CONTRIBUTIONS

(a) The Employer shall make Employer Matching Contributions to the Plan to the extent elected in item 8(B) of the Adoption Agreement (Profit Sharing Plan).

(b) A Participant shall have a vested interest in his Matching Contributions Account as determined under the vesting schedule elected in item 8(B) of the Adoption Agreement (Profit Sharing Plan). Forfeitures derived from Matching Contributions which become available because of the vesting provisions above, shall be applied to reduce the Employer Matching Contributions that would otherwise be due for the Plan Year, or subsequent Plan Years.

(c) ACTUAL CONTRIBUTION PERCENTAGE

(i) The Actual Contribution Percentage for Participating Employees who are Highly Compensated Employees for each Plan Year and the Actual Contribution Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year must satisfy one of the following tests:

(A) The Actual Contribution Percentage for Participating Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Actual Contribution Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year multiplied by 1.25; or

(B) The Actual Contribution Percentage for Participating Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Actual Contribution Percentage for Participating Employees who are not Highly Compensated Employees for the same Plan Year multiplied by two (2), provided that the Actual Contribution Percentage for Participating Employees who are Highly Compensated Employees does not exceed the Actual Contribution Percentage for Participating Employees who are not Highly Compensated Employees by more than two (2) percentage points.

(ii) If one or more Highly Compensated Employees participate in both a cash or deferred arrangement and a plan subject to the Actual Contribution Percentage test maintained by the Employer and the sum of the Actual Deferral Percentage and the Actual Contribution Percentage of those Highly Compensated Employees subject to either or both tests exceeds the Aggregate Limit, then the Actual Contribution Percentage of those Highly Compensated Employees who also participate in a cash or deferred arrangement will be reduced (beginning with such Highly Compensated Employee whose Actual Contribution Percentage is the highest) so that the limit is not exceeded. The amount by which each Highly Compensated

Employee's Contribution Percentage Amount is reduced shall be treated as an Excess Aggregate Contribution. The Actual Deferral Percentage and the Actual Contribution Percentage of the Highly Compensated Employees are determined after any corrections required to meet the Actual Deferral Percentage and the Actual Contribution Percentage tests. Multiple use does not occur if both the Actual Deferral Percentage and the Actual Contribution Percentage of the Highly Compensated Employees does not exceed 1.25 multiplied by the Actual Deferral Percentage and the Actual Contribution Percentage of the Participating Employees who are not Highly Compensated Employees.

(iii) For purposes of this subsection, the Contribution Percentage for any Participating Employee who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his account under two or more plans described in Code Section 401(a), or arrangements described in Code Section 401(k) that are maintained by the Employer, shall be determined as if the total of such Contribution Percentage Amounts was made under each plan. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement.

(iv) In the event that this Plan satisfies the requirements of Code Sections 401(m), 401(a)(4) or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code Sections only if aggregated with this Plan, then this subsection shall be applied by determining the Contribution Percentage of employees as if all such plans were a single plan. For plan years beginning after December 31, 1989, plans may be aggregated in order to satisfy Code Section 401(m) only if they have the same plan year.

(v) For purposes of determining the Contribution Percentage of a Participating Employee who is a five percent owner or one of the ten (10) most highly-paid Highly Compensated Employees, the Contribution Percentage Amounts and Compensation of such Participating Employee shall include the Contribution Percentage Amounts and Compensation for the Plan Year of Family Members. Family Members, with respect to Highly Compensated Employees, shall be disregarded as separate employees in determining the Contribution Percentage both for Participating Employees who are not Highly Compensated Employees and for Participating Employees who are Highly Compensated Employees.

(vi) For purposes of determining the Contribution Percentage test, Employee Contributions are considered to have been made in the Plan Year in which contributed to the trust. Matching Contributions and Qualified Non-Elective Contributions shall be considered made for a Plan Year if made no later than the end of the twelve-month period beginning on the day after the close of the Plan Year.

(vii) The Employer shall maintain records sufficient to demonstrate satisfaction of the Actual Contribution Percentage test and the amount of Qualified Non-Elective Contributions or Qualified Matching Contributions, or both, used in such test.

(viii) The determination and treatment of the Contribution Percentage of any

Participating Employee shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

(d) DISTRIBUTION OF EXCESS AGGREGATE CONTRIBUTIONS

(i) 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 to Participating Employees to whose Accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions shall be allocated to Participating Employees who are subject to the family member aggregation rules of Code Section 414(q)(6) in the manner prescribed by the regulations. If such Excess Aggregate Contributions are distributed more than two and one-half (2 1/2) months after the last day of the Plan Year in which such excess amounts arose, a ten percent (10%) excise tax will be imposed on the Employer with respect to those amounts. Excess Aggregate Contributions shall be treated as Annual Additions for purposes of Article VI of the Plan.

(ii) Excess Aggregate Contributions shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Aggregate Contributions is the sum of:

(A) income or loss allocable to the Participating Employee's Participant Voluntary Contributions Account, Matching Contributions Account, Qualified Matching Contribution Account (if any, and if all amounts therein are not used in the Actual Deferral Percentage test) and, if applicable, Qualified Non-Elective Contributions Account and Elective Deferrals Account for the Plan Year for which the Excess Aggregate Contributions occurred multiplied by a fraction, the numerator of which is such Participating Employee's Excess Aggregate Contributions for such Plan Year and the denominator of which is the Participating Employee's Account balance(s) attributable to Contribution Percentage Amounts as of the end of the Plan Year without regard to any income or loss occurring during such Plan Year: and

(B) income or loss allocable to the Participating Employee's Participant Voluntary Contribution Account; Matching Contributions Account, Qualified Matching Contribution Account (if any, and if all amounts therein are not used in the Actual Deferral Percentage test) and, if applicable, Qualified Non-Elective Contributions Account and Elective Deferrals Account for the period between the end of such Plan Year and the date of distribution multiplied by the fraction determined under (A) above; or, at the election of the Employer, ten percent (10%) of the amount determined under (A) above multiplied by the number of whole calendar months between the end of such Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the fifteenth (15th) of such month.

(iii) Forfeitures of Excess Aggregate Contributions shall be applied to reduce Employer contributions for subsequent Plan Years.

(iv) Excess Aggregate Contributions shall be forfeited, if forfeitable, or distributed on a prorata basis from the Participating Employee's Participant Voluntary Contributions Account, Matching Contributions Account and Qualified Matching Contribution Account (and, if applicable, the Participating Employee's Qualified Non-Elective Contributions Account or Elective Deferrals Account, or both).

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5.4 QUALIFIED MATCHING CONTRIBUTIONS AND QUALIFIED NON-ELECTIVE CONTRIBUTIONS

(a) Qualified Matching Contributions. The Employer may elect to make Qualified Matching Contributions under the Plan in item 8(C) of the Adoption Agreement. Qualified Matching Contributions may be made in lieu of distributing Excess Contributions as provided in Section 5.2(f) hereof.

Qualified Matching Contributions may be either (i) additional amounts contributed to the Plan by the Employer and allocated to the Accounts of Participating Employees who are not Highly Compensated Employees based on such Employees' Elective Deferrals or (ii) Matching Contributions otherwise made to the Plan pursuant to Section 5.3(a) hereof which the Employer designates as Qualified Matching Contributions. The amount of Qualified Matching Contributions (if any) shall be determined by the Employer for each year. All Qualifying Matching Contributions shall be used to satisfy the Actual Deferral Percentage test pursuant to regulations under the Code.

(b) The Employer may elect to make Qualified Non-Elective Contributions under the Plan in item 8(C) of the Adoption Agreement. Qualified Non-Elective Contributions may be made in lieu of distributing Excess Contributions as provided in Section 5.2(f) or Excess Aggregate Contributions as provided in Section 5.3(d) hereof. Qualified Non-Elective Contributions may be either (i) additional amounts contributed to the Plan by the Employer and allocated to the Accounts of Participating Employees who are not Highly Compensated Employees based on such Employees' Compensation or (ii) Profit Sharing Contributions otherwise made to the Plan pursuant to Section 4.1(a) hereof which the Employer designates as Qualified Non-Elective Contributions. The amount of Qualified Non-Elective Contributions (if any) shall be determined by the Employer for each year. All Qualified Non-Elective Contributions shall be used to satisfy either the Actual Deferral Percentage test or the Average Contribution Percentage test, or both, pursuant to regulations under the Code.

(c) Separate accounts for Qualified Non-Elective Contributions and Qualified Matching Contributions will be maintained for each Participant consistent with Section 7.1 hereof. Each account will be credited with the applicable contributions and earnings thereon.

(d) For purposes of the special distribution rules in Section 5.5, Qualified Matching Contributions and Qualified Non-Elective Contributions shall be treated as Elective Deferrals.

(e) Qualified Matching Contributions and Qualified Non-Elective Contributions shall be appropriately designated when contributed.

5.5 SPECIAL DISTRIBUTION RULES Except as provided below, Elective Deferrals, Qualified Non-Elective Contributions and Qualified Matching Contributions, and income allocable to each, are not distributable to a Participant or a Beneficiary, in accordance with such Participant's or Beneficiary's election, earlier than upon separation from service, death, or disability.

(a) FINANCIAL HARDSHIP

(i) If elected by the Employer in item 8(D) of the Adoption Agreement (Profit Sharing Plan), a Participant may elect to withdraw all or any portion of his Elective Deferrals (excluding net earnings credited thereto after December 31, 1988) on account of financial hardship. For purposes of this Section 5.5, a financial hardship shall mean an immediate and heavy financial need of the Participant which cannot be satisfied from other resources reasonably available to such Participant. Hardship withdrawals are subject to the spousal consent requirements of Code Sections 401(a)(11) and 417.

(ii) A withdrawal is made on account of an immediate and heavy financial need of a Participant only if it is made on account of: (A) unreimbursed medical expenses described in Code Section 213(d) of the Participant or the Participant's spouse or dependents (as defined in Code Section 152); (B) the purchase (excluding mortgage payments) of a principal residence for the Participant; (C) payment of tuition for the next term of post-secondary education for the Participant or the Participant's spouse, children or dependents; or (D) the need to prevent the Particpant's eviction from, or foreclosure on the mortgage of, the Particpant's principal residence or such other events as may be approved by the Commissioner of Internal Revenue in rulings, notices or other published documents.

(iii) A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant only if: (A)

the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans under all plans maintained by the Employer; (B) all plans maintained by the Employer provide that the Participant's Elective Deferrals and any other elective contributions or employee contributions under this Plan and any other plan maintained by the Employer (both qualified and nonqualified) will be automatically suspended for twelve (12) months after the receipt of the hardship distribution; (C) the distribution is not in excess of the amount of an immediate and heavy financial need; and (D) all plans maintained by the Employer provide that the Participant may not make Elective Deferrals for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Code Section 402(g) for such taxable year less the amount of such Participant's Elective Deferrals for the taxable year of the hardship distribution.

(iv) A request for a hardship distribution shall be made in writing and in such form as may be prescribed by the Administrator. Processing of applications and distributions of amounts under this Section, on account of a bona fide financial hardship, shall be made as soon as administratively feasible.

(b) ELECTIVE DEFERRALS AT AGE 59 1/2 Upon attaining age fifty-nine and one-half (59 1/2), a Participant may elect to withdraw all or any portion of his Elective Deferrals Account and/or Employer Matching Contributions Account, as of the last day of any month, even if he is still employed.

5.6 DEFINITIONS For purposes of this Article, the following words and phrases shall have the following meanings:

(a) ACTUAL DEFERRAL PERCENTAGE means, for a specified group of Participating Employees for a Plan Year, the average of the ratios (calculated separately for each Participating Employee in such group) of (i) the amount of Employer contributions actually paid over to the trust on behalf of such Participating Employee for the Plan Year to (ii) the Participating Employee's Compensation for such Plan Year (whether or not the Employee was a Participating Employee for the entire Plan Year). Employer contributions on behalf of any Participating Employee shall include: (i) any Elective Deferrals made pursuant to the Participating Employee's deferral election, including Excess Elective Deferrals of Highly Compensated Employees, but excluding Elective Deferrals that are taken into account in the Contribution Percentage test (provided the Actual Deferral Percentage test is satisfied both with and without exclusion of these Elective Deferrals); and (ii) at the election of the Employer, Qualified Non-Elective Contributions and Qualified Matching Contributions. For purposes of computing Actual Deferral Percentages, an employee who would be a Participating Employee but for

the failure to make Elective Deferrals shall be treated as a Participating Employee on whose behalf no Elective Deferrals are made.

(b) AGGREGATE LIMIT means the sum of (i) one hundred twenty-five percent (125%) of the greater of the Actual Deferral Percentage of the Participating Employees who are not Highly Compensated Employees for the Plan Year or the Actual Contribution Percentage of Participating Employees who are not Highly Compensated Employees under the Plan subject to Code Section 401(m) for the Plan Year beginning with or within the Plan Year of the cash or deferred arrangement and (ii) the lesser of two hundred percent (200%) or two (2) plus the lesser of such Actual Deferral Percentage or Actual Contribution Percentage. "Lesser" is substituted for "greater" in (i) above and "greater" is substituted for "lesser" after "two plus the" in (ii) above if it would result in a larger Aggregate Limit.

(c) AVERAGE CONTRIBUTION PERCENTAGE means the average of the Contribution Percentages of the Employees in a group who are eligible to make Participant Voluntary Contributions, or Elective Deferrals (if the Employer takes such contributions into account in the calculation of the Contribution Percentage), or to receive Matching Contributions (including forfeitures) or Qualified Matching Contributions.

(d) CONTRIBUTION PERCENTAGE means the ratio (expressed as a percentage) of the Participating Employee's Contribution Percentage Amounts to the Participating Employee's Compensation for the Plan Year (whether or not the Employee was a Participating Employee for the entire Plan Year).

(e) CONTRIBUTION PERCENTAGE AMOUNTS means the sum of the Participant Voluntary Contributions, Matching Contributions, and Qualified Matching Contributions (to the extent not taken into account for purposes of the Actual Deferral Percentage test) made under the Plan on behalf of the Participating Employee for the Plan Year. Such Contribution Percentage Amounts shall include forfeitures of Excess Aggregate Contributions or Matching Contributions allocated to the Participating Employee's Accounts which shall be taken into account in the year in which such forfeiture is allocated. The Employer may elect to include Qualified Non-Elective Contributions in the Contribution Percentage Amounts. The Employer also may elect to use all or part of the Elective Deferrals for the Plan Year in the Contribution Percentage Amounts so long as the Actual Deferral Percentage test is satisfied both including and excluding the Elective Deferrals that are included in the Contribution Percentage Amounts.

(f) EXCESS AGGREGATE CONTRIBUTIONS means, with respect to any Plan Year, the excess of:

(i) the aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over

(ii) the maximum Contribution Percentage Amounts permitted by the Actual Contribution Percentage test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

Such determination shall be made after first determining Excess Elective Deferrals pursuant to Section 5.2(d) hereof and then determining Excess Contributions pursuant to Section 5.2(f) hereof.

(g) EXCESS CONTRIBUTIONS means, with respect to any Plan Year, the excess of:

(i) the aggregate amount of Employer contributions actually taken into account in computing the Actual Deferral Percentage of Highly Compensated Employees for such Plan Year, over

(ii) the maximum amount of such contributions permitted by the Actual Deferral Percentage test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of the Actual Deferral Percentages, beginning with the highest of such percentages).

(h) EXCESS ELECTIVE DEFERRALS means those Elective Deferrals that are includible in a Participating Employee's gross income for a taxable year under Code Section 402(g) because they exceed the limitation specified in Section 5.2(d)(i) hereof. Excess Elective Deferrals shall be treated as Annual Additions under the Plan.

(i) FAMILY MEMBER means the spouse, lineal ascendants and descendants of the employee or former employee and the spouses of such lineal ascendants and descendants, all within the meaning of Code Section 414(q)(6).

(j) HIGHLY COMPENSATED EMPLOYEE means both highly compensated active employees and highly compensated former employees.

(i) A highly compensated active employee includes any Employee who performs service for the Employer during the determination year and who, during the look-back year; (i) received compensation from the Employer in excess of $75,000 (as adjusted pursuant to Code Section 415(d)); (ii) received compensation from the Employer in excess of $50,000 (as adjusted pursuant to Code Section 415(d)) and was a member of the top-paid group for such year; or (iii) was an officer of the Employer and received compensaton during such year that is greater than 50 percent of the dollar limitation in effect under Code Section 415(b)(1)(A). The term Highly Compensated Employee also includes: (i) employees who are both described in the

preceding sentence if the term "determination year" is substituted for the term "look-back year" and the employee is one of the 100 employees who received the most compensation from the Employer during the determination year; and (ii) employees who are 5 percent owners at any time during the look-back year or determination year. If no officer has satisfied the compensation requirement of (iii) above during either a determination year or look-back year, the highest paid officer for such year shall be treated as a Highly Compensated Employee. For this purpose, the determination year shall be the Plan Year. The look-back year shall be the twelve-month period immediately preceding the determination year.

(ii) A highly compensated former employee includes any Employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Employer during the determination year, and was a highly compensated active employee for either the separation year or any determination year ending on or after the employee's fifty-fifth (55th) birthday.

(iii) If an employee is, during a determination year or look-back year, a Family Member of either a five percent owner who is an active or former employee or a Highly Compensated Employee who is one of the ten (10) most highly compensated employees ranked on the basis of Compensation paid by the Employer during such year, then the Family Member and the five percent owner or top-ten Highly Compensated Employee shall be aggregated. In such case, the Family Member and five percent owner or top-ten Highly Compensated Employee shall be treated as a single employee receiv-

ing Compensation and Plan contributions or benefits equal to the sum of such Compensation and contributions or benefits of the Family Member and five percent owner or top-ten Highly Compensated Employee.

(iv) The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of employees in the top-paid group, the top 100 employees, the number of employees treated as officers and the Compensation that is considered, will be made in accordance with Code Section 414(q).

(k) PARTICIPATING EMPLOYEE means an Employee who is eligible to make Elective Deferrals or Participant Voluntary Contributions (if the Employer takes such contributions into account in the calculation of the Contribution Percentage), or to receive Matching Contributions (including forfeitures) or Qualified Matching Contributions. If an Employee contribution is required as a condition of participation in the Plan, any Employee who would be a Participant in the Plan if such Employee made such a contribution shall be treated as a Participating Employee on behalf of whom no Employee contributions are made.

(l) QUALIFIED MATCHING CONTRIBUTIONS means Matching Contributions which are one hundred percent (100%) vested and nonforfeitable at all times and which are distributable only in accordance with the distribution provisions applicable to Elective Deferrals.

(m) QUALIFIED NON-ELECTIVE CONTRIBUTIONS means contributions (other than Matching Contributions or Qualified Matching Contributions) made by the Employer and allocated to Participating Employees' Accounts that the Participating Employees may not elect to receive in cash until distributed from the Plan, are one hundred percent (100%) vested and nonforfeitable when made, and are distributable only in accordance with the distribution provisions applicable to Elective Deferrals.

ARTICLE VI
SECTION 415 LIMITATIONS

6.1 EMPLOYERS MAINTAINING ONLY THIS PLAN

(a) If the Participant does not participate in, and has never participated in another qualified plan, a welfare benefit fund (as defined

in Code Section 419(e)) or an individual medical account (as defined in Code Section 415(1)(2)) maintained by the Employer, the amount of Annual Additions which may be credited to a Participant's Account, under this Plan for a Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer's contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

(b) Prior to the determination of the Participant's actual compensation for a Limitation Year, the Maximum Permissible Amount may be determined on the basis of the Participant's estimated annual compensation for such Limitation Year. Such estimated annual compensation shall be determined on a reasonable basis and shall be uniformly determined for all Participants similarly situated. Any Employer contributions based on estimated annual compensation shall be reduced by any Excess Amounts carried over from prior years.

(c) As soon as it is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for such Limitation Year shall be determined on the basis of the Participant's actual Compensation for such Limitation Year.

(d) If, pursuant to Section 6.1(c) and notwithstanding the provisions of Section 6.1(a) hereof which require a reduction of contributions so as not to exceed the limitations of this Article VI, there is an Excess Amount with respect to a Participant for a Limitation Year, such Excess Amount shall be disposed of as follows:

(i) Any Participant Voluntary Contributions, to the extent that the return would reduce the Excess Amount, shall be returned to the Participant.

(ii) In the event that the Participant is covered by this Plan at the end of the Limitation Year, remaining Excess Amounts after the application of clause (i) shall be applied to reduce future Employer contributions (including any allocation of forfeitures) for such Participant under this Plan in the next Limitation Year (and each succeeding year, as necessary).

(iii) In the event that the Participant is not covered by this Plan at the end of the Limitation Year, remaining Excess Amounts after the application of clause (i) shall not be distributed to the Participant, but shall be held unallocated in a suspense account and shall be applied to reduce future Employer contributions (including any allocation of forfeitures) for all remaining Participants in the next Limitation Year (and each succeeding year, as necessary).

(iv) If a suspense account is in existence at any time during the Limitation Year pursuant to this Section, it will not participate in the allocation of any investment gains and losses, and all amounts in the suspense account must be allocated and reallocated to Participants' Accounts before any Employer or Employee contributions may be made to the Plan for such Limitation Year. Excess amounts may not be distributed to Participants or former Participants.

6.2 EMPLOYERS MAINTAINING OTHER MASTER OR PROTOTYPE DEFINED CONTRIBUTION PLANS.

(a) If, in addition to this Plan, the Participant is covered under another qualified defined contribution plan which qualifies as a Master or Prototype Plan or a welfare benefit fund (as defined in Code Section 419(e)) or an individual medical account (as defined in Code Section 415(1)(2)) maintained by the Employer during any Limitation Year, the amount of Annual Additions which may be allocated under this Plan on the Participant's behalf for such Limitation Year, shall not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's account under such other plans, welfare benefit funds or individual medical accounts for the same Limitation Year. If the Annual Additions with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the Employer 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 Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Additions under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions 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.

(b) Prior to the determination of the Participant's actual Compensation for the Limitation Year, the amounts referred to in subsection (a) above may be determined on the Participant's estimated annual compensation for such Limitation Year. Such estimated annual compensation shall be determined on

a reasonable basis and shall be uniformly determined for all Participants similarly situated. Any Employer contribution based on estimated annual compensation shall be reduced by any Excess Amounts carried over from prior years.

(c) As soon as it is administratively feasible after the end of the Limitation Year, the amounts referred to in subsection (a) above shall be determined on the basis of the Participant's actual Compensation for such Limitation Year.

(d) If a Participant's Annual Additions under this Plan and all such other plans result in an Excess Amount for a Limitation Year, such Excess Amount shall be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a welfare benefit fund or individual medical account will be deemed to have been allocated first regardless of the actual allocation date.

(e) If an Excess Amount was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the Excess Amount attributed to this Plan will be the product of:

(i) the total Excess Amount allocated as of such date (including any amount which would have been allocated but for the limitations of Code Section 415), times

(ii) the ratio of (A) the amount allocated to the Participant as of such date under this Plan, divided by (B) the total amount allocated as of such date under all qualified master or prototype defined contribution plans (determined without regard to the limitations of Code Section 415).

(f) Any Excess Amount attributed to this Plan shall be disposed of as provided in Section 6.1(d).

6.3 EMPLOYERS MAINTAINING OTHER DEFINED CONTRIBUTION PLANS. If the Participant is covered under another plan which is a qualified defined contribution plan which is not a Master or Prototype Plan maintained by the Employer, Annual Additions allocated under this Plan on behalf of any Participant shall be limited in accordance with the provisions of Section 6.2, as though the other plan were a Master or Prototype Plan, unless the Employer provides other limitations in the Adoption Agreement.

6.4 EMPLOYERS MAINTAINING DEFINED BENEFIT PLANS If the Participant is covered or was covered at any time under a qualified defined benefit plan maintained by the Employer, the projected annual benefit thereunder and the Annual Additions credited to any such Participant's Account under this Plan and any other qualified defined contribution plan in any Limitation Year will be limited so that the sum of the Defined Contribution Fraction and the Defined Benefit Fraction with respect to such Participant will not exceed 1.0 in any Limitation Year. The Annual Additions which may be credited to the Participant's Account under this Plan for any Limitation Year will be limited in accordance with the Adoption Agreement.

6.5 DEFINITIONS For purposes of this Article VI, the following terms shall be defined as follows:

(a) Annual Additions -- The sum of the following amounts allocated to a Participant's Account for a Limitation Year: (i) all Employer contributions; (ii) all Participant contributions (other than a qualified rollover contribution as described in Code Section 402(a)(5); (iii) all forfeitures; (iv) all amounts allocated, after March 31, 1984, to an individual medical account (as defined in Code Section 415(1)(2)) which is part of a defined benefit or annuity plan maintained by the Employer are treated as Annual Additions to a defined contribution plan; and (v) 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 Code Section 419A(d)(3) under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, are treated as Annual Additions to a defined contribution plan.

For the purposes of this Article VI, amounts reapplied under Sections 6.1(d) and 6.2(f) of the Plan to reduce Employer contributions shall also be included as Annual Additions.

(b) Compensation -- A Participant's wages as defined in Code Section 3121(a), for purposes of calculating social security taxes, but determined without regard to the wage base limitation in Code Section 3121(a)(1), the limitations on the exclusions from wages in Code Section 3121(a)(5)(C) and (D) for elective contributions and payments by reason of salary reduction agreements, the special rules in Code Section 3121(v), any rules that limit covered employment based on the type or location of an employee's employer, and any rules that limit the remuneration included in wages based on familial relationship or based on the nature or location of the employment or the services performed (such as the exceptions to the definition of employment in Code Section 3121(b)(1) through (20)). For any Self-Employed Individual Compensation means Earned Income.

For Limitation Years beginning after December 31, 1991, for purposes of applying the limitations of this Article. Compensation for a Limitation Year is the Compensation actually paid or includible in gross income during such Limitation Year. Notwithstanding the preceding sentence, Compensation for a participant in a defined contribution 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 had been paid at the rate of Compensation paid immediately before becoming permanently and totally disabled. Such imputed Compensation for a disabled participant may be taken into account only if the participant is not a highly compensated employee (as defined in Code Section 414(q)) and contributions made on behalf of such participant are nonforfeitable when made.

(c) Defined Benefit Fraction -- A fraction, the numerator of which is the sum of a Participant's Projected Annual Benefits under all the qualified defined benefit plans (whether or not terminated) maintained by the Employer determined at the end of the Limitation Year, and the denominator of which is the lesser of (i) one hundred and twenty-five percent (125%) of the dollar limitation for such Limitation Year under Code Sections 415(b) and (d) (or such higher amount determined by the Commissioner of Internal Revenue applicable to the calendar year with which or within which the Limitation Year ends) or (ii) one hundred and forty percent (140%) of the Participant's average Compensation (or Earned Income) for the three highest consecutive calendar years of service during which the Participant was in the Plan including any adjustments under Code Section 415(b). Notwithstanding the above, if the Participant was a Participant as of the first limitation year beginning after December 31, 1986 in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than the product of 1.25 times the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last Limitation Year beginning after January 1, 1987, disregarding any changes in the terms and conditions of the Plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

(d) Employer -- The Employer that adopts this Plan and in the case of a group of employers which constitutes (i) a

controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)); (ii) trades or businesses (whether or not incorporated) which are under common control (as defined in Section 414(c) as modified by Code Section 415(h)); (iii) an affiliated service group (as defined in Code Section 414(m)); or (iv) a group of entities required to be aggregated (pursuant to Code Section 414(o)) all such employers shall be considered a single employer for purposes of applying the limitations of this Articles VI.

(e) Excess Amount -- The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

(f) Limitation Year -- A calendar year or any other twelve (12) consecutive month period adopted by the Employer in item 12 of the Adoption Agreement (Profit Sharing Plan) or item 10 of the Adoption Agreement (Pension Plan). All qualified plans maintained by the Employer shall use the same Limitation Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year shall begin on the date within the Limitation Year in which the amendment is made.

(g) Master or Prototype Plan -- A plan the form of which is the subject of a favorable opinion letter from the Internal Revenue Service.

(h) Maximum Permissible Amount -- For a Limitation Year, the Maximum Permissible Amount with respect to any Participant shall be the lesser of (i) the Defined Contribution Dollar Limitation or (ii) twenty-five percent (25%) of the Participant's Compensation for the Limitation Year. The Compensation limitation described in (ii) shall not apply to any contribution for medical benefits (within the meaning of Code Sections 401(h) or 419A(f)(2)) which is otherwise treated as an Annual Addition under Code Sections 415(l)(1) or 419A(d)(2). If a short Limitation Year is created because of an amendment changing the Limitation Year to a different twelve (12) consecutive month period, the Maximum Permissible Amount shall not exceed the defined contribution dollar limitation in Code Section 415(c)(1)(A) multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year and the denominator of which is twelve (12).

(i) Projected Annual Benefit -- A Participant's annual retirement benefit (adjusted to the actuarial equivalent of a straight life annuity if expressed in a form other than a straight life or qualified joint and survivor annuity) under the Plan, assuming that the Participant will continue employment until the later of current age or Normal Retirement Age, and that the Participant's Compensation for the Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

(j) Defined Contribution Fraction -- A fraction, the numerator of which is the sum of the Annual Additions credited to the Participant's account under this and all other qualified 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 non-deductible employee contributions to all qualified defined benefit plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years and the Annual Additions attributable to all welfare benefit funds (as defined in Code Section 419(e)) and individual medical accounts (as defined in Code Section 415(l)(2) maintained by the Employer), 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 (i) one hundred and twenty-five percent (125%) of the dollar limitation determined under

Code Sections 415(b) and (d) in effect under Code Section 415(c)(1)(A) or (ii) thirty-five percent (35%) of the Participant's Compensation for such Limitation Year.

If the Employee was a participant as of the end of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans maintained by the Employer which were in existence on May 5, 1986, the numerator of this fraction will be adjusted if the sum of this 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 times (ii) the denominator of this 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 end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the Plan made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987. The annual addition for any Limitation Year beginning before January 1, 1987, shall not be computed to treat all Employee contributions as Annual Additions.

(k) Defined Contribution Dollar Limitation -- For a Limitation Year, thirty thousand dollars ($30,000) or, if greater, one-fourth of the defined benefit dollar limitation set forth in Code Section 415(b)(1) as in effect for such Limitation Year.

(l) Highest Average Compensation -- The average compensation for the three consecutive Years of Service with the Employer which produces the highest average.

ARTICLE VII
PARTICIPANTS' ACCOUNTS

7.1 SEPARATE ACCOUNTS Separate Accounts will be maintained for each Participant for each of the following types of contributions, and the income, expenses, gains and losses attributable thereto:

(a) Employer Profit Sharing Contributions pursuant to Section 4.1 hereof;

(b) Employer Pension Contributions pursuant to Section 4.2 hereof;

(c) Participant Voluntary Contributions pursuant to Section 4.3 hereof;

(d) Elective Deferrals pursuant to Section 5.2 hereof;

(e) Matching Contributions pursuant to Section 5.3 hereof;

(f) Rollover Contributions pursuant to Section 4.6 hereof.

The Custodian shall establish such other separate Accounts as may be necessary under the Plan. These Accounts shall be for accounting purposes only and the Custodian shall not be required to establish separate Custodial Accounts for these contributions.

7.2 VESTING

(a) A Participant shall at all times have a fully vested and nonforfeitable interest in all his Accounts except his Employer Profit Sharing Contributions Account and/or his Employer Pension Contributions Account.

(b) A Participant shall have a vested interest in his Employer Profit Sharing Contributions Account and/or his Employer Pension Contributions Account as determined under the vesting schedule elected in item 7 of the Adoption Agreement.

7.3 COMPUTATION OF VESTING SERVICE All of a Participant's Years of Service with the Employer shall be counted to determine the

nonforfeitable percentage of his Employer Profit Sharing Contributions Account and/or his Employer Pension Contributions Account except those Years of Service excluded under item 7 of the Adoption Agreement. A former Participant who had a nonforfeitable right to all or a portion of his Account balance derived from Employer contributions at the time of his termination shall receive credit for Years of Service prior to his Break in Service upon completing a Year of Service after his return to the employ of the Employer. A former Participant who did not have a nonforfeitable right to any portion of his Account balance derived from Employer contributions at the time of termination from service will be considered a new employee for vesting purposes, if the number of consecutive one year Breaks in Service equals or exceeds the greater of (i) five (5) years or (ii) the aggregate number of Years of Service before such Breaks in Service. If such a former Participant's Years of Service before termination from service may not be disregarded pursuant to the preceding sentence, such former Participant's prior Years of Service shall not be cancelled hereunder.

7.4 ALLOCATION OF FORFEITURES

(a) As of the end of the Plan Year, forfeitures derived from Employer Profit Sharing Contributions Accounts which become available for reallocation during such Plan Year because of the operation of the vesting provisions of Section 7.2(b), shall be allocated to the Employer Profit Sharing Contribution Accounts of the Participants who are eligible to share in an Employer Profit Sharing Contributions for the Plan Year. Such amounts shall be allocated according to the ratio that each such Participant's Compensation or Earned Income for the Plan Year bears to the total Compensation and Earned Income of all such Participants for the Plan Year. Forfeitures under this subsection (a) will be allocated only for the benefit of Participants of the Employer adopting this Plan.

(b) Forfeitures derived from Employer Pension Contributions which become available for reallocation during a Plan Year shall be applied to reduce the Employer Pension Contributions that would otherwise be due for such Plan Year under Section 4.2. Forfeitures under this subsection (b) will only be used to reduce the Employer Pension Contributions of the Employer adopting this Plan.

(c) If a benefit is forfeited because a Participant or Beneficiary cannot be found, such benefit will be reinstated if a claim is made by the Participant or Beneficiary.

(d) No forfeiture will occur solely as a result of a Participant's withdrawal of any Employee contributions.

ARTICLE VIII
PAYMENT OF BENEFITS

8.1 BENEFITS PAYABLE UNDER THE PLAN

(a) NORMAL RETIREMENT A Participant's interest in all Employer contributions allocated to his Accounts shall be fully vested and nonforfeitable on and after his Normal Retirement Age. Such Participant may retire at any time on or after that date and shall be entitled to receive, in accordance with the provisions of Sections 8.2 and 8.3 hereof, the total amount credited to his Accounts. Any Participant who is employed beyond his Normal Retirement Age shall continue to share in Employer contributions until his actual retirement.

(b) DEATH BENEFITS Upon the death of a Participant while employed by the Employer, the total amount credited to such Participant's Accounts (plus such Participant's share of the Employer contributions for the year of his death), shall be payable to such Participant's Beneficiary in accordance with Sections 8.2 and 8.3 hereof. Upon the death of a Participant following his termination of employment with the Employer, the vested portion of his Accounts which has not been distributed shall be payable to such Participant's Beneficiary in accordance with Sections 8.2 and 8.3 hereof.

(c) OTHER TERMINATION OF EMPLOYMENT A Participant who terminates employment with the Employer on account of Disability shall be entitled to receive, in accordance with Sections 8.2 and 8.3 hereof, the total amount

credited to his Account. A Participant whose employment with the Employer is terminated prior to his Normal Retirement Date for any reason other than death or Disability shall be entitled to receive, in accordance with the provisions of Sections 8.2 and 8.3 hereof, the portions of his Accounts that have vested pursuant to Section 7.2 hereof.

(d) FORFEITURES Any amounts in a Participant's Accounts which are not payable under subsection (c) above when his employment with the Employer is terminated shall remain in such Accounts and shall continue to share in profits or losses on investments under Section 9.3 hereof until such former Participant incurs five (5) consecutive Breaks in Service, whereupon they shall be forfeited and administered in accordance with Section 7.4 hereof. In the event a former Participant is reemployed by the Employer before incurring five (5) consecutive Breaks in Service his Accounts shall continue to vest in accordance with the vesting schedule specified in the applicable Adoption Agreement. Notwithstanding the foregoing, if a terminated Participant receives a distribution on account of termination of his participation in the Plan of his entire vested interest in the Pension Plan or the Profit Sharing Plan, such Participant's nonvested interest in the relevant plan shall be treated as a forfeiture and administered in accordance with Section 7.4 hereof. If the Participant elects to have distributed less than the entire vested portion of his Account balance derived from Employer contributions, the part of the nonvested portion that will be treated as a forfeiture is the total nonvested portion multiplied by a fraction, the numerator of which is the amount of the distribution attributable to Employer contributions and the denominator of which is the total value of the vested Employer derived Account balance. For purposes of this Section, if the value of an employee's vested account balance is zero, the Employee shall be deemed to have received a distribution of such vested account balance. A Participant's vested account balance shall not include accumulated deductible employee contributions within the meaning of Code Section 72(o)(5)(B) for plan years beginning prior to January 1, 1989. If a Participant receives or is deemed to receive a distribution pursuant to this subsection (d) and such Participant subsequently resumes employment covered under the Plan, the forfeited amounts shall be restored from current forfeitures, or if those are insufficient by a special Employer contribution, provided that the Participant repays to the Plan the full amount of the distribution attributable to Employer contributions prior to the earlier of (i) five (5) years after the Participant is reemployed, or (ii) the time the Participant incurs five (5) consecutive Breaks in Service. In the event a former Participant is reemployed after incurring five (5) consecutive Breaks in Service, separate Accounts will be maintained for Employer contributions allocated before and after the Break in Service, and Years of Service earned after his return to employment shall be disregarded in determining the Participant's vested percentage in his prebreak Employer contributions.

8.2 MANNER OF DISTRIBUTIONS

(a) DISTRIBUTIONS FROM PENSION PLAN Distributions from the Pension Plan shall be made as follows:

(i) A Participant's vested interest in the Plan shall be paid by purchasing an annuity contract from a licensed insurance company, unless the Participant elects to receive his interest in one of the alternate forms of benefit described in subsection (c) below. If a Partici-

pant is not married at his annuity starting date, the annuity contract shall provide a monthly benefit for his life. If a Participant is married at his annuity starting date, the annuity shall be in the form of a qualified joint and survivor annuity. A "qualified joint and survivor annuity" is an immediate annuity for the life of the Participant with a survivor annuity for the life of the spouse which is equal to fifty percent (50%) of the amount of the annuity which is payable during the joint lives of the Participant and the spouse and which is the amount of benefit which can be purchased with the Participant's vested Account balance. The Participant may elect to have such annuity distributed upon attainment of the earliest retirement age under the Plan. Any annuity contract purchased hereunder and distributed in accordance with this

Section 8.2 shall be nontransferable and shall comply with the terms of this Plan. For purposes of this Section, the earliest retirement age shall be the Participant's age on the earliest date on which the Participant could elect to receive retirement benefits.

(ii) Unless an optional form of benefit is selected in accordance with subsection (c) below, if a Participant has a spouse and dies prior to his annuity starting date (the date annuity payments commence), the Participant's vested Account balance in the Plan shall be applied toward the purchase of a life only annuity contract from a licensed insurance company providing a benefit for the life of the surviving spouse. The surviving spouse may elect to have such annuity distributed within a reasonable period after the Participant's death.

(iii) For any distribution subject to the annuity requirements in subsection (i) above, a Participant or Beneficiary may elect in writing, within the ninety (90) day period ending on the annuity starting date (the date annuity or any other form of benefit payments commence), to receive his vested interest in the Plan in one of the alternate forms of benefit set forth in subsection (c) below in lieu of the form of benefit otherwise payable hereunder. Any waiver of the joint and survivor annuity by a married Participant shall not be effective unless: (A) the Participant's spouse consents in writing to the election; (B) the election designates a specific Beneficiary, including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent); (C) the spouse's consent acknowledges the effect of the election; and (D) the spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the joint and survivor annuity shall not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that there is no spouse or that the spouse cannot be located, a waiver will be deemed a qualified election. Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior election may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant and the spouse have received notice as provided in subsection (v) below.

(iv) A Participant may elect in writing to waive the surviving spouse benefit otherwise payable under subsection (ii) above. The benefit may be waived at any time during the period which begins on the first day of the Plan Year in which the Participant attains age 35 and ends on the date of the Participant's death. A Participant and the spouse may waive the pre-retirement survivor death benefit prior to age 35, provided that such early waiver becomes invalid in the Plan Year the Participant attains age 35 and a new waiver must be made pursuant to this subsection (iv). If the Participant separates from service prior to the first day of the Plan Year in which he attains age 35, the surviving spouse benefit may be waived, with respect to the Participant's account balance as of the date of separation, at any time during the period which begins on the date of such separation and ends on the date of the Participant's death. Notwithstanding the foregoing, any election by a Participant to waive the surviving spouse benefit payable under subsection (ii) above shall not be effective unless: (A) the Participant's spouse consents in writing to the election; (B) the spouse's consent acknowledges the effect of the election; and (C) the spouse's consent is witnessed by a Plan representative or notary public. If it is established to the satisfaction of a Plan representative that there is no spouse or that the spouse cannot be located, a waiver will be deemed a qualified election. Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A revocation of a prior election may be made by a

Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant and the spouse have received notice as provided in subsection (v) below.

(v) The Administrator shall provide the Participant and the Spouse, as applicable, with a written explanation of: (A) the terms and conditions of the annuity described in subsections (i) or (ii), as applicable; (B) the Participant's or Spouse's, as applicable, right to waive the payment of benefits in the form of an annuity; (C) the rights of the Participant's spouse; and (D) the right to make, and the effect of, the revocation of a previous election to waive the payment of benefits in the form of an annuity described in subsections (i) or (ii) hereof. In the case of the annuity described in subsection (i), such explanation shall be provided no less than thirty (30) days and no more than ninety (90) days prior to the annuity starting date. In the case of the annuity described in subsection (ii), such explanation shall be provided within the applicable period for such Participant. The applicable period for a Participant is whichever of the following periods ends last: (A) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35; (B) a reasonable period ending after the individual becomes a Participant; (C) a reasonable period ending after this Article first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in

the case of a Participant who separates from service before attaining age 35. For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (B) and (C) is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year after separation. If such a Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined. A written explanation comparable to the notices described above shall be provided to a Participant who is waiving the surviving spouse benefit prior to attaining age 35.

(vi) The Administrator shall be responsible for the purchase of any annuity contracts required to be purchased in accordance with the terms of this Plan.

(b) DISTRIBUTIONS FROM PROFIT SHARING PLAN Distributions from the Profit Sharing Plan shall be made in the form elected by the Participant (or Beneficiary) as described in subsection (c) below. Notwithstanding the foregoing, if the Profit Sharing Plan is a direct or indirect transferee of a defined benefit plan, a money purchase pension plan (including a target benefit plan), or a stock bonus or profit sharing plan or is an amendment of an original Plan which is (or was) subject to the survivor annuity requirements of Code Sections 401(a)(11) or 417 then distributions shall be made in accordance with the provisions of subsection (a) above.

(c) Optional Forms of Distribution. All distributions required under this subsection shall be determined and made in accordance with the Income Tax Regulations under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of such Regulations.

(i) Amounts payable to a Participant shall be distributed in one of the following forms as elected by the Participant, with spousal consent, as applicable:

(A) a lump sum; or

(B) installments over a period certain not to exceed the life

expectancy of the Participant or the joint life expectancy of the Participant and his Beneficiary.

Such election shall be made in writing and in such form as shall be acceptable to the Administrator. If the Participant fails to elect any of the methods of distribution described above within the time specified for such election, the Administrator shall distribute the Participant's Account in the form of a single sum cash payment by the April 1 following the calendar year in which the Participant attains age seventy and one-half (70 1/2).

(ii) If a Participant's benefit is to be distributed in installment payments under (B) above, the amount distributed for each calendar year, beginning with distributions for the first distribution calendar year, must at least equal the quotient obtained by dividing the Participant's benefit by the applicable life expectancy. The life expectancy (or joint and last survivor expectancy) is calculated using the attained age of the Participant (or Beneficiary) as of the Participant's (or Beneficiary's) birthday in the applicable calendar year reduced by one for each calendar year which has elasped since the date life expectancy is being recalculated, the applicable life expectancy shall be the life expectancy as so recalculated. The applicable calendar year shall be the first distribution calendar year, and, if life expectancy is being recalculated, such succeeding calendar year.

Unless otherwise elected by the Participant (or the Participant's spouse) by the time distributions are required to begin, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the Participant (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse Beneficiary may not be recalculated. Life expectancy and joint life expectancy are computed by use of the expected return multiples in Tables V and VI of Section 1.72-9 of the Income Tax Regulations.

Notwithstanding anything herein to the contrary, for calendar years beginning before January 1, 1989, if the Participant's spouse is not the designated Beneficiary, the method of distribution selected must assure that at least fifty percent (50%) of the present value of the amount available for distribution is paid within the life expectancy of the Participant. For calendar years beginning after December 31, 1988, the amount to be distributed each year shall not be less than the quotient obtained by dividing the Participant's benefit by the lesser of (A) the applicable life expectancy or (B) if the Participant's spouse is not the designated Beneficiary, the applicable divisor determined from the table set forth in Q&A-4 of Section 1.401(a)(9)-2 of the Income Tax Regulations. Distributions after the death of the Participant shall be distributed using the applicable return multiple specified in Section 1.72-9 of the Income Tax Regulations as the relevant divisor without regard to Section 1.401(a)(9)-2 of the Income Tax Regulations.

(iii) The minimum distribution required for the Participant's first distribution calendar year must be made on or before the Participant's required beginning date as described in Section 8.3(c) hereof. The minimum distribution for other calendar years, including the minimum distribution for the distribution calendar year in which such required beginning date occurs, must be made on or before December 31 of that distribution calendar year.

(e) In any case where the Participant or Beneficiary has determined payment to be on an installment basis, such Participant or Beneficiary may by written request directed to the Administrator, at any time following commencement of such installment payments, accelerate all or any portion of the unpaid balance.

(f) For purposes of this Section a "spouse" shall include the spouse or surviving spouse of a Participant, provided that a former spouse shall be treated as the spouse or surviving spouse and a current spouse will not be treated as a spouse or surviving spouse to the extent provided under a qualified domestic relations order as descibed in Code Section 414(p).

(g) The payment of benefits in either a lump sum or in installments under this

Section 8.2 may be made in cash or in Investment Company Shares.

8.3 COMMENCEMENT OF PAYMENTS

(a) Subject to the provisions of this Section 8.3, payment of benefits, under whichever method is selected, shall be made or commence as soon as administratively practicable after the Valuation Date immediately following the Participant's retirement, death or other termination of employment.

(b) If the Participant's vested Account balance in the Pension Plan or the Profit Sharing Plan exceeds (or at the time of any prior distribution exceeded) three thousand five hundred dollars ($3,500), no distribution of that interest shall be made prior to the Participant's Normal Retirement Age without the written consent of the Participant and, in the case of the Pension Plan, the Participant's spouse (or where either the Participant or the spouse has died, the

survivor). The consent of the Participant and the Participant's spouse shall be obtained in writing within the ninety (90) day period ending on the annuity starting date. The annuity starting date is the first day of the first period for which an amount is paid as an annuity or any other form. The Administrator shall notify the Participant and the Participant's spouse of the right to defer any distribution until the Participant's Account balance is no longer immediately distributable. Such notification shall include a general description of the material features, and an explanation of the relative values of the optional forms of benefit available under the Plan in a manner that would satisfy the notice requirements of Code Section 417(a)(3), and shall be provided no less than thirty (30) days and no more than ninety (90) days prior to the annuity starting date.

Notwithstanding the foregoing, only the Participant need consent to the commencement of a distribution in the form of a qualified joint and survivor annuity while the Account balance is immediately distributable. (Furthermore, if payment in the form of a qualified joint and survivor annuity is not required with respect to the Participant pursuant to Section 8.2(b) of the Plan, only the Participant need consent to the distribution of an Account balance that is immediately distributable.) Neither the consent of the Participant nor the Participant's spouse shall be required to the extent that a distribution is required to satisfy Code Sections 401(a)(9) or 415. In addition, upon termination of this Plan if the Plan does not offer an annuity option (purchased from a commercial insurance company), the Participant's Account balance may, without the Participant's consent, be distributed to the Participant or transferred to another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) within the same controlled group.

An Account balance is immediately distributable if any part of the Account balance could be distributed to the Participant (or surviving spouse) before the Participant attains (or would have attained if not deceased) the later of his Normal Retirement Age or age sixty-two (62).

For purposes of determining the applicability of the foregoing consent requirements to distributions made before the first day of the first Plan Year beginning after December 31, 1988, a Participant's vested Account balance shall not include amounts attributable to accumulated deductible employee contributions within the meaning of Code Section 72(o)(5)(B).

(c) Unless the Participant (or the Participant's Beneficiary, if the Participant is dead) elects to defer commencement under (b) above, distribution of benefits shall begin no later than the sixtieth (60th) day after the close of the Plan Year in which occurs the latest of (i) the Participant's attainment of age 65 (or normal retirement age, if earlier); (ii) the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or (iii) the date the Participant terminates service with the Employer. Notwithstanding the foregoing, the failure of a Participant and the spouse to consent to a distribution while a benefit is immediately distributable, within the meaning of Section 8.1 of the Plan, shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this Section.

(d) Notwithstanding anything herein to the contrary, payment of benefits to a Participant shall commence by the Participant's required beginning date, even if the Participant is still employed. A Participant's required beginning date is the April 1 of the calendar year following the calendar year in which the Participant attains age seventy and one-half (70 1/2): provided that the required beginning date of a Participant who attains age 70 1/2 before January 1, 1988, shall be determined in accordance with (i) or (ii) below:

(i) The required beginning date of a Participant who is not a 5-percent owner is the first day of April of the calendar year following the calendar year in which the later of retirement or attainment of age seventy and one-half (70 1/2) occurs.

(ii) The required beginning date of a Participant who is a 5-percent owner during any year beginning after December 31, 1979, is the first day of April following the later of the calendar year in which the Participant attains age seventy and one-half (70 1/2), or the earlier of the calendar year with or within which ends the Plan Year in which the Participant becomes a 5-percent owner, or the calendar year in which the Participant retires.

The required beginning date of a Participant who is not a 5-percent owner who attains age seventy and one-half (70 1/2) during 1988 and who has not retired as of January 1, 1989, is April 1, 1990.

A Participant is treated as a 5-percent owner for purposes of this subsection (d) if such Participant is a 5-percent owner as defined in Code Section 416(i) (determined in accordance with Code Section 416, but without regard to whether the Plan is top-heavy) at any time during the Plan Year ending with or within the calendar year in which such owner attains age sixty-six and one-half (66 1/2) or any subsequent Plan Year. Once distributions have begun to a 5-percent owner under this subsection (d), they must continue to be distributed, even if the Participant ceases to be a 5-percent owner in a subsequent year.

Distributions may be delayed pursuant to an election made prior to January 1, 1984, under Section 242 of the Tax Equity and Fiscal Responsibility Act of 1982; provided that the method of distribution selected must be in accordance with the requirements of Code Section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984. If such an election is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9). If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code Section 401(a)(9), but for such Section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements in Section 1.401(a)(9)-2 of the Income Tax Regulations. 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).

(e) (i) If a Participant dies after benefit payments have begun, the Participant's remaining interest in the Plan shall be distributed to his designated Beneficiary at least as rapidly as under the method of distribution being used prior to the Participant's death.

(ii) If the Participant dies before benefit payments have commenced, distribution of the Participant's entire interest in the Plan shall be completed by the December 31 of the calendar year containing the fifth (5th)

anniversary of the Participant's death, except to the extent that an election is made to receive distributions in accordance with the following: (A) if any portion of the Participant's interest is payable to a designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Participant died; (B) if the designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (A) above shall not be earlier than the later of December 31 of the calendar year immediately following the calendar year in which the Participant died and December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70-1/2).

If the Participant has not made an election pursuant to this subsection (ii) by the time of his death, the designated Beneficiary must elect the method of distribution no later than the earlier of December 31 of the calendar year in which distributions would be required to begin under this subsection (e) or December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant. If the Participant has no designated Beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest in the Plan must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

For purposes of this subsection (ii), if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of this subsection (ii), with the exception of paragraph (B) above, shall be applied as if the surviving spouse were the Participant. Any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

For the purposes of this subsection (e), distribution of a Participant's interest is considered to begin on the Participant's required beginning date (or the date distribution is required to begin to the surviving spouse). If a distribution in the form of an annuity irrevocably commences to the Participant before the required beginning date, the date the distribution is considered to begin is the date distribution actually commences.

(iii) A Participant's interest in the Plan is his Account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (the valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the Account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. If any portion of the minimum distribution for the first distribution calendar year is made in the second distribution calendar year on or before the required beginning date, the amount of the minimum distribution made in the second distribution calendar year shall be treated as if it had been made in the immediately preceding distribution calendar year.

The distribution calendar year is a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to subsection (ii) above.

For purposes of this subsection (e), the designated Beneficiary is the individual who is designated as the Beneficiary under the Plan in accordance with Code Section 401(a)(9) and the proposed regulations thereunder.

8.4 PAYMENT OF SMALL AMOUNTS Notwithstanding anything herein to the contrary, if the present value of the Participant's vested interest in the Pension Plan does not exceed (nor at the time of any prior distribution exceeded) three thousand five hundred dollars ($3,500) as of the date the Participant's employment with the Employer terminates, the Administrator shall distribute the present value of such interest to the Participant in a lump sum as soon as administratively practicable after the end of the Plan Year in which termination occurs. Likewise, if the total present value of the Participant's vested interest in the Profit Sharing Plan and Cash or Deferred Arrangement does not exceed (nor at any time of any prior distribution exceeded) three thousand five hundred dollars ($3,500) as of the date the Participant's employment with the Employer terminates, the Administrator shall distribute the present value of this interest to the Participant in a lump sum as soon as administratively practicable after the end of the Plan Year in which termination occurs. A Participant whose entire vested interest in the Pension Plan and/or the Profit Sharing Plan has been distributed or who has no vested interest in the Pension Plan and/or the Profit Sharing Plan shall be deemed cashed out from the Pension Plan and/or the Profit Sharing Plan, as applicable.

8.5 PERSONS UNDER LEGAL OR OTHER DISABILITY In the event a Participant or Beneficiary is declared incompetent and a guardian or other person legally charged with the care of his person or of his property is appointed, any benefits to which such Participant or Beneficiary is entitled shall be paid to such guardian or other person legally charged with the care of his person or of his property.

8.6 WITHDRAWALS FROM PROFIT SHARING PLAN

(a) If elected in item 10 of the Adoption Agreement (Profit Sharing Plan), a Participant shall be permitted to withdraw the specified percentage of his vested Employer Profit Sharing Account while he is still employed after attainment of age fifty-nine and one-half (59-1/2) or prior to attainment of such age on account of a financial hardship: provided, that such Participant has been an active Participant in the Plan for at least five (5) years. A Participant may not make another withdrawal on account of financial hardship under this Section 8.6 until he has been an active Participant for at least an additional five (5) years from the date of his last hardship withdrawal. For purposes of this Section 8.6, a financial hardship shall mean a financial need or emergency which requires the distribution of a Participant's Plan account in order to meet such need or emergency. The determination of the existence of a financial hardship and the amount required to be distributed to meet the hardship shall be made by the Administrator in accordance with such uniform and nondiscriminatory rules as may be established by the Administrator. A request for a withdrawal shall be made in writing in a form prescribed by the Administrator and shall be made in accordance with procedures and limitations established by the Administrator. Notwithstanding the above, no withdrawal under this Section 8.6 shall be permitted if the Integration Formula is selected in item 6 of the Adoption Agreement (Profit Sharing Plan).

(b) If a distribution is made pursuant to this Section 8.6 at a time when the Participant has a nonforfeitable right to less than one hundred percent (100%) of his Account balance

derived from Employer contributions and the Participant may increase the nonforfeitable percentage in the Account:

(i) A separate Account will be established for the Participant's interest in the Plan as of the time of the distribution; and

(ii) At any relevant time the Participant's nonforfeitable portion of the separate Account will be equal to an amount ("X") determined by the formula:

$$X = P(AB + (R \times D)) - (R \times D)$$

For purposes of applying the formula above: P is the nonforfeitable percentage at the relevant time, AB is the Account

balance at the relevant time, D is the amount of the distribution, and R is the ratio of the Account balance at the relevant time to the Account balance after distribution.

ARTICLE IX
ESTABLISHMENT OF CUSTODIAL ACCOUNT; INVESTMENTS

9.1 CUSTODIAL ACCOUNT

(a) Unless the Employer elects otherwise in the Adoption Agreement, the Custodian shall open and maintain separate Custodial Accounts for each individual that the Employer shall from time to time certify to the Custodian as a Participant in the Plan. Such Custodial Accounts shall reflect the various Participant Accounts described at Section 7.1 hereof.

(b) If the Employer so elects in the Adoption Agreement the Custodian shall open and maintain a single Custodial Account in the name of the Employer. If only a single Custodial Account is established, the Employer shall be responsible for maintaining the records for the individual Participant accounts.

(c) In the event that separate balances are not maintained for the portion of a Participant's Account balance derived from Employer contributions and Participant Voluntary Contributions, the Account balance derived from Participant Voluntary Contributions shall be the Participant's total account balance multiplied by a fraction, the numerator of which is the total amount of Participant Voluntary Contributions (less any withdrawals) and the denominator of which is the sum of the numerator and the total Employer contributions (including Elective Deferrals) made on behalf of such Participant.

9.2 RECEIPT OF CONTRIBUTIONS The Custodian shall accept such contributions of money on behalf of Participants as it may receive from time to time from the Employer. The Custodian may, in its sole discretion, also accept money or Investment Company Shares held under a preceding plan of the Employer qualified under Code Section 401(a) or which qualify as rollover contributions or transfers under Section 4.6 of the Plan. All such contributions shall be accompanied by written instructions, in a form acceptable to the Custodian, from the Employer specifying the Participant Accounts to which they are to be credited.

9.3 INVESTMENT OF ACCOUNT ASSETS

(a) Upon written instructions given by the Employer on a uniform and nondiscriminatory basis as between Participants, the Custodian shall invest and reinvest contributions credited to a Participant Account(s) in Investment Company Shares. All Participant Accounts shall share in the profits or losses of the investments on a pro rata basis (i.e., in the ratio that the Participant's Account balance bears to all Account balances, other than Accounts which are self-directed under subsection (b) below), subject to adjustment by the Administrator on a fair and equitable basis for contributions, distributions and/or withdrawals during the year. The amount of each contribution credited to a Participant Account to be applied to the purchase of Investment Company Shares shall be invested by the Custodian at the applicable offering price. These purchases shall be credited to such Account with notation as to cost. The Custodian shall have no discretionary investment responsibility and in no event be liable to any person for following investment instructions given by the Employer or the Participant in the manner provided herein.

(b) Each Participant, through his separate Participant Account(s), shall be the beneficial owner of all investments held in such Account(s). The Employer however shall direct the Custodian (in a nondiscriminatory manner) regarding the selection of specific Investment Company Shares to be purchased for the Accounts of the Participants. The Employer may permit (in a nondiscriminatory manner) the individual Participants to select and direct the purchase of specific Investment Company Shares for their own Account(s). In such a situation, the Employer shall transmit all such directions to the Custodian. Notwithstanding the foregoing, unless otherwise elected in the Adoption Agreement the individual Participant may direct the investment of his Account(s) and select the specific Investment Company Shares for purchase for his individual Account(s) by directly communicating with the Custodian.

(c) All income, dividends and capital gain distributions received on the Investment Company Shares held in each Participant Account shall be

reinvested in such shares which shall be credited to such Account. If any distribution on Investment Company Shares may be received at the election of the Participant in additional shares or in cash or other property, the Custodian shall elect to receive it in additional shares. All investments acquired by the Custodian shall be registered in the name of the Custodian or its registered nominee.

9.4 EXCLUSIVE BENEFIT The Custodial Account or Accounts established hereby shall not be used or diverted to purposes other than the exclusive benefit of Participants or their Beneficiaries.

9.5 EXPENSES All expenses and charges in respect of the Plan and the Custodial Account, including, without limitation, the Custodian's fees and commissions and taxes of any kind upon or with respect to the Plan, shall be paid by the Employer; provided, however, that the Custodian shall be authorized to pay such charges and expenses from the Plan if the Employer shall fail to make payment within thirty (30) days after it has been billed therefor by the Custodian or such charges have otherwise become due.

9.6 VOTING The Custodian shall deliver, or cause to be executed and delivered, to the Employer all notices, prospectuses, financial statements, proxies and proxy soliciting materials received by the Custodian relating to investments held in Participants' Accounts. The Custodian shall vote all proxies only in accordance with instructions received from the Employer.

9.7 REPORTS OF THE CUSTODIAN AND ADMINISTRATOR

(a) The Custodian shall keep accurate and detailed records of all receipts, investments, disbursements and other transactions required to be performed hereunder. Not later than sixty (60) days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian shall file with the Employer a written report reflecting the receipts, disbursements and other transactions effected by it during such year (or period ending with such resignation or removal) and the assets of this Plan at its close. Such report shall be open to inspection by any Participant for a period of thirty (30) days immediately following the date on which it is filed with the Employer. Upon the expiration of such thirty (30) day period, the Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to its acts, transactions, duties, obligations or responsibilities as shown in or reflected by such report, except with respect to any such acts or transactions as to which the Employer shall have

filed written objections with the Custodian within such thirty (30) day period.

(b) Annual reports provided to the Employer by the Custodian shall be, in the Custodian's discretion, on a calendar year basis unless otherwise required by law. The Employer shall compute the valuation of all Plan assets at least annually at the fair market value as of the last day of each calendar year.

(c) The Custodian shall keep such records, make such identifications and file such returns and other information concerning the Plan as may be required of the Custodian under the Code or forms adopted thereunder.

(d) The Administrator shall be solely responsible for the filing of any reports or information required under the Code or forms adopted thereunder.

9.8 LIMITATION OF CUSTODIAN'S DUTIES AND LIABILITY

(a) The Custodian's duties are limited to those set forth in this Plan, and the Custodian shall have no other responsibility in the administration of the Plan or for compliance by the Employer with any provision thereof. The Custodian shall not be responsible for the collection of contributions provided for under the Plan; the purpose or propriety of any distribution; or any action or nonaction taken by the Employer or pursuant to the Employer's request. The Custodian shall have no responsibility to determine if instructions received by it from the Employer, or the Employer's designated agent, comply with the provisions of the Plan. The Custodian

shall not have any obligation either to give advice to any Participant on the taxability of any contributions or payments made in connection with the Plan or to determine the amount of excess contribution and net income attributable thereto. The Custodian may employ suitable agents and counsel and pay their reasonable expenses and compensation, and such agents or counsel may or may not be agent or counsel for the Employer, and may be the Investment Advisor or an Investment Company.

(b) The Employer shall at all times fully indemnify and hold harmless the Custodian, its agents, counsel, successors and assigns, from any liability arising from distributions made or actions taken, and from any and all other liability whatsoever which may arise in connection with this Plan, except liability arising from the negligence or willful misconduct of the Custodian. The Custodian shall be under no duty to take any action other than as herein specified with respect to this Plan unless the Employer shall furnish the Custodian with instructions in a form acceptable to the Custodian; or to defend or engage in any suit with respect to this Plan unless the Custodian shall have first agreed in writing to do so and shall have been fully indemnified to the satisfaction of the Custodian. The Custodian (and its agents) may conclusively rely upon and shall be protected in acting upon any written order from the Employer or any other notice, request, consent, certificate or other instrument or paper 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. No amendment to the Plan shall place any greater burden on the Custodian without its written consent. The Custodian shall not be lible for interest on any cash balances maintained in the Plan.

(c) The Employer shall have the sole authority to enforce the terms of the Plan on behalf of any and all persons having or claiming any interest therein by virtue of the Plan.

(d) The Custodian, its agents, counsel, successors and assigns, shall not be liable to the Employer, or to any Participants or Beneficiary for any depreciation or loss of assets, or for the failure of this Plan to produce any or larger net earnings. The Custodian further shall not be liable for any act or failure to act of itself, its agents, employees, or attorneys, so long as it exercises good faith, is not guilty of negligence or willful misconduct, and has selected such agents, employees, and attorneys with reasonable diligence. The Custodian shall have no responsibility for the determination or verification of the offering or redemption prices or net asset values of Investment Company Shares, and shall be entitled to rely for such prices and net asset values upon statements issued by or on behalf of the Investment Company issuing the Investment Company Shares. The Custodian shall have no duty to inquire into the investment practices of such Investment Company; such Investment Company shall have the exclusive right to control the investment of its funds in accordance with its stated policies, and the investments shall not be restricted to securities of the character now or hereafter authorized for trustees by law or rules of court. The Custodian shall not be liable or responsible for any omissions, mistakes, acts or failures to act of such Investment Company, or its successors, assigns or agents. Notwithstanding the foregoing, nothing in this Plan shall relieve the Custodian of any responsibility or liability under ERISA.

ARTICLE X
AMENDMENT AND TERMINATION
10.1 AMENDMENT

(a) The Employer reserves the right at any time and from time to time to amend or terminate the Plan. No part of the Plan shall by reason of any amendment or termination be used for or diverted to purposes other than the exclusive benefit of Participants and their Beneficiaries, and further that no amendment or termination may retroactively change or deprive any Participant or Beneficiary of rights already accrued under the Plan except insofar as such amendment is necessary to preserve the qualification and tax exemption of the Plan pursuant to Code Section 401. No amendment shall increase the duties of the Custodian or otherwise adversely affect the Custodian unless the Custodian expressly agrees thereto. However, if the Employer amends any provision of this Plan (including a waiver of the minimum funding requirements under Code Section 412(d) other than by changing any election made in the Adoption Agreement, adopting an amendment stated in the Adoption Agreement which allows the Plan to satisfy Code Section 415, to avoid duplication of minimum benefits under Code Section

416 or to add certain model amendments published by the Internal Revenue Service which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan, such Employer shall no longer participate under this prototype plan and the Employer's Plan shall be deemed to be an individually designed plan. The Employer hereby irrevocably delegates (retaining, however, the right and power to change any election made in the Adoption Agreement) to the Investment Advisor the right and power to amend the Plan at any time, and from time to time, and the Employer by adopting the Plan shall be deemed to have consented thereto. The Investment Advisor shall notify the Employer of any amendment to the Plan. For purposes of any Investment Advisor amendments, the mass submitter shall be recognized as the agent of the Investment Advisor. If the Investment Advisor does not adopt the amendments made by the mass submitter, it will no longer be identical to or a minor modifier of the mass submitter plan.

(b) No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit except to the extent permitted by Code Sections 412(c)(8) and 411(d)(6). For purposes of this subsection, a Plan amendment which has the effect of decreasing a Participant's Account balance or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of a

Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his Employer-derived accrued benefit will not be less than his percentage computed under the Plan without regard to such amendment.

(c) Notwithstanding subsection (a) above, an 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 such Code Sections.

10.2 TERMINATION Upon complete discontinuance of the Employer's Profit Sharing Contributions (if the Employer has adopted a Profit Sharing Plan by completing the appropriate Adoption Agreement) or termination or partial termination of the Plan, each affected Participant's Account shall become nonforfeitable. Upon termination or partial termination of the Plan, the Employer shall instruct the Custodian whether currently to distribute to each Participant the entire amount of the Participant's Account, in such one or more of the methods described in Article VIII, or whether to continue the Plan and to make distributions therefrom as if the Plan had continued; provided that, in the event the Plan is continued, the Plan must continue to satisfy the requirements of Code Section 401(a). The Employer shall in all events exercise such discretion in a nondiscriminatory manner. The Plan shall continue in effect until the Custodian shall have completed the distribution of all of the Plan asset and the accounts of the Custodian have been settled.

ARTICLE XI
FIDUCIARY RESPONSIBILITIES

11.1 ADMINISTRATOR The Administrator shall have the power to allocate fiduciary responsibilities and to designate other persons to carry out such fiduciary responsibilities; provided such allocation is in writing and filed with the Plan records. The Administrator may employ one or more persons to render advice to the Administrator with regard to its responsibilities under the Plan, and consult with counsel, who may be counsel to the Employer.

11.2 POWERS OF ADMINISTRATOR The Administrator shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out its terms. The Administrator shall have discretionary authority to determine eligibility for benefits and to interpret and construe the terms of the Plan, and any such determination, interpretation or construction shall be final and binding on all parties unless arbitrary and capricious. Any such discretionary authority shall be carried out in a uniform and nondiscriminatory manner.

11.3 RECORDS AND REPORTS The Administrator, or those to whom it has delegated fiduciary duties, shall keep a record of all proceedings and actions, and shall maintain all such books of account, records and other data as shall be necessary for the proper administration of the Plan. The Administrator, or those to whom it has delegated fiduciary duties, shall have responsibility for compliance with the provisions of ERISA relating to such office, including filing with the Secretary of Labor and Internal Revenue Service of all reports required by the Code and/or ERISA and furnishing Participants and Beneficiaries with descriptions of the Plan and reports required by ERISA.

11.4 OTHER ADMINISTRATIVE PROVISIONS

(a) No bond or other security shall be required of the Administrator, and/or any officer or Employee of the Employer to whom fiduciary responsibilities are allocated, except as may be required by ERISA.

(b) The Administrator or the Employer may shorten, extend or waive the time (but not beyond sixty days) required by the Plan for filing any notice or other form with the Administrator or the Employer, or taking any other action under the Plan, except a response to an appeal under Section 11.6, from a decision of the Administrator.

(c) The Administrator or the Employer may direct that such reasonable expenses as may be incurred in the administration of the Plan shall be paid out of the funds of the Plan, unless the Employer shall pay them.

(d) The Administrator, the Custodian, and any other persons performing fiduciary duties under the Plan shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, and no such person shall be liable, to the maximum extent permitted by ERISA, for any act of commission or omission in accordance with the foregoing standard.

11.5 CLAIMS PROCEDURE Any claim relating to benefits under the Plan shall be filed with the Administrator on a form prescribed by the Administrator. If a claim is denied in whole or in part, the Administrator shall give the claimant written notice of such denial within ninety (90) days after the filing of such claim, which notice shall specifically set forth:

(a) The reasons for the denial;

(b) The pertinent Plan provisions on which the denial was based;

(c) Any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is needed; and

(d) An explanation of the Plan's procedure for review of the denial of the claim.

In the event that the claim is not granted and notice of denial of a claim is not furnished by the ninetieth (90th) day after such claim was filed, the claim shall be deemed to have been denied on that day for the purpose of permitting the claimant to request review of the claim.

11.6 CLAIMS REVIEW PROCEDURE

(a) Any person whose claim filed pursuant to Section 11.5 has been denied in whole or in part by the Administrator may request review of the claim by the Employer, by filing a written request with the Administrator. The claimant shall file such request (including a statement of his position) with the Employer no later than sixty (60) days after the mailing or delivery of the written notice of denial provided for in Section 11.5 or, if such notice is not provided, within sixty (60) days after such be in writing and shall specifically set forth:

(i) The reasons for the decision; and

(ii) The pertinent Plan provisions on which the decision is based.

Any such decision of the Employer shall bind the claimant and the Employer, and the Administrator shall take appropriate action to carry out such decision.

(b) Any person whose claim has been denied in whole or in part must exhaust the administrative review procedures provided in subsection (a) above prior to initiating any claim for judicial review.

ARTICLE XII
AMENDMENT AND CONTINUATION OF ORIGINAL PLAN

Notwithstanding any of the foregoing provisions of the Plan to the contrary, an employer that has previously established an Original Plan may, in accordance with the provisions of the Original Plan, amend and continue the Original Plan in the form of this Plan and become an Employer hereunder, subject to the following:

(a) subject to the conditions and limitations of the Plan, each person who is a Participant under the Original Plan imme-

diately prior to the effective date of the amendment and continuation thereof in the form of this Plan will continue as a Participant in this Plan;

(b) no election may be made in the Adoption Agreement if such election would reduce the benefits of a Participant under the Original Plan to less than the benefits to which he would have been entitled if he had resigned from the employ of the Employer on the date of the Amendment and continuation of the Original Plan in the form of this Plan;

(c) the amounts, if any, of a Participant's or former Participant's Accounts immediately prior to the effective date of the amendment and continuation of the Original Plan in the form of this Plan shall be reduced to cash, deposited with the Custodian and constitute the opening balances in such Participant's Account under this Plan;

(d) amounts being paid to individuals in accordance with the provisions of the Original Plan shall continue to be paid under this Plan, but in the form that they were being paid under the Original Plan;

(e) any Beneficiary designation in effect under the Original Plan immediately before its amendment and continuation in the form of this Plan which effectively meets the requirements contained in Section 2.3 hereof shall be deemed to be a valid Beneficiary designation pursuant to Section 2.3 of this Plan, unless and until the Participant or former Participant revokes such Beneficiary designation or makes a new Beneficiary designation under this Plan. If the Beneficiary designation form does not meet the requirements of Section 2.3 hereunder, the Participant's spouse shall be deemed to be his Beneficiary. If the Participant is unmarried, or his spouse does not survive him, his estate shall be deemed his Beneficiary.

(f) if the Original Plan's vesting schedule (or this Plan's vesting schedule) or the Plan is amended or changed in any way that directly or indirectly affects the computation of a Participant's nonforfeitable interest in his Account derived from Employer contributions, each such Participant with at least three (3) Years of Service with the Employer may elect, within a reasonable period after the adoption of the amendment or change, to have his nonforfeitable percentage computed under the Plan without regard for the amendment or change. For any Participant who does not have at least one (1) Hour of Service in any Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "five (5) Years of Service" for "three (3) Years of Service" where such language appears therein. Any such election must be made during the period commencing on the date of the amendment or change and ending on the latest of: (i) sixty (60) days after that date; (ii) sixty (60) days after the effective date of the amendment or change; or (iii) sixty (60) days after such Participant is issued written notice of the amendment or change by the Plan Administrator or Employer.

ARTICLE XIII
TOP-HEAVY PROVISIONS

13.1 EFFECT OF TOP-HEAVY STATUS The Plan shall be a "Top-Heavy Plan" for any

Plan Year commencing after December 31, 1983, if any of the following conditions exist:

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

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

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

If the Plan is a Top-Heavy Plan in any Plan Year beginning after December 31, 1983, the provisions of Sections 13.3 through 13.6 shall supersede any conflicting provisions of the Plan or the Adoption Agreement.

13.2 ADDITIONAL DEFINITIONS Solely for purposes of this Article, the following terms shall have the meanings set forth below:

(a) Key Employee means any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the Determination Period was an officer of the Employer if such individual's annual compensation exceeds 50 percent of the dollar limitation under Code Section 415(b)(1)(A), an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Employer if such individual's compensation exceeds 100 percent (100%) of the dollar limitation under Code Section 415(c)(1)(A), a five percent (5%) owner of the Employer, or one percent (1%) owner of the Employer who has an annual compensation of more than $150,000. Annual compensation means compensation as defined in Code Section 415(c)(3), of the Code, but including amounts contributed by the Employer pursuant to a salary reduction agreement which are excludible from the Employee's gross income under Code Sections 125, 402(a)(8), 402(h) or 403(b). The determination period is the plan year containing the Determination Date and the four (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) Determination Date means the last day of the preceding Plan Year. For the first Plan Year of the Plan Determination Date shall mean the last day of that year.

(c) Top-Heavy Ratio means:

(i) If the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer has not maintained any defined benefit plan which during the five (5) year period ending on the Determination Date(s) has or has had accrued benefits, the Top-Heavy Ratio for this plan alone or for the Required or Permissive Aggregation Group as appropriate is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the determination date(s) (including any part of any account balance distributed in the five (5) year period ending on the Determination Date(s)), and the denominator of which is the sum of all account balances (including any part of any account balance distributed in the five (5) year period ending on the Determination Date(s)), both computed in accordance with Code Section 416 and the Regulations thereunder. Both the numerator and denominator of the Top-Heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416 and the Regulations thereunder.

(ii) If the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer maintains or has maintained one or more defined benefit plans which during the five (5) year period ending on the Determination Date(s) has or has had any accrued benefits, the Top-Heavy Ratio for any Required or Permissive Aggregation Group as appropriate is a fraction, the numerator of which is the sum of

account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with (i) above, and the present value of accrued benefits under

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the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all participants, determined in accordance with (i) above, and the present value of accrued benefits under the defined benefit plan or plans for all participants as of the Determination Date(s), all determined in accordance with Code Section 416 and the Regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an accrued benefit made in the five (5) year period ending on the Determination Date.

(iii) For purposes of (i) and (ii) above the value of account balances and the present value of accrued Valuation Date that falls within or ends with the twelve (12) month period ending on the Determination Date, except as provided in Code Section 416 and the Regulations 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 year, or (B) who has not been credited with at least one (1) hour of service with any employer maintaining the plan at any time during the five (5) 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 Regulations thereunder. Deductible employee contributions 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.

(iv) The accrued benefit of a participant other than a Key Employee shall be determined under (i) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the employer, or (ii) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(d) Permissive Aggregation Group means 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 means (i) each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the five (5) year period ending on the Determination Date (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) Valuation Date means (i) in the case of a defined contribution plan, the Determination Date, and (ii) in the case of a defined benefit plan, the date as of which funding calculations are generally made within the twelve (12) month period ending on the Determination Date.

(g) Employer means the employer or employers whose employees are covered by this Plan and any other employer which must be aggregated with any such employer under Code Sections 414(b), (c), (m) and (o).

(h) Present Value means the value based on an interest rate of five percent (5%) and mortality assumptions based on the 1971 GAM Mortality Table or such other interest rate or mortality assumptions as may be specified in the Adoption Agreement.

13.3 MINIMUM ALLOCATIONS

(a) For any year in which the Plan is a Top-Heavy Plan, each Participant who is not a Key Employee and who is not separated from service at the end of the Plan Year shall receive allocations of Employer contributions and forfeitures under this Plan at least equal to three percent (3%) of Compensation (as defined in Section 2.6) for such year or, if less, the largest percentage of the first two hundred thousand dollars ($200,000) of compensation allocated on behalf of the Key Employee for the Plan Year where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section 401. This minimum allocation shall be determined without regard for any Social Security contribution and shall be provided even though under other provisions the Participant would not otherwise be entitled to receive an allocation or would have received a lesser allocation because of (i) the Participant's failure to complete One Thousand (1,000) Hours of Service (or any equivalent provided in the Plan), or (ii) the Participant's failure to make mandatory Employee contributions to the Plan, or (iii) Compensation less than a stated amount.

(b) The provision in (a) above shall not apply to any Participant to the extent the Participant is covered under any other 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 the other plan or plans.

(c) The minimum allocation required (to the extent required to be nonforfeitable under Section 416(b)) may not be forfeited under Code Sections 411(a)(3)(B) or 411(a)(3)(D).

(d) For purposes of subsection (a) above, neither Elective Deferrals nor Employer Matching Contributions shall be taken into account for the purposes of satisfying the minimum top-heavy benefits requirement.

13.4 BENEFIT LIMIT CHANGE If the Employer maintains both the Plan and a defined benefit plan which cover one or more of the same Key Employees and the plans are Top-Heavy in a Plan Year, then Section 6.5(c) and (j) hereof shall be amended to substitute "one hundred percent (100%)" for the number "one hundred and twenty-five percent (125%)" where the latter appears therein.

ARTICLE XIV

MISCELLANEOUS

14.1 RIGHTS OF EMPLOYEES AND PARTICIPANTS No Employee or Participant shall have any right or claim to any benefit under the Plan except in accordance with the provisions of the Plan, and then only to the extent that there are funds available therefor in the hands of the Custodian. The establishment of the Plan shall not be construed as creating any contract of employment between the Employer and any Employee or otherwise conferring upon any Employee or other person any legal right to continuation of employment, nor as limiting or qualifying the right of the Employer to discharge any Employee without regard to the effect that such discharge might have upon his rights under the Plan.

14.2 MERGER WITH OTHER PLANS The Plan shall not be merged or consolidated with, nor transfer its assets or liabilities to, any other plan unless each Participant, Beneficiary and other person entitled to benefits, would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive if the Plan had terminated immediately prior to the merger, consolidation or transfer.

14.3 NON-ALIENATION OF BENEFITS The right to receive a benefit under the Plan shall not be subject in any manner to anticipation, alienation, or assignment, nor shall such right be liable for or subject to debts, contracts, liabilities or torts, either voluntarily or involuntarily. Any attempt by the Participant, Beneficiary or other person to anticipate, alienate or assign his interest in or right to a benefit or any claim against him seeking to subject such interest or right to legal or equitable process shall be null and void for all purposes hereunder to the extent permitted by ERISA and the Code. Notwithstanding the foregoing or any other provision of the Plan, the Administrator shall recognize and give effect to a qualified domestic relations order with respect to child

support, alimony payments or marital property rights if such order is determined by the Administrator to meet the applicable requirements of Code Section 414(p). If any such order so directs, distribution of benefits to the alternate payee may be made at any time, even if the Participant is not then entitled to a distribution. The Administrator shall establish reasonable procedures relating to notice to the Participant and determinations respecting the qualified status of any domestic relations order.

14.4 FAILURE TO QUALIFY Notwithstanding anything in this Plan to the contrary, all contributions under the Plan made prior to the receipt by the Employer of a determination by the Internal Revenue Service to the effect that the Plan is qualified under Code Section 401 shall be made on the express condition that such a determination will be received, and in the event that the Internal Revenue Service determines upon initial application for a determination that the Plan is not so qualified or tax exempt, all contributions made by the Employer or Participants prior to the date of determination must be returned within one (1) year from the date of such determination, but only if the application for qualification is made by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan is adopted or such later date as the Secretary of the Treasury may prescribe.

14.5 MISTAKE OF FACT; DISALLOWANCE OF DEDUCTION Notwithstanding anything in this Plan to the contrary, any contributions made by the Employer which are conditioned on the deductibility of such amount under Code Section 404, to the extent of the amount disallowed, or which are made because of a mistake of fact must be returned to the Employer within one year after such disallowance or such mistaken contribution.

14.6 PARTICIPATION UNDER PROTOTYPE PLAN If the Plan as adopted by the Employer either fails to attain or maintain qualification under the Code, such Plan will no longer participate in this prototype plan and will be considered an individually designed plan.

14.7 GENDER Where the context admits, words used in the singular include the plural, words used in the plural include the singular, and the masculine gender shall include the feminine and neuter genders.

14.8 HEADINGS The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Plan, the text shall control.

14.9 GOVERNING LAW Except to the extent governed by ERISA and any other applicable federal law, the Plan shall be construed, administered and enforced according to the laws of the state in which the Employer has its principal place of business.

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IRS OPINION LETTER

INTERNAL REVENUE SERVICE
Plan Description: Prototype Standardized Profit Sharing Plan with CODA
FFN: 5025414AL01-001
Case: 9006833 EIN: 39-1213042
BPD: 01 Plan: 001
Letter Serial No: D255803a

Department of the Treasury
Washington, D.C. 20224

Person to Contact: Ms. Arrington
Telephone Number: (202)566-4576
Refer Reply to: E:EP:Q:ICU
Date: 11/29/90

Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, WI 53051

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 this plan. You are also required to send a copy of the approved form of the plan, any approved amendments 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) if 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. 89-9, 1989-6 I.R.B. 14; 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, the plan sponsor, have any questions concerning the IRS processing of this case, please call the above telephone number. This number is only for use of the plan sponsor. Individual participants and/or adopting employer with questions concerning the plan should contact the plan sponsor. The plan's adoption agreement must include the sponsor's address and telephone number for inquiries by adopting employers.

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You should keep this letter as a permanent record. Please notify us if you modify or discontinue sponsorship of this plan.

Sincerely yours,

/s/ John Swica

Chief, Employee Plans Qualifications Branch

IRS OPINION LETTER

INTERNAL REVENUE SERVICE
Plan Description: Prototype Standardized Profit Sharing Plan with CODA
FFN: 5025414AL01-002 Case: 9006834
EIN: 39-1213042
BPD: 01 Plan: 002 Letter Serial No: D255804a

Department of the Treasury
Washington, D.C. 20224

Person to Contact: Ms. Arrington
Telephone Number: (202)566-4576
Refer Reply to: E:EP:Q:ICU
Date: 11/29/90

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Sincerly yours,

/s/ John Swica

Chief, Employee Plans Qualifications Branch

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IRS OPINION LETTER

INTERNAL REVENUE SERVICE
Plan Description: Prototype Money Purchase Pension Plan
FFN: 5025414AL01-003 Case: 9006836
EIN: 39-1213042
BPD: 01 Plan: 003 Letter Serial No: D255805a

Department of the Treasury
Washington, D.C. 20224

Person to Contact: Ms. Arrington
Telephone Number: (202)566-4576
Refer Reply to: E:EP:Q:ICU
Date: 11/29/90

Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, WI 53051

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Chief, Employee Plans Qualifications Branch

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IRS OPINION LETTER

INTERNAL REVENUE SERVICE
Plan Description: Prototype Standardized Profit Sharing Plan with CODA
FFN: 5025414AL01-004 Case: 9006838
EIN: 39-1213042
BPD: 01 Plan: 004 Letter Serial No: D255810a

Department of the Treasury
Washington, D.C. 20224

Person to Contact: Ms. Arrington
Telephone Number: (202)566-4576
Refer Reply to: E:EP:Q:ICU
Date: 11/29/90

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Sincerly yours,

/s/ John Swica

Chief, Employee Plans Qualifications Branch

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NOTICE TO INTERESTED PARTIES
STRONG FUNDS PROTOTYPE DEFINED
CONTRIBUTION RETIREMENT PLAN

1. All employees participating in the Strong Funds Prototype Defined Contribution Retirement Plan, a prototype plan sponsored by Strong/Corneliuson Capital Management, Inc.

2. The Internal Revenue Service has previously issued a favorable opinion letter with respect to the form of the prototype plan.

3. You have the right to submit to the IRS Key District Director, either

individually or jointly with other interested parties, your comments as to whether this plan meets the qualification requirements of the Internal Revenue Code. If you would like to comment, please contact the Plan Administrator for the mailing address of the Key District Director and other information that you will need to provide to the Key District Director to identify the Plan.

4. 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, submit your comments on these matters directly to the Key District Director.

5. 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 percent of the employees who qualify as interested parties. 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:

- The name of the Plan, the employer that has adopted the Plan, the prototype Plan sponsor, the Plan number and the identity of the Plan Administrator. If you wish to comment, the Plan Administrator can supply you with this information.

- The number of persons needed for the Department to comment.

6. A request to the Department of Labor to comment should be addressed as follows: Deputy Assistant Secretary, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210, Attention: 3001 Comment Request.

7. Comments submitted by you to the Key District Director must be in writing and received by him within 75 days following the date that your employer received notice of the Plan amendments from Strong/Corneliuson Capital Management (the "Notice of Amendment Date"). 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 by the earlier of (i) the later of the 15th day from the time the Department notifies you that it will not comment on a particular matter or 75 days following the Notice of Amendment Date, or (ii) 90 days following the Notice of Amendment Date. A request to the Department of Labor to comment on your behalf must be received by it within 15 days following the Notice of Amendment Date if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or within 25 days of the Notice of Amendment Date if you wish to waive that right. Further information regarding the Notice of Amendment Date may be obtained from the Plan Administrator.

8. Additional information concerning the Plan and these amendments are available from the Plan Administrator during normal business hours for inspection and copying. A nominal charge for copying and/or mailing may be imposed.

[STRONG LOGO]

AMENDMENTS TO THE
STRONG FUNDS PROTOTYPE DEFINED CONTRIBUTION PLAN ("PLAN")

The following amendments have been made to the Plan, effective on the first day of the first plan year beginning on or after January 1, 1994:

1. Section 2.6 is amended by inserting into the conclusion of the current provision the following:

In addition to other applicable limitations set forth in the plan, and notwithstanding any other provision of the plan to the contrary, for plan

years beginning on or after January 1, 1994, the annual Compensation of each employee taken into account under the plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multipled by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For plan years beginning on or after January 1, 1994, any reference in this plan to the limitation under section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the compensation for that prior determination period is subject to OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is $150,000.

2. The first paragraph of Section 8.3(b) is amended to read as follows:

(b) If the Participant's vested account balance in the Pension Plan or the Profit Sharing Plan exceeds (or at the time of any prior distribution exceeded) three thousand five hundred dollars ($3,500), no distribution of that interest shall be made prior to the time the Participant's Account becomes immediately distributable without the written consent of the Participant and, in the case of the Pension Plan, the Participant's spouse (or where either the Participant or the spouse has died, the survivor). The consent of the Participant and the Participant's spouse shall be obtained in writing within the ninety (90) day period ending on the annuity starting date. The annuity starting date is the first day of the first period for which an amount is paid as an annuity or any other form. The Administrator shall notify the Participant and the Participant's spouse of the right to defer any distribution until the Participant's Account balance is no longer immediately distributable. Such notification shall include a general description of the material features, and an explanation of the relative values of the optional forms of benefit available under the Plan in a manner that would satisfy the notice requirements of Code Section 417(a)(3), and shall be provided no less than thirty (30) days and no more than ninety (90) days prior to the annuity starting date; provided that if a distribution is one to which Sections 401(a)(11) and 417 of the Internal Revenue Code do not apply, such distribution may commence less than 30 days after the notice required under Section 1.411 (a)-11(c) of the Income Tax Regulations is given, provided that:

(1) The Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and

(2) the Participant, after receiving the notice, affirmatively elects a distribution.

[STRONG LOGO]

STRONG FUNDS PROTOTYPE DEFINED CONTRIBUTION RETIREMENT PLAN
NOTICE TO PARTICIPANTS AND SUMMARY OF MATERIAL MODIFICATIONS

In order to comply with changes in government rules and regulations affecting retirement plans, the Strong Funds Prototype Defined Contribution Retirement Plan, which this business has adopted for the benefit of eligible employees, has been amended. The following changes have been made to the plan:

- Reduced Compensation Limit. Congress has amended the pension laws to provide that the maximum amount of compensation that the plan may consider for any participant is $150,000, even if the participant's actual compensation is higher. Thus, this amendment directly affects only those participants, if any, earning in excess of this limitation.

- Participant Ability to Waive 30 Day Notice Period. Under the plan, participants are entitiled to distribution of their account (or to make a withdrawal from their account) only upon the occurrence of certain events. Federal pension law further requires that even when one of these events has occurred, distribution generally may not be made until at least 30 days after the date on which the participant receives these required notices. The IRS has amended its regulations, and the plan has been similarly amended, to allow a participant to waive the 30 day waiting period if the participant so chooses. Further information regarding your options will be provided at the time you are eligible for a distribution from the plan.

In accordance with federal pension law, a participant may, should he or she wish to do so, provide comments to the Internal Revenue Service, or request the Department of Labor to comment, with respect to the amendments described above. A government required Notice to Interested Parties is printed on the reverse side.

This Notice contains important information regarding your plan. Please retain this Notice along with your plan records.

99.B14.1.1

STRONG FUNDS
DEFINED CONTRIBUTION PLAN AND TRUST
(BASIC PLAN DOCUMENT #04)

STRONG FUNDS
DEFINED CONTRIBUTION PLAN AND TRUST
(BASIC PLAN DOCUMENT #04)

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ARTICLE I. DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings set forth herein unless a different meaning is clearly required by the context:

1.1 "Act" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.2 "Administrator" means the person(s) or entity designated by the Employer pursuant to Section 2.4 to administer the Plan on behalf of the Employer.

1.3 "Adoption Agreement" means the separate Agreement which is executed by the Employer and accepted by the Trustee which sets forth the elective provisions of this Plan and Trust as specified by the Employer.

1.4 "Affiliated Employer" means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business

(whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

1.5 "Aggregate Account" means with respect to each Participant, the value of all accounts maintained on behalf of a Participant, whether attributable to Employer or Employee contributions, subject to the provisions of Section 2.2.

1.6 "Anniversary Date" means the anniversary date specified in C3 of the Adoption Agreement.

1.7 "Beneficiary" means the person to whom a share of a deceased Participant's interest in the Plan is payable, subject to the restrictions of Sections 6.2 and 6.6.

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

1.9 "Compensation" with respect to any Participant means one of the following as elected in the Adoption Agreement. However, Compensation for any Self-Employed Individual shall be equal to his Earned Income.

(a) Information required to be reported under Sections 6041, 6051 and 6052 (wages, tips and Other Compensation Box on Form W-2). Compensation is defined as wages, as defined in Code Section 3401(a), and all other payments of Compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code Sections 6041(d) and 6051(a)(3). Compensation must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2).

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

(c) 415 safe-harbor compensation. Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the

Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan (as described in Regulation Section 1.62-2(c)), and excluding the following:

(1) Employer contributions to a plan of deferred compensation which are not includible in the Employee'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 Employee, or any distributions from a plan of deferred compensation;

(2) Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(3) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(4) 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 contract described in section 403(b) of the Internal Revenue Code (whether or not the contributions are actually excludable from the gross income of the Employee).

If, in connection with the adoption of any amendment, the definition of Compensation has been modified, then, for Plan Years prior to the Plan Year which includes the adoption date of such amendment, Compensation means compensation determined pursuant to the Plan then in effect.

In addition, if specified in the Adoption Agreement, Compensation for all Plan purposes shall also include compensation which is not currently includible in the Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

Compensation in excess of $200,000 shall be disregarded. Such amount shall be adjusted at the same time and in such manner as permitted under Code Section 415(d). In applying this limitation, the family group of a Highly Compensated Participant who is subject to the Family Member aggregation rules of Code Section 414(q)(6) because such Participant is either a "five percent owner" of the Employer or one of the ten (10) Highly Compensated Employees paid the greatest "415 Compensation" during the year, shall be treated as a single Participant, except that for this purpose Family Members shall include only the affected Participant's spouse and any lineal descendants who have not attained age nineteen (19) before the close of the year. If, as a result of the application of such rules, the adjusted $200,000 limitation is exceeded, then (except for purposes of determining the portion of Compensation up to the integration level if this plan is integrated), the limitation shall be prorated among the affected individuals in proportion to each such individual's Compensation as determined under this Section prior to the application of this limitation.

For Plan Years beginning prior to January 1, 1989, the $200,000 limit (without regard to Family Member aggregation) shall apply only for Top Heavy Plan Years and shall not be adjusted.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the annual Compensation for each Employee taken into account under the Plan shall not exceed the OBRA '93 annual Compensation limit. The OBRA '93 annual Compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a

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determination period consists of fewer than 12 months, the OBRA '93 annual Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual Compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an Employee's benefits accruing in the current Plan Year, the Compensation for that prior determination period is subject to the OBRA '93 Compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the Plan Year beginning on or after January 1, 1994, the OBRA '93 annual Compensation limit is $150,000.

1.10 "Contract" or "Policy" means any life insurance policy, retirement income policy, or annuity contract (group or individual) issued by the Insurer. In the event of any conflict between the terms of this Plan and the terms of any insurance contract purchased hereunder, the Plan provisions shall control.

1.11 "Deferred Compensation" means, with respect to any Participant, that portion of the Participant's total Compensation which has been contributed to the Plan in accordance with the Participant's deferral election pursuant to Section 11.2.

1.12 "Early Retirement Date" means the date specified in the Adoption Agreement on which a Participant or Former Participant has satisfied the age and service requirements specified in the Adoption Agreement (Early Retirement Age). A Participant shall become fully Vested upon satisfying this requirement if still employed at his Early Retirement Age.

A Former Participant who terminates employment after satisfying the service requirement for Early Retirement and who thereafter reaches the age requirement contained herein shall be entitled to receive his benefits under this Plan.

1.13 "Earned Income" means with respect to a Self-Employed Individual, the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which the personal services of the 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 to the extent deductible under Code Section 404. In addition, for Plan Years beginning after December 31, 1989, net earnings shall be determined with regard to the deduction allowed to the Employer by Code Section 164(f).

1.14 "Elective Contribution" means the Employer's contributions to the Plan that are made pursuant to the Participant's deferral election pursuant to Section 11.2, excluding any such amounts distributed as "excess annual additions" pursuant to Section 4.4. In addition, if selected in E3 of the Adoption Agreement, the Employer's matching contribution made pursuant to Section 11.1(b) shall or shall not be considered an Elective Contribution for purposes of the Plan, as provided in Section 11.1(b). Elective Contributions shall be subject to the requirements of Sections 11.2(b) and 11.2(c) and shall further be required to satisfy the discrimination requirements of Regulation 1.401(k)-1(b)(3), the provisions of which are specifically incorporated herein by reference.

1.15 "Eligible Employee" means any Employee specified in D1 of the Adoption Agreement.

1.16 "Employee" means any person who is employed by the Employer, but excludes any person who is employed as an independent contractor. The term Employee shall also include Leased Employees as provided in Code Section 414(n) or (o).

Except as provided in the Non-Standardized Adoption Agreement, all Employees of all entities which are an Affiliated Employer will be treated as employed by a single employer.

1.17 "Employer" means the entity specified in the Adoption Agreement, any Participating Employer (as defined in Section 10.1) which shall adopt this Plan, any successor which shall maintain this Plan and any predecessor which has maintained this Plan.

1.18 "Excess Compensation" means, with respect to a Plan that is integrated with Social Security, a Participant's Compensation which is in excess of the amount set forth in the Adoption Agreement.

1.19 "Excess Contributions" means, with respect to a Plan Year, the excess of Elective Contributions and Qualified Non-Elective Contributions made on behalf of Highly Compensated Participants for the Plan Year over the maximum amount of such contributions permitted under Section 11.4(a).

1.20 "Excess Deferred Compensation" means, with respect to any taxable year of a Participant, the excess of the aggregate amount of such Participant's Deferred Compensation and the elective deferrals pursuant to Section 11.2(f) actually made on behalf of such Participant for such taxable year, over the dollar limitation provided for in Code Section 402(g), which is incorporated herein by reference. Excess Deferred Compensation shall be treated as an "annual addition" pursuant to Section 4.4 when contributed to the Plan unless distributed to the affected Participant not later than the first April 15th following the close of the Participant's taxable year.

1.21 "Family Member" means, with respect to an affected Participant, such Participant's spouse, and such Participant's lineal descendants and ascendants and their spouses, all as described in Code Section 414(q)(6)(B).

1.22 "Fiduciary" means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, including, but not limited to, the Trustee, the Employer and its representative body, and the Administrator.

1.23 "Fiscal Year" means the Employer's accounting year as specified in the Adoption Agreement.

1.24 "Forfeiture" means that portion of a Participant's Account that is not Vested, and occurs on the earlier of:

(a) the distribution of the entire Vested portion of a Participant's Account, or

(b) the last day of the Plan Year in which the Participant incurs five (5) consecutive 1-Year Breaks in Service.

Furthermore, for purposes of paragraph (a) above, in the case of a Terminated Participant whose Vested benefit is zero, such Terminated Participant shall be deemed to have received a distribution of his Vested benefit upon his termination of employment. In addition, the term Forfeiture shall also include amounts deemed to be Forfeitures pursuant to any other provision of this Plan.

1.25 "Former Participant" means a person who has been a Participant, but who has ceased to be a Participant for any reason.

1.26 "414(s) Compensation" with respect to any Employee means his Compensation as defined in Section 1.9. However, for purposes of this Section, Compensation shall be Compensation paid and, if selected in the Adoption Agreement, shall only be recognized as of an Employee's effective date of participation. If, in

connection with the adoption of any amendment, the definition of "414(s) Compensation" has been modified, then for Plan Years prior to the Plan Year which includes the adoption date of such amendment, "414(s) Compensation" means compensation determined pursuant to the Plan Year in effect.

1.27 "415 Compensation" means compensation as defined in Section 4.4(f)(2). If, in connection with the adoption of any amendment, the definition of "415 Compensation" has been modified, then, for Plan Years prior to the Plan Year which includes the adoption date of such amendment, "415 Compensation" means compensation determined pursuant to the Plan then in effect.

1.28 "Highly Compensated Employee" means an Employee described in Code Section 414(q) and the Regulations thereunder and generally means an Employee who performed services for the Employer during the "determination year" and is in one or more of the following groups:

(a) Employees who at any time during the "determination year" or "look-back year" were "five percent owners" as defined in Section 1.35(c).

(b) Employees who received "415 Compensation" during the "look-back year" from the Employer in excess of $75,000.

(c) Employees who received "415 Compensation" during the "look-back year" from the Employer in excess of $50,000 and were in the Top Paid Group of Employees for the Plan Year.

(d) Employees who during the "look-back year" were officers of the Employer (as that term is defined within the meaning of the Regulations under Code Section 416) and received "415 Compensation" during the "look-back year" from the Employer greater than 50 percent of the limit in effect under Code Section 415(b)(1)(A) for any such Plan Year. The number of officers shall be limited to the lesser of (i) 50 employees; or (ii) the greater of 3 employees or 10 percent of all employees. If the Employer does not have at least one officer whose annual "415 Compensation" is in excess of 50 percent of the Code Section 415(b)(1)(A) limit, then the highest paid officer of the Employer will be treated as a Highly Compensated Employee.

(e) Employees who are in the group consisting of the 100 Employees paid the greatest "415 Compensation" during the "determination year" and are also described in (b), (c) or (d) above when these paragraphs are modified to substitute "determination year" for "look-back year."

The "determination year" shall be the Plan Year for which testing is being performed, and the "look-back year" shall be the immediately preceding twelve-month period. However, if the Plan Year is a calendar year, or if another Plan of the Employer so provides, then the "look-back year" shall be the calendar year ending with or within the Plan Year for which testing is being performed, and the "determination year" (if applicable) shall be the period of time, if any, which extends beyond the "look-back year" and ends on the last day of the Plan Year for which testing is being performed (the "lag period"). With respect to this election, it shall be applied on a uniform and consistent basis to all plans, entities, and arrangements of the Employer.

For purposes of this Section, the determination of "415 Compensation" shall be made by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, Code Section 403(b). Additionally, the dollar threshold amounts specified in (b) and (c) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the "determination year" or "look back year" begins.

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In determining who is a Highly Compensated Employee, Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. In addition, Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year."

1.29 "Highly Compensated Former Employee" means a former Employee who had a separation year prior to the "determination year" and was a Highly Compensated Employee in the year of separation from service or in any "determination year" after attaining age 55. Notwithstanding the foregoing, an Employee who separated from service prior to 1987 will be treated as a Highly Compensated Former Employee only if during the separation year (or year preceding the separation year) or any year after the Employee attains age 55 (or the last year ending before the Employee's 55th birthday), the Employee either received "415 Compensation" in excess of $50,000 or was a "five percent owner." For purposes of this Section, "determination year," "415 Compensation" and "five percent owner" shall be determined in accordance with Section 1.28. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a "Highly Compensated Former Employee" shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

1.30 "Highly Compensated Participant" means any Highly Compensated Employee who is eligible to participate in the Plan.

1.31 "Hour of Service" means (1) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for the performance of duties during the applicable

computation period; (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period; (3) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages. The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding the above, (i) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of this Section, a payment shall be deemed to be made by or due from the Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

An Hour of Service must be counted for the purpose of determining a Year of Service, a year of participation for purposes of accrued benefits, a 1-Year Break in Service, and employment commencement

date (or reemployment commencement date). The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference.

Hours of Service will be credited for employment with all Affiliated Employers and for any individual considered to be a Leased Employee pursuant to Code Sections 414(n) or 414(o) and the Regulations thereunder.

Hours of Service will be determined on the basis of the method selected in the Adoption Agreement.

1.32 "Insurer" means any legal reserve insurance company which shall issue one or more policies under the Plan.

1.33 "Investment Manager" means an entity that (a) has the power to manage, acquire, or dispose of Plan assets and (b) acknowledges fiduciary responsibility to the Plan in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company.

1.34 "Joint and Survivor Annuity" means an annuity for the life of a Participant with a survivor annuity for the life of the Participant's spouse which is not less than 1/2, nor greater than the amount of the annuity payable during the joint lives of the Participant and the Participant's spouse. The Joint and Survivor Annuity will be the amount of benefit which can be purchased with the Participant's Vested

interest in the Plan.

1.35 "Key Employee" means an Employee as defined in Code Section 416(i) and the Regulations thereunder. Generally, any Employee or former Employee (as well as each of his Beneficiaries) is considered a Key Employee if he, at any time during the Plan Year that contains the "Determination Date" or any of the preceding four (4) Plan Years, has been included in one of the following categories:

(a) an officer of the Employer (as that term is defined within the meaning of the Regulations under Code Section 416) having annual "415 Compensation" greater than 50 percent of the amount in effect under Code Section 415(b)(1)(A) for any such Plan Year.

(b) one of the ten employees having annual "415 Compensation" from the Employer for a Plan Year greater than the dollar limitation in effect under Code Section 415(c)(1)(A) for the calendar year in which such Plan Year ends and owning (or considered as owning within the meaning of Code Section 318) both more than one-half percent interest and the largest interests in the Employer.

(c) a "five percent owner" of the Employer. "Five percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than five percent (5%) of the outstanding stock of the Employer or stock possessing more than five percent (5%) of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than five percent (5%) of the capital or profits interest in the Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers.

(d) a "one percent owner" of the Employer having an annual "415 Compensation" from the Employer of more than $150,000. "One percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than one percent (1%) of the outstanding stock of the Employer or stock possessing more than one percent (1%) of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than one percent (1%) of the capital or profits interest in the Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers. However, in determining whether an individual has

"415 Compensation" of more than $150,000, "415 Compensation" from each employer required to be aggregated under Code Sections 414(b), (c), (m) and (o) shall be taken into account.

For purposes of this Section, the determination of "415 Compensation" shall be made by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, Code Section 403(b).

1.36 "Late Retirement Date" means the date of, or the first day of the month or the Anniversary Date coinciding with or next following, whichever corresponds to the election made for the Normal Retirement

Date, a Participant's actual retirement after having reached his Normal Retirement Date.

1.37 "Leased Employee" means any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient 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 recipient employer. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer.

A leased employee shall not be considered an Employee of the recipient if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Code Section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b), (2) immediate participation, and (3) full and immediate vesting; and (ii) leased employees do not constitute more than 20 percent of the recipient's nonhighly compensated workforce.

1.38 "Net Profit" means with respect to any Fiscal Year the Employer's net income or profit for such Fiscal Year determined upon the basis of the Employer's books of account in accordance with generally accepted accounting principles, without any reduction for taxes based upon income, or for contributions made by the Employer to this Plan and any other qualified plan.

1.39 "Non-Elective Contribution" means the Employer's contributions to the Plan other than those made pursuant to the Participant's deferral election made pursuant to Section 11.2 and any Qualified Non-Elective Contribution. In addition, if selected in E3 of the Adoption Agreement, the Employer's Matching Contribution made pursuant to Section 4.3(b) shall be considered a Non-Elective Contribution for purposes of the Plan.

1.40 "Non-Highly Compensated Participant" means any Participant who is neither a Highly Compensated Employee nor a Family Member.

1.41 "Non-Key Employee" means any Employee or former Employee (and his Beneficiaries) who is not a Key Employee.

1.42 "Normal Retirement Age" means the age specified in the Adoption Agreement at which time a Participant shall become fully Vested in his Participant's Account.

1.43 "Normal Retirement Date" means the date specified in the Adoption Agreement on which a Participant shall become eligible to have his benefits distributed to him.

1.44 "1-Year Break in Service" means the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Employer. Further, solely for the purpose of

determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence."

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer pursuant to an established

nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A "maternity or paternity leave of absence" means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed 501.

1.45 "Owner-Employee" means a sole proprietor who owns the entire interest in the Employer or a partner who owns more than 10% of either the capital interest or the profits interest in the Employer and who receives income for personal services from the Employer.

1.46 "Participant" means any Eligible Employee who participates in the Plan as provided in Section 3.2 and has not for any reason become ineligible to participate further in the Plan.

1.47 "Participant's Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest under the Plan resulting from (a) the Employer's contributions in the case of a Profit Sharing Plan or Money Purchase Plan, and (b) the Employer's Non-Elective Contributions in the case of a 401(k) Profit Sharing Plan.

1.48 "Participant's Combined Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest under the Plan resulting from the Employer's contributions.

1.49 "Participant's Elective Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan and Trust resulting from the Employer's Elective Contributions and Qualified Non-Elective Contributions. A separate accounting shall be maintained with respect to that portion of the Participant's Elective Account attributable to Elective Contributions made pursuant to Section 11.2, Employer matching contributions if they are deemed to be Elective Contributions, and any Qualified Non-Elective Contributions.

1.50 "Participant's Rollover Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan resulting from amounts transferred from another qualified plan or "conduit" Individual Retirement Account in accordance with Section 4.6.

1.51 "Plan" means this instrument (hereinafter referred to as Strong Funds Defined Contribution Plan and Trust Basic Plan Document #04) including all amendments thereto, and the Adoption Agreement as adopted by the Employer.

1.52 "Plan Year" means the Plan's accounting year as specified in C2 of the Adoption Agreement.

1.53 "Pre-Retirement Survivor Annuity" means an immediate annuity for the life of the Participant's spouse, the payments under which must be equal to the actuarial equivalent of 50% of the Participant's Vested interest in the Plan as of the date of death.

1.54 "Qualified Non-Elective Account" means the account established hereunder to which Qualified Non-Elective Contributions are allocated.

1.55 "Qualified Non-Elective Contribution" means the Employer's contributions to the Plan that are made pursuant to E5 of the Adoption Agreement and Section 11.1(d) which are used to satisfy the "Actual Deferral Percentage" tests. Qualified Non-Elective Contributions are nonforfeitable when made and are distributable only as specified in Sections 11.2(c) and 11.8. In addition, the Employer's contributions to the Plan that are made pursuant to Section 11.7(h) and which are used to satisfy the "Actual Contribution Percentage" tests shall be considered Qualified Non-Elective Contributions.

1.56 "Qualified Voluntary Employee Contribution Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest under the Plan resulting from the Participant's tax deductible qualified voluntary employee contributions made pursuant to Section 4.9.

1.57 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or his delegate, and as amended from time to time.

1.58 "Retired Participant" means a person who has been a Participant, but who has become entitled to retirement benefits under the Plan.

1.59 "Retirement Date" means the date as of which a Participant retires for reasons other than Total and Permanent Disability, whether such retirement occurs on a Participant's Normal Retirement Date, Early or Late Retirement Date (see Section 6.1).

1.60 "Self-Employed Individual" means an individual who has earned income for the taxable year from the trade or business for which the Plan is established, and, also, an individual who would have had earned income but for the fact that the trade or business had no net profits for the taxable year. A Self-Employed Individual shall be treated as an Employee.

1.61 "Shareholder-Employee" means a Participant who owns more than five percent (5%) of the Employer's outstanding capital stock during any year in which the Employer elected to be taxed as a Small Business Corporation under the applicable Code Section.

1.62 "Short Plan Year" means, if specified in the Adoption Agreement, that the Plan Year shall be less than a 12 month period. If chosen, the following rules shall apply in the administration of this Plan. In determining whether an Employee has completed a Year of Service for benefit accrual purposes in the Short Plan Year, the number of the Hours of Service required shall be proportionately reduced based on the number of days in the Short Plan Year. The determination of whether an Employee has completed a Year of Service for vesting and eligibility purposes shall be made in accordance with Department of Labor Regulation 2530.203-2(c). In addition, if this Plan is integrated with Social Security, the integration level shall also be proportionately reduced based on the number of days in the Short Plan Year.

1.63 "Super Top Heavy Plan" means a plan described in Section 2.2(b).

1.64 "Taxable Wage Base" means, with respect to any year, the maximum amount of earnings which may be considered wages for such year under Code Section 3121(a)(1).

1.65 "Terminated Participant" means a person who has been a Participant, but whose employment has been terminated other than by death, Total and Permanent Disability or retirement.

1.66 "Top Heavy Plan" means a plan described in Section 2.2(a).

1.67 "Top Heavy Plan Year" means a Plan Year commencing after December 31, 1983 during which the Plan is a Top Heavy Plan.

1.68 "Top Paid Group" shall be determined pursuant to Code Section 414(q) and the Regulations thereunder and generally means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of "415 Compensation" (as determined pursuant to Section 1.28) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees shall be treated as Employees pursuant to Code Section 414(n) or (o). Employees who are non-resident aliens who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded, however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than 17 1/2 hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

In addition, if 90 percent or more of the Employees of the Employer are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Employer, and the Plan covers only Employees who are not covered under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top Paid Group.

The foregoing exclusions set forth in this Section shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

1.69 "Total and Permanent Disability" means 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 which has lasted or can be expected to last for a continuous period of not less than 12 months. The disability of a Participant shall be determined by a licensed physician chosen by the Administrator. However, if the condition constitutes total disability under the federal Social Security Acts, the Administrator may rely upon such determination that the Participant is Totally and Permanently Disabled for the purposes of this Plan. The determination shall be applied uniformly to all Participants.

1.70 "Trustee" means the person or entity named in B6 of the Adoption Agreement and any successors.

1.71 "Trust Fund" means the assets of the Plan and Trust as the same shall exist from time to time.

1.72 "Vested" means the nonforfeitable portion of any account maintained on behalf of a Participant.

1.73 "Voluntary Contribution Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan resulting from the Participant's nondeductible voluntary contributions made pursuant to Section 4.7.

1.74 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, and during which an Employee has completed at least 1000 Hours of Service.

For purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service (employment commencement date). The computation period beginning after a 1-Year Break in Service shall be measured from the date on which an Employee again performs an Hour of Service. The succeeding computation periods shall begin with the first anniversary of the Employee's employment commencement date. However, if one (1) Year of Service or less is required as a condition of eligibility, then after the initial eligibility computation period, the eligibility computation period shall shift to the current Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service. An Employee who is credited with 1,000 Hours of Service in both the initial eligibility computation period and the first Plan Year which commences prior to the first anniversary of the Employee's initial eligibility computation period will be credited with two Years of Service for purposes of eligibility to participate.

For vesting purposes, and all other purposes not specifically addressed in this Section, the computation period shall be the Plan Year, including periods prior to the Effective Date of the Plan unless specifically excluded pursuant to the Adoption Agreement.

Years of Service and breaks in service will be measured on the same computation period.

Years of Service with any predecessor Employer which maintained this Plan shall be recognized. Years of Service with any other predecessor Employer shall be recognized as specified in the Adoption Agreement.

Years of Service with any Affiliated Employer shall be recognized.

ARTICLE II. TOP HEAVY PROVISIONS AND ADMINISTRATION

2.1 TOP HEAVY PLAN REQUIREMENTS

For any Top Heavy Plan Year, the Plan shall provide the special vesting requirements of Code Section 416(b) pursuant to Section 6.4 of the Plan and the special minimum allocation requirements of Code Section 416(c) pursuant to Section 4.3(i) of the Plan.

2.2 DETERMINATION OF TOP HEAVY STATUS

(a) This Plan shall be a Top Heavy Plan for any Plan Year beginning after December 31, 1983, in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation Group, exceeds sixty percent (60%) of the Present

Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

If any Participant is a Non-Key Employee for any Plan Year, but such Participant was a Key Employee for any prior Plan Year, such Participant's Present Value of Accrued Benefit and/or Aggregate Account balance shall not be taken into account for purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan (or whether any Aggregation Group which includes this Plan is a Top Heavy Group). In addition, if a Participant or Former Participant has not performed any services for any Employer maintaining the Plan at any time during the five year period ending on the Determination Date, any accrued benefit for such Participant or Former Participant shall not be taken into account for the purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan.

(b) This Plan shall be a Super Top Heavy Plan for any Plan Year beginning after December 31, 1983, in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation

Group, exceeds ninety percent (90%) of the Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

(c) Aggregate Account: A Participant's Aggregate Account as of the Determination Date is the sum of:

(1) his Participant's Combined Account balance as of the most recent valuation occurring within a twelve (12) month period ending on the Determination Date;

(2) for a Profit Sharing Plan, an adjustment for any contributions due as of the Determination Date. Such adjustment shall be the amount of any contributions actually made after the valuation date but before the Determination Date, except for the first Plan Year when such adjustment shall also reflect the amount of any contributions made after the Determination Date that are allocated as of a date in that first Plan Year;

(3) for a Money Purchase Plan, contributions that would be allocated as of a date not later than the Determination Date, even though those amounts are not yet made or required to be made.

(4) any Plan distributions made within the Plan Year that includes the Determination Date or within the four (4) preceding Plan Years. However, in the case of distributions made after the valuation date and prior to the Determination Date, such distributions are not included as distributions for top heavy purposes to the extent that such distributions are already included in the Participant's Aggregate Account balance as of the valuation date. In the case of a distribution of an annuity Contract, the amount of such distribution is deemed to be the current actuarial value of the Contract, determined on the date of the distribution. Notwithstanding anything herein to the contrary, all distributions, including distributions made prior to January 1, 1984, and distributions under a terminated plan which if it had not been terminated would have been required to be included in an Aggregation Group, will be counted. Further, distributions from the Plan (including the cash value of life insurance policies) of a Participant's account balance because of death shall be treated as a

distribution for the purpose of this paragraph.

(5) any Employee contributions, whether voluntary or mandatory. However, amounts attributable to tax deductible qualified voluntary employee contributions shall not be considered to be a part of the Participant's Aggregate Account balance.

(6) with respect to unrelated rollovers and plan-to-plan transfers (ones which are both initiated by the Employee and made from a plan maintained by one employer to a plan maintained by another employer), if this Plan provides the rollovers or plan-to-plan transfers, it shall always consider such rollovers or plan-to-plan transfers as a distribution for the purposes of this Section. If this Plan is the plan accepting such rollovers or plan-to-plan transfers, it shall not consider such rollovers or plan-to-plan transfers accepted after December 31, 1983 as part of the Participant's Aggregate Account balance. However, rollovers or plan-to-plan transfers accepted prior to January 1, 1984 shall be considered as part of the Participant's Aggregate Account balance.

(7) with respect to related rollovers and plan-to-plan transfers (ones either not initiated by the Employee or made to a plan maintained by the same employer), if this Plan provides the rollover or plan-to-plan transfer, it shall not be counted as a distribution for purposes of this Section. If this Plan is the plan accepting such rollover or plan-to-plan transfer, it shall consider such rollover or plan-to-plan transfer as part of the Participant's Aggregate Account balance, irrespective of the date on which such rollover or plan-to-plan transfer is accepted.

(8) For the purposes of determining whether two employers are to be treated as the same employer in 2.2(c)(6) and 2.2(c)(7) above, all employers aggregated under Code Section 414(b), (c), (m) and (o) are treated as the same employer.

(d) "Aggregation Group" means either a Required Aggregation Group or a Permissive Aggregation Group as hereinafter determined.

(1) Required Aggregation Group: In determining a Required Aggregation Group hereunder, each qualified plan of the Employer, including any Simplified Employee Pension Plan, in which a Key Employee is a participant in the Plan Year containing the Determination Date or any of the four preceding Plan Years, and each other qualified plan of the Employer which enables any qualified plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410, will be required to be aggregated. Such group shall be known as a Required Aggregation Group.

In the case of a Required Aggregation Group, each plan in the group will be considered a Top Heavy Plan if the Required Aggregation Group is a Top Heavy Group. No plan in the Required Aggregation Group will be considered a Top Heavy Plan if the Required Aggregation Group is not a Top Heavy Group.

(2) Permissive Aggregation Group: The Employer may also include any other plan of the Employer, including any Simplified Employee Pension Plan, not required to be included in the Required Aggregation Group, provided the resulting group, taken as a whole, would continue to satisfy the provisions of Code Sections 401(a)(4) and 410. Such group shall be known as a Permissive Aggregation Group.

In the case of a Permissive Aggregation Group, only a plan that is part of the Required Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is a Top Heavy Group. No plan in the Permissive Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is not a Top Heavy Group.

(3) Only those plans of the Employer in which the Determination Dates fall within the same calendar year shall be aggregated in order to determine whether such plans are Top Heavy Plans.

(4) An Aggregation Group shall include any terminated plan of the Employer if it was maintained within the last five (5) years ending on the Determination Date.

(e) "Determination Date" means (a) the last day of the preceding Plan Year, or (b) in the case of the first Plan Year, the last day of such Plan Year.

(f) Present Value of Accrued Benefit: In the case of a defined benefit plan, the Present Value of Accrued Benefit for a Participant other than a Key Employee shall be as determined using the single accrual method used for all plans of the Employer and Affiliated Employers, or if no such single method exists, using a method which results in benefits accruing not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C). The determination of the Present Value of Accrued Benefit shall 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 Regulations thereunder for the first and second plan years of a defined benefit plan.

However, any such determination must include present value of accrued benefit attributable to any Plan distributions referred to in Section 2.2(c)(4) above, any Employee contributions referred to in Section 2.2(c)(5) above or any related or unrelated rollovers referred to in Sections 2.2(c)(6) and 2.2(c)(7) above.

(g) "Top Heavy Group" means an Aggregation Group in which, as of the Determination Date, the sum of:

(1) the Present Value of Accrued Benefits of Key Employees under all defined benefit plans included in the group, and

(2) the Aggregate Accounts of Key Employees under all defined contribution plans included in the group exceeds sixty percent (60%) of a similar sum determined for all Participants.

(h) The Administrator shall determine whether this Plan is a Top Heavy Plan on the Anniversary Date specified in the Adoption Agreement. Such determination of the top heavy ratio shall be in accordance with Code Section 416 and the Regulations thereunder.

2.3 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) The Employer shall be empowered to appoint and remove the Trustee and the Administrator from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act.

(b) The Employer shall designate one or more investment vehicles as permissible investments for the Trust Fund. Each such investment vehicle shall be either (i) an investment company registered under the

Investment Company Act of 1940, which may be an investment company to which the sponsoring organization of this Plan, or an affiliate thereof, provides investment advisory or other services, (ii) a common, collective or pooled trust fund maintained by the Trustee, or (iii) a separate investment fund maintained by the Trustee that is invested primarily in stock issued by the Employer or an affiliate thereof that is readily tradable on an established securities market and that constitutes a "qualifying employer security" (as defined in Section 407(d)(5) of the Act). If Participants are not authorized pursuant to Section 4.8(b) to direct the Trustee as to the investment of their individual accounts, the Employer shall direct the Trustee as to the allocation of the assets of the Trust Fund and contributions thereto among such designated investment vehicles. The Employer may also direct that the Trustee hold in the Trust Fund insurance policies or other property transferred to the Trust Fund from a prior trustee of the Plan or a plan that has been merged with the Plan. The Plan's funding policy and method shall be that the Trust Fund and all contributions thereto shall be held and invested by the Trustee in the investment vehicles designated by the Employer and in other property the Trustee is directed to hold by the Employer or an Investment Manager.

(c) The Employer may, in its discretion, appoint an Investment Manager to manage all or a designated portion of the assets of the Plan. In such event, the Trustee shall follow the directive of the Investment Manager in investing the assets of the Plan managed by the Investment Manager.

(d) The Employer shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate ways.

2.4 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify his acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering his written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

The Employer, upon the resignation or removal of an Administrator, shall promptly designate in writing a successor to this position. If the Employer does not appoint an Administrator, the Employer will function as the Administrator.

2.5 ALLOCATION AND DELEGATION OF RESPONSIBILITIES

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

2.6 POWERS AND DUTIES OF THE ADMINISTRATOR

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

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

(a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) to compute, certify, and direct the Trustee with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(c) to authorize and direct the Trustee with respect to all nondiscretionary or otherwise directed disbursements from the Trust Fund;

(d) to maintain all necessary records for the administration of the Plan;

(e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;

(f) to determine the size and type of any Contract to be purchased from any Insurer, and to designate the Insurer from which such Contract shall be purchased;

(g) to compute and certify to the Employer and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Trust Fund;

(h) to consult with the Employer and the Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee can exercise any investment discretion in a manner designed to accomplish specific objectives;

(i) to prepare and distribute to Employees a procedure for notifying Participants and Beneficiaries of their rights to elect Joint and Survivor Annuities and Pre-Retirement Survivor Annuities if required by the Code and Regulations thereunder;

(j) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.7 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all

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

2.8 APPOINTMENT OF ADVISERS

The Administrator, or the Trustee with the consent of the Administrator, may appoint counsel, specialists, advisers, and other persons as the Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan.

2.9 INFORMATION FROM EMPLOYER

To enable the Administrator to perform his functions, the Employer shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their Hours of Service, their Years of Service, their retirement, death, disability, or termination of employment, and such other pertinent facts as the Administrator may require; and the Administrator shall advise the Trustee of such of the foregoing facts as may be pertinent to the Trustee's duties under the Plan. The Administrator may rely upon such information as is supplied by the Employer and shall have no duty or responsibility to verify such information.

2.10 PAYMENT OF EXPENSES

All expenses of administration may be paid out of the Trust Fund unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, including, but not limited to, fees of accountants, counsel, and other specialists and their agents, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund. However, the Employer may reimburse the Trust Fund for any administration expense incurred. Any administration expense paid to the Trust Fund as a reimbursement shall not be considered an Employer contribution.

2.11 MAJORITY ACTIONS

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.5, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.12 CLAIMS PROCEDURE

Claims for benefits under the Plan may be filed in writing with the Administrator. Written notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the

claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure.

2.13 CLAIMS REVIEW PROCEDURE

Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.12 shall be entitled to request the Administrator to give further consideration to his claim by filing with the Administrator a written request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Administrator no later than 60 days after receipt of the written notification provided for in Section 2.12. The Administrator shall then conduct a hearing within the next 60

days, at which the claimant may be represented by an attorney or any other representative of his choosing and expense and at which the claimant shall have an opportunity to submit written and oral evidence and arguments in support of his claim. At the hearing (or prior thereto upon 5 business days written notice to the Administrator) the claimant or his representative shall have an opportunity to review all documents in the possession of the Administrator which are pertinent to the claim at issue and its disallowance. Either the claimant or the Administrator may cause a court reporter to attend the hearing and record the proceedings. In such event, a complete written transcript of the proceedings shall be furnished to both parties by the court reporter. The full expense of any such court reporter and such transcripts shall be borne by the party causing the court reporter to attend the hearing. A final decision as to the allowance of the claim shall be made by the Administrator within 60 days of receipt of the appeal (unless there has been an extension of 60 days due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the original 60 day period). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE III. ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

Any Eligible Employee shall be eligible to participate hereunder on the date he has satisfied the requirements specified in the Adoption Agreement.

3.2 EFFECTIVE DATE OF PARTICIPATION

An Eligible Employee who has become eligible to be a Participant shall become a Participant effective as of the day specified in the Adoption Agreement.

In the event an Employee who has satisfied the Plan's eligibility requirements and would otherwise have become a Participant shall go from a classification of a noneligible Employee to an Eligible Employee, such Employee shall become a Participant as of the date he becomes an Eligible Employee.

In the event an Employee who has satisfied the Plan's eligibility requirements and would otherwise become a Participant shall go from a classification of an Eligible Employee to a noneligible Employee and becomes ineligible to participate and has not incurred a 1-Year Break in Service, such Employee shall participate in the Plan as of the date he returns to an eligible class of Employees. If such Employee does incur a 1-Year Break in Service, eligibility will be determined under the Break in Service rules of the Plan.

3.3 DETERMINATION OF ELIGIBILITY

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as

long as the same is made pursuant to the Plan and the Act. Such determination shall be subject to review per Section 2.13.

3.4 TERMINATION OF ELIGIBILITY

In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, such Former Participant shall continue to vest in his interest in the Plan for each Year of Service completed while a noneligible Employee, until such time as his Participant's Account shall be forfeited or distributed pursuant to the terms of the Plan. Additionally, his

interest in the Plan shall continue to share in the earnings of the Trust Fund.

3.5 OMISSION OF ELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by his Employer for the year has been made, the Employer shall make a subsequent contribution, if necessary after the application of Section 4.3(e), so that the omitted Employee receives a total amount which the said Employee would have received had he not been omitted. Such contribution shall be made regardless of whether or not it is deductible in whole or in part in any taxable year under applicable provisions of the Code.

3.6 INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any person who should not have been included as a Participant in the Plan is erroneously included and discovery of such incorrect inclusion is not made until after a contribution for the year has been made, the Employer shall not be entitled to recover the contribution made with respect to the ineligible person regardless of whether or not a deduction is allowable with respect to such contribution. In such event, the amount contributed with respect to the ineligible person shall constitute a Forfeiture for the Plan Year in which the discovery is made.

3.7 ELECTION NOT TO PARTICIPATE

An Employee may, subject to the approval of the Employer, elect voluntarily not to participate in the Plan. The election not to participate must be communicated to the Employer, in writing, at least thirty (30) days before the beginning of a Plan Year. For Standardized Plans, a Participant or an Eligible Employee may not elect not to participate. Furthermore, the foregoing election not to participate shall not be available with respect to partners in a partnership.

3.8 CONTROL OF ENTITIES BY OWNER-EMPLOYEE

(a) If this Plan provides contributions or benefits for one or more Owner-Employees who control both the business for which this Plan is established and one or more other entities, this Plan and the plan established for other trades or businesses must, when looked at as a single Plan, satisfy Code Sections 401(a) and (d) for the Employees of this and all other entities.

(b) If the Plan provides contributions or benefits for one or more Owner-Employees who control one or more other trades or businesses, the employees of the other trades or businesses must be included in a plan which satisfies Code Sections 401(a) and (d) and which provides contributions and benefits not less favorable than provided for Owner-Employees under this Plan.

(c) If an individual is covered as an Owner-Employee under the plans of two or more trades or businesses which are not controlled and the individual controls a trade or business, then the benefits or contributions of the employees under the plan of the trades or businesses which are controlled must be as favorable as those provided for him under the most favorable plan of the trade or business which is not controlled.

(d) For purposes of the preceding paragraphs, an Owner-Employee, or two or more Owner-Employees, will be considered to control an entity if the Owner-Employee, or two or more Owner-Employees together:

(1) own the entire interest in an unincorporated entity, or

(2) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in the partnership.

(e) For purposes of the preceding sentence, an Owner-Employee, or two 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 two or more Owner-Employees, are considered to control within the meaning of the preceding sentence.

ARTICLE IV. CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION

(a) For a Money Purchase Plan -

(1) The Employer shall make contributions over such period of years as the Employer may determine on the following basis. On behalf of each Participant eligible to share in allocations, for each year of his participation in this Plan, the Employer shall contribute the amount specified in the Adoption Agreement. All contributions by the Employer shall be made in cash or in such employer securities as is acceptable to the Trustee. The Employer shall be required to obtain a waiver from the Internal Revenue Service for any Plan Year in which it is unable to make the full required contribution to the Plan. In the event a waiver is obtained, this Plan shall be deemed to be an individually designed plan.

(2) For any Plan Year beginning prior to January 1, 1990, and if elected in the non-standardized Adoption Agreement for any Plan Year beginning on or after January 1, 1990, the Employer shall not contribute on behalf of a Participant who performs less than a Year of Service during any Plan Year, unless there is a Short Plan Year or a contribution is required pursuant to 4.3(h).

(3) Notwithstanding the foregoing, the Employer's contribution for any Fiscal Year shall not exceed the maximum amount allowable as a deduction to the Employer under the provisions of Code Section 404. However, to the extent necessary to provide the top heavy minimum allocations, the Employer shall make a contribution even if it exceeds the amount which is deductible under Code Section 404.

(b) For a Profit Sharing Plan -

(1) For each Plan Year, the Employer shall contribute to the Plan such amount as specified by the Employer in the Adoption Agreement. Notwithstanding the foregoing, however, the Employer's contribution for any Fiscal Year shall not exceed the maximum amount allowable as a deduction to the Employer under the provisions of Code Section 404. All contributions by the Employer shall be made in cash or in such employer securities as is acceptable to the Trustee.

(2) Except, however, to the extent necessary to provide the top heavy minimum allocations, the Employer shall make a contribution even if it exceeds current or accumulated Net Profit or the amount which is deductible under Code Section 404.

4.2 TIME OF PAYMENT OF EMPLOYER'S CONTRIBUTION

The Employer shall generally pay to the Trustee its contribution to the Plan for each Plan Year within the time prescribed by law, including extensions of time, for the filing of the Employer's federal income tax return for the Fiscal Year.

4.3 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS

(a) The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit as of each Anniversary Date, or other valuation date, all amounts allocated to each such Participant as set forth herein.

(b) The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer's contributions for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate such contribution as follows:

(1) For a Money Purchase Plan:

(i) The Employer's Contribution shall be allocated to each Participant's Combined Account in the manner set forth in Section 4.1 herein and as specified in Section E2 of the Adoption Agreement.

(2) For an Integrated Profit Sharing Plan:

(i) The Employer's contribution shall be allocated to each Participant's Account, except as provided in Section 4.3(f), in a dollar amount equal to 5.7% of the sum of each Participant's total Compensation plus Excess Compensation. If the Employer does not contribute such amount for all Participants, each Participant will be allocated a share of the contribution in the same proportion that his total Compensation plus his total Excess Compensation for the Plan Year bears to the total Compensation plus the total Excess Compensation of all Participants for that year.

Regardless of the preceding, 4.3% shall be substituted for 5.7% above if Excess Compensation is based on more than 20% and less than or equal to 80% of the Taxable Wage Base. If Excess Compensation is based on less than 100% and more than 80% of the Taxable Wage Base, then 5.4% shall be substituted for 5.7% above.

(ii) The balance of the Employer's contribution over the amount allocated above, if any, shall be allocated to each Participant's Combined Account in the same proportion that his total Compensation for the Year bears to the total Compensation of all Participants for such year.

(iii) Except, however, for any Plan Year beginning prior to January 1, 1990, and if elected in the non-standardized Adoption Agreement for any Plan Year beginning on or after January 1, 1990, a Participant who performs less than a Year of Service during any Plan Year shall not share in the Employer's

contribution for that year, unless there is a Short Plan Year or a contribution is required pursuant to Section 4.3(h).

(3) For a Non-Integrated Profit Sharing Plan:

(i) The Employer's contribution shall be allocated to each Participant's Account in the same proportion that each such Participant's Compensation for the year bears to the total Compensation of all Participants for such year.

(ii) Except, however, for any Plan Year beginning prior to January 1, 1990, and if elected in the non-standardized Adoption Agreement for any Plan Year beginning on or after January 1, 1990, a Participant who performs less than a Year of Service during any Plan Year shall not share in the Employer's contribution for that year, unless there is a Short Plan Year or a contribution is required pursuant to Section 4.3(h).

(c) As of each Anniversary Date or other valuation date, before allocation of Employer contributions and Forfeitures, any earnings or losses (net appreciation or net depreciation) of the Trust Fund shall be allocated in the same proportion that each Participant's and Former Participant's nonsegregated accounts bear to the total of all Participants' and Former Participants' nonsegregated accounts as of such date. If any nonsegregated account of a Participant has been distributed prior to the Anniversary Date or other valuation date subsequent to a Participant's termination of employment, no earnings or losses shall be credited to such account.

Notwithstanding the above, with respect to contributions made to a 401(k) Plan after the previous Anniversary Date or allocation date, the method specified in the Adoption Agreement shall be used.

(d) Participants' Accounts shall be debited for any insurance or annuity premiums paid, if any, and credited with any dividends or interest received on insurance contracts.

(e) As of each Anniversary Date any amounts which became Forfeitures since the last Anniversary Date shall first be made available to reinstate previously forfeited account balances of Former Participants, if any, in accordance with Section 6.4(g)(2) or be used to satisfy any contribution that may be required pursuant to Section 3.5 and/or 6.9. The remaining Forfeitures, if any, shall be treated in accordance with the Adoption Agreement. Provided, however, that in the event the allocation of Forfeitures provided herein shall cause the "annual addition" (as defined in Section 4.4) to any Participant's Account to exceed the amount allowable by the Code, the excess shall be reallocated in accordance with Section 4.5. Except, however, for any Plan Year beginning prior to January 1, 1990, and if elected in the non-standardized Adoption Agreement for any Plan Year beginning on or after January 1, 1990, a Participant who performs less than a Year of Service during any Plan Year shall not share in the Plan Forfeitures for that year, unless there is a Short Plan Year or a contribution required pursuant to Section 4.3(h).

(f) Minimum Allocations Required for Top Heavy Plan Years: Notwithstanding the foregoing, for any Top Heavy Plan Year, the sum of the Employer's contributions and Forfeitures allocated to the Participant's Combined Account of each Non-Key Employee shall be equal to at least three percent (3%) of such Non-Key Employee's "415 Compensation" (reduced by contributions and forfeitures, if any, allocated to each Non-Key

Employee in any defined contribution plan included with this plan in a Required Aggregation Group). However, if (i) the sum of the Employer's contributions and Forfeitures allocated to the Participant's Combined Account of each Key Employee for such Top Heavy Plan Year is less than three percent (3%) of each Key Employee's "415 Compensation" and (ii) this Plan is not required to be included in an Aggregation Group to enable a defined benefit plan to meet the requirements of Code Section 401(a)(4) or 410, the sum of the Employer's contributions and Forfeitures allocated to the Participant's Combined Account of each Non-Key Employee shall be equal to the largest percentage allocated to the Participant's Combined Account of any Key Employee.

However, for each Non-Key Employee who is a Participant in a paired Profit Sharing Plan or 401(k) Profit Sharing Plan and a paired Money Purchase Plan, the minimum 3% allocation specified above shall be provided in the Money Purchase Plan.

If this is an integrated Plan, then for any Top Heavy Plan Year the Employer's contribution shall be allocated as follows:

(1) An amount equal to 3% multiplied by each Participant's Compensation for the Plan Year shall be allocated to each Participant's Account. If the Employer does not contribute such amount for all Participants, the amount shall be allocated to each Participant's Account in the same proportion that his total Compensation for the Plan Year bears to the total Compensation of all Participants for such year.

(2) The balance of the Employer's contribution over the amount allocated under subparagraph (1) hereof shall be allocated to each Participant's Account in a dollar amount equal to 3% multiplied by a Participant's Excess Compensation. If the Employer does not contribute such amount for all Participants, each Participant will be allocated a share of the contribution in the same proportion that his Excess Compensation bears to the total Excess Compensation of all Participants for that year.

(3) The balance of the Employer's contribution over the amount allocated under subparagraph (2) hereof shall be allocated to each Participant's Account in a dollar amount equal to 2.7% multiplied by the sum of each Participant's total Compensation plus Excess Compensation. If the Employer does not contribute such amount for all Participants, each Participant will be allocated a share of the contribution in the same proportion that his total Compensation plus his total Excess Compensation for

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the Plan Year bears to the total Compensation plus the total Excess Compensation of all Participants for that year.

Regardless of the preceding, 1.3% shall be substituted for 2.7% above if Excess Compensation is based on more than 20% and less than or equal to 80% of the Taxable Wage Base. If Excess Compensation is based on less than 100% and more than 80% of the Taxable Wage Base, then 2.4% shall be substituted for 2.7% above.

(4) The balance of the Employer's contributions over the amount allocated above, if any, shall be allocated to each Participant's Account in the same proportion that his total Compensation for the Plan Year bears to the total Compensation of all Participants for such year.

For each Non-Key Employee who is a Participant in this Plan and

another non-paired defined contribution plan maintained by the Employer, the minimum 3% allocation specified above shall be provided as specified in F3 of the Adoption Agreement.

(g) For purposes of the minimum allocations set forth above, the percentage allocated to the Participant's Combined Account of any Key Employee shall be equal to the ratio of the sum of the Employer's contributions and Forfeitures allocated on behalf of such Key Employee divided by the "415 Compensation" for such Key Employee.

(h) For any Top Heavy Plan Year, the minimum allocations set forth in this Section shall be allocated to the Participant's Combined Account of all Non-Key Employees who are Participants and who are employed by the Employer on the last day of the Plan Year, including Non-Key Employees who have (1) failed to complete a Year of Service; or (2) declined to make mandatory contributions (if required) or, in the case of a cash or deferred arrangement, elective contributions to the Plan.

(i) Notwithstanding anything herein to the contrary, in any Plan Year in which the Employer maintains both this Plan and a defined benefit pension plan included in a Required Aggregation Group which is top heavy, the Employer shall not be required to provide a Non-Key Employee with both the full separate minimum defined benefit plan benefit and the full separate defined contribution plan allocations. Therefore, if the Employer maintains both a Defined Benefit and a Defined Contribution Plan that are a Top Heavy Group, the top heavy minimum benefits shall be provided as follows:

(1) Applies if F1b of the Adoption Agreement is Selected -

(i) The requirements of Section 2.1 shall apply except that each Non-Key Employee who is a Participant in the Profit Sharing Plan or Money Purchase Plan and who is also a Participant in the Defined Benefit Plan shall receive a minimum allocation of five percent (5%) of such Participant's "415 Compensation" from the applicable Defined Contribution Plan(s).

(ii) For each Non-Key Employee who is a Participant only in the Defined Benefit Plan the Employer will provide a minimum non-integrated benefit equal to 2% of his highest five consecutive year average "415 Compensation" for each Year of Service while a Participant in the Plan, in which the Plan is top heavy, not to exceed ten.

(iii) For each Non-Key Employee who is a Participant only in this Defined Contribution Plan, the Employer shall provide a contribution equal to 3% of his "415 Compensation."

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(2) Applies if F1c of the Adoption Agreement is Selected -

(i) The minimum allocation specified in Section 4.3(i)(1)(i) shall be 7 1/2% if the Employer elects in the Adoption Agreement for years in which the Plan is Top Heavy, but not Super Top Heavy.

(ii) The minimum benefit specified in Section 4.3(i)(1)(ii) shall be 3% if the Employer elects in the Adoption Agreement for years in which the Plan is Top Heavy, but not Super Top Heavy.

(iii) The minimum allocation specified in Section 4.3(i)(1)(iii) shall be 4% if the Employer elects in

the Adoption Agreement for years in which the Plan is Top Heavy, but not Super Top Heavy.

(j) For the purposes of this Section, "415 Compensation" shall be limited to $200,000 (unless adjusted in such manner as permitted under Code Section 415(d)). However, for Plan Years beginning prior to January 1, 1989, the $200,000 limit shall apply only for Top Heavy Plan Years and shall not be adjusted.

(k) Notwithstanding anything herein to the contrary, any Participant who terminated employment during the Plan Year for reasons other than death, Total and Permanent Disability, or retirement shall or shall not share in the allocations of the Employer's Contributions and Forfeitures as provided in the Adoption Agreement. Notwithstanding the foregoing, for Plan Years beginning after 1989, if this is a standardized Plan, any such terminated Participant shall share in the allocations as provided in this Section provided such Participant completed more than 500 Hours of Service.

(l) Notwithstanding anything herein to the contrary, Participants terminating for reasons of death, Total and Permanent Disability, or retirement shall share in the allocations as provided in this Section regardless of whether they completed a Year of Service during the Plan Year.

(m) If a Former Participant is reemployed after five (5) consecutive 1-Year Breaks in Service, then separate accounts shall be maintained as follows:

(1) one account for nonforfeitable benefits attributable to pre-break service; and

(2) one account representing his employer derived account balance in the Plan attributable to post-break service.

(n) Notwithstanding any election in the Adoption Agreement to the contrary, if this is a non-standardized Plan that would otherwise fail to meet the requirements of Code Sections 401(a)(26), 410(b)(1), or 410(b)(2)(A)(i) and the Regulations thereunder because Employer Contributions have not been allocated to a sufficient number or percentage of Participants for a Plan Year, then the following rules shall apply:

(1) The group of Participants eligible to share in the Employer's contribution and Forfeitures for the Plan Year shall be expanded to include the minimum number of Participants who would not otherwise be eligible as are necessary to satisfy the applicable test specified above. The specific participants who shall become eligible under the terms of this paragraph shall be those who are actively employed on the last day of the Plan Year and, when compared to similarly situated Participants, have completed the greatest number of Hours of Service in the Plan Year.

(2) If after application of paragraph (1) above, the applicable test is still not satisfied, then the group of Participants eligible to share in the Employer's contribution and Forfeitures for the Plan Year shall be further expanded to include the minimum number of Participants who are not actively employed on the last day of the Plan Year as are necessary to satisfy the applicable test. The specific Participants who shall become eligible to share shall be those Participants, when compared to similarly situated Participants, who have completed the greatest number of Hours of Service in the Plan Year before terminating employment.

Nothing in this Section shall permit the reduction of a Participant's accrued benefit. Therefore any amounts that have previously been allocated to Participants may not be reallocated to satisfy these requirements. In such event, the Employer shall make an additional contribution equal to the amount such affected Participants would have received had they been included in the allocations, even if it exceeds the amount which would be deductible under Code Section 404. Any adjustment to the allocations pursuant to this paragraph shall be considered a retroactive amendment adopted by the last day of the Plan Year.

4.4 MAXIMUM ANNUAL ADDITIONS

(a)(1) If the Participant does not participate in, and has never participated in another qualified plan maintained by the Employer, or a welfare benefit fund (as defined in Code Section 419(e)), maintained by the Employer, or an individual medical account (as defined in Code Section 415(l)(2)) maintained by the Employer, which provides Annual Additions, the amount of Annual Additions which may be credited to the Participant's accounts for any Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer contribution that would otherwise be contributed or allocated to the Participant's accounts would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

(2) 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.

(3) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for such Limitation Year shall be determined on the basis of the Participant's actual compensation for such Limitation Year.

(4) If there is an excess amount pursuant to Section 4.4(a)(2) or Section 4.5, the excess will be disposed of in one of the following manners, as uniformly determined by the Plan Administrator for all Participants similarly situated:

(i) Any Deferred Compensation or nondeductible Voluntary Employee Contributions, to the extent they would reduce the Excess Amount, will be distributed to the Participant;

(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 a Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer contributions (including allocation of any Forfeitures) for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary;

(iv) If a suspense account is in existence at any time during a Limitation Year pursuant to this Section, it will not participate in the allocation of investment gains and losses. If a suspense account is in existence at any time during a particular limitation year, all amounts in the suspense account must

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be allocated and reallocated to participants' accounts before any employer contributions or any employee contributions may be made to the plan for that limitation year. Excess amounts may not be distributed to participants or former participants.

(b)(1) This subsection applies if, in addition to this Plan, the Participant is covered under another qualified Prototype defined contribution plan maintained by the Employer, or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, or an individual medical account (as defined in Code Section 415(l)(2)) maintained by the Employer, which provides Annual Additions, during any Limitation Year. The Annual Additions which may be credited to a Participant's accounts under this Plan for any such Limitation Year shall not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's accounts under the other plans and welfare benefit funds for the same Limitation Year. If the Annual Additions with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the Employer are less than the Maximum Permissible Amount and the Employer contribution that would otherwise be contributed or allocated to the Participant's accounts under this Plan would cause the Annual Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Additions under all such plans and welfare benefit funds for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions 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.

(2) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant in the manner described in Section 4.4(a)(2).

(3) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.

(4) If, pursuant to Section 4.4(b)(2) or Section 4.5, a Participant's Annual Additions under this Plan and such other plans would result in an Excess Amount for a Limitation Year, the Excess Amount will be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a welfare benefit fund or individual medical account will be deemed to have been allocated first regardless of the actual allocation date.

(5) If an Excess Amount was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the Excess Amount attributed to this Plan will be the product of:

(i) the total Excess Amount allocated as of such date, times

(ii) the ratio of (1) the Annual Additions allocated to the Participant for the Limitation Year as of such date under this Plan to (2) the total Annual Additions allocated to the Participant for the Limitation Year as of such date under this and all the other qualified defined contribution plans.

(6) Any Excess Amount attributed to this Plan will be disposed in the manner described in Section 4.4(a)(4).

(c) If the Participant is covered under another qualified defined contribution plan maintained by the Employer which is not a Prototype Plan, Annual Additions which may be credited to the Participant's account under this Plan for any Limitation Year will be limited in accordance with Section 4.4(b), unless the Employer provides other limitations in the Adoption Agreement.

(d) 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 Defined Contribution Plan Fraction will not exceed 1.0 in any Limitation Year. The Annual Additions which may be credited to the Participant's account under this Plan for any Limitation Year will be limited in accordance with the Limitation on Allocations Section of the Adoption Agreement.

Except, however, if the Plans are standardized paired plans, the rate of accrual in the defined benefit plan will be reduced to the extent necessary so that the sum of the Defined Contribution Fraction and Defined Benefit Fraction will equal 1.0.

(e) For purposes of applying the limitations of Code Section 415, the transfer of funds from one qualified plan to another is not an "annual addition." In addition, the following are not Employee contributions for the purposes of Section 4.4(f)(1)(2): (1) rollover contributions (as defined in Code Sections 402(a)(5), 403(a)(4), 403(b)(8) and 408(d)(3)); (2) repayments of loans made to a Participant from the Plan; (3) repayments of distributions received by an Employee pursuant to Code Section 411(a)(7)(B) (cash-outs); (4) repayments of distributions received by an Employee pursuant to Code Section 411(a)(3)(D) (mandatory contributions); and (5) Employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).

(f) For purposes of this Section, the following terms shall be defined as follows:

(1) Annual Additions means the sum credited to a Participant's accounts for any Limitation Year of (1) Employer contributions, (2) effective with respect to "limitation years" beginning after December 31, 1986, Employee contributions, (3) forfeitures, (4) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code Section 415(l)(2), which is part of a pension or annuity plan maintained by the Employer and (5) 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 Code Section 419A(d)(3)) under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer. Except,

however, the "415 Compensation" percentage limitation referred to in paragraph (a)(2) above shall not apply to: (1) any contribution for medical benefits (within the meaning of Code Section 419A(f)(2)) after separation from service which is otherwise treated as an "annual addition," or (2) any amount otherwise treated as an "annual addition" under Code Section 415(l)(1). Notwithstanding the foregoing, for "limitation years" beginning prior to January 1, 1987, only that portion of Employee contributions equal to the lesser of Employee contributions in excess of six percent (6%) of "415 Compensation" or one-half of Employee contributions shall be considered an "annual addition."

For this purpose, any Excess Amount applied under Sections 4.4(a)(4) and 4.4(b)(6) in the Limitation Year to reduce Employer contributions shall be considered Annual Additions for such Limitation Year.

(2) Compensation means a Participant's Compensation as elected in the Adoption Agreement. However, regardless of any selection made in the Adoption Agreement, "415 Compensation" shall exclude compensation which is not currently includible in the Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

For limitation years beginning after December 31, 1991, for purposes of applying the limitations of this article, compensation for a limitation year is the compensation actually paid or made available during such limitation year.

Notwithstanding the preceding sentence, compensation for a participant in a defined contribution plan who is permanently and totally disabled (as defined in section 22(e)(3) of the Internal Revenue Code) is the compensation such participant would have received for the limitation year if the participant had been 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 a Highly Compensated Employee and contributions made on behalf of such participant are nonforfeitable when made.

(3) Defined Benefit Fraction means 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 percent of the dollar limitation determined for the Limitation Year under Code Sections 415(b) and (d) or 140 percent of his Highest Average Compensation including any adjustments under Code Section 415(b).

Notwithstanding the above, if the Participant was a Participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Participant had accrued as of the end of the close of the last Limitation Year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

Notwithstanding the foregoing, for any Top Heavy Plan Year, 100 shall be substituted for 125 unless the extra minimum allocation is being made pursuant to the Employer's election in F1 of the Adoption Agreement. However, for any Plan Year in which this Plan is a Super Top Heavy Plan, 100 shall be substituted for 125 in any event.

(4) Defined Contribution Dollar Limitation means $30,000, or, if greater, one-fourth of the defined benefit dollar limitation set forth in Code Section 415(b)(1) as in effect for the Limitation Year.

(5) Defined Contribution Fraction means 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 voluntary employee contributions to any 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 individual medical accounts, as defined in Code Section 415(l)(2), maintained by the Employer), 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 percent of the Defined Contribution Dollar Limitation or 35 percent of the Participant's Compensation for such year. For Limitation Years beginning prior to January 1, 1987, the "annual addition" shall not be recomputed to treat all Employee contributions as an Annual Addition.

If the Employee was a Participant as of the end of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans maintained by the Employer which were in existence on May 5, 1986, the numerator of this fraction will be adjusted if the sum of this 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 (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this 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 end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the plan made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987.

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Notwithstanding the foregoing, for any Top Heavy Plan Year, 100 shall be substituted for 125 unless the extra minimum allocation is being made pursuant to the Employer's election in F1 of the Adoption Agreement. However, for any Plan Year in which this Plan is a Super Top Heavy Plan, 100 shall be substituted for 125 in any event.

(6) Employer means the Employer that adopts this Plan and all Affiliated Employers, except that for purposes of this Section, Affiliated Employers shall be determined pursuant to the modification made by Code Section 415(h).

(7) Excess Amount means the excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

(8) Highest Average Compensation means the 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 E1 of the Adoption Agreement which is used to determine Compensation under the Plan.

(9) Limitation Year means the Compensation Year (a 12 consecutive month period) as elected 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.

(10) Master or Prototype Plan means a plan the form of which is the subject of a favorable opinion letter from the Internal Revenue Service.

(11) Maximum Permissible Amount means the maximum Annual Addition that may be contributed or allocated to a Participant's account under the plan for any Limitation Year, which shall not exceed the lesser of:

(i) the Defined Contribution Dollar Limitation, or

(ii) 25 percent of the Participant's Compensation for the Limitation Year.

The Compensation Limitation referred to in (ii) shall not apply to any contribution for medical benefits (within the meaning of Code Sections 401(h) or 419A(f)(2)) which is otherwise treated as an annual addition under Code Sections 415(l)(1) or 419A(d)(2).

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 Defined Contribution Dollar Contribution multiplied by the following fraction:

$$\frac{\text{number of months in the short Limitation Year}}{12}$$

(12) Projected Annual Benefit means 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:

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(i) the Participant will continue employment until Normal Retirement Age (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.

(g) Notwithstanding anything contained in this Section to the contrary, the limitations, adjustments and other requirements prescribed in this Section shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder, the terms of which are specifically incorporated herein by reference.

4.5 ADJUSTMENT FOR EXCESSIVE ANNUAL ADDITIONS

(a) If as a result of the allocation of Forfeitures, a reasonable error in estimating a Participant's annual Compensation, a reasonable error in determining the amount of elective deferrals (within the meaning of Code Section 402(g)(3)) that may be made with respect to any Participant under the limits of Section 4.4, or other facts and circumstances to which Regulation 1.415-6(b)(6) shall be applicable, the "annual additions" under this Plan would cause the maximum provided in Section 4.4 to be exceeded, the Administrator shall treat the excess in accordance with Section 4.4(a)(4).

4.6 TRANSFERS FROM QUALIFIED PLANS

(a) If specified in the Adoption Agreement and with the consent of the Administrator, amounts may be transferred from other qualified plans, provided that the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the Plan or create adverse tax consequences for the Employer. The amounts transferred shall be set up in a separate account herein referred to as a "Participant's Rollover Account." Such account shall be fully Vested at all times and shall not be subject to forfeiture for any reason.

(b) Amounts in a Participant's Rollover Account shall be held by the Trustee pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as provided in Paragraphs (c) and (d) of this Section.

(c) Amounts attributable to elective contributions (as defined in Regulation 1.401(k)-1(g)(4)), including amounts treated as elective contributions, which are transferred from another qualified plan in a plan-to-plan transfer shall be subject to the distribution limitations provided for in Regulation 1.401(k)-1(d).

(d) At Normal Retirement Date, or such other date when the Participant or his Beneficiary shall be entitled to receive benefits, the fair market value of the Participant's Rollover Account shall be used to provide additional benefits to the Participant or his Beneficiary. Any distributions of amounts held in a Participant's Rollover Account shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

Furthermore, such amounts shall be considered as part of a Participant's benefit in determining whether an involuntary cash-out of benefits without Participant consent may be made.

(e) The Administrator may direct that employee transfers made after a valuation date be segregated into a separate account for each Participant until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated or be invested as part of the general Trust Fund, to be determined by the Administrator.

(f) For purposes of this Section, the term "qualified plan" shall mean any tax qualified plan under Code Section 401(a). The term "amounts

transferred from other qualified plans" shall mean: (i) amounts transferred to this Plan directly from another qualified plan; (ii) lump-sum distributions received by an Employee from another qualified plan which are eligible for tax free rollover to a qualified plan and which are transferred by the Employee to this Plan within sixty (60) days following his receipt thereof; (iii) amounts transferred to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets which (A) were previously distributed to the Employee by another qualified plan as a lump-sum distribution (B) were eligible for tax-free rollover to a qualified plan and (C) were deposited in such conduit individual retirement account within sixty (60) days of receipt thereof and other than earnings on said assets; and (iv) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of clause (iii) above, and transferred by the Employee to this Plan within sixty (60) days of his receipt thereof from such conduit individual retirement account.

(g) Prior to accepting any transfers to which this Section applies, the Administrator may require the Employee to establish that the amounts to be transferred to this Plan meet the requirements of this Section and may also require the Employee to provide an opinion of counsel satisfactory to the Employer that the amounts to be transferred meet the requirements of this Section.

(h) Notwithstanding anything herein to the contrary, a transfer directly to this Plan from another qualified plan (or a transaction having the effect of such a transfer) shall only be permitted if it will not result in the elimination or reduction of any "Section 411(d)(6) protected benefit" as described in Section 8.1.

4.7 VOLUNTARY CONTRIBUTIONS

(a) If this is an amendment to a Plan that had previously allowed voluntary Employee contributions, then, except as provided in 4.7(b) below, this Plan will not accept voluntary Employee contributions for Plan Years beginning after the Plan Year in which this Plan is adopted by the Employer.

(b) For 401(k) Plans, if elected in the Adoption Agreement, each Participant may, at the discretion of the Administrator in a nondiscriminatory manner, elect to voluntarily contribute a portion of his compensation earned while a Participant under this Plan. Such contributions shall be paid to the Trustee within a reasonable period of time but in no event later than 90 days after the receipt of the contribution.

(c) The balance in each Participant's Voluntary Contribution Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(d) A Participant may elect to withdraw his voluntary contributions from his Voluntary Contribution Account and the actual earnings thereon in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder. If the Administrator maintains sub-accounts with respect to voluntary contributions (and earnings thereon) which were made on or before a specified date, a Participant shall be permitted to designate which sub-account shall be the source for his withdrawal. No Forfeitures shall occur solely as a result of an Employee's withdrawal of Employee contributions.

In the event such a withdrawal is made, or in the event a Participant has received a hardship distribution pursuant to Regulation 1.401(k)-1(d)(2)(iii)(B) from any plan maintained by the Employer, then such Participant shall be barred from making any voluntary contributions for a period of twelve (12) months after receipt of the withdrawal or distribution.

(e) At Normal Retirement Date, or such other date when the Participant or his Beneficiary shall be entitled to receive benefits, the fair market

value of the Voluntary Contribution Account shall be used to provide additional benefits to the Participant or his Beneficiary.

(f) The Administrator may direct that voluntary contributions made after a valuation date be segregated into a separate account until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated or be invested as part of the general Trust Fund, to be determined by the Administrator.

4.8 DIRECTED INVESTMENT ACCOUNT

(a) If elected in the Adoption Agreement, each Participant shall direct the Trustee as to the investment of the Participant's individual account balances from among the investment vehicles designated by the Employer pursuant to Section 2.3(b). Any such direction shall be delivered to the Administrator by the Participant at such time and in such manner as the Administrator shall direct, and the Administrator shall take all actions necessary to carry out such directions. That portion of the account of any Participant so directing will be considered a Directed Investment Account.

(b) A separate Directed Investment Account shall be established for each Participant who has directed an investment. Transfers between the Participant's regular account and their Directed Investment Account shall be charged and credited as the case may be to each account. The Directed Investment Account shall not share in Trust Fund Earnings, but it shall be charged or credited as appropriate with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in market value attributable to such account.

(c) The Administrator shall establish a procedure, to be applied in a uniform and nondiscriminatory manner, setting forth the permissible investment options under this Section, how often changes between investments may be made, and any other limitations that the Administrator shall impose on a Participant's right to direct investments, including those required for compliance with ERISA Section 404(c) and regulations promulgated thereunder.

4.9 QUALIFIED VOLUNTARY EMPLOYEE CONTRIBUTIONS

(a) If this is an amendment to a Plan that previously permitted deductible voluntary contributions, then each Participant who made a "Qualified Voluntary Employee Contribution" within the meaning of Code Section 219(e)(2) as it existed prior to the enactment of the Tax Reform Act of 1986, shall have his contribution held in a separate Qualified Voluntary Employee Contribution Account which shall be fully Vested at all times. Such contributions, however, shall not be permitted if they are attributable to taxable years beginning after December 31, 1986.

(b) A Participant may, upon written request delivered to the Administrator, make withdrawals from his Qualified Voluntary Employee Contribution Account. Any distribution shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

(c) At Normal Retirement Date, or such other date when the Participant or his Beneficiary shall be entitled to receive benefits, the fair market value of the Qualified Voluntary Employee Contribution Account shall be used to provide additional benefits to the Participant or his Beneficiary.

(d) Unless the Administrator directs Qualified Voluntary Employee Contributions made pursuant to this Section be segregated into a separate account for each Participant, they shall be invested as part

of the general Trust Fund and share in earnings and losses.

4.10 ACTUAL CONTRIBUTION PERCENTAGE TESTS

In the event this Plan previously provided for voluntary or mandatory Employee contributions, then, with respect to Plan Years beginning after December 31, 1986, such contributions must satisfy the provisions of Code Section 401(m) and the Regulations thereunder.

4.11 INTEGRATION IN MORE THAN ONE PLAN

If the Employer and/or an Affiliated Employer maintain qualified retirement plans integrated with Social Security such that any Participant in this Plan is covered under more than one of such plans, then such plans will be considered to be one plan and will be considered to be integrated if the extent of the integration of all such plans does not exceed 100%. For purposes of the preceding sentence, the extent of integration of a plan is the ratio, expressed as a percentage, which the actual benefits, benefit rate, offset rate, or employer contribution rate, whatever is applicable under the Plan bears to the limitation applicable to such Plan. If the Employer maintains two or more standardized paired plans, only one plan may be integrated with Social Security.

ARTICLE V. VALUATIONS

5.1 VALUATION OF THE TRUST FUND

The Administrator shall direct the Trustee, as of each Anniversary Date, and at such other date or dates deemed necessary by the Administrator, herein called "valuation date," to determine the net worth of the assets comprising the Trust Fund as it exists on the "valuation date." In determining such net worth, the Trustee shall value the assets comprising the Trust Fund at their fair market value as of the "valuation date" and shall deduct all expenses for which the Trustee has not yet obtained reimbursement from the Employer or the Trust Fund.

5.2 METHOD OF VALUATION

In determining the fair market value of securities held in the Trust Fund which are listed on a registered stock exchange, the Administrator shall direct the Trustee to value the same at the prices they were last traded on such exchange preceding the close of business on the "valuation date." If such securities were not traded on the "valuation date," or if the exchange on which they are traded was not open for business on the "valuation date," then the securities shall be valued at the prices at which they were last traded prior to the "valuation date." Any unlisted security held in the Trust Fund shall be valued at its bid price next preceding the close of business on the "valuation date," which bid price shall be obtained from a registered broker or an investment banker. In determining the fair market value of assets other than securities for which trading or bid prices can be obtained, the Trustee may appraise such assets itself, or in its discretion, employ one or more appraisers for that purpose and rely on the values established by such appraiser or appraisers.

ARTICLE VI. DETERMINATION AND DISTRIBUTION OF BENEFITS

6.1 DETERMINATION OF BENEFITS UPON RETIREMENT

Every Participant may terminate his employment with the Employer and retire for the purposes hereof on or after his Normal Retirement Date or Early Retirement Date. Upon such Normal Retirement Date or Early Retirement Date, all amounts credited to such Participant's Combined Account shall become distributable.

However, a Participant may postpone the termination of his employment with the Employer to a later date, in which event the participation of such Participant in the Plan, including the right to receive allocations pursuant to Section 4.3, shall continue until his Late Retirement Date. Upon a Participant's Retirement Date, or as soon thereafter as is practicable,

the Administrator shall direct the distribution of all amounts credited to such Participant's Combined Account in accordance with Section 6.5.

6.2 DETERMINATION OF BENEFITS UPON DEATH

(a) Upon the death of a Participant before his Retirement Date or other termination of his employment, all amounts credited to such Participant's Combined Account shall become fully Vested. The Administrator shall direct, in accordance with the provisions of Sections 6.6 and 6.7, the distribution of the deceased Participant's accounts to the Participant's Beneficiary.

(b) Upon the death of a Former Participant, the Administrator shall direct, in accordance with the provisions of Sections 6.6 and 6.7, the distribution of any remaining amounts credited to the accounts of such deceased Former Participant to such Former Participant's Beneficiary.

(c) The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a deceased Participant or Former Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(d) Unless otherwise elected in the manner prescribed in Section 6.6, the Beneficiary of the Pre-Retirement Survivor Annuity shall be the Participant's spouse. Except, however, the Participant may designate a Beneficiary other than his spouse for the Pre-Retirement Survivor Annuity if:

(1) the Participant and his spouse have validly waived the Pre-Retirement Survivor Annuity in the manner prescribed in Section 6.6, and the spouse has waived his or her right to be the Participant's Beneficiary, or

(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no "qualified domestic relations order" as defined in Code Section 414(p) which provides otherwise), or

(3) the Participant has no spouse, or

(4) the spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke his designation of a Beneficiary or change his Beneficiary by filing written notice of such revocation or change with the Administrator. However, the Participant's spouse must again consent in writing to any change in Beneficiary unless the original consent acknowledged that the spouse had the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elected to relinquish such right. The Participant may, at any time, designate a Beneficiary for death benefits payable under the Plan that are in excess of the Pre-Retirement Survivor Annuity. In the event no valid designation of Beneficiary exists at the time of the Participant's death, the death benefit shall be payable to his estate.

(e) If the Plan provides an insured death benefit and a Participant dies before any insurance coverage to which he is entitled under the Plan is effected, his death benefit from such insurance coverage shall be limited to the standard rated premium which was or should have been used for such purpose.

(f) In the event of any conflict between the terms of this Plan and the terms of any Contract issued hereunder, the Plan provisions shall control.

6.3 DETERMINATION OF BENEFITS IN EVENT OF DISABILITY

In the event of a Participant's Total and Permanent Disability prior to his Retirement Date or other termination of his employment, all amounts credited to such Participant's Combined Account shall become fully Vested. In the event of a Participant's Total and Permanent Disability, the Administrator, in accordance with the provisions of Sections 6.5 and 6.7, shall direct the distribution to such Participant of all amounts credited to such Participant's Combined Account as though he had retired.

6.4 DETERMINATION OF BENEFITS UPON TERMINATION

(a) On or before the Anniversary Date, or other valuation date, coinciding with or subsequent to the termination of a Participant's employment for any reason other than retirement, death, or Total and Permanent Disability, the Administrator may direct that the amount of the Vested portion of such Terminated Participant's Combined Account be segregated and invested separately. In the event the Vested portion of a Participant's Combined Account is not segregated, the amount shall remain in a separate account for the Terminated Participant and share in allocations pursuant to Section 4.3 until such time as a distribution is made to the Terminated Participant. The amount of the portion of the Participant's Combined Account which is not Vested may be credited to a separate account (which will always share in gains and losses of the Trust Fund) and at such time as the amount becomes a Forfeiture shall be treated in accordance with the provisions of the Plan regarding Forfeitures.

Regardless of whether distributions in kind are permitted, in the event that the amount of the Vested portion of the Terminated Participant's Combined Account equals or exceeds the fair market value of any insurance Contracts, the Trustee, when so directed by the Administrator and agreed to by the Terminated Participant, shall assign, transfer, and set over to such Terminated Participant all Contracts on his life in such form or with such endorsements, so that the settlement options and forms of payment are consistent with the provisions of Section 6.5. In the event that the Terminated Participant's Vested portion does not at least equal the fair market value of the Contracts, if any, the Terminated Participant may pay over to the Trustee the sum needed to make the distribution equal to the value of the Contracts being assigned or transferred, or the Trustee, pursuant to the Participant's election, may borrow the cash value of the Contracts from the Insurer so that the value of the Contracts is equal to the Vested portion of the Terminated Participant's Combined Account and then assign the Contracts to the Terminated Participant.

Distribution of the funds due to a Terminated Participant shall be made on the occurrence of an event which would result in the distribution had the Terminated Participant remained in the employ of the Employer (upon the Participant's death, Total and Permanent Disability, Early or Normal Retirement). However, at the election of the Participant, the Administrator shall direct that the entire Vested portion of the Terminated Participant's Combined Account to be payable to such Terminated Participant provided the conditions, if any, set

forth in the Adoption Agreement have been satisfied. Any distribution under this paragraph shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

Notwithstanding the above, if the value of a Terminated Participant's Vested benefit derived from Employer and Employee contributions does not exceed, and at the time of any prior distribution, has never exceeded $3,500, the Administrator shall direct that the entire Vested benefit be paid to such Participant in a single lump-sum without regard to the consent of the Participant or the Participant's spouse. A Participant's Vested benefit shall not include Qualified Voluntary Employee Contributions within the meaning of Code Section 72(o)(5)(B) for Plan Years beginning prior to January 1, 1989.

(b) The Vested portion of any Participant's Account shall be a percentage of such Participant's Account determined on the basis of the Participant's number of Years of Service according to the vesting schedule specified in the Adoption Agreement.

(c) For any Top Heavy Plan Year, one of the minimum top heavy vesting schedules as elected by the Employer in the Adoption Agreement will automatically apply to the Plan. The minimum top heavy vesting schedule applies to all benefits within the meaning of Code Section 411(a)(7) except those attributable to Employee contributions, including benefits accrued before the effective date of Code Section 416 and benefits accrued before the Plan became top heavy. Further, no decrease in a Participant's Vested percentage may occur in the event the Plan's status as top heavy changes for any Plan Year. However, this Section does not apply to the account balances of any Employee who does not have an Hour of Service after the Plan has initially become top heavy and the Vested percentage of such Employee's Participant's Account shall be determined without regard to this Section 6.4(c).

If in any subsequent Plan Year, the Plan ceases to be a Top Heavy Plan, the Administrator shall continue to use the vesting schedule in effect while the Plan was a Top Heavy Plan for each Employee who had an Hour of Service during a Plan Year when the Plan was Top Heavy.

(d) Notwithstanding the vesting schedule above, upon the complete discontinuance of the Employer's contributions to the Plan or upon any full or partial termination of the Plan, all amounts credited to the account of any affected Participant shall become 100% Vested and shall not thereafter be subject to Forfeiture.

(e) If this is an amended or restated Plan, then notwithstanding the vesting schedule specified in the Adoption Agreement, the Vested percentage of a Participant's Account shall not be less than the Vested percentage attained as of the later of the effective date or adoption date of this amendment and restatement. The computation of a Participant's nonforfeitable percentage of his interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Article, or due to changes in the Plan's status as a Top Heavy Plan.

(f) If the Plan's vesting schedule is amended, or if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage or if the Plan is deemed amended by an automatic change to a top heavy vesting schedule, then each Participant with at least 3 Years of Service as of the expiration date of the election period may elect to have his nonforfeitable percentage computed under the Plan without regard to such amendment or change. Notwithstanding the foregoing, for Plan Years beginning before

January 1, 1989, or with respect to Employees who fail to complete at least one (1) Hour of Service in a Plan Year beginning after December 31, 1988, five (5) shall be substituted for three (3) in the preceding sentence. If a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule. The Participant's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:

(1) the adoption date of the amendment,

(2) the effective date of the amendment, or

(3) the date the Participant receives written notice of the amendment from the Employer or Administrator.

(g)(1) If any Former Participant shall be reemployed by the Employer before a 1-Year Break in Service occurs, he shall continue to participate in the Plan in the same manner as if such termination had not occurred.

(2) If any Former Participant shall be reemployed by the Employer before five (5) consecutive 1-Year Breaks in Service, and such Former Participant had received a distribution of his entire Vested interest prior to his reemployment, his forfeited account shall be reinstated only if he repays the full amount distributed to him before the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer or the close of the first period of 5 consecutive 1-Year Breaks in Service commencing after the distribution. If a distribution occurs for any reason other than a separation from service, the time for repayment may not end earlier than five (5) years after the date

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of separation. In the event the Former Participant does repay the full amount distributed to him, the undistributed portion of the Participant's Account must be restored in full, unadjusted by any gains or losses occurring subsequent to the Anniversary Date or other valuation date preceding his termination. If an employee receives a distribution pursuant to this section and the employee resumes employment covered under this plan, the employee's employer-derived account balance will be restored to the amount on the date of distribution if the employee repays to the plan the full amount of the distribution attributable to employer contributions before the earlier of 5 years after the first date on which the participant is subsequently re-employed by the employer, or the date the participant incurs 5 consecutive 1-year breaks in service following the date of the distribution. If a non-Vested Former Participant was deemed to have received a distribution and such Former Participant is reemployed by the Employer before five (5) consecutive 1-Year Breaks in Service, then such Participant will be deemed to have repaid the deemed distribution as of the date of reemployment.

(3) If any Former Participant is reemployed after a 1-Year Break in Service has occurred, Years of Service shall include Years of Service prior to his 1-Year Break in Service subject to the following rules:

(i) Any Former Participant who under the Plan does not have a nonforfeitable right to any interest in the Plan resulting from Employer contributions shall lose credits if his consecutive 1-Year Breaks in Service equal or exceed the greater of (A) five (5) or (B)

the aggregate number of his pre-break Years of Service;

(ii) After five (5) consecutive 1-Year Breaks in Service, a Former Participant's Vested Account balance attributable to pre-break service shall not be increased as a result of post-break service;

(iii) A Former Participant who is reemployed and who has not had his Years of Service before a 1-Year Break in Service disregarded pursuant to (i) above, shall participate in the Plan as of his date of reemployment;

(iv) If a Former Participant completes a Year of Service (a 1-Year Break in Service previously occurred, but employment had not terminated), he shall participate in the Plan retroactively from the first day of the Plan Year during which he completes one (1) Year of Service.

(h) In determining Years of Service for purposes of vesting under the Plan, Years of Service shall be excluded as specified in the Adoption Agreement.

6.5 DISTRIBUTION OF BENEFITS

(a)(1) Unless otherwise elected as provided below, a Participant who is married on the "annuity starting date" and who does not die before the "annuity starting date" shall receive the value of all of his benefits in the form of a Joint and Survivor Annuity. The Joint and Survivor Annuity is an annuity that commences immediately and shall be equal in value to a single life annuity. Such joint and survivor benefits following the Participant's death shall continue to the spouse during the spouse's lifetime at a rate equal to 50% of the rate at which such benefits were payable to the Participant. This Joint and Survivor Annuity shall be considered the designated qualified Joint and Survivor Annuity and automatic form of payment for the purposes of this Plan. However, the Participant may elect to receive a smaller annuity benefit with continuation of payments to the spouse at a rate of seventy-five percent (75%) or one hundred percent (100%) of the rate payable to a Participant during his lifetime which alternative Joint and Survivor Annuity shall be equal in value to the automatic Joint and 50% Survivor Annuity. An unmarried Participant shall receive the value of his benefit in the form of a life annuity. Such unmarried Participant, however, may elect in writing to waive the life annuity. The election must comply with the provisions of this Section as if it were an election to waive the Joint and Survivor Annuity by a married Participant, but without the spousal consent requirement. The Participant may

elect to have any annuity provided for in this Section distributed upon the attainment of the "earliest retirement age" under the Plan. The "earliest retirement age" is the earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(2) Any election to waive the Joint and Survivor Annuity must be made by the Participant in writing during the election period and be consented to by the Participant's spouse. If the spouse is legally incompetent to give consent, the spouse's legal

guardian, even if such guardian is the Participant, may give consent. Such election shall designate a Beneficiary (or a form of benefits) that may not be changed without spousal consent (unless the consent of the spouse expressly permits designations by the Participant without the requirement of further consent by the spouse). Such spouse's consent shall be irrevocable and must acknowledge the effect of such election and be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by Regulations. The election made by the Participant and consented to by his spouse may be revoked by the Participant in writing without the consent of the spouse at any time during the election period. The number of revocations shall not be limited. Any new election must comply with the requirements of this paragraph. A former spouse's waiver shall not be binding on a new spouse.

(3) The election period to waive the Joint and Survivor Annuity shall be the 90 day period ending on the "annuity starting date."

(4) For purposes of this Section and Section 6.6, the "annuity starting date" means the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitles the Participant to such benefit.

(5) With regard to the election, the Administrator shall provide to the Participant no less than 30 days and no more than 90 days before the "annuity starting date" a written explanation of:

(i) the terms and conditions of the Joint and Survivor Annuity, and

(ii) the Participant's right to make and the effect of an election to waive the Joint and Survivor Annuity, and

(iii) the right of the Participant's spouse to consent to any election to waive the Joint and Survivor Annuity, and

(iv) the right of the Participant to revoke such election, and the effect of such revocation.

(b) In the event a married Participant duly elects pursuant to paragraph (a)(2) above not to receive his benefit in the form of a Joint and Survivor Annuity, or if such Participant is not married, in the form of a life annuity, the Administrator, pursuant to the election of the Participant, shall direct the distribution to a Participant or his Beneficiary any amount to which he is entitled under the Plan in one or more of the following methods which are permitted pursuant to the Adoption Agreement:

(1) One lump-sum payment in cash or in property;

(2) Payments over a period certain in monthly, quarterly, semiannual, or annual cash installments. In order to provide such installment payments, the Administrator may direct that the Participant's interest in the Plan be segregated and invested separately, and that the funds in the segregated account be used for the payment of the installments. The period over which such payment is to be made shall not extend beyond the Participant's life expectancy (or the life expectancy of the Participant and his designated Beneficiary);

(3) Purchase of or providing an annuity. However, such annuity may not be in any form that will provide for payments over a period extending beyond either the life of the Participant (or the lives of the Participant and his designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his designated Beneficiary).

(c) The present value of a Participant's Joint and Survivor Annuity derived from Employer and Employee contributions may not be paid without his written consent if the value exceeds, or has ever exceeded at the time of any prior distribution, $3,500. Further, the spouse of a Participant must consent in writing to any immediate distribution. If the value of the Participant's benefit derived from Employer and Employee contributions does not exceed $3,500 and has never exceeded $3,500 at the time of any prior distribution, the Administrator may immediately distribute such benefit without such Participant's consent. No distribution may be made under the preceding sentence after the "annuity starting date" unless the Participant and his spouse consent in writing to such distribution. Any written consent required under this paragraph must be obtained not more than 90 days before commencement of the distribution and shall be made in a manner consistent with Section 6.5(a)(2).

(d) Any distribution to a Participant who has a benefit which exceeds, or has ever exceeded at the time of any prior distribution, $3,500 shall require such Participant's consent if such distribution commences prior to the later of his Normal Retirement Age or age 62. With regard to this required consent:

(1) No consent shall be valid unless the Participant has received a general description of the material features and an explanation of the relative values of the optional forms of benefit available under the Plan that would satisfy the notice requirements of Code Section 417.

(2) The Participant must be informed of his right to defer receipt of the distribution. If a Participant fails to consent, it shall be deemed an election to defer the commencement of payment of any benefit. However, any election to defer the receipt of benefits shall not apply with respect to distributions which are required under Section 6.5(e).

(3) Notice of the rights specified under this paragraph shall be provided no less than 30 days and no more than 90 days before the "annuity starting date."

(4) Written consent of the Participant to the distribution must not be made before the Participant receives the notice and must not be made more than 90 days before the "annuity starting date."

(5) No consent shall be valid if a significant detriment is imposed under the Plan on any Participant who does not consent to the distribution.

(e) Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's benefits, made on or after January 1, 1985, whether under the Plan or through the purchase of an annuity Contract, shall be made in accordance with the following requirements and shall otherwise comply with Code Section 401(a)(9) and the Regulations thereunder (including Regulation Section 1.401(a)(9)-2), the provisions of which are incorporated herein by reference:

(1) A Participant's benefits shall be distributed to him not later than April 1st of the calendar year following the later of (i)

the calendar year in which the Participant attains age 70 1/2 or (ii) the calendar year in which the Participant retires, provided, however, that this clause (ii) shall not apply in the case of a Participant who is a "five (5) percent owner" at any time during the five (5) Plan Year period ending in the calendar year in which he attains age 70 1/2 or, in the case of a Participant who becomes a "five (5) percent owner" during any subsequent Plan Year, clause (ii) shall no longer apply and the required beginning date shall be the April 1st of the calendar year following the calendar year in which such subsequent Plan Year ends. Alternatively, distributions to a Participant must begin no later than the applicable April 1st as determined under the preceding sentence and must be made over the life of the Participant (or the lives of the Participant and the Participant's designated Beneficiary)

or, if benefits are paid in the form of a Joint and Survivor Annuity, the life expectancy of the Participant (or the life expectancies of the Participant and his designated Beneficiary) in accordance with Regulations. For Plan Years beginning after December 31, 1988, clause (ii) above shall not apply to any Participant unless the Participant had attained age 70 1/2 before January 1, 1988 and was not a "five (5) percent owner" at any time during the Plan Year ending with or within the calendar year in which the Participant attained age 66 1/2 or any subsequent Plan Year.

(2) Distributions to a Participant and his Beneficiaries shall only be made in accordance with the incidental death benefit requirements of Code Section 401(a)(9)(G) and the Regulations thereunder.

Additionally, for calendar years beginning before 1989, distributions may also be made under an alternative method which provides that the then present value of the payments to be made over the period of the Participant's life expectancy exceeds fifty percent (50%) of the then present value of the total payments to be made to the Participant and his Beneficiaries.

(f) For purposes of this Section, the life expectancy of a Participant and a Participant's spouse (other than in the case of a life annuity) shall be redetermined annually in accordance with Regulations if permitted pursuant to the Adoption Agreement. If the Participant or the Participant's spouse may elect whether recalculations will be made, then the election, once made, shall be irrevocable. If no election is made by the time distributions must commence, then the life expectancy of the Participant and the Participant's spouse shall not be subject to recalculation. Life expectancy and joint and last survivor expectancy shall be computed using the return multiples in Tables V and VI of Regulation 1.72-9.

(g) All annuity Contracts under this Plan shall be non-transferable when distributed. Furthermore, the terms of any annuity Contract purchased and distributed to a Participant or spouse shall comply with all of the requirements of this Plan.

(h) Subject to the spouse's right of consent afforded under the Plan, the restrictions imposed by this Section shall not apply if a Participant has, prior to January 1, 1984, made a written designation to have his retirement benefit paid in an alternative method acceptable under Code Section 401(a) as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

(i) If a distribution is made at a time when a Participant who has not

terminated employment is not fully Vested in his Participant's Account and the Participant may increase the Vested percentage in such account:

(1) A separate account shall be established for the Participant's interest in the Plan as of the time of the distribution, and

(2) At any relevant time the Participant's Vested portion of the separate account shall be equal to an amount ("X") determined by the formula:

$$X = P(AB \text{ plus } (RxD)) - (R \times D)$$

For purposes of applying the formula: P is the Vested percentage at the relevant time, AB is the account balance at the relevant time, D is the amount of distribution, and R is the ratio of the account balance at the relevant time to the account balance after distribution.

6.6 DISTRIBUTION OF BENEFITS UPON DEATH

(a) Unless otherwise elected as provided below, a Vested Participant who dies before the annuity starting date and who has a surviving spouse shall have the Pre-Retirement Survivor Annuity paid to his surviving spouse. The Participant's spouse may direct that payment of the Pre-Retirement Survivor Annuity

commence within a reasonable period after the Participant's death. If the spouse does not so direct, payment of such benefit will commence at the time the Participant would have attained the later of his Normal Retirement Age or age 62. However, the spouse may elect a later commencement date. Any distribution to the Participant's spouse shall be subject to the rules specified in Section 6.6(h).

(b) Any election to waive the Pre-Retirement Survivor Annuity before the Participant's death must be made by the Participant in writing during the election period and shall require the spouse's irrevocable consent in the same manner provided for in Section 6.5(a)(2). Further, the spouse's consent must acknowledge the specific nonspouse Beneficiary. Notwithstanding the foregoing, the nonspouse Beneficiary need not be acknowledged, provided the consent of the spouse acknowledges that the spouse has the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elects to relinquish such right.

(c) The election period to waive the Pre-Retirement Survivor Annuity shall begin on the first day of the Plan Year in which the Participant attains age 35 and end on the date of the Participant's death. An earlier waiver (with spousal consent) may be made provided a written explanation of the Pre-Retirement Survivor Annuity is given to the Participant and such waiver becomes invalid at the beginning of the Plan Year in which the Participant turns age 35. In the event a Vested Participant separates from service prior to the beginning of the election period, the election period shall begin on the date of such separation from service.

(d) With regard to the election, the Administrator shall provide each Participant within the applicable period, with respect to such Participant (and consistent with Regulations), a written explanation of the Pre-Retirement Survivor Annuity containing comparable information to that required pursuant to Section 6.5(a)(4). For the purposes of this paragraph, the term "applicable period" means, with respect to a Participant, whichever of the following periods ends last:

(1) The period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(2) A reasonable period after the individual becomes a Participant. For this purpose, in the case of an individual who becomes a Participant after age 32, the explanation must be provided by the end of the three-year period beginning with the first day of the first Plan Year for which the individual is a Participant;

(3) A reasonable period ending after the Plan no longer fully subsidizes the cost of the Pre-Retirement Survivor Annuity with respect to the Participant;

(4) A reasonable period ending after Code Section 401(a)(11) applies to the Participant; or

(5) A reasonable period after separation from service in the case of a Participant who separates before attaining age 35. For this purpose, the Administrator must provide the explanation beginning one year before the separation from service and ending one year after separation.

(e) The Pre-Retirement Survivor Annuity provided for in this Section shall apply only to Participants who are credited with an Hour of Service on or after August 23, 1984. Former Participants who are not credited with an Hour of Service on or after August 23, 1984 shall be provided with rights to the Pre-Retirement Survivor Annuity in accordance with Section 303(e)(2) of the Retirement Equity Act of 1984.

(f) If the value of the Pre-Retirement Survivor Annuity derived from Employer and Employee contributions does not exceed $3,500 and has never exceeded $3,500 at the time of any prior distribution, the Administrator shall direct the immediate distribution of such amount to the Participant's spouse. No distribution may be made under the preceding sentence after the annuity starting date unless the spouse consents in writing. If the value exceeds, or has ever exceeded at the time of any prior distribution, $3,500, an immediate distribution of the entire amount may be made to the surviving spouse, provided such surviving spouse consents in writing to such distribution. Any written consent required under this

paragraph must be obtained not more than 90 days before commencement of the distribution and shall be made in a manner consistent with Section 6.5(a)(2).

(g)(1) In the event there is an election to waive the Pre-Retirement Survivor Annuity, and for death benefits in excess of the Pre-Retirement Survivor Annuity, such death benefits shall be paid to the Participant's Beneficiary by either of the following methods, as elected by the Participant (or if no election has been made prior to the Participant's death, by his Beneficiary) subject to the rules specified in Section 6.6(h) and the selections made in the Adoption Agreement:

(i) One lump-sum payment in cash or in property;

(ii) Payment in monthly, quarterly, semi-annual, or annual cash installments over a period to be determined by the Participant or his Beneficiary. After periodic installments commence, the Beneficiary shall have the right to reduce the period over which such periodic installments shall be made, and the cash amount of

such periodic installments shall be adjusted accordingly.

(iii) If death benefits in excess of the Pre-Retirement Survivor Annuity are to be paid to the surviving spouse, such benefits may be paid pursuant to (i) or (ii) above, or used to purchase an annuity so as to increase the payments made pursuant to the Pre-Retirement Survivor Annuity;

(2) In the event the death benefit payable pursuant to Section 6.2 is payable in installments, then, upon the death of the Participant, the Administrator may direct that the death benefit be segregated and invested separately, and that the funds accumulated in the segregated account be used for the payment of the installments.

(h) Notwithstanding any provision in the Plan to the contrary, distributions upon the death of a Participant made on or after January 1, 1985, shall be made in accordance with the following requirements and shall otherwise comply with Code Section 401(a)(9) and the Regulations thereunder.

(1) If it is determined, pursuant to Regulations, that the distribution of a Participant's interest has begun and the Participant dies before his entire interest has been distributed to him, the remaining portion of such interest shall be distributed at least as rapidly as under the method of distribution selected pursuant to Section 6.5 as of his date of death.

(2) If a Participant dies before he has begun to receive any distributions of his interest in the Plan or before distributions are deemed to have begun pursuant to Regulations, then his death benefit shall be distributed to his Beneficiaries in accordance with the following rules subject to the selections made in the Adoption Agreement and Subsections 6.6(h)(3) and 6.6(i) below:

(i) The entire death benefit shall be distributed to the Participant's Beneficiaries by December 31st of the calendar year in which the fifth anniversary of the Participant's death occurs;

(ii) The 5-year distribution requirement of (i) above shall not apply to any portion of the deceased Participant's interest which is payable to or for the benefit of a designated Beneficiary. In such event, such portion shall be distributed over the life of such designated Beneficiary (or over a period not extending beyond the life expectancy of such designated Beneficiary) provided such distribution begins not later than December 31st of the calendar year immediately following the calendar year in which the Participant died;

(iii) However, in the event the Participant's spouse (determined as of the date of the Participant's death) is his designated Beneficiary, the provisions of (ii) above shall apply except that the requirement that distributions commence within one year of the Participant's death shall not apply. In lieu thereof, distributions must commence on or before the later of: (1) December 31st of the calendar year immediately following the calendar year in which the Participant died; or (2) December 31st

of the calendar year in which the Participant would have attained age 70 1/2. If the surviving spouse dies before distributions to such spouse begin, then the 5-year distribution requirement of this Section shall apply as if the spouse was the Participant.

(3) Notwithstanding subparagraph (2) above, or any selections made in the Adoption Agreement, if a Participant's death benefits are to be paid in the form of a Pre-Retirement Survivor Annuity, then distributions to the Participant's surviving spouse must commence on or before the later of: (1) December 31st of the calendar year immediately following the calendar year in which the Participant died; or (2) December 31st of the calendar year in which the Participant would have attained age 70 1/2.

(i) For purposes of Section 6.6(h)(2), the election by a designated Beneficiary to be excepted from the 5-year distribution requirement (if permitted in the Adoption Agreement) must be made no later than December 31st of the calendar year following the calendar year of the Participant's death. Except, however, with respect to a designated Beneficiary who is the Participant's surviving spouse, the election must be made by the earlier of: (1) December 31st of the calendar year immediately following the calendar year in which the Participant died or, if later, the calendar year in which the Participant would have attained age 70 1/2; or (2) December 31st of the calendar year which contains the fifth anniversary of the date of the Participant's death. An election by a designated Beneficiary must be in writing and shall be irrevocable as of the last day of the election period stated herein. In the absence of an election by the Participant or a designated Beneficiary, the 5-year distribution requirement shall apply.

(j) For purposes of this Section, the life expectancy of a Participant and a Participant's spouse (other than in the case of a life annuity) shall or shall not be redetermined annually as provided in the Adoption Agreement and in accordance with Regulations. If the Participant or the Participant's spouse may elect, pursuant to the Adoption Agreement, to have life expectancies recalculated, then the election, once made shall be irrevocable. If no election is made by the time distributions must commence, then the life expectancy of the Participant and the Participant's spouse shall not be subject to recalculation. Life expectancy and joint and last survivor expectancy shall be computed using the return multiples in Tables V and VI of Regulation Section 1.72-9.

(k) In the event that less than 100% of a Participant's interest in the Plan is distributed to such Participant's spouse, the portion of the distribution attributable to the Participant's Voluntary Contribution Account shall be in the same proportion that the Participant's Voluntary Contribution Account bears to the Participant's total interest in the Plan.

(l) Subject to the spouse's right of consent afforded under the Plan, the restrictions imposed by this Section shall not apply if a Participant has, prior to January 1, 1984, made a written designation to have his death benefits paid in an alternative method acceptable under Code Section 401(a) as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

6.7 TIME OF SEGREGATION OR DISTRIBUTION

Except as limited by Sections 6.5 and 6.6, whenever a distribution is to be made, or a series of payments are to commence, on or as of an Anniversary Date, the distribution or series of payments may be made or begun on such date or as soon thereafter as is practicable, but in no event later than 180 days after the Anniversary Date. However, unless a Former Participant elects in writing to defer the receipt of benefits (such election may not result in a death benefit that is more than incidental), the payment of benefits shall begin not later than the 60th day after the close of the Plan Year in which the latest of the

following events occurs: (a) the date on which the Participant attains the earlier of age 65 or the Normal Retirement Age specified herein; (b) the 10th anniversary of the year in which the Participant commenced participation in the Plan; or (c) the date the Participant terminates his service with the Employer.

Notwithstanding the foregoing, the failure of a Participant and, if applicable, the Participant's spouse, to consent to a distribution pursuant to Section 6.5(d), shall be deemed to be an election to defer the commencement of payment of any benefit sufficient to satisfy this Section.

6.8 DISTRIBUTION FOR MINOR BENEFICIARY

In the event a distribution is to be made to a minor, then the Administrator may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal guardian, custodian or parent of a minor Beneficiary shall fully discharge the Trustee, Employer, and Plan from further liability on account thereof.

6.9 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or his Beneficiary hereunder shall, at the later of the Participant's attainment of age 62 or his Normal Retirement Age, remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or his Beneficiary, the amount so distributable shall be treated as a Forfeiture pursuant to the Plan. In the event a Participant or Beneficiary is located subsequent to his benefit being reallocated, such benefit shall be restored, first from Forfeitures, if any, and then from an additional Employer contribution if necessary.

6.10 PRE-RETIREMENT DISTRIBUTION

For Profit Sharing Plans and 401(k) Profit Sharing Plans, if elected in the Adoption Agreement, at such time as a Participant shall have attained the age specified in the Adoption Agreement, the Administrator, at the election of the Participant, shall direct the distribution of up to the entire amount then credited to the accounts maintained on behalf of the Participant. However, no such distribution from the Participant's Account shall occur prior to 100% Vesting. In the event that the Administrator makes such a distribution, the Participant shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section shall be made in a manner consistent with Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

6.11 ADVANCE DISTRIBUTION FOR HARDSHIP

(a) For Profit Sharing Plans, if elected in the Adoption Agreement, the Administrator, at the election of the Participant, shall direct the distribution to any Participant in any one Plan Year up to the lesser of 100% of his Participant's Combined Account valued as of the last Anniversary Date or other valuation date or the amount necessary to satisfy the immediate and heavy financial need of the Participant. Any distribution made pursuant to this Section shall be deemed to be made as of the first day of the Plan Year or, if later, the valuation date immediately preceding the date of distribution, and the account from which the distribution is made shall be reduced accordingly. Withdrawal under this Section shall be authorized only if the distribution is on account of:

(1) Medical expenses described in Code Section 213(d) incurred by the Participant, his spouse, or any of his dependents (as defined in Code Section 152) or expenses necessary for these persons to obtain medical care;

(2) The purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Funeral expenses for a member of the Participant's family;

(4) Payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his spouse, children, or dependents; or

(5) The need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence.

(b) No such distribution shall be made from the Participant's Account until such Account has become fully Vested.

(c) Any distribution made pursuant to this Section shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

6.12 LIMITATIONS ON BENEFITS AND DISTRIBUTIONS

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order." Furthermore, a distribution to an "alternate payee" shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected Participant has not reached the "earliest retirement age" under the Plan. For the purposes of this Section, "alternate payee," "qualified domestic relations order" and "earliest retirement age" shall have the meaning set forth under Code Section 414(p).

6.13 SPECIAL RULE FOR NON-ANNUITY PLANS

If elected in the Adoption Agreement, the following shall apply to a Participant in a Profit Sharing Plan or 401(k) Profit Sharing Plan and to any distribution, made on or after the first day of the first plan year beginning after December 31, 1988, from or under a separate account attributable solely to accumulated deductible employee contributions, as defined in Code Section 72(o)(5)(B), and maintained on behalf of a participant in a money purchase pension plan, (including a target benefit plan):

(a) The Participant shall be prohibited from electing benefits in the form of a life annuity;

(b) Upon the death of the Participant, the Participant's entire Vested account balances will be paid to his or her surviving spouse, or, if there is no surviving spouse or the surviving spouse has already consented to waive his or her benefit, in accordance with Section 6.6, to his designated Beneficiary;

(c) Except to the extent otherwise provided in this Section and Section 6.5(h), the other provisions of Sections 6.2, 6.5 and 6.6 regarding spousal consent and the forms of distributions shall be inoperative with respect to this Plan.

(d) If a distribution is one to which Sections 401(a)(11) and 417 of the

Internal Revenue Code do not apply, such distribution may commence less than 30 days after the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations is given, provided that:

(1) the Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and

(2) the Participant, after receiving the notice, affirmatively elects a distribution.

This Section shall not apply to any Participant if it is determined that this Plan is a direct or indirect transferee of a defined benefit plan or money purchase plan, or a target benefit plan, stock bonus or profit sharing plan which would otherwise provide for a life annuity form of payment to the Participant.

ARTICLE VII. TRUSTEE

7.1 BASIC RESPONSIBILITIES OF THE TRUSTEE

The Trustee shall have the following categories of responsibilities:

(a) To invest the assets of the Trust Fund in the investment vehicles or other property designated by the Employer pursuant to Section 2.3(b) subject, however, to the direction of any Investment Manager appointed pursuant to Section 2.3(b) and/or the directions of Participants as communicated to the Trustee by the Administrator pursuant to Section 4.8(a);

(b) At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their death, to their Beneficiaries;

(c) To maintain records of receipts and disbursements and furnish to the Employer and/or Administrator for each Plan Year a written annual report per Section 7.7; and

(d) If there shall be more than one Trustee, they shall act by a majority of their number, but may authorize one or more of them to sign papers on their behalf.

7.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEE

(a) The Trustee shall invest and reinvest the Trust Fund without distinction between principal and income in one or more investment vehicles designated by the Employer pursuant to Section 2.3(b) or in other property, real or personal, wherever situated, as the Trustee may be directed by the Employer (acting pursuant to Section 2.3(b)) or an Investment Manager. The Trustee shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments.

(b) The Trustee may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which the duties of such bank or trust company shall be of a custodial, clerical and record-keeping nature.

(c) Notwithstanding Section 2.3(b), the Employer, in writing to the Trustee, may delegate investment responsibility to the Administrator. If the Administrator has been delegated such authority, (i) the

Administrator may exercise the powers reserved to the Employer by Section 2.3(b) hereof, and (ii) the Trustee shall not be liable or responsible for losses or unfavorable results arising from the Trustee's compliance with directions received from the Administrator.

(d) The Trustee may from time to time transfer to a common, collective, or pooled trust fund maintained by any corporate Trustee hereunder pursuant to Revenue Ruling 81-100, which has been designated as an investment vehicle for the Plan pursuant to Section 2.3(b), all or such part of the Trust Fund as the Trustee

may deem advisable, and such part or all of the Trust Fund so transferred shall be subject to all the terms and provisions of the common, collective, or pooled trust fund which contemplate the commingling for investment purposes of such trust assets with trust assets of other trusts. The Trustee may withdraw from such common, collective, or pooled trust fund all or such part of the Trust Fund as the Trustee may be directed pursuant to Section 2.3(b) or 4.8.

(e) The Trustee, at the direction of the Employer and pursuant to instructions from the Administrator shall own, and pay all premiums on Contracts on the lives of the Participants which may be transferred to the Trust Fund from a prior trustee of the Plan or a plan that has been merged with the Plan. The aggregate premium for ordinary life insurance for each Participant must be less than 50% of the aggregate contributions and Forfeitures allocated to a Participant's Combined Account. For purposes of this limitation, ordinary life insurance Contracts are Contracts with both non-decreasing death benefits and non-increasing premiums. If term insurance or universal life insurance is purchased with such contributions, the aggregate premium must be 25% or less of the aggregate contributions and Forfeitures allocated to a Participant's Combined Account. If both term insurance and ordinary life insurance are purchased with such contributions, the amount expended for term insurance plus one-half of the premium for ordinary life insurance may not in the aggregate exceed 25% of the aggregate Employer contributions and Forfeitures allocated to a Participant's Combined Account. The Trustee must distribute the Contracts to the Participant or convert the entire value of the Contracts at or before retirement into cash or provide for a periodic income so that no portion of such value may be used to continue life insurance protection beyond retirement. Notwithstanding the above, the limitations imposed herein with respect to the purchase of life insurance shall not apply, in the case of a Profit Sharing Plan, to the portion of a Participant's Account that has accumulated for at least two (2) Plan Years.

Notwithstanding anything hereinabove to the contrary, amounts credited to a Participant's Qualified Voluntary Employee Contribution Account pursuant to Section 4.9, shall not be applied to the purchase of life insurance contracts.

(f) The Trustee will be the owner of any life insurance Contract purchased under the terms of this Plan. The Contract must provide that the proceeds will be payable to the Trustee; however, the Trustee shall be required to pay over all proceeds of the Contract to the Participant's designated Beneficiary in accordance with the distribution provisions of Article VI. A Participant's spouse will be the designated Beneficiary pursuant to Section 6.2, unless a qualified election has been made in accordance with Sections 6.5 and 6.6 of the Plan, if applicable. Under no circumstances shall the Trust retain any part of the proceeds. However, the Trustee shall not pay the proceeds in a method that would violate the requirements of the Retirement Equity Act, as stated in Article VI of the Plan, or Code Section 401(a)(9) and the Regulations thereunder.

7.3 OTHER POWERS OF THE TRUSTEE

The Trustee, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of this Plan, shall have the following powers and authorities, to be exercised at the direction of the Employer, the Administrator, an Investment Manager or Plan Participants, as the case may be, pursuant to Section 2.3 or Section 4.8.

(a) To purchase, or subscribe for, any securities or other property and to retain the same. In conjunction with the purchase of securities, margin accounts may be opened and maintained;

(b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;

(c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property. However, the Trustee shall not vote proxies relating to securities for which it has not been assigned full investment management responsibilities. In those cases where another party has such investment authority or discretion, be it the Administrator or an outside Investment Manager, the Trustee will deliver all proxies to said party who will then have full responsibility for voting those proxies;

(d) To cause any securities or other property to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(e) To borrow or raise money for the purposes of the Plan in such amount, and upon such terms and conditions, as the Trustee shall deem advisable; and for any sum so borrowed, to issue a promissory note as Trustee, and to secure the repayment thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustee shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any borrowing;

(f) To keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) To accept and retain for such time as it may deem advisable any securities or other property received or acquired by it as Trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(i) To settle, compromise, or submit to arbitration any claims, debts, or

damages due or owing to or from the Plan, to commence or defend suits or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;

(j) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Employer;

(k) To apply for and procure from the Insurer as an investment of the Trust Fund such annuity, or other Contracts (on the life of any Participant) as the Administrator shall deem proper; to exercise, at any time or from time to time, whatever rights and privileges may be granted under such annuity, or other Contracts; to collect, receive, and settle for the proceeds of all such annuity, or other Contracts as and when entitled to do so under the provisions thereof;

(l) To invest funds of the Trust in time deposits or savings accounts bearing a reasonable rate of interest in the Trustee's bank;

(m) To invest in Treasury Bills and other forms of United States government obligations;

(n) To sell, purchase and acquire put or call options if the options are traded on and purchased through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, or, if the options are not traded on a national securities exchange, are guaranteed by a member firm of the New York Stock Exchange;

(o) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

(p) To pool all or any of the Trust Fund, from time to time, with assets belonging to any other qualified employee pension benefit trust created by the Employer or any Affiliated Employer, and to commingle such assets and make joint or common investments and carry joint accounts on behalf of this Plan and such other trust or trusts, allocating undivided shares or interests in such investments or accounts or any pooled assets of the two or more trusts in accordance with their respective interests;

(q) To do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to carry out the purposes of the Plan.

(r) Directed Investment Account. If elected in the Adoption Agreement, each Participant may direct the Administrator to give directions to the Trustee concerning the investment of the Participant's Directed Investment Account, which directions shall be delivered to the Trustee by the Administrator. The Trustee shall not be under any duty to question any such direction of the Participant or to make any suggestions to the Participant in connection therewith, and the Trustee shall comply as promptly as practicable with directions given by the Administrator. Any such direction may be of a continuing nature or otherwise and may be revoked by the Participant at any time in such form as the Administrator may require. The Trustee may refuse to comply with any direction from the Participant in the event the Trustee, in its sole and absolute discretion, deems such directions improper by virtue of applicable law, and in such event, the Trustee shall not be responsible or liable for any loss or expense which may result. Any costs and expenses related to compliance with the Participant's directions shall be borne by the Participant's Directed Investment Account.

Notwithstanding anything hereinabove to the contrary, the Trustee shall not invest any portion of a Directed Investment Account in

"collectibles" within the meaning of that term as employed in Code Section 408(m).

7.4 LOANS TO PARTICIPANTS

(a) If specified in the Adoption Agreement, the Administrator may, in the Administrator's sole discretion, make loans to Participants or Beneficiaries under the following circumstances: (1) loans shall be made available to all Participants and Beneficiaries on a reasonably equivalent basis; (2) loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Participants; (3) loans shall bear a reasonable rate of interest; (4) loans shall be adequately secured; (5) shall provide for periodic repayment over a reasonable period of time; and (6) loans shall be treated as Directed Investments.

(b) Loans shall not be made to any Shareholder-Employee or Owner-Employee unless an exemption for such loan is obtained pursuant to Act Section 408 and further provided that such loan would not be subject to tax pursuant to Code Section 4975.

(c) Loans shall not be granted to any Participant that provide for a repayment period extending beyond such Participant's Normal Retirement Date.

(d) Loans made pursuant to this Section (when added to the outstanding balance of all other loans made by the Plan to the Participant) shall be limited to the lesser of:

(1) $50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Participant on the date on which such loan was made, or

(2) one-half (1/2) of the present value of the non-forfeitable accrued benefit of the Employee under the Plan.

For purposes of this limit, all plans of the Employer shall be considered one plan. Additionally, with respect to any loan made prior to January 1, 1987, the $50,000 limit specified in (1) above shall be unreduced.

(e) No Participant loan shall take into account the present value of such Participant's Qualified Voluntary Employee Contribution Account.

(f) Loans shall provide for level amortization with payments to be made not less frequently than quarterly over a period not to exceed five (5) years. However, loans used to acquire 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 shall provide for periodic repayment over a reasonable period of time that may exceed five (5) years. Notwithstanding the foregoing, loans made prior to January 1, 1987 which are used to acquire, construct, reconstruct or substantially rehabilitate any dwelling unit which, within a reasonable period of time is to be used (determined at the time the loan is made) as a principal residence of the Participant or a member of his family (within the meaning of Code Section 267(c)(4)) may provide for periodic repayment over a reasonable period of time that may exceed five (5) years. Additionally, loans made prior to January 1, 1987, may provide for periodic payments which are made less frequently than quarterly and which do not necessarily result in level amortization.

(g) An assignment or pledge of any portion of a Participant's interest in

the Plan and a loan, pledge, or assignment with respect to any insurance Contract purchased under the Plan, shall be treated as a loan under this Section.

(h) Any loan made pursuant to this Section after August 18, 1985 where the Vested interest of the Participant is used to secure such loan shall require the written consent of the Participant's spouse in a manner consistent with Section 6.5(a) provided the spousal consent requirements of such Section apply to the Plan. Such written consent must be obtained within the 90-day period prior to the date the loan is made. Any security interest held by the Plan by reason of an outstanding loan to the Participant shall be taken into account in determining the amount of the death benefit or Pre-Retirement Survivor Annuity. However, no spousal consent shall be required under this paragraph if the total accrued benefit subject to the security is not in excess of $3,500.

(i) With regard to any loans granted or renewed on or after the last day of the first Plan Year beginning after December 31, 1988, a Participant loan program shall be established which must include, but need not be limited to, the following:

(1) the identity of the person or positions authorized to administer the Participant loan program;

(2) a procedure for applying for loans;

(3) the basis on which loans will be approved or denied;

(4) limitations, if any, on the types and amounts of loans offered, including what constitutes a hardship or financial need if selected in the Adoption Agreement;

(5) the procedure under the program for determining a reasonable rate of interest;

(6) the types of collateral which may secure a Participant loan; and

(7) the events constituting default and the steps that will be taken to preserve plan assets.

Such Participant loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of this plan. Furthermore, such Participant loan program may be modified or amended in writing from time to time without the necessity of amending this Section of the Plan.

7.5 DUTIES OF THE TRUSTEE REGARDING PAYMENTS

At the direction of the Administrator, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Trust Fund. The Trustee shall not be responsible in any way for the application of such payments.

7.6 TRUSTEE'S COMPENSATION AND EXPENSES AND TAXES

The Trustee shall be paid such reasonable compensation as set forth in the Trustee's fee schedule (if the Trustee has such a schedule) or as agreed upon in writing by the Employer and the Trustee. An individual serving as Trustee who already receives full-time pay from the Employer shall not receive compensation from this Plan. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel fees incurred by it as Trustee. Such compensation and expenses shall be paid from the Trust Fund unless paid or advanced by the Employer. All taxes of any kind and all kinds

whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof, shall be paid from the Trust Fund.

7.7 ANNUAL REPORT OF THE TRUSTEE

Within a reasonable period of time after the later of the Anniversary Date or receipt of the Employer's contribution for each Plan Year, the Trustee, or its agent, shall furnish to the Employer and Administrator a written statement of account with respect to the Plan Year for which such contribution was made setting forth:

(a) the net income, or loss, of the Trust Fund;

(b) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;

(c) the increase, or decrease, in the value of the Trust Fund;

(d) all payments and distributions made from the Trust Fund; and

(e) such further information as the Trustee and Administrator may agree. The Employer, forthwith upon its receipt of each such statement of account, shall acknowledge receipt thereof in writing and advise the Trustee and/or Administrator of its approval or disapproval thereof. Failure by the Employer to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed an approval thereof. The approval by the Employer of any statement of account shall be binding as to all matters embraced therein as between the Employer and the Trustee to the same extent as if the account of the Trustee had been settled by judgment or decree in an action for a judicial settlement of its account in a court of competent jurisdiction in which the Trustee, the Employer and all persons having or claiming an interest in the Plan were parties; provided, however, that nothing herein contained shall deprive the Trustee of its right to have its accounts judicially settled if the Trustee so desires.

7.8 AUDIT

(a) If an audit of the Plan's records shall be required by the Act and the regulations thereunder for any Plan Year, the Administrator shall engage on behalf of all Participants an independent qualified public accountant for that purpose. Such accountant shall, after an audit of the books and records of the Plan in accordance with generally accepted auditing standards, within a reasonable period after the close of the Plan Year, furnish to the Administrator and the Trustee a report of his audit setting forth his opinion as to whether any statements, schedules or lists, that are required by Act Section 103 or the Secretary of Labor to be filed with the Plan's annual report, are presented fairly in conformity with generally accepted accounting principles applied consistently.

(b) All auditing and accounting fees shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund.

(c) If some or all of the information necessary to enable the Administrator to comply with Act Section 103 is maintained by a bank, insurance company, or similar institution, regulated and supervised and subject to periodic examination by a state or federal agency, it shall transmit and certify the accuracy of that information to the Administrator as provided in Act Section 103(b) within one hundred twenty (120) days after the end of the Plan Year or such other date as may be prescribed under regulations of the Secretary of Labor.

7.9 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

(a) The Trustee may resign at any time by delivering to the Employer, at least thirty (30) days before its effective date, a written notice of his resignation.

(b) The Employer may remove the Trustee by mailing by registered or certified mail, addressed to such Trustee at his last known address, at least thirty (30) days before its effective date, a written notice of his removal.

(c) Upon the death, resignation, incapacity, or removal of any Trustee, a successor may be appointed by the Employer; and such successor, upon accepting such appointment in writing and delivering same to the Employer, shall, without further act, become vested with all the estate, rights, powers, discretions, and duties of his predecessor with like respect as if he were originally named as a Trustee herein. Until such a successor is appointed, the remaining Trustee or Trustees shall have full authority to act under the terms of the Plan.

(d) The Employer may designate one or more successors prior to the death, resignation, incapacity, or removal of a Trustee. In the event a successor is so designated by the Employer and accepts such designation, the successor shall, without further act, become vested with all the estate, rights, powers, discretions, and duties of his predecessor with the like effect as if he were originally named as Trustee herein immediately upon the death, resignation, incapacity, or removal of his predecessor.

(e) Whenever any Trustee hereunder ceases to serve as such, he shall furnish to the Employer and Administrator a written statement of account with respect to the portion of the Plan Year during which he served as Trustee. This statement shall be either

(i) included as part of the annual statement of account for the Plan Year required under Section 7.7 or

(ii) set forth in a special statement. Any such special statement of account should be rendered to the Employer no later than the due date of the annual statement of account for the Plan Year. The procedures set forth in Section 7.7 for the approval by the Employer of annual statements of account shall apply to any special statement of account rendered hereunder and approval by the Employer of any such special statement in the manner provided in Section 7.7 shall have the same effect upon the

statement as the Employer's approval of an annual statement of account. No successor to the Trustee shall have any duty or responsibility to investigate the acts or transactions of any predecessor who has rendered all statements of account required by Section 7.7 and this subparagraph.

7.10 TRANSFER OF INTEREST

Notwithstanding any other provision contained in this Plan, the Trustee at the direction of the Administrator shall transfer the Vested interest, if any, of such Participant in his account to another trust forming part of a pension, profit sharing, or stock bonus plan maintained by such Participant's new employer and represented by said employer in writing as meeting the requirements of Code Section 401(a), provided that the trust to which such transfers are made permits the transfer to be made.

(a) Notwithstanding any provision of the plan to the contrary, with respect to distributions made after December 31, 1992, a Participant

shall be permitted to elect to have any "eligible rollover distribution" transferred directly to an "eligible retirement plan" specified by the Participant. The Plan provisions otherwise applicable to distributions continue to apply to the direct transfer option. The Participant shall, in the time and manner prescribed by the Administrator, specify the amount to be directly transferred and the "eligible retirement plan" to receive the transfer. Any portion of a distribution which is not transferred shall be distributed to the Participant.

(b) For purposes of this Section, the term "eligible rollover distribution" means any distribution other than a distribution of substantially equal periodic payments over the life or life expectancy of the Participant (or joint life or joint life expectancies of the Participant and the designated beneficiary) or a distribution over a period certain of ten years or more. Amounts required to be distributed under Code Section 401(a)(9) are not eligible rollover distributions. The direct transfer option described in subsection (a) applies only to eligible rollover distributions which would otherwise be includible in gross income if not transferred.

(c) For purposes of this Section, the term "eligible retirement plan" means an individual retirement account as described in Code Section 408(a), an individual retirement annuity as described in Code Section 408(b), an annuity plan as described in Code Section 403(a), or a defined contribution plan as described in Code Section 401(a) which is exempt from tax under Code Section 501(a) and which accepts rollover distributions.

(d) The election described in subsection (a) also applies to the surviving spouse after the Participant's death; however, distributions to the surviving spouse may only be transferred to an individual retirement account or individual retirement annuity. For purposes of subsection (a), a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Code Section 414(p) will be treated as the Participant.

7.11 TRUSTEE INDEMNIFICATION

The Employer agrees to indemnify and save harmless the Trustee against any and all claims, losses, damages, expenses and liabilities the Trustee may incur in the exercise and performance of the Trustee's powers and duties hereunder, unless the same are determined to be due to gross negligence or willful misconduct.

7.12 EMPLOYER SECURITIES AND REAL PROPERTY

The Trustee shall be empowered to acquire and hold "qualifying Employer securities" and "qualifying Employer real property," as those terms are defined in the Act. However, no more than 100%, in the case of a Profit Sharing

Plan or 401(k) Plan or 10%, in the case of a Money Purchase Plan of the fair market value of all the assets in the Trust Fund may be invested in "qualifying Employer securities" and "qualifying Employer real property."

ARTICLE VIII. AMENDMENT, TERMINATION, AND MERGERS

8.1 AMENDMENT

(a) The Employer shall have the right at any time to amend this Plan subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Trustee and Administrator may only be made with the Trustee's and

Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustee shall not be required to execute any such amendment unless the amendment affects the duties of the Trustee hereunder.

(b) The Employer may (1) change the choice of options in the Adoption Agreement, (2) add overriding language in the Adoption Agreement when such language is necessary to satisfy Code Sections 415 or 416 because of the required aggregation of multiple plans, and (3) add certain model amendments published by the Internal Revenue Service which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan. An Employer that amends the Plan for any other reason, including a waiver of the minimum funding requirement under Code Section 412(d), will no longer participate in this Prototype Plan and will be considered to have an individually designed plan.

(c) The Employer expressly delegates authority to the sponsoring organization of this Plan, the right to amend this Plan by submitting a copy of the amendment to each Employer who has adopted this Plan after first having received a ruling or favorable determination from the Internal Revenue Service that the Plan as amended qualifies under Code Section 401(a) and the Act. For purposes of this Section, the mass submitter shall be recognized as the agent of the sponsoring organization. If the sponsoring organization does not adopt the amendments made by the mass submitter, it will no longer be identical to or a minor modifier of the mass submitter plan.

(d) No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Trust Fund to revert to or become property of the Employer.

(e) Except as permitted by Regulations (including Regulation 1.411(d)-4), no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective if it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits" the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Code Section 411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefit.

8.2 TERMINATION

(a) The Employer shall have the right at any time to terminate the Plan by delivering to the Trustee and Administrator written notice of such termination. Upon any full or partial termination all amounts credited to the affected Participants' Combined Accounts shall become 100% Vested and shall not thereafter be

subject to forfeiture, and all unallocated amounts shall be allocated to the accounts of all Participants in accordance with the provisions hereof.

(b) Upon the full termination of the Plan, the Employer shall direct the distribution of the assets to Participants in a manner which is consistent with and satisfies the provisions of Section 6.5. Distributions to a Participant shall be made in cash (or in property

if permitted in the Adoption Agreement) or through the purchase of irrevocable nontransferable deferred commitments from the Insurer. Except as permitted by Regulations, the termination of the Plan shall not result in the reduction of "Section 411(d)(6) protected benefits" as described in Section 8.1.

8.3 MERGER OR CONSOLIDATION

This Plan may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan only if the benefits which would be received by a Participant of this Plan, in the event of a termination of the plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation and such merger or consolidation does not otherwise result in the elimination or reduction of any "Section 411(d)(6) protected benefits" as described in Section 8.1(e).

ARTICLE IX. MISCELLANEOUS

9.1 EMPLOYER ADOPTIONS

(a) Any organization may become the Employer hereunder by executing the Adoption Agreement in form satisfactory to the Trustee, and it shall provide such additional information as the Trustee may require. The consent of the Trustee to act as such shall be signified by its execution of the Adoption Agreement.

(b) Except as otherwise provided in this Plan, the affiliation of the Employer and the participation of its Participants shall be separate and apart from that of any other employer and its participants hereunder.

9.2 PARTICIPANT'S RIGHTS

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

9.3 ALIENATION

(a) Subject to the exceptions provided below, no benefit which shall be payable to any person (including a Participant or his Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized except to such extent as may be required by law.

(b) This provision shall not apply to the extent a Participant or Beneficiary is indebted to the Plan, for any reason, under any provision of this Plan. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount to be distributed as shall equal such indebtedness shall

be paid to the Plan, to apply against or discharge such indebtedness.

Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Administrator that such indebtedness is to be so paid in whole or part from his Participant's Combined Account. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against his Vested Participant's Combined Account, he shall be entitled to a review of the validity of the claim in accordance with procedures provided in Sections 2.12 and 2.13.

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

9.4 CONSTRUCTION OF PLAN

This Plan and Trust shall be construed and enforced according to the Act and the laws of the State or Commonwealth in which the Employer's principal office is located, other than its laws respecting choice of law, to the extent not pre-empted by the Act.

9.5 GENDER AND NUMBER

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

9.6 LEGAL ACTION

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

9.7 PROHIBITION AGAINST DIVERSION OF FUNDS

(a) Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

(b) In the event the Employer shall make a contribution under a mistake of fact pursuant to Section 403(c)(2)(A) of the Act, the Employer may demand repayment of such contribution at any time within one (1) year following the time of payment and the Trustees shall return such amount to the Employer within

the one (1) year period. Earnings of the Plan attributable to the contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

9.8 BONDING

Every Fiduciary, except a bank or an insurance company, unless exempted by the Act and regulations thereunder, shall be bonded in an amount not less than 10% of the amount of the funds such Fiduciary handles; provided, however, that the minimum bond shall be $1,000 and the maximum bond, $500,000. The amount of funds handled shall be determined at the beginning of each Plan Year by the amount of funds handled by such person, group, or class to be covered and their predecessors, if any, during the preceding Plan Year, or if there is no preceding Plan Year, then by the amount of the funds to be handled during the then current year. The bond shall provide protection to the Plan against any loss by reason of acts of fraud or dishonesty by the Fiduciary alone or in connivance with others. The surety shall be a corporate surety company (as such term is used in Act Section 412(a)(2)), and the bond shall be in a form approved by the Secretary of Labor. Notwithstanding anything in the Plan to the contrary, the cost of such bonds shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund or by the Employer.

9.9 EMPLOYER'S AND TRUSTEE'S PROTECTIVE CLAUSE

Neither the Employer nor the Trustee, nor their successors, shall be responsible for the validity of any Contract issued hereunder or for the failure on the part of the Insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

9.10 INSURER'S PROTECTIVE CLAUSE

The Insurer who shall issue Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The Insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustee, and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Trustee. Regardless of any provision of this Plan, the Insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the Insurer.

9.11 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of this Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Employer.

9.12 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.13 NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITY

The "named Fiduciaries" of this Plan are (1) the Employer, (2) the Administrator, (3) the Trustee, and (4) any Investment Manager appointed hereunder. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan. In general, the Employer shall have the sole responsibility for making the contributions provided for under Section 4.1; and shall have the sole authority to appoint and remove the Trustee and the Administrator; to designate investment vehicles to be held in the Trust Fund; to direct or appoint an Investment Manager to direct the Trustee with respect to investments of the Trust Fund; and to amend the elective provisions of the Adoption Agreement or

terminate, in whole or in part, the Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. The Trustee shall have the responsibility to hold and invest the assets of the Trust Fund as directed by the Employer, an Investment Manager, the Administrator or Participants pursuant to the terms of the Plan. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information or action. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. No named Fiduciary shall guarantee the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity.

9.14 HEADINGS

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

9.15 APPROVAL BY INTERNAL REVENUE SERVICE

(a) Notwithstanding anything herein to the contrary, if, pursuant to a timely application filed by or in behalf of the Plan, the Commissioner of Internal Revenue Service or his delegate should determine that the Plan does not initially qualify as a tax-exempt plan under Code Sections 401 and 501, and such determination is not contested, or if contested, is finally upheld, then if the Plan is a new plan, it shall be void ab initio and all amounts contributed to the Plan, by the Employer, less expenses paid, shall be returned within one year and the Plan shall terminate, and the Trustee shall be discharged from all further obligations. If the disqualification relates to an amended plan, then the Plan shall operate as if it had not been amended and restated.

(b) Except as specifically stated in the Plan, any contribution by the Employer to the Trust Fund is conditioned upon the deductibility of the contribution by the Employer under the Code and, to the extent any such deduction is disallowed, the Employer may within one (1) year following a final determination of the disallowance, whether by agreement with the Internal Revenue Service or by final decision of a court of competent jurisdiction, demand repayment of such disallowed contribution and the Trustee shall return such contribution within one (1) year following the disallowance. Earnings of the Plan attributable to the excess contribution may not be returned to the Employer, but any losses attributable thereto must reduce the amount so returned.

9.16 UNIFORMITY

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

9.17 PAYMENT OF BENEFITS

Benefits under this Plan shall be paid, subject to Section 6.10 and Section 6.11 only upon death, Total and Permanent Disability, normal or early retirement, termination of employment, or upon Plan Termination.

ARTICLE X. PARTICIPATING EMPLOYERS

10.1 ELECTION TO BECOME A PARTICIPATING EMPLOYER

Notwithstanding anything herein to the contrary, with the consent of the Employer and Trustee, any Affiliated Employer may adopt this Plan and all of the provisions hereof, and participate herein and be known as a Participating Employer, by a properly executed document evidencing said intent and will of such Participating Employer.

10.2 REQUIREMENTS OF PARTICIPATING EMPLOYERS

(a) Each Participating Employer shall be required to select the same Adoption Agreement provisions as those selected by the Employer other than the Plan Year, the Fiscal Year, and such other items that must, by necessity, vary among employers.

(b) Each such Participating Employer shall be required to use the same Trustee as provided in this Plan.

(c) The Trustee may, but shall not be required to, commingle, hold and invest as one Trust Fund all contributions made by Participating Employers, as well as all increments thereof.

(d) The transfer of any Participant from or to an Employer participating in this Plan, whether he be an Employee of the Employer or a Participating Employer, shall not affect such Participant's rights under the Plan, and all amounts credited to such Participant's Combined Account as well as his accumulated service time with the transferor or predecessor, and his length of participation in the Plan, shall continue to his credit.

(e) Any expenses of the Plan which are to be paid by the Employer or borne by the Trust Fund shall be paid by each Participating Employer in the same proportion that the total amount standing to the credit of all Participants employed by such Employer bears to the total standing to the credit of all Participants.

10.3 DESIGNATION OF AGENT

Each Participating Employer shall be deemed to be a part of this Plan; provided, however, that with respect to all of its relations with the Trustee and Administrator for the purpose of this Plan, each Participating Employer shall be deemed to have designated irrevocably the Employer as its agent. Unless the context of the Plan clearly indicates the contrary, the word "Employer" shall be deemed to include each Participating Employer as related to its adoption of the Plan.

10.4 EMPLOYEE TRANSFERS

It is anticipated that an Employee may be transferred between Participating Employers, and in the event of any such transfer, the Employee involved shall carry with him his accumulated service and eligibility. No such transfer shall effect a termination of employment hereunder, and the Participating Employer to which the Employee is transferred

shall thereupon become obligated hereunder with respect to such Employee in the same manner as was the Participating Employer from whom the Employee was transferred.

10.5 PARTICIPATING EMPLOYER'S CONTRIBUTION AND FORFEITURES

Any contribution or Forfeiture subject to allocation during each Plan Year shall be allocated among all Participants of all Participating Employers in accordance with the provisions of this Plan. On the basis of the information furnished by the Administrator, the Trustee shall keep separate books and

records concerning the affairs of each Participating Employer hereunder and as to the accounts and credits of the Employees of each Participating Employer. The Trustee may, but need not, register Contracts so as to evidence that a particular Participating Employer is the interested Employer hereunder, but in the event of an Employee transfer from one Participating Employer to another, the employing Employer shall immediately notify the Trustee thereof.

10.6 AMENDMENT

Amendment of this Plan by the Employer at any time when there shall be a Participating Employer hereunder shall only be by the written action of each and every Participating Employer and with the consent of the Trustee where such consent is necessary in accordance with the terms of this Plan.

10.7 DISCONTINUANCE OF PARTICIPATION

Except in the case of a Standardized Plan, any Participating Employer shall be permitted to discontinue or revoke its participation in the Plan at any time. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Trustee. The Trustee shall thereafter transfer, deliver and assign Contracts and other Trust Fund assets allocable to the Participants of such Participating Employer to such new Trustee as shall have been designated by such Participating Employer, in the event that it has established a separate pension plan for its Employees provided, however, that no such transfer shall be made if the result is the elimination or reduction of any "Section 411(d)(6) protected benefits" in accordance with Section 8.1(e). If no successor is designated, the Trustee shall retain such assets for the Employees of said Participating Employer pursuant to the provisions of Article VII hereof. In no such event shall any part of the corpus or income of the Trust Fund as it relates to such Participating Employer be used for or diverted for purposes other than for the exclusive benefit of the Employees of such Participating Employer.

10.8 ADMINISTRATOR'S AUTHORITY

The Administrator shall have authority to make any and all necessary rules or regulations, binding upon all Participating Employers and all Participants, to effectuate the purpose of this Article.

10.9 PARTICIPATING EMPLOYER CONTRIBUTION FOR AFFILIATE

If any Participating Employer is prevented in whole or in part from making a contribution which it would otherwise have made under the Plan by reason of having no current or accumulated earnings or profits, or because such earnings or profits are less than the contribution which it would otherwise have made, then, pursuant to Code Section 404(a)(3)(B), so much of the contribution which such Participating Employer was so prevented from making may be made, for the benefit of the participating employees of such Participating Employer, by other Participating Employers who are members of the same affiliated group within the meaning of Code Section 1504 to the extent of their current or accumulated earnings or profits, except that such contribution by each such other

Participating Employer shall be limited to the proportion of its total current and accumulated earnings or profits remaining after adjustment for its contribution to the Plan made without regard to this paragraph which the total prevented contribution bears to the total current and accumulated earnings or profits of all the Participating Employers remaining after adjustment for all contributions made to the Plan without regard to this paragraph.

A Participating Employer on behalf of whose employees a contribution is made under this paragraph shall not be required to reimburse the contributing Participating Employers.

ARTICLE XI. CASH OR DEFERRED PROVISIONS

Notwithstanding any provisions in the Plan to the contrary, the provisions of this Article shall apply with respect to any 401(k) Profit Sharing Plan.

Notwithstanding anything in this Article to the contrary, effective as of the Plan Year in which this amendment becomes effective, the Actual Deferral Percentage Test and the Actual Contribution Percentage Test shall be applied (and adjusted) by applying the Family Member aggregation rules of Code Section 414(q)(6).

11.1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION

For each Plan Year, the Employer shall contribute to the Plan:

(a) The amount of the total salary reduction elections of all Participants made pursuant to Section 11.2(a), which amount shall be deemed an Employer's Elective Contribution, plus

(b) If specified in E3 of the Adoption Agreement, a matching contribution equal to the percentage specified in the Adoption Agreement of the Deferred Compensation of each Participant eligible to share in the allocations of the matching contribution, which amount shall be deemed an Employer's Non-Elective or Elective Contribution as selected in the Adoption Agreement, plus

(c) If specified in E4 of the Adoption Agreement, a discretionary amount, if any, which shall be deemed an Employer's Non-Elective Contribution, plus

(d) If specified in E5 of the Adoption Agreement, a Qualified Non-Elective Contribution.

(e) Notwithstanding the foregoing, however, the Employer's contributions for any Fiscal Year shall not exceed the maximum amount allowable as a deduction to the Employer under the provisions of Code Section 404. All contributions by the Employer shall be made in cash or in such employer securities as is acceptable to the Trustee.

(f) Except, however, to the extent necessary to provide the top heavy minimum allocations, the Employer shall make a contribution even if it exceeds current or accumulated Net Profit or the amount which is deductible under Code Section 404.

(g) Employer Elective Contributions accumulated through payroll deductions shall be paid to the Trustee as of the earliest date on which such contributions can reasonably be segregated from the Employer's general assets, but in any event within ninety (90) days from the date on which such amounts would otherwise have been payable to the Participant in cash. The provisions of Department of Labor regulations 2510.3-102 are incorporated herein by reference. Furthermore, any additional Employer contributions which are allocable to the Participant's Elective Account for a Plan Year shall be paid to the Plan no later than the twelve-month period immediately following the close of such Plan Year.

11.2 PARTICIPANT'S SALARY REDUCTION ELECTION

(a) If selected in the Adoption Agreement, each Participant may elect to defer his Compensation which would have been received in the Plan Year, but for the deferral election, subject to the limitations of this Section and the Adoption Agreement. A deferral election (or modification of an earlier election) may not be made with respect to Compensation which is currently available on or before the date the Participant executed such election, or if later, the latest of the

date the Employer adopts this cash or deferred arrangement, or the date such arrangement first became effective. Any elections made pursuant to this Section shall become effective as soon as is administratively feasible. Additionally, if elected in the Adoption Agreement, each Participant may elect to defer and have allocated for a Plan Year all or a portion of any cash bonus attributable to services performed by the Participant for the Employer during such Plan Year and which would have been received by the Participant on or before two and one-half months following the end of the Plan Year but for the deferral. A deferral election may not be made with respect to cash bonuses which are currently available on or before the date the Participant executed such election. Notwithstanding the foregoing, cash bonuses attributable to services performed by the Participant during a Plan Year but which are to be paid to the Participant later than two and one-half months after the close of such Plan Year will be subjected to whatever deferral election is in effect at the time such cash bonus would have otherwise been received.

The amount by which Compensation and/or cash bonuses are reduced shall be that Participant's Deferred Compensation and be treated as an Employer Elective Contribution and allocated to that Participant's Elective Account.

Once made, a Participant's election to reduce Compensation shall remain in effect until modified or terminated. Modifications may be made as specified in the Adoption Agreement, and terminations may be made at any time. Any modification or termination of an election will become effective as soon as is administratively feasible.

(b) The balance in each Participant's Elective Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(c) Amounts held in the Participant's Elective Account and Qualified Non-Elective Account may be distributable as permitted under the Plan, but in no event prior to the earlier of:

(1) a Participant's termination of employment, Total and Permanent Disability, or death;

(2) a Participant's attainment of age 59 1/2;

(3) the proven financial hardship of a Participant, subject to the limitations of Section 11.8;

(4) the termination of the Plan without the existence at the time of Plan termination of another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) or the establishment of a successor defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) by the Employer or an Affiliated Employer within the period ending twelve months after distribution of all assets from the Plan maintained by the Employer;

(5) the date of the sale by the Employer to an entity that is not an Affiliated Employer of substantially all of the assets (within the meaning of Code Section 409(d)(2)) with respect to a Participant who continues employment with the corporation acquiring such assets; or

(6) the date of the sale by the Employer or an Affiliated Employer of its interest in a subsidiary (within the meaning of Code Section 409(d)(3)) to an entity that is not an Affiliated Employer with respect to a Participant who continues employment with such subsidiary.

(d) In any Plan Year beginning after December 31, 1986, a Participant's Deferred Compensation made under this Plan and all other plans, contracts or arrangements of the Employer maintaining this Plan shall not exceed the limitation imposed by Code Section 402(g), as in effect for the calendar year in which such Plan Year began. If such dollar limitation is exceeded solely from elective deferrals made under this Plan or any other Plan maintained by the Employer, a Participant will be deemed to have notified the Administrator of such excess amount which shall be distributed in a manner consistent with Section 11.2(f). This dollar limitation shall be adjusted annually pursuant to the method provided in Code Section 415(d) in accordance with Regulations.

(e) In the event a Participant has received a hardship distribution pursuant to Regulation 1.401(k)-1(d)(2)(iii)(B) from any other plan maintained by the Employer or from his Participant's Elective Account pursuant to Section 11.8, then such Participant shall not be permitted to elect to have Deferred Compensation contributed to the Plan on his behalf for a period of twelve (12) months following the receipt of the distribution. Furthermore, the dollar limitation under Code Section 402(g) shall be reduced, with respect to the Participant's taxable year following the taxable year in which the hardship distribution was made, by the amount of such Participant's Deferred Compensation, if any, made pursuant to this Plan (and any other plan maintained by the Employer) for the taxable year of the hardship distribution.

(f) If a Participant's Deferred Compensation under this Plan together with any elective deferrals (as defined in Regulation 1.402(g)-1(b)) under another qualified cash or deferred arrangement (as defined in Code Section 401(k)), a simplified employee pension (as defined in Code Section 408(k)), a salary reduction arrangement (within the meaning of Code Section 3121(a)(5)(D)), a deferred compensation plan under Code Section 457, or a trust described in Code Section 501(c)(18) cumulatively exceed the limitation imposed by Code Section 402(g) (as adjusted annually in accordance with the method provided in Code Section 415(d) pursuant to Regulations) for such Participant's taxable year, the Participant may, not later than March 1st following the close of his taxable year, notify the Administrator in writing of such excess and request that his Deferred Compensation under this Plan be reduced by an amount specified by the Participant. In such event, the Administrator shall direct the Trustee to distribute such excess amount (and any Income allocable to such excess amount) to the Participant not later than the first April 15th following the close of the Participant's taxable year. Distributions in accordance with this paragraph may be made for any taxable year of the Participant which begins after December 31, 1986. Any distribution of less than the entire amount of Excess Deferred Compensation and Income shall be treated as a pro rata distribution of Excess Deferred Compensation and Income. The amount distributed shall not exceed the Participant's Deferred Compensation under the Plan for the taxable year. Any distribution on or before the last day of the Participant's taxable year must satisfy each of the following conditions:

(1) the Participant shall designate the distribution as Excess Deferred Compensation;

(2) the distribution must be made after the date on which the Plan received the Excess Deferred Compensation; and

(3) the Plan must designate the distribution as a distribution of Excess Deferred Compensation.

Any distribution under this Section shall be made first from unmatched Deferred Compensation and, thereafter, simultaneously from Deferred Compensation which is matched and matching contributions which relate to such Deferred Compensation. However, any such matching contributions which are not Vested shall be forfeited in lieu of being distributed.

For the purpose of this Section, "Income" means the amount of income

or loss allocable to a Participant's Excess Deferred Compensation and shall be equal to the sum of the allocable gain or loss for the taxable year of the Participant and the allocable gain or loss for the period between the end of the taxable year of the Participant and the date of distribution ("gap period"). The income or loss allocable to each such period is calculated separately and is determined by multiplying the income or loss allocable to the Participant's

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Deferred Compensation for the respective period by a fraction. The numerator of the fraction is the Participant's Excess Deferred Compensation for the taxable year of the Participant. The denominator is the balance, as of the last day of the respective period, of the Participant's Elective Account that is attributable to the Participant's Deferred Compensation reduced by the gain allocable to such total amount for the respective period and increased by the loss allocable to such total amount for the respective period.

In lieu of the "fractional method" described above, a "safe harbor method" may be used to calculate the allocable income or loss for the "gap period." Under such "safe harbor method," allocable income or loss for the "gap period" shall be deemed to equal ten percent (10%) of the income or loss allocable to a Participant's Excess Deferred Compensation for the taxable year of the Participant multiplied by the number of calendar months in the "gap period." For purposes of determining the number of calendar months in the "gap period," a distribution occurring on or before the fifteenth day of the month shall be treated as having been made on the last day of the preceding month and a distribution occurring after such fifteenth day shall be treated as having been made on the first day of the next subsequent month.

Income or loss allocable to any distribution of Excess Deferred Compensation on or before the last day of the taxable year of the Participant shall be calculated from the first day of the taxable year of the Participant to the date on which the distribution is made pursuant to either the "fractional method" or the "safe harbor method."

Notwithstanding the above, for any distribution under this Section which is made after August 15, 1991, such distribution shall not include any income for the "gap period". Further provided, for any distribution under this Section which is made after August 15, 1991, the amount of Income may be computed using a reasonable method that is consistent with Section 4.3(c), provided such method is used consistently for all Participants and for all such distributions for the Plan Year.

Notwithstanding the above, for the 1987 calendar year, Income during the "gap period" shall not be taken into account.

(g) Notwithstanding the above, a Participant's Excess Deferred Compensation shall be reduced, but not below zero, by any distribution and/or recharacterization of Excess Contributions pursuant to Section 11.5(a) for the Plan Year beginning with or within the taxable year of the Participant.

(h) At Normal Retirement Date, or such other date when the Participant shall be entitled to receive benefits, the fair market value of the Participant's Elective Account shall be used to provide benefits to the Participant or his Beneficiary.

(i) Employer Elective Contributions made pursuant to this Section may be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short-term

debt security acceptable to the Trustee until such time as the allocations pursuant to Section 11.3 have been made.

(j) The Employer and the Administrator shall adopt a procedure necessary to implement the salary reduction elections provided for herein.

11.3 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS

(a) The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit as of each Anniversary Date, or other valuation date, all amounts allocated to each such Participant as set forth herein.

(b) The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer's contributions for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate such contribution as follows:

(1) With respect to the Employer's Elective Contribution made pursuant to Section 11.1(a), to each Participant's Elective Account in an amount equal to each such Participant's Deferred Compensation for the year.

(2) With respect to the Employer's Matching Contribution made pursuant to Section 11.1(b), to each Participant's Account, or Participant's Elective Account as selected in E3 of the Adoption Agreement, in accordance with Section 11.1(b).

Except, however, a Participant who is not credited with a Year of Service during any Plan Year shall or shall not share in the Employer's Matching Contribution for that year as provided in E3 of the Adoption Agreement. However, for Plan Years beginning after 1989, if this is a standardized Plan, a Participant shall share in the Employer's Matching Contribution regardless of Hours of Service.

(3) With respect to the Employer's Non-Elective Contribution made pursuant to Section 11.1(c), to each Participant's Account in accordance with the provisions of Sections 4.3(b)(2) or 4.3(b)(3), whichever is applicable, 4.3(k) and 4.3(l).

(4) With respect to the Employer's Qualified Non-Elective Contribution made pursuant to Section 11.1(d), to each Participant's Qualified Non-Elective Contribution Account in the same proportion that each such Participant's Compensation for the year bears to the total Compensation of all Participants for such year. However, for any Plan Year beginning prior to January 1, 1990, and if elected in the non-standardized Adoption Agreement for any Plan Year beginning on or after January 1, 1990, a Participant who is not credited with a Year of Service during any Plan Year shall not share in the Employer's Qualified Non-Elective Contribution for that year, unless required pursuant to Section 4.3(h). In addition, the provisions of Sections 4.3(k) and 4.3(l) shall apply with respect to the allocation of the Employer's Qualified Non-Elective contribution.

(c) Notwithstanding anything in the Plan to the contrary, for Plan Years beginning after December 31, 1988, in determining whether a Non-Key Employee has received the required minimum allocation pursuant to Section 4.3(f) such Non-Key Employee's Deferred Compensation and matching contributions used to satisfy the "Actual Deferral Percentage" test pursuant to Section 11.4(a) or the "Actual Contribution Percentage" test of Section 11.6(a) shall not be taken

into account.

(d) Notwithstanding anything herein to the contrary, participants who terminated employment during the Plan Year shall share in the salary reduction contributions made by the Employer for the year of termination without regard to the Hours of Service credited.

(e) Notwithstanding anything herein to the contrary (other than Sections 11.3(d) and 11.3(g)), any Participant who terminated employment during the Plan Year for reasons other than death, Total and Permanent Disability, or retirement shall or shall not share in the allocations of the Employer's Matching Contribution made pursuant to Section 11.1(b), the Employer's Non-Elective Contributions made pursuant to Section 11.1(c), the Employer's Qualified Non-Elective Contribution made pursuant to Section 11.1(d), and Forfeitures as provided in the Adoption Agreement. Notwithstanding the foregoing, for Plan Years beginning after 1989, if this is a standardized Plan, any such terminated Participant shall share in such allocations provided the terminated Participant completed more than 500 Hours of Service.

(f) Notwithstanding anything herein to the contrary, Participants terminating for reasons of death, Total and Permanent Disability, or retirement shall share in the allocation of the Employer's Matching Contribution made pursuant to Section 11.1(b), the Employer's Non-Elective Contributions made pursuant to Section

11.1(c), the Employer's Qualified Non-Elective Contribution made pursuant to Section 11.1(d), and Forfeitures as provided in this Section regardless of whether they completed a Year of Service during the Plan Year.

(g) Notwithstanding any election in the Adoption Agreement to the contrary, if this is a non-standardized Plan that would otherwise fail to meet the requirements of Code Sections 401(a)(26), 410(b)(1), or 410(b)(2)(A)(i) and the Regulations thereunder because Employer matching Contributions made pursuant to Section 11.1(b), Employer Non-Elective Contributions made pursuant to Section 11.1(c) or Employer Qualified Non-Elective Contributions made pursuant to Section 11.1(d) have not been allocated to a sufficient number or percentage of Participants for a Plan Year, then the following rules shall apply:

(1) The group of Participants eligible to share in the respective contributions for the Plan Year shall be expanded to include the minimum number of Participants who would not otherwise be eligible as are necessary to satisfy the applicable test specified above. The specific participants who shall become eligible under the terms of this paragraph shall be those who are actively employed on the last day of the Plan Year and, when compared to similarly situated Participants, have completed the greatest number of Hours of Service in the Plan Year.

(2) If after application of paragraph (1) above, the applicable test is still not satisfied, then the group of Participants eligible to share for the Plan Year shall be further expanded to include the minimum number of Participants who are not actively employed on the last day of the Plan Year as are necessary to satisfy the applicable test. The specific Participants who shall become eligible to share shall be those Participants, when compared to similarly situated Participants, who have completed the greatest number of Hours of Service in the Plan Year before terminating employment.

11.4 ACTUAL DEFERRAL PERCENTAGE TESTS

(a) Maximum Annual Allocation: For each Plan Year beginning after December 31, 1986, the annual allocation derived from Employer Elective Contributions and Qualified Non-Elective Contributions to a Participant's Elective Account and Qualified Non-Elective Account shall satisfy one of the following tests:

(1) The "Actual Deferral Percentage" for the Highly Compensated Participant group shall not be more than the "Actual Deferral Percentage" of the Non-Highly Compensated Participant group multiplied by 1.25, or

(2) The excess of the "Actual Deferral Percentage" for the Highly Compensated Participant group over the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group shall not be more than two percentage points. Additionally, the "Actual Deferral Percentage" for the Highly Compensated Participant group shall not exceed the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group multiplied by 2. The provisions of Code Section 401(k)(3) and Regulation 1.401(k)-1(b) are incorporated herein by reference.

However, for Plan Years beginning after December 31, 1988, to prevent the multiple use of the alternative method described in (2) above and Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 11.2 and to make Employee contributions or to receive matching contributions under this Plan or under any other plan maintained by the Employer or an Affiliated Employer shall have his actual contribution ratio reduced pursuant to Regulation 1.401(m)-2, the provisions of which are incorporated herein by reference.

(b) For the purposes of this Section "Actual Deferral Percentage" means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group for a Plan Year, the

average of the ratios, calculated separately for each Participant in such group, of the amount of Employer Elective Contributions and Qualified Non-Elective Contributions allocated to each Participant's Elective Account and Qualified Non-Elective Account for such Plan Year, to such Participant's "414(s) Compensation" for such Plan Year. The actual deferral ratio for each Participant and the "Actual Deferral Percentage" for each group, for Plan Years beginning after December 31, 1988, shall be calculated to the nearest one-hundredth of one percent of the Participant's "414(s) Compensation." Employer Elective Contributions allocated to each Non-Highly Compensated Participant's Elective Account shall be reduced by Excess Deferred Compensation to the extent such excess amounts are made under this Plan or any other plan maintained by the Employer.

(c) For the purpose of determining the actual deferral ratio of a Highly Compensated Participant who is subject to the Family Member aggregation rules of Code Section 414(q)(6) because such Participant is either a "five percent owner" of the Employer or one of the ten (10) Highly Compensated Employees paid the greatest "415 Compensation" during the year, the following shall apply:

(1) The combined actual deferral ratio for the family group (which shall be treated as one Highly Compensated Participant) shall be the greater of: (i) the ratio determined by aggregating Employer Elective Contributions and "414(s) Compensation" of all eligible Family Members who are Highly Compensated Participants without regard to family aggregation; and (ii) the ratio determined by aggregating Employer Elective

Contributions and "414(s) Compensation" of all eligible Family Members (including Highly Compensated Participants). However, in applying the $200,000 limit to "414(s) Compensation" for Plan Years beginning after December 31, 1988, Family Members shall include only the affected Employee's spouse and any lineal descendants who have not attained age 19 before the close of the Plan Year.

(2) The Employer Elective Contributions and "414(s) Compensation" of all Family Members shall be disregarded for purposes of determining the "Actual Deferral Percentage" of the Non-Highly Compensated Participant group except to the extent taken into account in paragraph (1) above.

(3) If a Participant is required to be aggregated as a member of more than one family group in a plan, all Participants who are members of those family groups that include the Participant are aggregated as one family group in accordance with paragraphs (1) and (2) above.

(d) For the purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k), if two or more plans which include cash or deferred arrangements are considered one plan for the purposes of Code Section 401(a)(4) or 410(b) (other than Code Section 401(b)(2)(A)(ii) as in effect for Plan Years beginning after December 31, 1988), the cash or deferred arrangements included in such plans shall be treated as one arrangement. In addition, two or more cash or deferred arrangements may be considered as a single arrangement for purposes of determining whether or not such arrangements satisfy Code Sections 401(a)(4), 410(b) and 401(k). In such a case, the cash or deferred arrangements included in such plans and the plans including such arrangements shall be treated as one arrangement and as one plan for purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k). For plan years beginning after December 31, 1989, plans may be aggregated under this paragraph (e) only if they have the same plan year.

Notwithstanding the above, for Plan Years beginning after December 31, 1988, an employee stock ownership plan described in Code Section 4975(e)(7) may not be combined with this Plan for purposes of determining whether the employee stock ownership plan or this Plan satisfies this Section and Code Sections 401(a)(4), 410(b) and 401(k).

(e) For the purposes of this Section, if a Highly Compensated Participant is a Participant under two (2) or more cash or deferred arrangements (other than a cash or deferred arrangement which is part of an employee stock ownership plan as defined in Code Section 4975(e)(7) for Plan Years beginning after December 31, 1988) of the Employer or an Affiliated Employer, all such cash or deferred arrangements shall be treated as

one cash or deferred arrangement for the purpose of determining the actual deferral ratio with respect to such Highly Compensated Participant. However, for Plan Years beginning after December 31, 1988, if the cash or deferred arrangements have different Plan Years, this paragraph shall be applied by treating all cash or deferred arrangements ending with or within the same calendar year as a single arrangement.

11.5 ADJUSTMENT TO ACTUAL DEFERRAL PERCENTAGE TESTS

In the event that the initial allocations of the Employer's Elective Contributions and Qualified Non-Elective Contributions do not satisfy one of the tests set forth in Section 11.4, for Plan Years beginning after December

31, 1986, the Administrator shall adjust Excess Contributions pursuant to the options set forth below:

(a) On or before the fifteenth day of the third month following the end of each Plan Year, the Highly Compensated Participant having the highest actual deferral ratio shall have his portion of Excess Contributions distributed to him and/or at his election recharacterized as a voluntary Employee contribution pursuant to Section 4.7 until one of the tests set forth in Section 11.4 is satisfied, or until his actual deferral ratio equals the actual deferral ratio of the Highly Compensated Participant having the second highest actual deferral ratio. This process shall continue until one of the tests set forth in Section 11.4 is satisfied. For each Highly Compensated Participant, the amount of Excess Contributions is equal to the Elective Contributions and Qualified Non-Elective Contributions made on behalf of such Highly Compensated Participant (determined prior to the application of this paragraph) minus the amount determined by multiplying the Highly Compensated Participant's actual deferral ratio (determined after application of this paragraph) by his "414(s) Compensation." However, in determining the amount of Excess Contributions to be distributed and/or recharacterized with respect to an affected Highly Compensated Participant as determined herein, such amount shall be reduced by any Excess Deferred Compensation previously distributed to such affected Highly Compensated Participant for his taxable year ending with or within such Plan Year. Any distribution and/or recharacterization of Excess Contributions shall be made in accordance with the following:

(1) With respect to the distribution of Excess Contributions pursuant to (a) above, such distribution:

(i) may be postponed but not later than the close of the Plan Year following the Plan Year to which they are allocable;

(ii) shall be made first from unmatched Deferred Compensation and, thereafter, simultaneously from Deferred Compensation which is matched and matching contributions which relate to such Deferred Compensation. However, any such matching contributions which are not Vested shall be forfeited in lieu of being distributed;

(iii) shall be made from Qualified Non-Elective Contributions only to the extent that Excess Contributions exceed the balance in the Participant's Elective Account attributable to Deferred Compensation and Employer matching contributions.

(iv) shall be adjusted for Income; and

(v) shall be designated by the Employer as a distribution of Excess Contributions (and Income).

(2) With respect to the recharacterization of Excess Contributions pursuant to (a) above, such recharacterized amounts:

(i) shall be deemed to have occurred on the date on which the last of those Highly Compensated Participants with Excess Contributions to be recharacterized is notified of the recharacterization and the tax consequences of such recharacterization;

(ii) for Plan Years ending on or before August 8, 1988, may be postponed but not later than October 24, 1988;

(iii) shall not exceed the amount of Deferred Compensation on behalf of any Highly Compensated Participant for any Plan Year;

(iv) shall be treated as voluntary Employee contributions for purposes of Code Section 401(a)(4) and Regulation 1.401(k)-1(b). However, for purposes of Sections 2.2 and 4.3(f), recharacterized Excess Contributions continue to be treated as Employer contributions that are Deferred Compensation. For Plan Years beginning after December 31, 1988, Excess Contributions recharacterized as voluntary Employee contributions shall continue to be nonforfeitable and subject to the same distribution rules provided for in Section 11.2(c);

(v) which relate to Plan Years ending on or before October 24, 1988, may be treated as either Employer contributions or voluntary Employee contributions and therefore shall not be subject to the restrictions of Section 11.2(c);

(vi) are not permitted if the amount recharacterized plus voluntary Employee contributions actually made by such Highly Compensated Participant, exceed the maximum amount of voluntary Employee contributions (determined prior to application of Section 11.6) that such Highly Compensated Participant is permitted to make under the Plan in the absence of recharacterization;

(vii) shall be adjusted for Income.

(3) Any distribution and/or recharacterization of less than the entire amount of Excess Contributions shall be treated as a pro rata distribution and/or recharacterization of Excess Contributions and Income.

(4) The determination and correction of Excess Contributions of a Highly Compensated Participant whose actual deferral ratio is determined under the family aggregation rules shall be accomplished as follows:

(i) If the actual deferral ratio for the Highly Compensated Participant is determined in accordance with Section 11.4(c)(1)(ii), then the actual deferral ratio shall be reduced as required herein and the Excess Contributions for the family unit shall be allocated among the Family Members in proportion to the Elective Contributions of each Family Member that were combined to determine the group actual deferral ratio.

(ii) If the actual deferral ratio for the Highly Compensated Participant is determined under Section 11.4(c)(1)(i), then the actual deferral ratio shall first be reduced as required herein, but not below the actual deferral ratio of the group of Family Members who are not Highly Compensated Participants without regard to family aggregation. The Excess Contributions resulting from this initial reduction shall be allocated (in proportion to Elective Contributions) among the Highly Compensated Participants whose Elective Contributions were combined to determine the actual deferral ratio. If further reduction is still required, then Excess Contributions resulting from this further reduction shall be determined by taking into account the contributions of all Family Members and shall be

allocated among them in proportion to their respective Elective Contributions.

(b) Within twelve (12) months after the end of the Plan Year, the Employer shall make a special Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy one of the tests set forth in Section 11.4(a). Such contribution shall be allocated to the Participant's Qualified Non-Elective Account of each Non-Highly Compensated Participant in the same proportion that each Non-Highly Compensated Participant's Compensation for the year bears to the total Compensation of all Non-Highly Compensated Participants.

(c) For purposes of this Section, "Income" means the income or loss allocable to Excess Contributions which shall equal the sum of the allocable gain or loss for the Plan Year.

(d) Any amounts not distributed or recharacterized within 2 1/2 months after the end of the Plan Year shall be subject to the 10% Employer excise tax imposed by Code Section 4979.

11.6 ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) The "Actual Contribution Percentage," for Plan Years beginning after the later of the Effective Date of this Plan or December 31, 1986, for the Highly Compensated Participant group shall not exceed the greater of:

(1) 125 percent of such percentage for the Non-Highly Compensated Participant group; or

(2) the lesser of 200 percent of such percentage for the Non-Highly Compensated Participant group, or such percentage for the Non-Highly Compensated Participant group plus 2 percentage points. However, for Plan Years beginning after December 31, 1988, to prevent the multiple use of the alternative method described in this paragraph and Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 11.2 or any other cash or deferred arrangement maintained by the Employer or an Affiliated Employer and to make Employee contributions or to receive matching contributions under any plan maintained by the Employer or an Affiliated Employer shall have his actual contribution ratio reduced pursuant to Regulation 1.401(m)-2. The provisions of Code Section 401(m) and Regulations 1.401(m)-1(b) and 1.401(m)-2 are incorporated herein by reference.

(b) For the purposes of this Section and Section 11.7, "Actual Contribution Percentage" for a Plan Year means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group, the average of the ratios (calculated separately for each Participant in each group) of:

(1) the sum of Employer matching contributions made pursuant to Section 11.1(b) (to the extent such matching contributions are not used to satisfy the tests set forth in Section 11.4), voluntary Employee contributions made pursuant to Section 4.7 and Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 on behalf of each such Participant for such Plan Year; to

(2) the Participant's "414(s) Compensation" for such Plan Year.

(c) For purposes of determining the "Actual Contribution Percentage" and

the amount of Excess Aggregate Contributions pursuant to Section 11.7(d), only Employer matching contributions (excluding matching contributions forfeited or distributed pursuant to Section 11.2(f), 11.5(a), or 11.7(a)) contributed to the Plan prior to the end of the succeeding Plan Year shall be considered. In addition, the Administrator may elect to take into account, with respect to Employees eligible to have Employer matching contributions made pursuant to Section 11.1(b) or voluntary Employee contributions made pursuant to Section 4.7 allocated to their accounts, elective deferrals (as defined in Regulation 1.402(g)-1(b)) and qualified non-elective contributions (as defined in Code Section 401(m)(4)(C)) contributed to any plan maintained by the Employer. Such elective deferrals and qualified non-elective contributions shall be treated as Employer matching contributions subject to Regulation 1.401(m)-1(b)(2) which is incorporated herein by reference. However, for Plan Years beginning after December 31, 1988, the Plan Year must be the same as the plan year of the plan to which the elective deferrals and the qualified non-elective contributions are made.

(d) For the purpose of determining the actual contribution ratio of a Highly Compensated Employee who is subject to the Family Member aggregation rules of Code Section 414(q)(6) because such Employee is

either a "five percent owner" of the Employer or one of the ten (10) Highly Compensated Employees paid the greatest "415 Compensation" during the year, the following shall apply:

(1) The combined actual contribution ratio for the family group (which shall be treated as one Highly Compensated Participant) shall be the greater of: (i) the ratio determined by aggregating Employer matching contributions made pursuant to Section 11.1(b) (to the extent such matching contributions are not used to satisfy the tests set forth in Section 11.4), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and "414(s) Compensation" of all eligible Family Members who are Highly Compensated Participants without regard to family aggregation; and (ii) the ratio determined by aggregating Employer matching contributions made pursuant to Section 11.1(b) (to the extent such matching contributions are not used to satisfy the tests set forth in Section 11.4), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and "414(s) Compensation" of all eligible Family Members (including Highly Compensated Participants). However, in applying the $200,000 limit to "414(s) Compensation" for Plan Years beginning after December 31, 1988, Family Members shall include only the affected Employee's spouse and any lineal descendants who have not attained age 19 before the close of the Plan Year.

(2) The Employer matching contributions made pursuant to Section 11.1(b) (to the extent such matching contributions are not used to satisfy the tests set forth in Section 11.4), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and "414(s) Compensation" of all Family Members shall be disregarded for purposes of determining the "Actual Contribution Percentage" of the Non-Highly Compensated Participant group except to the extent taken into account in paragraph (1) above.

(3) If a Participant is required to be aggregated as a member of more than one family group in a plan, all Participants who are

members of those family groups that include the Participant are aggregated as one family group in accordance with paragraphs (1) and (2) above.

(e) For purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(m), if two or more plans of the Employer to which matching contributions, Employee contributions, or both, are made are treated as one plan for purposes of Code Sections 401(a)(4) or 410(b) (other than the average benefits test under Code Section 410(b)(2)(A)(ii) as in effect for Plan Years beginning after December 31, 1988), such plans shall be treated as one plan. In addition, two or more plans of the Employer to which matching contributions, Employee contributions, or both, are made may be considered as a single plan for purposes of determining whether or not such plans satisfy Code Sections 401(a)(4), 410(b) and 401(m). In such a case, the aggregated plans must satisfy this Section and Code Sections 401(a)(4), 410(b) and 401(m) as though such aggregated plans were a single plan. For plan years beginning after December 31, 1989, plans may be aggregated under this paragraph only if they have the same plan year.

Notwithstanding the above, for Plan Years beginning after December 31, 1988, an employee stock ownership plan described in Code Section 4975(e)(7) may not be aggregated with this Plan for purposes of determining whether the employee stock ownership plan or this Plan satisfies this Section and Code Sections 401(a)(4), 410(b) and 401(m).

(f) If a Highly Compensated Participant is a Participant under two or more plans (other than an employee stock ownership plan as defined in Code Section 4975(e)(7) for Plan Years beginning after December 31, 1988) which are maintained by the Employer or an Affiliated Employer to which matching contributions, Employee contributions, or both, are made, all such contributions on behalf of such Highly Compensated Participant shall be aggregated for purposes of determining such Highly Compensated Participant's actual contribution ratio. However, for Plan Years beginning after December 31, 1988, if the plans have different

plan years, this paragraph shall be applied by treating all plans ending with or within the same calendar year as a single plan.

(g) For purposes of Section 11.6(a) and 11.7, a Highly Compensated Participant and a Non-Highly Compensated Participant shall include any Employee eligible to have matching contributions made pursuant to Section 11.1(b) (whether or not a deferred election was made or suspended pursuant to Section 11.2(e)) allocated to his account for the Plan Year or to make salary deferrals pursuant to Section 11.2 (if the Employer uses salary deferrals to satisfy the provisions of this Section) or voluntary Employee contributions pursuant to Section 4.7 (whether or not voluntary Employee contributions are made) allocated to his account for the Plan Year.

(h) For purposes of this Section, "Matching Contribution" shall mean an Employer contribution made to the Plan, or to a contract described in Code Section 403(b), on behalf of a Participant on account of an Employee contribution made by such Participant, or on account of a participant's deferred compensation, under a plan maintained by the Employer.

11.7 ADJUSTMENT TO ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) In the event that for Plan Years beginning after December 31, 1986, the "Actual Contribution Percentage" for the Highly Compensated Participant group exceeds the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group pursuant to Section 11.6(a), the Administrator (on or before the fifteenth day of the third month

following the end of the Plan Year, but in no event later than the close of the following Plan Year) shall direct the Trustee to distribute to the Highly Compensated Participant having the highest actual contribution ratio, his portion of Excess Aggregate Contributions (and Income allocable to such contributions) or, if forfeitable, forfeit such non-Vested Excess Aggregate Contributions attributable to Employer matching contributions (and Income allocable to such Forfeitures) until either one of the tests set forth in Section 11.6(a) is satisfied, or until his actual contribution ratio equals the actual contribution ratio of the Highly Compensated Participant having the second highest actual contribution ratio. This process shall continue until one of the tests set forth in Section 11.6(a) is satisfied. The distribution and/or Forfeiture of Excess Aggregate Contributions shall be made in the following order:

(1) Employer matching contributions distributed and/or forfeited pursuant to Section 11.5(a)(1);

(2) Voluntary Employee contributions including Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5(a)(2);

(3) Remaining Employer matching contributions.

(b) Any distribution or Forfeiture of less than the entire amount of Excess Aggregate Contributions (and Income) shall be treated as a pro rata distribution of Excess Aggregate Contributions and Income. Distribution of Excess Aggregate Contributions shall be designated by the Employer as a distribution of Excess Aggregate Contributions (and Income). Forfeitures of Excess Aggregate Contributions shall be treated in accordance with Section 4.3. However, no such Forfeiture may be allocated to a Highly Compensated Participant whose contributions are reduced pursuant to this Section.

(c) Excess Aggregate Contributions attributable to amounts other than voluntary Employee contributions, including forfeited matching contributions, shall be treated as Employer contributions for purposes of Code Sections 404 and 415 even if distributed from the Plan.

(d) For the purposes of this Section and Section 11.6, "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of:

(1) the aggregate amount of Employer matching contributions made pursuant to Section 11.1(b) (to the extent such contributions are taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c) actually made on behalf of the Highly Compensated Participant group for such Plan Year, over

(2) the maximum amount of such contributions permitted under the limitations of Section 11.6(a).

(e) For each Highly Compensated Participant, the amount of Excess Aggregate Contributions is equal to the total Employer matching contributions made pursuant to Section 11.1(b) (to the extent taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c) on behalf of the Highly Compensated Participant (determined prior to the

application of this paragraph) minus the amount determined by multiplying the Highly Compensated Participant's actual contribution ratio (determined after application of this paragraph) by his "414(s) Compensation." The actual contribution ratio must be rounded to the nearest one-hundredth of one percent for Plan Years beginning after December 31, 1988. In no case shall the amount of Excess Aggregate Contribution with respect to any Highly Compensated Participant exceed the amount of Employer matching contributions made pursuant to Section 11.1(b) (to the extent taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c) on behalf of such Highly Compensated Participant for such Plan Year.

(f) The determination of the amount of Excess Aggregate Contributions with respect to any Plan Year shall be made after first determining the Excess Contributions, if any, to be treated as voluntary Employee contributions due to recharacterization for the plan year of any other qualified cash or deferred arrangement (as defined in Code Section 401(k)) maintained by the Employer that ends with or within the Plan Year or which are treated as voluntary Employee contributions due to recharacterization pursuant to Section 11.5.

(g) The determination and correction of Excess Aggregate Contributions of a Highly Compensated Participant whose actual contribution ratio is determined under the family aggregation rules shall be accomplished as follows:

(1) If the actual contribution ratio for the Highly Compensated Participant is determined in accordance with Section 11.6(d)(1), then the actual contribution ratio shall be reduced and the Excess Aggregate Contributions for the family unit shall be allocated among the Family Members in proportion to the sum of Employer matching contributions made pursuant to Section 11.1(b) (to the extent taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c) of each Family Member that were combined to determine the group actual contribution ratio.

(2) If the actual contribution ratio for the Highly Compensated Participant is determined under Section 11.6(d)(2), then the actual contribution ratio shall first be reduced, as required herein, but not below the actual contribution ratio of the group of Family Members who are not Highly Compensated Participants without regard to family aggregation. The Excess Aggregate Contributions resulting from this initial reduction shall be allocated among the Highly Compensated Participants whose Employer matching contributions made pursuant to Section 11.1(b) (to the extent taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any

Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c) were combined to determine the actual contribution ratio. If further reduction is still required, then Excess Aggregate Contributions resulting from this further reduction shall be

determined by taking into account the contributions of all Family Members and shall be allocated among them in proportion to their respective Employer matching contributions made pursuant to Section 11.1(b) (to the extent taken into account pursuant to Section 11.6(a)), voluntary Employee contributions made pursuant to Section 4.7, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 11.5 and any Qualified Non-Elective Contributions or elective deferrals taken into account pursuant to Section 11.6(c).

(h) Notwithstanding the above, within twelve (12) months after the end of the Plan Year, the Employer may make a special Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy one of the tests set forth in Section 11.6. Such contribution shall be allocated to the Participant's Qualified Non-Elective Account of each Non-Highly Compensated Participant in the same proportion that each Non-Highly Compensated Participant's Compensation for the year bears to the total Compensation of all Non-Highly Compensated Participants. A separate accounting shall be maintained for the purpose of excluding such contributions from the "Actual Deferral Percentage" tests pursuant to Section 11.4.

(i) For purposes of this Section, "Income" means the income or loss allocable to Excess Aggregate Contributions which shall equal the sum of the allocable gain or loss for the Plan Year and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution ("gap period"). The income or loss allocable to Excess Aggregate Contributions for the Plan Year and the "gap period" is calculated separately and is determined by multiplying the income or loss for the Plan Year or the "gap period" by a fraction. The numerator of the fraction is the Excess Aggregate Contributions for the Plan Year. The denominator of the fraction is the total Participant's Account and Voluntary Contribution Account attributable to Employer matching contributions subject to Section 11.6, voluntary Employee contributions made pursuant to Section 4.7, and any Qualified Non-Elective Contributions and elective deferrals taken into account pursuant to Section 11.6(c) as of the end of the Plan Year or the "gap period," reduced by the gain allocable to such total amount for the Plan Year or the "gap period" and increased by the loss allocable to such total amount for the Plan Year or the "gap period."

In lieu of the "fractional method" described above, a "safe harbor method" may be used to calculate the allocable Income for the "gap period." Under such "safe harbor method," allocable Income for the "gap period" shall be deemed to equal ten percent (10%) of the Income allocable to Excess Aggregate Contributions for the Plan Year of the Participant multiplied by the number of calendar months in the "gap period." For purposes of determining the number of calendar months in the "gap period," a distribution occurring on or before the fifteenth day of the month shall be treated as having been made on the last day of the preceding month and a distribution occurring after such fifteenth day shall be treated as having been made on the first day of the next subsequent month.

The Income allocable to Excess Aggregate Contributions resulting from recharacterization of Elective Contributions shall be determined and distributed as if such recharacterized Elective Contributions had been distributed as Excess Contributions.

Notwithstanding the above, for any distribution under this Section which is made after August 15, 1991, such distribution shall not include any Income for the "gap period". Further provided, for any distribution under this Section which is made after August 15, 1991, the amount of Income may be computed using a reasonable method that is consistent with Section 4.3(c), provided such method is used consistently for all Participants and for all such distributions for the Plan Year.

11.8 ADVANCE DISTRIBUTION FOR HARDSHIP

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(a) The Administrator, at the election of the Participant, shall direct the Trustee to distribute to any Participant in any one Plan Year up to the lesser of (1) 100% of his accounts as specified in the Adoption Agreement valued as of the last Anniversary Date or other valuation date or (2) the amount necessary to satisfy the immediate and heavy financial need of the Participant. Any distribution made pursuant to this Section shall be deemed to be made as of the first day of the Plan Year or, if later, the valuation date immediately preceding the date of distribution, and the account from which the distribution is made shall be reduced accordingly. Withdrawal under this Section shall be authorized only if the distribution is on account of one of the following or any other items permitted by the Internal Revenue Service:

(1) Medical expenses described in Code Section 213(d) incurred by the Participant, his spouse, or any of his dependents (as defined in Code Section 152) or expenses necessary for these persons to obtain medical care;

(2) The purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his spouse, children, or dependents; or

(4) The need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence.

(b) No such distribution shall be made from the Participant's Account until such Account has become fully Vested.

(c) No distribution shall be made pursuant to this Section unless the Administrator, based upon the Participant's representation and such other facts as are known to the Administrator, determines that all of the following conditions are satisfied:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant (including any amounts necessary to pay any federal, state, or local taxes or penalties reasonably anticipated to result from the distribution);

(2) The Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Employer;

(3) The Plan, and all other plans maintained by the Employer, provide that the Participant's elective deferrals and voluntary Employee contributions will be suspended for at least twelve (12) months after receipt of the hardship distribution; and

(4) The Plan, and all other plans maintained by the Employer, provide that the Participant may not make elective deferrals for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Code Section 402(g) for such next taxable year less the amount of such Participant's elective deferrals for the taxable year of the hardship distribution.

(d) Notwithstanding the above, distributions from the Participant's Elective Account and Qualified Non-Elective Account pursuant to this Section shall be limited solely to the Participant's Deferred

Compensation and any income attributable thereto credited to the Participant's Elective Account as of December 31, 1988.

(e) Any distribution made pursuant to this Section shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Sections 411(a)(11) and 417 and the Regulations thereunder.

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EXHIBIT 99.B14.2

IRA
CUSTODIAL
AGREEMENT

2

INDIVIDUAL RETIREMENT ACCOUNT
DISCLOSURE STATEMENT

Please read the following information together with the Individual Retirement Account Custodial Agreement and the Prospectus(es) for the Fund(s) you select for your investment. This information reflects the current provisions of the Internal Revenue Code.

YOU MAY REVOKE YOUR INDIVIDUAL RETIREMENT ACCOUNT (IRA) UNDER THE FOLLOWING CONDITIONS:

1. YOU RECEIVED YOUR STRONG FUNDS IRA DISCLOSURE STATEMENT LESS THAN 7 DAYS BEFORE YOU PURCHASED YOUR IRA ACCOUNT AND

2. YOU REVOKE YOUR ACCOUNT WITHIN SEVEN (7) CALENDAR DAYS AFTER IT IS RECEIVED BY STRONG FUNDS. MAIL OR DELIVER A WRITTEN REQUEST FOR REVOCATION TO:

Strong Funds
P.O. Box 2936
Milwaukee, WI 53201
1-800-368-3863

Strong Funds
100 Heritage Reserve
Menomonee Falls, WI 53051
(For overnight delivery)

You will receive a full refund for your initial IRA contribution without any reduction for administrative expenses, sales commissions or changes in market value.

TYPES OF IRAS

Regular IRA. If you are under age 70 1/2, have earned income, and you are of legal age, you may make regular IRA contributions of $2,000 or 100% of your compensation, whichever is less. To determine the tax deductible amount for your IRA contribution, see "Deductible IRA Contributions," section 7.

Spousal IRA. If you are married and your spouse either earns no income or elects to be treated as earning no income during the year, you may make contributions to a Spousal IRA in addition to your IRA. Contributions to your IRA and your spouse's IRA may not exceed 100% of your compensation or $2,250, whichever is less. In no event, however, may the annual contribution to either your IRA or your spouse's IRA exceed the $2,000 limit.

Rollover IRA. You may make a Rollover IRA contribution by rolling over all or a portion of your distribution or directly transferring the assets from a qualified retirement plan [pension plan, profit-sharing plan, Keogh, 401(k)], 403(b)(7) plan or another IRA to your Strong Funds IRA. The distribution must be rolled over within sixty (60) days of receipt from the qualified retirement plan.

The amount of your IRA Rollover contribution or transfer will not be included in your taxable income for the year. However, strict limitations apply to these rollovers and you should seek competent tax advice regarding these restrictions.

Direct Rollover IRA. You may directly rollover a qualifed retirement or 403(b)(7) plan distribution to an IRA to avoid the mandatory 20% federal tax withholding on cash distributions. The distribution must be eligible for rollover.

The amount of your Direct Rollover IRA contribution will not be included in your taxable income for the year. However, strict limitations apply to these rollovers and you should seek competent tax advice regarding these restrictions.

Simplified Employee Pension Plan. A Simplified Employee Pension Plan or SEP-IRA allows an employer to make deductible contributions to separate IRA accounts established for each eligible employee. Your employer can make contributions up to the lesser of 15% of your compensation or $30,000.

> Eligibilty. If an employer or a self-employed individual establishes a SEP-IRA, the plan must include all employees who are at least 21 years old and who have worked for the employer at any time during at least three of the past five years. Employees who earn less than the minimum compensation amount for the current tax year, as adjusted to reflect cost of living increases, may be excluded. Please call us for the current minimum compensation amount. Employees who are non-resident aliens may also be excluded in certain circumstances.

Salary Deferral SEP. Employers may allow you to make salary deferrals of up to the lesser of 15% of your compensation or the current deferral limitation amount, as adjusted to reflect cost of living increases. Please call us for the current deferral limitation. However, the combination of your employer's contributions and the salary deferrals may not exceed the lesser of 15% of your

compensation or $30,000.

Eligibility. The salary deferral option can only be established by employers with 25 or fewer employees at any time during the preceding year, and at least 50% of the eligible employees must choose to participate.

If you are covered by a SEP-IRA, you can also make IRA contributions. Participation in a SEP-IRA may affect the deductibility of your IRA contributions, as described in "Deductible IRA Contributions," section 7.

The contributions made by the employer to your SEP-IRA are subject to the same distribution rules that apply to other IRA contributions, as described in "Distributions," section 12.

1. General. Your IRA is a custodial account created for your exclusive benefit. Your interest in the account is non-forfeitable.

2. Investments. Contributions made to your IRA will be invested in one or more of the Strong Funds.

3. Eligibility. Employees and self-employed individuals are eligible to contribute to an IRA. Employers may also contribute to an employer-sponsored IRA established for the benefit of their employees (see "Simplified Employee Pension Plan"). You may also establish an IRA to receive rollover contributions and/or transfers from another IRA or from certain retirement plans.

4. Contributions. All contributions to your IRA must be made in cash. Therefore, securities or other assets already owned cannot be contributed to an IRA but can be converted to cash and then contributed. No part of your contribution may be invested in life insurance contracts or mixed with other property.

5. Time of Contribution. You may make regular contributions at any time up to and including the due date for filing your tax return for the year, not including any extensions. You may continue to make regular contributions to your IRA up to, but not including, the calendar year in which you reach 70 1/2, as long as you have earned

income. In addition, if you are over age 70 1/2 but your spouse is under age 70 1/2, a spousal IRA contribution can still be made for your spouse. Rollover contributions and transfers may be made at any time, including after you reach age 70 1/2. Contributions to a Simplified Employee Pension Plan may be continued after you attain age 70 1/2, provided you still have earned income.

6. Amount of Contribution. Employees or self-employed individuals may contribute to an IRA up to 100% of compensation for the year or $2,000,

whichever is less. Qualifying rollover contributions and transfers are not subject to this limitation.

7. Deductible IRA Contributions. If you are not married and are not an "active participant" in a qualified retirement plan and you are under age 70 1/2, you may make a fully deductible IRA contribution in any amount up to $2,000 or 100% of your compensation for the year, whichever is less. The same limits apply if you are married and you file a joint return with your spouse, if neither you nor your spouse is an "active participant" in a qualified retirement plan.

For purposes of determining deductible IRA contributions, a qualified retirement plan includes any of the following types of retirement plans:

* a qualified pension, profit-sharing, or stock bonus plan established in accordance with IRC 401(a) or 401(k)

* a Simplified Employee Pension Plan (SEP-IRA) [IRC 408(k)]

* tax-sheltered annuities and custodial accounts [IRC 403(b) and 403(b)(7)]

* a qualified annuity plan under IRC Section 403(a)

Generally, you are considered an "active participant" in a defined contribution plan if an employer contribution or forfeiture was credited to your account under the plan during the year. You are considered an "active participant" in a defined benefit plan if you are eligible to participate in a plan, even though you elect not to participate. You are also treated as an "active participant" for a year you make a voluntary or mandatory contribution to any type of plan, even if your employer makes no contribution to the plan.

If you (or your spouse, if filing a joint tax return) are covered by a qualified retirement plan, your IRA contribution is tax-deductible only if your adjusted gross income does not exceed certain limits. Adjusted gross income is determined prior to adjustments for personal exemptions and itemized deductions. For purposes of determining the IRA deduction, adjusted gross income is not modified to take into account deductions for IRA contributions, but does consider taxable benefits under the Social Security Act and the Railroad Retirement Act and the passive loss limitations under Code Section 86.

8. Limits on Deductible Contributions

IRA DEDUCTIBILITY CHART

Adjusted Gross Income*	Tax-Deductibility of IRA Contribution

Individual	Joint	Covered by a Qualified Plan	Not Covered by a Qualified Plan
$25,000 and under	$40,000 and under	Fully Deductible	Fully Deductible
$25,000- $35,000	$40,000- $50,000	Partially Deductible	Fully Deductible
$35,000 and up	$50,000 and up	Not Deductible	Fully Deductible

*Adjusted Gross Income (AGI) is the total of yearly wages, interest, dividends, capital gains (or losses) minus allowable adjustments, such as alimony and business or moving expenses.

To determine the amount of your partially deductible contribution, use the two step calculation.

1) Go to the appropriate individual/joint column and find your income level. Subtract your income from the maximum dollar amount in your category.

2) Multiply the result by 20% to determine the deductible amount of your IRA contribution.

For example, let's assume you are married, file a joint tax return, one spouse is covered by a qualified retirement plan, and your AGI is $47,200. You can make a $2,000 contribution -- $560 is deductible and $1,440 is non-deductible.

1) $50,000-$47,200 = $2,800
2) $2,800 x 20% = $560

If the deduction limit is not a multiple of $10 then it should be rounded up to the next highest $10. There is a $200 minimum floor on the deduction limit if your adjusted gross income does not exceed $35,000 (for a single taxpayer), $50,000 (for married taxpayers filing jointly) or $10,000 (for a married taxpayer filing separately).

For married couples filing a joint tax return, the deduction limitations on IRA contributions, as determined above, apply to each spouse.

9. Nondeductible IRA Contributions. Even if your income exceeds the limits described above, you may make a contribution to your IRA of up to $2,000 or 100% of your compensation, whichever is less. To the extent that your contribution exceeds the deductible limits, it will be nondeductible. Earnings on all IRA contributions are tax-deferred until distribution. You are required to indicate the nondeductible and deductible IRA contributions on your tax return.

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10. Excess Contributions. Contributions which exceed the maximum allowable contribution to your IRA for federal income tax purposes (the lesser of $2,000 or 100% of compensation or $2,250 for Spousal IRAs) are treated as excess contributions. Any excess contributions made to your IRA are subject to a nondeductible penalty tax of 6% on the excess amount contributed. This penalty tax will be added to your income tax liability for each year the excess contribution remains in your account.

11. Correction of Excess Contribution. If you make a contribution in excess of your allowable maximum, you may avoid the 6% excess contribution penalty tax by withdrawing the excess amount by your tax filing deadline for that year. The earnings on your excess contribution will be taxable to you for the year the excess contribution was made and may be subject to a 10% premature withdrawal penalty tax if you are under age 59 1/2.

12. Distributions. Distributions from your IRA will be included in your gross income for federal tax purposes in the year received by you unless otherwise excludable. You may begin receiving distributions from your IRA at any time. You may choose any of the following alternatives for your payout:

(a) a single sum payment;

(b) equal or substantially equal monthly, quarterly, or annual payments over your life expectancy;

(c) equal or substantially equal monthly, quarterly, or annual payments over the joint life expectancy of you and your designated beneficiary;

(d) equal or substantially equal monthly, quarterly, or annual payments over a specified term not in excess of your life expectancy; or

(e) equal or substantially equal monthly, quarterly, or annual payments over a specified term not in excess of the joint life expectancy of you and your designated beneficiary.

13. Tax Treatment of Distributions. Amounts distributed to you are generally includable in your gross income in the taxable year you receive them and are taxable as ordinary income. To the extent, however, that any part of a distribution constitutes a return of your nondeductible contributions, it will not be included in your income. The amount of any distribution excludable from income is the portion that bears the same ratio as your aggregate nondeductible contributions bear to the balance of your IRA at the end of the year (calculated after adding back distributions during the year). For this purpose, all of your IRAs are treated as a single IRA. Furthermore, all distributions from an IRA during a taxable year are to be treated as one

distribution. The aggregate amount of distributions excludable from income for all years cannot exceed the aggregate nondeductible contributions for all calendar years.

Distributions from your IRA made before age 59 1/2 will be subject to a 10% nondeductible penalty tax unless the distribution is a return of nondeductible contributions or is made because of your death, disability, as part of a series of substantially equal periodic payments over your life expectancy or the joint life expectancy of you and your beneficiary, or the distribution is an exempt withdrawal of an excess contribution. The penalty tax may also be avoided if the distribution is rolled over to another individual retirement account.

14. Required Minimum Distributions. You must begin receiving the assets in your account no later than April 1 following the calendar year in which you reach age 70 1/2 (your "required beginning date"). In general, the minimum amount that must be distributed each year is equal to the amount obtained by dividing the balance in your IRA on the last day of the prior year (or the last day of the year prior to the year in which you attain age 70 1/2) by your life expectancy, the joint life expectancy of you and your beneficiary, or the specified payment term, whichever is applicable. A federal tax penalty may be imposed against you if the required minimum distribution is not made for the year you reach age 70 1/2 and for each year thereafter. The penalty is equal to 50% of the amount by which the actual distribution is less than the required minimum.

Unless you or your spouse elects otherwise, your life expectancy and/or the life expectancy of your spouse will be recalculated annually. An election not to recalculate life expectancy(ies) is irrevocable and will apply to all subsequent years. The life expectancy of a nonspouse beneficiary may not be recalculated.

If you have two or more IRAs, you may satisfy the minimum distribution requirements by receiving a distribution from one of your IRAs in an amount sufficient to satisfy the minimum distribution requirements for your other IRAs. You must still calculate the required minimum distribution separately for each IRA, but then such amounts may be totalled and the total distribution taken from one or more of your individual IRAs.

Distribution from your IRA must satisfy the special "incidental death benefit" rules of the Internal Revenue Code. These provisions set forth certain limitations on the joint life expectancy of you and your beneficiary. If your beneficiary is not your spouse, your beneficiary will be generally considered to be no more than 10 years younger than you for the purpose of calculating the minimum amount that must be distributed.

15. Distribution of Account Assets After Death. If you die before receiving the entire balance of your account, distribution of your remaining account balance is subject to several special rules. If you die on or after your

required beginning date, distribution must continue in a method at least as rapid as under the method of distribution in effect at your death. If you die before your required beginning date, your remaining interest will, at the election of your beneficiary or beneficiaries:

(i) be distributed by December 31 of the year in which occurs the fifth anniversary of your death, or

(ii) commence to be distributed by December 31 of the year following your death over a period not exceeding the life or life expectancy of your designated beneficary or beneficiaries.

Two additional distribution options are available if your spouse is the beneficiary:

(i) payments to your spouse may commence as late as December 31 of the year you would have attained age 70 1/2 and be distributed over a period not exceeding the life or life expectancy of your spouse, or

(ii) your spouse can simply elect to treat your IRA as his or her own, in which case distributions will be required to commence by April 1 following the calendar year in which your spouse attains age 70 1/2.

16. Excess Distributions. Distributions from tax-favored retirement plans, including IRAs, are assessed a 15% excise tax when they exceed a certain threshold amount. This threshold amount for the application of excess distribution and excess accumulation penalties is adjusted to reflect cost of living increases. Please call us for the current threshold amount. To determine whether you have distributions in excess of this limit, you must combine the amounts of all distributions you receive during the calendar year from all retirement plans, including IRAs. Please consult with your tax advisor for more complete information, including the availability of favorable elections.

17. No Special Tax Treatment. No distribution to you or anyone else from your IRA will qualify for special 5-year or 10-year averaging or capital gains treatment under the federal income tax laws. All distributions are taxed to the recipient as ordinary income except for the portion of a distribution which represents the return of non-deductible contributions.

18. Qualification of the Plan. Your IRA has been approved as to form for use as an IRA by the Internal Revenue Service. The Internal Revenue Service approval is a determination only as to the form of the IRA and does not represent a determination of the merits of the IRA. You may obtain further information with respect to your IRA from any district office of the Internal Revenue Service.

19. Designation of Beneficiary. You can designate your beneficiary on the IRA application. Any new account opened by exchanging money from an existing IRA account with a valid beneficiary designation will have the same beneficiary designation as the original account. To change your beneficiary designation, write to Strong Funds indicating the new beneficiary.

20. Prohibited Transactions. The occurrence of any of the below-listed events during the existence of your IRA will result in the disqualification of your account and the entire balance in your IRA will be treated as if distributed to you and will be taxable to you in the year in which any of the following events occur:

(a) the sale, exchange, or leasing of any property between your account and yourself;

(b) the lending of money or other extensions of credit between your account and yourself; and/or

(c) the furnishing of goods, services, or facilities between you and your account.

In addition, if you pledge all or part of your IRA as security for a loan, the portion that is pledged will be treated as if distributed to you and will be taxed as ordinary income in the year it was pledged. If you are under age 59 1/2, you may also be subject to the 10% penalty tax on early distributions.

21. Reporting for Tax Purposes. contributions to your IRA for which a deduction is allowed are reported on your Federal Income Tax, Form 1040, for the tax year contributed. If any nondeductible contributions are made by you during a tax year, such amounts must be reported on Form 8606 and attached to your Federal Income Tax Return for the year contributed. If you report a nondeductible contribution to your IRA and do not make the contribution, you will be subject to a $100 penalty for each overstatement unless a reasonable cause is shown for not contributing.

Other reporting is required if any special taxes or penalties described herein are due. You must also file Form 5329 with the Internal Revenue Service for each taxable year in which the contribution limit has been exceeded, a premature distribution has been made, an excess distribution has been made, or less than the required minimum amount is distributed from your IRA.

22. Witholding of Income Tax. Federal law requires the custodian to withhold income taxes on distributions from your IRA, unless you elect otherwise.

23. Service Charges. Any service charges or other types of fees or assessments made against your IRA, and the amount of such charges, are described in the Individual Retirement Account Custodial Agreement.

24. Allocation of Earnings. The method of computing and allocating annual earnings shall be set forth in the Individual Retirement Account Custodial Agreement. The growth in value of your IRA is neither guaranteed nor projected.

INDIVIDUAL RETIREMENT ACCOUNT
CUSTODIAL AGREEMENT

This is an agreement establishing an Individual Retirement Account (under Section 408(a) of the Internal Revenue Code of 1986, as amended (the "Code")) between the Depositor and the Custodian.

"Depositor" means the individual for whom the Individual Retirement Account is established.

"Custodian" means Firstar Trust Company, or any successor thereto.

"Custodial Account" means the account established by the Custodian in the name of the Depositor.

ARTICLE I

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 Code Section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), or an employer contribution to a simplified employee pension plan as described in Section 408(k).

ARTICLE II

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 Code Section 408(a)(5)).

2. No part of the custodial funds may be invested in collectibles (as defined in Code Section 408(m)(2)), except as otherwise permitted by Code Section 408 (m)(3) which provides an exception for certain gold and silver coins minted by the U.S. Treasury Department and any coins issued under the laws of any state.

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with Code Section 408(a)(6) and Proposed Treasury Regulations Section 1.408-8, including the incidental death benefit provisions of Proposed Treasury Regulations Section 1.401(a)(9)-2, the provisions of which are incorporated by reference.

2. Unless otherwise elected by the time of distributions are required to begin to the Depositor under Paragraph 3, or to the surviving spouse under Paragraph 4, other than in the case of a life annuity, life expectancies shall be recalculated annually.

Such election shall be irrevocable as to the Depositor and the surviving spouse and shall apply to all subsequent years. The life expectancy of a nonspouse beneficiary may not be recalculated.

3. The Depositor's entire interest in the custodial account must be, or begin to be, distributed by the Depositor's required beginning date, (April 1 immediately following the end of 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.

(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.

(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.

4. 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 distribution of his or her interest has begun, distribution must continue to be made in accordance with Paragraph 3.

(b) If the Depositor dies before distribution of his or her interest has begun, the entire remaining interest will, at the election of the Depositor or, if the Depositor has not so elected, 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 starting by December 31 of the year following the year of the Depositor's death. If, however, the beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before December 31 of the year in which the Depositor would have turned age 70 1/2.

(c) Except where distribution in the form of an annuity meeting the requirements of Code Section 408(b)(3) and its related regulations has irrevocably commenced, distributions are treated as having begun on the Depositor's required beginning date, even though payments may actually have been made before that date.

(d) 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.

5. In the case of a 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 3, 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 a distribution in accordance with Paragraph 4(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.

6. The owner of two or more individual retirement accounts may use the "alternative method" described in Internal Revenue Notice 88-38, 1988-1 C.B. 524, to satisfy the minimum distribution requirements described above. This method permits an individual to satisfy these requirements by taking from one individual retirement account the amount required to satisfy the requirement for another.

ARTICLE V

1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under Code Section 408(i) and Treasury Regulations Section 1.408-5 and 1.408-6.

2. The Custodian agrees to submit reports to the Internal Revenue Service (IRS) and the Depositor prescribed by the IRS.

ARTICLE VI

Notwithstanding any other articles 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 Code Section 408(a) and related regulations will be invalid.

ARTICLE VII

The Custodian shall amend this agreement from time to time to comply with the provisions of the Code and related Treasury Regulations. The Custodian may make other amendments with the consent of the persons whose signatures appear below.

ARTICLE VIII

1. INVESTMENT OF ACCOUNT ASSETS.
   (a) All contributions to the Custodial Account shall be invested in the shares of any regulated investment company ("Investment Company") for which Strong Capital Management, Inc. (the "Investment Advisor") serves as investment advisor, or any other regulated investment company designated by the Investment Advisor. Shares of stock of an Investment Company shall be referred to as "Investment Company Shares."

(b) Each contribution to the Custodial Account shall identify the Depositor's account number and be accompanied by a signed statement directing the investment of that contribution. The Custodian may return to the Depositor, without liability for interest thereon, any contribution which is not accompanied by adequate account identification or an appropriate signed statement directing investment of that contribution.

(c) Contributions shall be invested in whole and fractional Investment Company Shares at the price and in the manner such shares are offered to the public. All distributions received on Investment Company Shares held in the Custodial Account shall be reinvested in like shares. If any distribution of Investment Company Shares may be received in additional like shares or in cash or other property, the Custodian shall elect to receive such distribution in additional like Investment Company Shares.

(d) All Investment Company Shares acquired by the Custodian shall be registered in the name of the Custodian or its nominee. The Depositor shall be the beneficial owner of all Investment Company Shares held in the Custodial Account.

(e) The Custodian agrees to forward to the Depositor each prospectus, report, notice, proxy and related proxy soliciting materials applicable to Investment Company Shares held in the Custodial Account received by the Custodian. By establishing or having established the Custodial Account, the Depositor affirmatively directs the Custodian to vote any Investment Company Shares held on the applicable record date that have not been voted by the Depositor prior to a shareholder meeting for which prior notice has been given. The Custodian shall vote with the management of the Investment Company on each proposal that the Investment Company's Board of Directors has approved unanimously. If the Investment Company's Board of Directors has not approved a proposal unanimously, the Custodian shall vote in proportion to all shares voted by the Investment Company's shareholders.

(f) The Depositor may, at any time, by written notice to the Custodian, redeem any number of shares held in the Custodial Account and reinvest the proceeds in the shares of any other Investment Company. Such redemptions and reinvestments shall be done at the price and in the manner such shares are then being redeemed or offered by the respective Investment Companies.

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2. AMENDMENT AND TERMINATION.

(a) The Investment Advisor may amend the Custodial Account (including

retroactive amendments) by delivering to the Depositor written notice of such amendment setting forth the substance and effective date of the amendment. The Depositor shall be deemed to have consented to any such amendment not objected to in writing by the Depositor within thirty (30) days of receipt of the notice, provided that no amendment shall cause or permit any part of the assets of the Custodial Account to be diverted to purposes other than for the exclusive benefit of the Depositor or his beneficiaries.

(b) The Depositor may terminate the Custodial Account by delivering to the Custodian a written notice of such termination.

(c) The Custodial Account shall automatically terminate upon distribution to the Depositor or any beneficiary of the entire balance in the Custodial Account.

(d) At any time after three years from the effective date of this Agreement, the Custodian may elect to terminate the Custodial Account upon thirty (30) days written notice to the Depositor.

3. Taxes and Custodial Fees. Any income taxes or other taxes levied or assessed upon or in respect of the assets or income of the Custodial Account or any transfer taxes incurred shall be paid from the Custodial Account. All administrative expenses incurred by the Custodian in the performance of its duties, including fees for legal services rendered to the Custodian and the Custodian's compensation, shall be paid from the Custodial Account, unless otherwise paid by the Depositor or his or her beneficiaries. The Custodian's current fees are:

(a) Annual maintenance fee - $10.00 per account
Maximum annual maintenance fee - $30.00

(b) Transfer to successor custodian - $10.00

(c) Complete distribution - $10.00

Extraordinary charges resulting from unusual administrative responsibilities not contemplated by this schedule will be subject to such additional charges as will reasonably compensate the Custodian for the services performed.

A separate annual maintenance fee will be charged for each Investment Company in which the Custodial Account is invested for that calendar year.

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If you decide not to prepay the maintenance fee, it will be deducted in September of each year, and enough Investment Company Shares will be redeemed to cover the fees. Upon thirty (30) days written notice to the

Depositor, the Custodian may change the fees payable in connection with the Custodial Account.

4. REPORTS AND NOTICES.

(a) The Custodian shall keep adequate records of transactions it is required to perform hereunder. After the close of each calendar year, the Custodian shall provide to the Depositor or the Depositor's legal representative a written report or reports reflecting the transactions effected by it during such year and the assets and liabilities of the Custodial Account at the close of the year.

(b) All communications or notices shall be deemed to be given upon receipt by the Custodian of Strong Funds, at P. O. Box 2936, Milwaukee, Wisconsin 53201, or the Depositor at his or her most recent address shown in the Custodian's records. The Depositor agrees to advise the Custodian promptly, in writing, of any change of address.

5. DESIGNATION OF BENEFICIARY. The Depositor may designate a beneficiary or beneficiaries to receive benefits from the Custodial Account in the event of the Depositor's death. In the event the Depositor has not designated a beneficiary, or if all beneficiaries shall predecease the Depositor, the following persons shall take in the order named:

(a) The spouse of the Depositor; or

(b) The personal representative of the Depositor's estate, if the Depositor does not have a spouse.

6. MULTIPLE INDIVIDUAL RETIREMENT ACCOUNTS. In the event the Depositor maintains more than one individual retirement account (as defined in Code Section 408(a)) and elects to satisfy his or her minimum distribution requirements described in Article IV above by making a distribution for another individual retirement account in accordance with Paragraph 6 thereof, the Depositor shall be deemed to have elected to calculate the amount of his or her minimum distribution under this Custodial Account in the same manner as under the individual retirement account from which the distribution is made.

7. INALIENABILITY OF BENEFITS. The benefits provided under this Custodial Account shall not be subject to alienation, assignment, garnishment, attachment, execution, or levy of any kind and any attempt to cause such benefits to be so subjected shall not be recognized except to the extent as may be required by law.

8. ROLLOVER CONTRIBUTIONS AND TRANSFERS. The Custodian shall have the right to receive rollover contributions and to receive direct transfers from

other custodians or trustees. All contributions must be made in cash or by check.

9. MINIMUM REQUIRED DISTRIBUTIONS. If a Depositor has attained age 70 1/2 and has not notified the Custodian in writing as to how to calculate the minimum required distribution or that a minimum required distribution has been received from another IRA (reference Article IV, Section 6), a minimum required distribution will be made in accordance with Article IV, Section 5.

10. CONFLICT IN PROVISIONS. To the extent that any provisions of this Article VIII shall conflict with the provisions of Articles IV, V and/or VII, the provisions of this Article VIII shall govern.

11. APPLICABLE STATE LAW. This Custodial Account shall be construed, administered, and enforced according to the laws of the State of Wisconsin.

EXHIBIT 99.B14.3

STRONG

RETIREMENT PLAN SERVICES

Helping You Build a Strong 403(b) Retirement Fund

403(b)(7) Tax-Sheltered Custodial Account Agreement

403(b) PLAN DOCUMENT

[STRONG LOGO]

This Agreement allows you to establish a tax-sheltered custodial account authorized under Section 403(b)(7) of the Internal Revenue Code. By electing to reduce your Compensation and have your Employer contribute into your tax-sheltered custodial Account, you will not be taxed on the amounts contributed or earnings attributable to such amounts until the funds are withdrawn from your Account.

SECTION ONE: DEFINITIONS

The following words and phrases when used in this Agreement with initial capital letters shall have the meanings set forth below.

1.01 ACCOUNT - Means the tax-sheltered custodial Account established pursuant to this Agreement for the benefit of the Participant and when the context so implies refers to the assets, if any, then held by the Custodian hereunder.

1.02 AGREEMENT - Means this 403(b)(7) Tax-Sheltered Custodial Account Agreement.

1.03 BENEFICIARY - Means the person or persons designated by the Participant in accordance with Section 4.04 to receive any distributions from the

Account upon the Participant's death.

1.04 CODE - Means the Internal Revenue Code of 1986, as amended from time to time.

1.05 CUSTODIAN - Means Firstar Trust Company or any successor thereto which qualifies to serve as Custodian in the manner prescribed by Section 401(f)(2) of the Code.

1.06 EMPLOYER - Means the entity so designated on this Agreement. The Employer must be an entity described in Section 501(c)(3) of the Code which is exempt from tax under Section 501(a) of the Code, a public educational organization described in Section 170(b)(1)(A)(ii) of the Code or any other entity eligible under Section 403(b) of the Code to make contributions to tax-sheltered custodial accounts.

1.07 PARTICIPANT - Means any person who is regularly employed by the Employer who elects to participate in this Agreement by completing and signing a Salary Reduction Agreement or such other form as may be acceptable to the Employer.

1.08 SALARY REDUCTION AGREEMENT - Means the Salary Reduction Agreement signed by the Employee and delivered to the Employer whereby the Employee authorizes a reduction of salary to be contributed by the Employer to the Employee's Account established hereunder.

1.09 SPONSOR - Means your employer.

SECTION TWO: CONTRIBUTIONS

2.01 SALARY REDUCTION AGREEMENT - The Custodian may accept contributions from the Employer on behalf of a Participant made pursuant to a Salary Reduction Agreement which satisfies the following requirements: (1) such agreement must be legally binding and irrevocable with respect to amounts earned by the Participant while the agreement is in effect, (2) such agreement shall apply only to amounts earned after the agreement becomes effective, and (3) only one such agreement may be made or changed in any single taxable year. A Participant shall designate, in the Salary Reduction Agreement, the amount or percentage of his or her compensation which is to be deferred. Such amount or percentage shall be effective until otherwise modified in writing by the Participant. A Participant may terminate his or her Salary Reduction Agreement at any time. However, the Participant may make or change his or her Salary Reduction Agreement only once in a single taxable year.

2.02 MAXIMUM CONTRIBUTION LIMITS - In no event shall the contributions to the Account for a tax year on behalf of a Participant exceed the maximum

allowable deferrals permitted under current law or regulation.

a. The maximum salary deferral made during a tax year on behalf of a Participant, when aggregated with other salary deferral amounts made through the Employer (or controlled group of Employers under IRC 414(b), (c), (m) or (o)), shall not exceed the lesser of the maximum permitted amount for a Participant under Sections 403(b)(2) and 415(c) of the Code for that year.

b. The maximum of all salary deferrals made during the Participant's tax year shall not exceed the limitations set forth in Section 402(g) of the Code.

c. The maximum salary deferrals may be based on a valid election by the Participant to use available special increase options.

2.03 TRANSFER TO CUSTODIAL ACCOUNT - The Participant may transfer (or arrange for the transfer of) assets from another annuity contract or custodial account described in Section 403(b) of the Code to this Account. The transfer shall be accepted by the Custodian if the Participant certifies the transaction satisfies all current requirements for such a transaction. The Custodian may request the Participant to provide such information it deems necessary prior to accepting the transfer. The Custodian shall not be responsible for determining whether any transfer is proper.

SECTION THREE: INVESTMENT OF CONTRIBUTIONS

3.01 SHARES OF REGULATED INVESTMENT COMPANIES - All Contributions by a Participant to his or her Account shall be invested by the Custodian pursuant to written instructions concerning investment delivered by the Participant to the Custodian prior to or at the time a contribution is made to the Account. The Custodian shall, within a reasonable time following receipt of written instructions from the Participant, invest such contributions in full or fractional shares of certain regulated investment companies.

For purposes of this Agreement, "regulated investment companies" means any regulated investment company or companies within the meaning of Section 851(a) of the Code or any series issued by such company which has an investment advisory agreement and/or a distribution agreement with the company, or any of its affiliated or associated companies and which has agreed to offer shares for use as funding vehicles for the Account.

If the investment instructions provided by the Participant to the Custodian are not received by the Custodian or are, in the opinion of the Custodian, ambiguous, the Custodian may hold or return all or a portion of

the contribution uninvested without liability for loss of income or appreciation, without liability for interest, dividends or any other gain whatsoever, pending receipt of proper instructions or clarification. The Custodian shall advise the Participant of the form and manner in which investment instructions must be given.

3.02 PARTICIPANT CHANGE OF INVESTMENT - Subject to rules and procedures adopted by the Custodian, a Participant may, at his or her election, direct the Custodian to redeem any or all regulated investment company shares held by the Custodian pursuant to this Agreement and to reinvest the proceeds in such other regulated investment company shares as directed. Transactions of this character must conform with the provisions of the current prospectus for the regulated investment company shares subject to purchase.

3.03 DIVIDENDS AND DISTRIBUTIONS - Dividends and other distributions received by the Custodian on shares of any regulated investment company held in the Account shall be reinvested in additional shares of the regulated investment company from which the dividend or other distribution originates, unless the Participant directs the Custodian to act otherwise. Should a Participant have the choice of receiving a distribution of shares from a regulated investment company in additional shares, cash or other

property, the Custodian shall nonetheless elect to receive such distribution in additional shares.

3.04 REGISTERED OWNER, VOTING RIGHTS - All regulated investment company shares acquired by the Custodian pursuant to this Agreement shall be registered in the name of the Custodian or its nominee. The Custodian shall deliver or cause to be executed and delivered to the Participant all notices, prospectuses, financial statements, proxies and related proxy information. The Custodian shall vote the shares in accordance with instructions from the Participant.

3.05 SALES CHARGES - All sales charges, transfer fees, investment fees or other administrative charges associated with the purchase of transfer of or sale of regulated investment company shares shall be charged to the Account of the Participant.

SECTION FOUR: DISTRIBUTIONS

4.01 LIMITATIONS ON DISTRIBUTIONS - Subject to the limitations described in

this Agreement, a Participant may request a distribution from the Account. A Participant's Account may not be distributed prior to the Participant's

(a) attainment of age 59 1/2,
(b) incurring a disability within the meaning of Section 72(m)(7) of the Code,
(c) death,
(d) encountering a financial hardship, or
(e) separation from service.

No distribution shall be made to a Participant (or Beneficiary, if applicable) until he or she completes such written forms and provides such additional information and documentation as the Custodian, in its sole discretion, may deem necessary.

If the value of the Account immediately preceding the 1989 Plan Year is ascertainable, such pre-1989 amounts are not subject to the limitations of Section 4.01.

4.02 FINANCIAL HARDSHIP - For purposes of this Agreement, "financial hardship" shall include a financial need incurred by the Participant due to illness, temporary disability, purchase of a home, or educational expenses of the Participant or any member of his or her immediate family, or any other immediate and heavy financial need of the Participant; provided, however, no financial hardship shall exceed or otherwise not conform to the requirements of Section 403(b)(7) of the Code. No distributions

on account of financial hardship shall exceed the amount determined to be required to meet the immediate financial need created by the hardship which cannot be otherwise reasonably accommodated from other resources of the Participant. Any distribution made on account of a Participant's financial hardship shall be made to such Participant in a single sum payment in cash pursuant to written instructions in a form acceptable to the Custodian, and delivered to the Custodian as may be provided in Section 403(b)(7) of the Code.

Hardship distributions may consist only of the amounts contributed pursuant to a Participant's Salary Reduction Agreement.

4.03 FORM OF DISTRIBUTION - Distributions for other than a financial hardship shall be made in any one or more or any combination of the following forms:

(a) single lump sum payment;
(b) monthly, quarterly, semiannual or annual payments over a period elected by the Participant not to extend beyond the Participant's life expectancy; or

(c) in monthly, quarterly, semiannual or annual payments over a period selected by the Participant not to exceed the joint life and last survivor expectancy of the Participant and his or her Beneficiary.

At any time prior to commencement of distribution, the Participant may make or change the foregoing distribution forms by delivering a written notice to the Custodian.

Notwithstanding any other provision to the contrary, the Custodian may make an immediate single sum distribution to the Participant or Beneficiary (if applicable) if the value of the Account does not exceed $3,500.

In the event a Participant does not elect any of the methods of distribution described above on or before such Participant's 70 1/2 birthday, the Participant shall be deemed to have elected distribution made on his or her 70 1/2 birthday in the form of periodic payments over the single life expectancy of the participant using the declining years method of determining the Participant's life expectancy multiple; provided, however, the Custodian shall have no liability to the Participant for any tax penalty or other damages which may result from any inadvertent failure by the Custodian to make such a distribution.

Notwithstanding anything in this Agreement to the contrary distributions shall conform to the minimum distribution requirements of Section 401(a)(9) of the Code and the regulations thereunder, including Treasury Regulations Sections 1.401(a)(9)-2 and 1.403(b)-2.

If the value of the Account prior to 1987 is determinable, the pre-1987 amount need not be subject to a required minimum distribution until the calendar year the Participant attains age 75, or such later date as may be allowed by law or regulation.

4.04 DESIGNATION OF BENEFICIARY - Each Participant may designate, upon a form provided by the Custodian, any person or persons (including an entity other than a natural person) as primary or contingent Beneficiary to receive all or a specified portion of the Participant's Account in the event of the Participant's death. A Participant may change or revoke such Beneficiary designation from time to time by completing and delivering the proper form to the Custodian.

4.05 DISTRIBUTION UPON DEATH OF PARTICIPANT - If a Participant dies before his or her entire interest in the Account is distributed to him or her, or if

distribution has commenced to the Participant and his or her surviving spouse and such surviving spouse dies before the entire interest is distributed to such spouse, the entire interest or remaining undistributed balance of such interest shall be distributed in the form of a single sum cash payment, or other form of payment as permitted under current applicable code or regulations, to the Beneficiary or Beneficiaries, if any, designated by the Participant or his or her spouse as the case may be. In the event no such Beneficiary has been designated, the Participant's estate shall receive the balance of the Account.

4.06 DISTRIBUTION OF EXCESS AMOUNTS - The Custodian may make distribution of any excess to the Participant.

4.07 ELIGIBLE ROLLOVER DISTRIBUTIONS - At the election of a Participant (or the surviving spouse Beneficiary of a deceased Participant) the Custodian shall pay any eligible rollover distribution to an individual retirement plan described in Section 408 of the Code or another annuity contract or custodial account described in Section 403(b) of the Code in a direct rollover for that Participant (or beneficiary). The term "eligible rollover distribution" shall have the meaning set forth in Sections 402(c)(2) and (4) of the Code and Q&A-3 through Q&A-8 of Treasury Regulations Section 1.402(c)-2T.

The Participant (or surviving spouse beneficiary) who desires a direct rollover must specify the individual retirement plan or 403(b) plan to which the eligible rollover distribution is to be paid and satisfy such other reasonable requirements as the Custodian may impose.

SECTION FIVE: ADMINISTRATION

5.01 DUTIES OF THE CUSTODIAN - The Custodian shall have the following obligations and responsibilities:

(a) To hold contributions to the Account it receives, invest such contributions pursuant to the Participant's instructions and distribute Account assets pursuant to this Agreement;
(b) To register any property held by the Custodian in its own name, or in nominal bearer form, that will pass delivery;
(c) To maintain records of all relevant information as may be necessary for the proper administration of the Account;
(d) To allocate earnings, if any, realized from such contributions and such other data information as may be necessary;
(e) To file such returns, reports and other information with the Internal Revenue Service and other government agencies as may be required of the Custodian under applicable laws and regulations.

5.02 REPORTS - As soon as practicable after December 31st of each calendar year, and whenever required by regulations under the Code, the Custodian shall deliver to the Participant a written report of the Custodian's transactions relating to the Account during the period from the last previous accounting and shall file such other reports as may be required under the Code.

On receipt of the Custodian's report referenced in the preceding paragraph a Participant shall have a period of 60 days following receipt to deliver a written objection to the Custodian concerning information provided in the report. In the event the Participant neglects to file such written objection, the report shall be deemed approved and in such case, the Custodian shall be forever released and discharged with respect to all matters and things included herein.

5.03 CUSTODIAN NOT RESPONSIBLE FOR CERTAIN ACTIONS - Notwithstanding the foregoing, the Custodian shall have no responsibility for determining the amount of or collecting contributions to the Account made pursuant to this Agreement; determining the amount, character or timing of any distribution to a Participant under this Agreement; determining a Participant's maximum contribution amount; maintaining or defending any legal action in connection with this Agreement, unless agreed upon by the Custodian, Employer and Participant.

5.04 INDEMNIFICATION OF CUSTODIAN - The Employer and Participant shall, to the extent permitted under law, indemnify and hold the Custodian harmless from and against any liability which may occur in the administration of the Account unless arising from the Custodian's breach of its responsibilities under this Agreement. By execution of this

Agreement, it is the specific intention of the parties that no fiduciary duties be conferred upon the Custodian nor shall any be implied from this Agreement or the acts of this Custodian.

5.05 CUSTODIAN'S FEES AND EXPENSES - The Custodian may charge fees in connection with the Account. In addition, the Custodian has the right to be reimbursed for any taxes or expenses incurred by or on behalf of the Account. All such fees, taxes or expenses may be charged against the Account or, at the option of the Custodian, may be paid directly by the Participant or Employer. The Custodian reserves the right to change its fee schedule, or add new fees, at any time upon 30 days prior written notice to the Participant.

SECTION SIX: AMENDMENT AND TERMINATION

6.01 AMENDMENT OF AGREEMENT - This Agreement may be amended by an agreement in writing between the Employee and Custodian. In addition, by execution of this Agreement, the Employer and the Participant delegate to the Custodian all authority to amend this Agreement by written notification from the Custodian to the Participant as to any term hereof, at any time (including retroactively) except that no amendment shall be made which may operate to disqualify the Account under Section 403(b)(7) of the Code. The effective date of any amendment hereto shall be the date specified in said amendment or 30 days subsequent to the time notification of amendment is delivered by the Custodian to the Participant.

6.02 TERMINATION BY PARTICIPANT - The Participant reserves the right to terminate further contributions to his or her Account pursuant to this Agreement by executing and delivering to the Custodian an executed copy of an agreement terminating said contributions. The Participant further reserves the right to terminate his or her adoption of this Agreement in the event that he or she shall be unable to secure a favorable ruling from the Internal Revenue Service with respect to the Agreement. In the event of such termination, the Custodian shall distribute the Account to the Participant.

6.03 RESIGNATION OR REMOVAL OF CUSTODIAN - The Custodian may resign as Custodian of any Participant's Account upon 30 days written notice to the Participant. The Participant may remove a Custodian upon 30 days prior written notice. Upon such resignation or removal, a successor Custodian shall be named. Upon designation of a successor Custodian, the Custodian shall transfer the assets held pursuant to the terms of this Agreement to the successor Custodian. The Custodian may retain a portion of the assets to the extent necessary to cover reasonable administrative fees and expenses.

Where the Custodian is serving as a nonbank custodian pursuant to Section 1.401-12(n) of the Treasury Regulations, the Participant will appoint a successor custodian upon notification by the Commissioner of Internal Revenue that such substitution is required because the Custodian has failed to comply with the requirements of Section 1.401-12(n) or is not keeping such records or making such returns or rendering such statements as are required by forms or regulations.

SECTION SEVEN: MISCELLANEOUS

7.01 APPLICABLE LAW - This Agreement is established with the intention that it qualify as a tax-sheltered custodial account under Section 403(b)(7) of the Code and that contributions to the same be treated accordingly. To the extent not governed by Federal law, this Agreement shall be construed, administered and enforced in accordance with the laws of the Custodian's state of incorporation.

If any provision of this Agreement shall for any reason be deemed invalid or unenforceable, the remaining provisions shall, nevertheless, continue in full force and effect and shall not be invalidated.

7.02 NONALIENATION - The assets of a Participant in his or her Account shall be nonforfeitable at all times and shall not be subject to alienation, assignment, trustee process, garnishment, attachment, execution or levy of any kind, nor shall such assets be subject to the claims of the Participant's creditors.

7.03 TERMS OF EMPLOYMENT - Neither the fact of the implementation of this Agreement nor the fact that a common law employee has become a Participant, shall give to such employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with an employee without regard to the effect such treatment may have upon the employee's rights as a Participant under this Agreement.

7.04 NOTICES - Any notice or other communication which the Custodian may give to a Participant shall be deemed given when sent by first class mail to the Participant's last known address on the Custodian's records. Any notice or other communication to the Custodian shall not become effective until the Custodian actually receives it.

7.05 LOANS - If so permitted by the Custodian, the Participant may borrow a portion of his or her Account pursuant to the applicable rules under the Code. The Custodian may charge against the Account, any fees and expenses incurred in connection with loan processing and/or recordkeeping.

The Participant acknowledges that failure to repay a loan in the prescribed manner may result in the immediate taxability of the loan amount.

7.06 EMPLOYER CONTRIBUTIONS - The Employer may make contributions to the Account on behalf of the Participant. The Custodian is not obligated to operate the Account in accordance with any plan executed by the Employer unless the Custodian so agrees and the Employer notifies the Custodian and provides to the Custodian a copy of the Plan Document.

7.07 MATTERS RELATING TO DIVORCE - Upon receipt of a domestic relations order, the Custodian may retain an independent third party to determine whether the order is a Qualified Domestic Relations Order pursuant to Section 414(p) of the Code. The Custodian may charge to the Account any and all expenses associated with the determination.

[STRONG LOGO]
STRONG RETIREMENT PLAN SERVICES
P.O. Box 2936
Milwaukee, Wisconsin 53201-2936
1-800-368-3863
http://www.strong-funds.com

6/96 Universal Pensions, Inc., Brainerd, MN 56401

BASIC PLAN DOCUMENT

UNIVERSAL SIMPLIFIED EMPLOYEE PENSION PLAN

EXHIBIT 14.4
[STRONG FUNDS LOGO]
STRONG FUNDS

1 ESTABLISHMENT AND PURPOSE OF PLAN

1.01 PURPOSE The purpose of this Plan is to provide, in accordance with its provisions, a Simplified Employee Pension Plan providing benefits upon retirement for the individuals who are eligible to participate hereunder.

1.02 INTENT TO QUALIFY It is the intent of the Employer that this Plan shall be for the exclusive benefit of its Employees and shall qualify for approval under Section 408(k) of the Internal Revenue Code, as amended from time to time (for corresponding provisions of any subsequent Federal law at that time in effect). In case of any ambiguity, it shall be interpreted to accomplish such result. It is further intended, that it comply with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended from time to time.

1.03 WHO MAY ADOPT An employer who has ever maintained a defined benefit plan which is now terminated may not participate in this prototype Simplified Employee Pension Plan. If, subsequent to adopting this Plan, any defined benefit plan of the Employer terminates, the employer will no longer participate in this prototype plan and will be considered to have an individually designed plan.

1.04 USE WITH IRA This prototype Simplified Employee Pension Plan must be used with an Internal Revenue Service model IRA (Form 5305 or Form 5305-A) or an Internal Revenue Service approved master or prototype IRA.

1.05 FOR MORE INFORMATION To obtain more information concerning the rules governing this Plan, contact the Prototype Sponsor listed in Section 5 of the Adoption Agreement.

2 DEFINITIONS

2.01 ADOPTION AGREEMENT Means the document executed by the Employer through which it adopts the Plan and thereby agrees to be bound by all terms and conditions of the Plan.

2.02 CODE Means the Internal Revenue Code of 1986 as amended.

2.03 COMPENSATION Compensation for the purposes of the $300 limit of Section 408(k)(2)(C) of the Code shall be defined as Section 414(q)(7) Compensation.

For all other purposes, Compensation shall mean all of a Participant's wages as defined in Section 3401(a) of the Code for the purposes of income tax withholding at the source (that is, W-2 wages) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

For any Self-Employed Individual covered under the Plan, Compensation will mean Earned Income.

Compensation shall include only that Compensation which is actually paid to the Participant during the Plan Year.

Compensation shall include any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under Sections 125,402(a)(8), 402(h) or 403(b) of the Code.

The annual Compensation of each Participant taken into account under the Plan for any year shall not exceed $200,000. This limitation shall be adjusted by the Secretary at the same time and in the same manner as under Section 415(d) of the Code, except the dollar increase in effect on January 1 of any calendar year is effective for years beginning in such calendar year and the first adjustment to the $200,000 limitation is effected on January 1, 1990. If a Plan determines Compensation on a period of time that contains fewer than 12 calendar months, then the annual Compensation limit is an amount equal to the annual Compensation limit for the calendar year in which the compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12.

In determining the Compensation of a Participant the rules of Section 414(q)(6) of the Code shall apply, except in applying such rules, the term "family" shall include only the spouse of the Participant and any lineal descendants of the Participant who have not attained age 19 before the close of the year. If, as a result of the application of such rules the adjusted $200,000 limitation is exceeded, then (except for purposes of determining the portion of Compensation up to the integration level if this Plan provides for permitted disparity), the limitation shall be prorated among the affected individuals in proportion to each such individual's Compensation as determined under this section prior to the application of this limitation.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary,

for Plan Years beginning on or after January 1, 1994, the annual Compensation of each Employee taken into account under the Plan shall not exceed the OBRA '93 annual Compensation limit. The OBRA '93 annual Compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual Compensation limit set forth in this provision.

2.04 EARNED INCOME Means 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 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 or to a Simplified Employee Pension Plan to the extent deductible under Section 404 of the Code.

Net earnings shall be determined with regard to the deduction allowed to the Employer by Section 164(f) of the Code for taxable years beginning after December 31, 1989.

2.05 EFFECTIVE DATE Means the date the Plan becomes effective as indicated in the Adoption Agreement.

2.06 EMPLOYEE Means any person who is a natural person employed by the Employer as a common law employee and if the Employer is a sole proprietorship or partnership, any Self-Employed Individual who performs services with respect to the trade or business of the Employer. Further, any employee of any other employer required to be aggregated under Section 414(b), (c), (m), or (o) of the Code and any leased employee required to be treated as an employee of the Employer under Section 414(n) of the Code shall also be considered an Employee.

2.07 EMPLOYER Means any corporation, partnership or sole proprietorship named in the Adoption Agreement and any successor who by merger, consolidation, purchase or otherwise assumes the obligations of the Plan. A partnership is considered to be the Employer of each of the partners and a sole proprietorship is considered to be the Employer of the sole proprietor.

2.08 EMPLOYER CONTRIBUTION Means the amount contributed by the Employer to this Plan.

2.09 IRA Means the designated Individual Retirement Account or Individual Retirement Annuity, which satisfies the requirements of Section 408 of the Code, and which is maintained by a Participant with the Prototype Sponsor (unless the Prototype Sponsor allows Participants to maintain their IRAs with other organizations).

2.10 PARTICIPANT Means any Employee who has met the participation requirements of Section 3.01 and who is or may become eligible to receive an Employer Contribution.

2.11 PLAN Means this plan document plus the corresponding Adoption Agreement as completed and signed by the Employer.

2.12 PLAN YEAR Means the calendar year or the 12 consecutive month period which coincides with the Employer's taxable year.

2.13 PRIOR PLAN Means a plan which was amended or replaced by adoption of this plan document, as indicated in the Adoption Agreement.

2.14 PROTOTYPE SPONSOR Means the entity specified in the Adoption Agreement which sponsors this prototype Plan.

2.15 SELF-EMPLOYED INDIVIDUAL Means an individual who has Earned Income for a Plan Year from the trade or business for which the Plan is established; also, an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the Plan Year.

2.16 SERVICE Means the performance of duties by an Employee for the Employer, for any period of time, however short, for which the Employee is paid or entitled to payment. When the Employer maintains the Plan of a predecessor employer, an Employee's Service will include his or her service for such predecessor employer.

2.17 TAXABLE WAGE BASE Means the maximum amount of earnings which may be considered wages for a year under Section 312(a)(1) of

the Code in effect as of the beginning of the Plan Year.

3. ELIGIBILITY AND PARTICIPATION

3.01 ELIGIBILITY REQUIREMENTS Except for those Employees excluded pursuant to Section 3.02, each Employee of the Employer who fulfills the eligibility requirements specified in the Adoption Agreement shall, as a condition for further employment, become a participant. Each Participant must establish an IRA with the Prototype Sponsor to which Employer Contributions under this Plan will be made.

3.03 ADMITTANCE AS A PARTICIPANT

A. Prior Plan If this Plan is an amendment or continuation of a Prior Plan, each Employee of the Employer who immediately before the Effective Date was a participant in said Prior Plan shall be a Participant in this Plan as of said date.

B. Notification of Eligibility The Employer shall notify each Employee who becomes a Participant of his or her status as a Participant in the Plan and of his or her duty to establish an IRA with the Prototype Sponsor to which Employer Contributions may be made.

C. Establishment of an IRA If a Participant fails to establish an IRA for whatever reason, the Employer may execute any necessary documents to establish an IRA on behalf of the Participant.

3.02 EXCLUSION OF CERTAIN EMPLOYEES If the Employer has so indicated in the Adoption Agreement, the following Employees shall not be eligible to become a participant in the Plan: (a) Those Employees included in a unit of Employees covered by the terms of a collective bargaining agreement, provided retirement benefits were the subject of good faith bargaining; and (b) those Employees who are nonresident aliens, who have received no earned income from the Employer which constitutes earned income from sources within the United States.

3.04 DETERMINATIONS UNDER THIS SECTION The Employer shall determine the eligibility of each Employee to be a Participant. This determination shall be conclusive and binding upon all persons except as otherwise provided herein or by law.

3.05 LIMITATION RESPECTING EMPLOYMENT Neither the fact of the establishment of the Plan nor the fact that a common-law employee has become a Participant shall give to that common-law employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with a common-law employee

without regard to the effect such treatment may have upon the Employee's rights under the Plan.

4. CONTRIBUTIONS AND ALLOCATIONS

4.01 EMPLOYER CONTRIBUTIONS

A. Allocation Formula Employer Contributions shall be allocated in accordance with the allocation formula selected in the Adoption Agreement. Each Employee who has satisfied the eligibility requirements pursuant to Section 3.01 (thereby becoming a Participant) will share in such allocation.

If the Employer has selected the pro rata allocation formula in the Adoption Agreement, then Employer Contributions for each Plan Year shall be allocated to the IRA of each Participant in the same proportion as such Participant's Compensation (not in excess of $200,000, indexed for cost of living increases in accordance with Section 408(k)(8) of the Code) for the Plan Year bears to the total Compensation of all Participants for such year.

Employer Contributions made for a Plan Year on behalf of any Participant shall not exceed the lesser of 15% of Compensation or the limitation in effect under Code Section 415(c)(1)(A)(indexed for cost of living increases in accordance with Code Section 415(d)).

B. Integrated Allocation Formula If the Employer has selected the integrated allocation formula in the Adoption Agreement, then Employer Contributions for the Plan Year will be allocated to Participants' IRA as follows:

Step 1 Employer Contributions will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation bears to all Participants' total Compensation, but not in excess of 3% of each Participant's Compensation.

Step 2 Any Employer Contributions remaining after the allocation in Step 1 will be allocated to each Participant's IRA in the ratio that each Participant's Compensation for the Plan Year in excess of the integration level bears to the Compensation of all Participants' in excess of the integration level, but not in excess of 3%.

Step 3 Any Employer Contributions remaining after the allocation in Step 2 will be allocated to each Participant's IRA in the ratio that the sum of each Participant's total

Compensation and Compensation in excess of the integration level bears to the sum of all Participants' total Compensation and Compensation in excess of the integration level, but not in excess of the maximum disparity rate described in the following table.

Step 4 Any Employer Contributions remaining after the allocation in Step 3 will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation for the Plan Year bears to all Participants' total Compensation for that Plan Year.

The integration level shall be equal to the Taxable Wage Base or such lesser amount elected by the Employer in the Adoption Agreement.

<TABLE>
<CAPTION>

Integration Level	Maximum Disparity Rate
<S>	<C>
Taxable Wage Base (TWB)	2.7%
More than $0 but not more than X*	2.7%
More than X* of TWB but not more than 80% of TWB	1.3%
More than 80% of TWB but not more than TWB	2.4%

</TABLE>

*X means the greater of $10,000 or 20% of TWB.

C. Timing of Employer Contribution Employer Contributions, if any, made on behalf of Participants for a Plan Year shall be allocated and deposited to the IRA of each Participant no later than the due date for filing the Employer's tax return (including extensions).

4.02 DEDUCTIBILITY OF CONTRIBUTIONS Contributions to the Plan are deductible by the Employer for the taxable year with or within which the Plan Year of the Plan ends. Contributions made for a particular taxable year and contributed by the due date of the Employer's income tax return, including extensions, are deemed made in that taxable year.

4.03 VESTING, WITHDRAWAL RIGHTS TO CONTRIBUTIONS All Employer Contributions made under the Plan on behalf of Employees shall be fully vested and nonforfeitable at all times. Each Employee shall have an unrestricted right to withdraw at any time all or a portion of the Employer Contributions made on his or her behalf. However, withdrawals taken are subject to the same taxation and penalty provisions of the Code which are applicable to IRA distributions.

4.04 SIMPLIFIED EMPLOYER REPORTS The Employer shall furnish reports,

relating to contributions made under the Plan, in the time and manner and containing the information prescribed by the Secretary of the Treasury, to Participants. Such reports shall be furnished at least annually and shall disclose the amount of the contribution made under the Plan to the Participant's IRA.

5 AMENDMENT OR TERMINATION OF PLAN

5.01 AMENDMENT BY EMPLOYER The Employer reserves the right to amend the elections made or not made on the Adoption Agreement by executing a new Adoption Agreement and delivering a copy of the same to the Prototype Sponsor. The Employer shall not have the right to amend any nonelective provision of the Adoption Agreement nor the right to amend provisions of this plan document. If the Employer adopts an amendment to the Adoption Agreement or plan document in violation of the preceding sentence, the Plan will be deemed to be an individually designed plan and may no longer participate in this prototype Plan.

5.02 AMENDMENT BY PROTOTYPE SPONSOR By adopting this Plan, the Employer delegates to the Prototype Sponsor the power to amend or replace the Adoption Agreement of the Plan to conform them to the provisions of any law, regulations or administrative rulings pertaining to Simplified Employee Pensions and to make such other changes to the Plan, which, in the judgement of the Prototype Sponsor, are necessary or appropriate. The Employer shall be deemed to have consented to all such amendments, provided however, that no changes may be made without the consent of the Employer if the effect would be to substantially change the costs or benefits under the Plan. The Prototype Sponsor shall not have the obligation to exercise or not to exercise the power delegated to it nor shall the Prototype Sponsor incur liability of any nature for any act done or failed to be done by the Prototype Sponsor in good faith in the exercise or nonexercise of the power delegated hereunder. The Prototype Sponsor shall notify the Employer should it discontinue sponsorship of the Plan.

5.03 LIMITATIONS ON POWER TO AMEND No amendment by either the Employer or the Prototype Sponsor shall reduce or otherwise adversely affect any benefits of a Participant or Beneficiary acquired prior to such amendment unless it is required to maintain compliance with any law, regulation or administrative ruling pertaining to Simplified Employee Pensions.

5.04 TERMINATION While the Employer expects to continue the Plan

indefinitely, the Employer shall not be under any obligation or liability to continue contributions or to maintain the Plan for any given length of time. The Employer may terminate this Plan at any time by appropriate action of its managing body. This Plan shall terminate on the occurrence of any of the following events:

A. Delivery to the Prototype Sponsor of a notice of termination executed by the Employer specifying the effective date of the Plan's termination.

B. Adjudication of the Employer as bankrupt or the liquidation or dissolution of the Employer.

5.05 NOTICE OF AMENDMENT, TERMINATION Any amendment or termination shall be communicated by the Employer to all appropriate parties as required by law. Amendments made by the Prototype Sponsor shall be furnished to the Employer and communicated by the Employer to all appropriate parties as required by law. Any filings required by the Internal Revenue Service or any other regulatory body relating to the amendment or termination of the Plan shall be made by the Employer.

5.06 CONTINUANCE OF PLAN BY SUCCESSOR EMPLOYER A successor of the Employer may continue the Plan and be substituted in the place of the present Employer. The successor and present Employer (or if deceased, the executor of the estate of a deceased Self-Employed Individual who was the Employer) must execute a written instrument authorizing such substitution and the successor must complete and sign a new Adoption Agreement.

SALARY DEFERRAL SEP PROVISIONS

In addition to Sections 1 through 5, the provisions of this Section 6 shall apply if the Employer is an Eligible Employer and has adopted a salary deferral Simplified Employee Pension Plan by indicating in the Adoption Agreement that Retirement Savings Contributions are permitted.

If the Employer has so indicated in the Adoption Agreement, the Employer agrees to permit Retirement Savings Contributions to be made which will be contributed by the Employer to the IRA established by or on behalf of each Contributing Participant. This arrangement is intended to qualify as a salary reduction simplified employee pension ("SARSEP") under Section 480(k)(6) of the Code and the regulations thereunder.

The SARSEP portion of this Plan shall be effective upon adoption. No Retirement Savings Contributions may be based on Compensation

an Employee could have received before adoption of the SARSEP and execution by the Employee of a Retirement Savings Agreement.

6.100 DEFINITIONS

6.101 COMPENSATION Means Compensation as defined in Section 2.03 of the Plan and shall include any amount which is contributed by the Employer as a Retirement Savings Contribution pursuant to a Retirement Savings Agreement which is not includible in the gross income of the Employee under Section 402(h) of the Code.

6.102 CONTRIBUTING PARTICIPANT Means a person who has met the participation requirements and who has enrolled as a Contributing Participant pursuant to Section 6.201 and on whose behalf the Employer is contributing Retirement Savings Contributions.

6.103 ELIGIBLE EMPLOYER Means an Employer which: (a) has no more than 25 Employees who are eligible to participate in the Plan (or would have been eligible to participate if this Plan had been maintained) at any time during the preceding Plan Year; (b) has no leased employees within the meaning of Section 414(n)(2) of the Code; (c) is not a state or local government or political subdivision thereof, or any agency or instrumentality thereof, or an organization exempt from tax under Subtitle A of the Code; and (d) does not currently maintain or has not maintained a defined benefit plan, even if now terminated.

6.104 ENROLLMENT DATE Means the first day of any Plan Year, the first day of the seventh month of any Plan Year and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner.

6.105 EXCESS CONTRIBUTION Means the amount of each Highly Compensated Employee's Retirement Savings Contributions that exceeds the actual deferral percentage test limits described in Section 6.303(B) of the Plan for a Plan Year.

6.106 HIGHLY COMPENSATED EMPLOYEE Means a Participant described in Section 414(q) of the Code who during the current or preceding year; (a) was a 5% owner of the Employer as defined in Section 416(i)(1)(B)(i) of the Code; (b) received Compensation in excess of $50,000, as adjusted pursuant to Section 415(d), and was in the top-paid group (the top 20% of Employees, by Compensation); (c) received Compensation in excess of $75,000, as adjusted pursuant to section 415(d); or (d) was an officer and received Compensation in excess of 50% of the dollar limit under Section 415 of the Code for defined benefit plans.

6.107 KEY EMPLOYEE Means any Employee or former Employee or beneficiaries of these Employees who at any time during the Plan Year or the four preceding Plan Years is or was: (a) an officer of

the Employer (if the Employee's annual Compensation exceeds 50% of the dollar limitation under Section 415(b)(1)(A) of the Code); (b) an owner of one of the 10 largest interests in the Employer (if the Employee's annual Compensation exceeds 100% of the dollar limitation under Section 415(c)(1)(A) of the Code); (c) a 5% owner of the Employer as defined in Section 416(i)(1)(B)(i) of the Code; or (d) a 1% owner of Employer (if the Employee has annual Compensation in excess of $150,000).

6.108 RETIREMENT SAVINGS AGREEMENT Means an agreement, on a form provided by the Employer pursuant to which a Contributing Participant may elect to have his or her Compensation reduced and paid as a Retirement Savings Contribution to his or her IRA by the Employer.

6.109 RETIREMENT SAVINGS CONTRIBUTIONS Means contributions made by the Employer on behalf of the Contributing Participant pursuant to Section 6.301. Retirement Savings Contributions shall be deemed to be Employer Contributions for purposes of (a) the contribution limits described in Section 4.01(A) of the Plan; (b) the vesting and withdrawal rights described in Section 4.03 of the Plan; and (c) determining whether this Plan is a Top-Heavy Plan.

6.110 TOP-HEAVY PLAN This Plan is a Top-Heavy Plan for any Plan Year if, as of the last day of the previous Plan Year (or current Plan Year if this is the first year of the Plan) the total of the Employer Contributions made on behalf of Key Employees for all the years this Plan has been in existence exceeds 60% of such contributions for all Employees. If the Employer maintains (or maintained within the prior five years) any other SEP or defined contribution plan in which a Key Employee participates (or participated), the contributions or account balances, whichever is applicable, must be aggregated with the contributions made to the Plan. The contributions (and account balances, if applicable) of an Employee who ceases to be a Key Employee or of an individual who has not been in the employ of the Employer for the previous five years shall be disregarded. The identification of Key Employees and the top-heavy calculation shall be determined in accordance with Section 416 of the Code and the regulations thereunder.

6.200 CONTRIBUTING PARTICIPANT

6.201 REQUIREMENTS TO ENROLL AS A CONTRIBUTING PARTICIPANT

A. Enrollment Each Employee who becomes a Participant may enroll as a Contributing Participant. A Participant shall be eligible to enroll as a Contributing Participant on any Enrollment Date.

B. Initial Enrollment Notwithstanding the time set forth in Section 6.201(A) as of which a Participant may enroll as a Contributing Participant, the Employer shall have the authority to designate, in a uniform and nondiscriminatory manner, additional Enrollment Dates during the twelve month period beginning on the Effective Date in order that an orderly first enrollment might be completed.

6.202 MODIFICATION OF RETIREMENT SAVINGS AGREEMENT A Contributing Participant may modify his or her Retirement Savings Agreement to increase or decrease (within the limits placed on Retirement Savings Contributions in the Adoption Agreement) the amount of his or her Compensation deferred into his or her IRA under the Plan. Such modification may only be prospectively made effective as of an Enrollment Date, or as of any other more frequent date(s) if the Employer so permits in a uniform and nondiscriminatory manner. A Contributing Participant who desires to make such a modification shall complete, sign and file a new Retirement Savings Agreement with the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the modification is to become effective.

6.203 WITHDRAWAL AS A CONTRIBUTING PARTICIPANT A Participant may withdraw as a Contributing Participant as of the last date preceding any Enrollment Date (or as of any other date if the Employer so permits in a uniform and nondiscriminatory manner) by revoking his or her authorization to the Employer to make Retirement Savings Contributions on his or her behalf. A Participant who desires to withdraw as a Contributing Participant shall give written notice of withdrawal to the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the effective date of withdrawal. A Participant shall cease to be a Contributing Participant upon his or her termination of employment, or on account of termination of the Plan.

6.204 RETURN AS CONTRIBUTING PARTICIPANT AFTER WITHDRAWAL A Participant who has withdrawn as a Contributing Participant under Section 6.203 may not again become a Contributing Participant until the first day of the first Plan Year following the effective date of his or her withdrawal as Contributing Participant.

6.300 RETIREMENT SAVINGS CONTRIBUTIONS

6.301 SALARY DEFERRAL ARRANGEMENT The Employer shall contribute Retirement Savings Contributions on behalf of all Contributing Participants for each Plan Year that the following requirements are satisfied:

A. The Employer is an Eligible Employer; and

B. Not less than 50% of the Employees eligible to participate elect to have Retirement Savings Contributions contributed to the Plan on their behalf.

Subject to the limits described in Section 6.303, the amount of Retirement Savings Contributions so contributed shall be the amount required by the Retirement Savings Agreements of Contributing Participants.

No Retirement Savings Contribution may be based on Compensation a Participant received, or had a right to receive, before execution of a Retirement Savings Agreement by the Participant.

6.302 FAILURE TO SATISFY 50% PARTICIPATION REQUIREMENT If the 50% participation requirement described in Section 6.301(B) is not satisfied as of the end of any Plan Year, all the Retirement Savings Contributions made by Employees for the Plan Year shall be considered "Disallowed Deferrals," i.e., IRA contributions that are not SEP-IRA contributions. The Employer shall notify each affected Employee, within 2-1/2 months after the end of the Plan Year to which the Disallowed Deferrals relate, that the deferrals are no longer considered SEP-IRA contributions. Such notification shall specify the amount of the Disallowed Deferrals and the calendar year of the Employee in which they are includible in income and must provide an explanation of applicable penalties if the Disallowed Deferrals are not withdrawn in a timely fashion.

The notice to each affected Employee must state specifically; (a) the amount of the Disallowed Deferrals; (b) that the Disallowed Deferrals are includible in the Employee's gross income for the calendar year or years in which the amounts deferred would have been received by the Employee in cash had he or she not made an election to defer and that the income allocable to such Disallowed Deferrals is includible in the year withdrawn from the IRA; and (c) that the Employee must withdraw the Disallowed Deferrals (and allocable income) from the SEP-IRA by April 15 following the calendar year of notification by the Employer. Those Disallowed Deferrals not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Sections 219 and 408 of the Code and thus may be considered an excess contribution to the Employee's IRA. Disallowed Deferrals may be subject to the 6% tax on excess contributions under Section 4973 of the Code. If income allocable to a Disallowed Deferral is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10% tax on early distributions under Section 72(t) of the Code when withdrawn.

Disallowed Deferrals are reported in the same manner as are Excess Contributions.

6.303 LIMITS ON RETIREMENT SAVINGS CONTRIBUTIONS

A. Maximum Amount No Contributing Participant shall be permitted to have Retirement Savings Contributions made under this Plan during any calendar year in excess of $7,000 (as indexed pursuant to Code Section 402(g)(5)). The $7,000 (indexed) limit applies to the total elective deferrals the Contributing Participant makes for the calendar year under this Plan and under any cash or deferred arrangement described in Section 401(k) of the Code and any salary reduction arrangement described in Section 403(b) of the Code. The limit may be increased to $9,500 if the Contributing Participant makes elective deferrals to a salary reduction arrangement under Section 403(b) of the Code.

Under no circumstances may an Employee's Retirement Savings Contributions in any calendar year exceed the lesser of: (1) the limitation under Section 402(g) of the Code based on all of the plans of the Employer; or (2) 15% of his or her Compensation (less any amount contributed by the Employer as a Retirement Savings Contribution). Compute the amount of this 15% limit by using the following formula:

Compensation (before subtracting Retirement Savings Contributions) X 13.0435%.

If an Employer maintains any other SEP plan to which non-elective SEP Employer Contributions are made for a Plan Year, or any qualified plan to which contributions are made for such Plan Year, then an Employee's Retirement Savings Contribution may be limited to the extent necessary to satisfy the maximum contribution limitation under Section 415(c)(1)(A) of the Code.

In addition to the dollar limitation of Section 415(c)(1)(A), which is $30,000 in 1991, Employer Contributions to this Plan, when aggregated with contributions to all other SEP plans and qualified plans of the Employer, generally may not exceed 15% of Compensation (less any amount contributed by the Employer as a Retirement Savings Contribution) for any Employee. If these limits are exceeded on behalf of any Employee for a particular Plan Year, that Employee's Retirement Savings Contributions for that year must be reduced to the extent of the excess.

B. Actual Deferred Percentage (ADP) Test Limits Retirement Savings Contributions by a Highly Compensated Employee must satisfy the actual deferral percentage (hereinafter "ADP") limitation under Section 408(k)(6) of the Code. Amounts in excess of the ADP limitation will be deemed Excess

Contributions on behalf of the affected Highly Compensated Employee or Employees. The ADP of any Highly Compensated Employee who is eligible to be a Contributing Participant shall not be more than the product obtained by multiplying the average of the ADPs of all non-Highly Compensated Employees who are eligible to be Contributing Participants by 1.25. For purposes of this Section 6.303, an Employee's ADP is the ratio (expressed as a percentage) of his or her Retirement Savings Contributions for the Plan Year to his or her Compensation for the Plan Year. The ADP of an Employee who is eligible to be a Contributing Participant, but who does not make Retirement Savings Contributions during the Plan Year is zero. The determination of the ADP for any Employee is to be made in accordance with Section 408(k)(6) of the Code and should satisfy such other requirements as may be provided by the Secretary of the Treasury.

C. Special Rule for Family Members For purposes of determining the ADP of a Highly Compensated Employee, the Retirement Savings Contributions and Compensation of the Employee will also include the Retirement Savings Contribution and Compensation of any family member. This special rule applies only if the Highly Compensated Employee is in one of the following groups: (a) a more than 5% owner of the Employer; or (b) one of a group of the 10 most Highly Compensated Employees.

The Retirement Savings Contributions and Compensation of family members used in this special rule do not count in computing the average of the ADPs of non-Highly Compensated Employees.

For purposes of this special rule, a family member is an individual who is related to a Highly Compensated Employee as a spouse, or as a lineal ascendent or descendent or the spouses of such lineal ascendents or descendents in accordance with Section 414(q) of the Code and the regulations thereunder.

6.304 DISTRIBUTION OF EXCESS RETIREMENT SAVINGS CONTRIBUTIONS To the extent that a Contributing Participant's Retirement Savings Contributions for a calendar year exceed the limit described in Section 6.303(A) (i.e., the $7,000 (indexed) limit), the Contributing Participant must withdraw the excess Retirement Savings Contributions (and any income allocable to such amount) by April 15 following the year of the deferral.

6.305 DISTRIBUTION OF EXCESS CONTRIBUTIONS The Employer shall notify each Employee, no later than 2-1/2 months following the close of the Plan Year of the amount, if any, of any Excess Contribution to that Employee's IRA for such Plan Year. If the Employer does not

so notify Employees by such date, the Employer must pay a tax equal to 10% of the Excess Contributions for the Plan Year pursuant to Section 4979 of the Code. If the Employer fails to notify Employees by the end of the Plan Year following the Plan Year of the Excess Contributions, the SEP no longer will be considered to meet the requirements of Section 408(k)(6) of the Code. This means that the earnings on the SEP are subject to tax immediately, that no more Retirement Savings Contributions may be made under the SEP, and

that Retirement Savings Contributions of all Employees with uncorrected Excess Contributions must be included in their income in that year. If the SEP no longer meets the requirements of Section 408(k)(6), then any contribution to an Employee's IRA will be subject to the IRA contribution limitations of Section 219 and 408 of the Code and thus may be considered an excess contribution to the Employee's IRA.

The Employer's notification to each affected Employee of the Excess Contributions must specifically state in a manner calculated to be understood by the average Plan Participant: (a) the amount of the Excess Contributions attributable to that Employee's Retirement Savings Contributions; (b) the Plan Year for which the Excess Contributions were made; (c) that the Excess Contributions are includible in the affected Employee's gross income for the calendar year in which such Excess Contributions were made; and (d) that the Employee must withdraw the Excess Contributions (and allocable income) from the IRA by April 15 following the year of notification by the Employer. Those Excess Contributions not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Sections 219 and 408 of the Code for the preceding calendar year and thus may be considered an excess contribution to the Employee's IRA. Such excess contributions may be subject to the 6% tax on excess contributions under Section 4973 of the Code. If income allocable to an Excess Contribution is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10% tax on early distributions under Section 72(t) of the Code when withdrawn. However, if the Excess Contributions (not including allocable income) total less than $100, then the Excess Contributions are includible in the Employee's gross income in the year of notification. Income allocable to the Excess Contributions is includible in the year of withdrawal from the IRA.

6.306 DETERMINATION OF INCOME For purposes of Sections 6.302, 6.304 and 6.305, the income allocable to Disallowed Deferrals, excess Retirement Savings Contributions or Excess Contributions for a year shall be determined by multiplying the income earned on the IRA for the period which begins on the first day of such year and

ends on the date of distribution from the IRA by a fraction, the numerator of which is the Disallowed Deferral, excess Retirement Savings Contribution or Excess Contribution for such year and the denominator of which is the sum of the account balance of the IRA as of the beginning of such year and the total contributions made to the IRA for such year.

6.307 RESTRICTION ON TRANSFERS AND WITHDRAWALS The Employer shall notify each Contributing Participant that, until the earlier of 2-1/2 months after the end of a particular Plan Year or the date the Employer notifies its employees that the actual deferral percentage limitations have been calculated, any transfer or distribution from the Contributing Participant's IRA of Retirement Savings Contributions (or income on these contributions) attributable to Retirement Savings Contributions made during that Plan Year will be includible in income for purposes of Sections 72(t) and 408(d)(1) of the Code.

6.308 ALLOCATION OF RETIREMENT SAVINGS CONTRIBUTIONS Retirement Savings Contributions made on behalf of Contributing Participants for a Plan Year shall be allocated and deposited to the IRA of each Contributing Participant by the Employer as soon as is administratively feasible.

6.400 SPECIAL RULES FOR TOP-HEAVY PLANS

6.401 MINIMUM ALLOCATION The following mandatory minimum allocation applies when this Plan is a Top-Heavy Plan:

Unless another plan of the Employer is designated in the space below to satisfy the top-heavy requirements of Section 416 of the Code, each year this Plan is a Top-Heavy Plan, the Employer will make a minimum contribution to the IRA of each Participant who is not a Key Employee, which, in combination with other non-elective contributions, if any, is equal to the lesser of 3% of such Participant's Compensation or a percentage of Compensation equal to the percentage of Compensation at which elective and non-elective contributions are made under the Plan for the Plan Year for the Key Employee for whom such percentage is the largest.

The top-heavy minimum will be met in the following plan:

_____

_____

_____

(If applicable, name the plan other than this Plan in which the minimum top-heavy contribution will be made).

6.402 RETIREMENT SAVINGS CONTRIBUTIONS CANNOT BE USED FOR MINIMUM ALLOCATION For purposes of satisfying the minimum allocation requirement of Section 416 of the Code, Retirement Savings

Contributions contributed for the benefit of Employees who are not Key Employees may not be used to satisfy the minimum allocation requirement.

1
[ARTICLE] 6
[CIK] 0000948336
[NAME] STRONG INSTITUTIONAL FUNDS, INC.
[SERIES]
[NUMBER] 1
[NAME] STRONG INSTITUTIONAL MONEY FUND
[MULTIPLIER] 1,000
<TABLE>
<S> <C>

[PERIOD-TYPE]	6-MOS
[FISCAL-YEAR-END]	FEB-28-1997
[PERIOD-START]	MAR-01-1996
[PERIOD-END]	AUG-31-1996
[INVESTMENTS-AT-COST]	131586
[INVESTMENTS-AT-VALUE]	131586
[RECEIVABLES]	738
[ASSETS-OTHER]	212
[OTHER-ITEMS-ASSETS]	0
[TOTAL-ASSETS]	132536
[PAYABLE-FOR-SECURITIES]	0
[SENIOR-LONG-TERM-DEBT]	0
[OTHER-ITEMS-LIABILITIES]	707
[TOTAL-LIABILITIES]	707
[SENIOR-EQUITY]	0
[PAID-IN-CAPITAL-COMMON]	131829
[SHARES-COMMON-STOCK]	131829
[SHARES-COMMON-PRIOR]	127461
[ACCUMULATED-NII-CURRENT]	0
[OVERDISTRIBUTION-NII]	0
[ACCUMULATED-NET-GAINS]	0
[OVERDISTRIBUTION-GAINS]	0
[ACCUM-APPREC-OR-DEPREC]	0
[NET-ASSETS]	131829
[DIVIDEND-INCOME]	0
[INTEREST-INCOME]	3566
[OTHER-INCOME]	0
[EXPENSES-NET]	(133)
[NET-INVESTMENT-INCOME]	3433
[REALIZED-GAINS-CURRENT]	0
[APPREC-INCREASE-CURRENT]	0
[NET-CHANGE-FROM-OPS]	3433
[EQUALIZATION]	0
[DISTRIBUTIONS-OF-INCOME]	(3433)
[DISTRIBUTIONS-OF-GAINS]	0
[DISTRIBUTIONS-OTHER]	0
[NUMBER-OF-SHARES-SOLD]	303607
[NUMBER-OF-SHARES-REDEEMED]	(301689)
[SHARES-REINVESTED]	2450

[NET-CHANGE-IN-ASSETS]	4368
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[ACCUMULATED-GAINS-PRIOR]	0
[OVERDISTRIB-NII-PRIOR]	0
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[AVERAGE-NET-ASSETS]	126140
[PER-SHARE-NAV-BEGIN]	1
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[PER-SHARE-GAIN-APPREC]	0
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[PER-SHARE-DISTRIBUTIONS]	0
[RETURNS-OF-CAPITAL]	0
[PER-SHARE-NAV-END]	1
[EXPENSE-RATIO]	0.2
[AVG-DEBT-OUTSTANDING]	0
[AVG-DEBT-PER-SHARE]	0

</TABLE>

Exhibit 99.B19

POWER OF ATTORNEY

STRONG INSTITUTIONAL FUNDS, INC.
(Registrant)

Each person whose signature appears below, constitutes and appoints John Dragisic, Thomas P. Lemke, Lawrence A. Totsky, Stephen J. Shenkenberg, and John S. Weitzer, and each of them, his true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign this Registration Statement on Form N-1A, and any and all amendments thereto, and to file the same, with all exhibits, and any other documents in connection therewith, with the Securities and Exchange Commission and any other regulatory body granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes, as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<TABLE>
<CAPTION>

Name	Title	Date
<S>	<C>	<C>
/s/ JOHN DRAGISIC John Dragisic	President (Principal Executive Officer and acting Principal Financial and Accounting Officer) and a Director	December 27, 1996
/s/ RICHARD S. STRONG Richard S. Strong	Chairman of the Board and a Director	December 27, 1996
/s/ MARVIN E. NEVINS Marvin E. Nevins	Director	December 27, 1996
/s/ WILLIE D. DAVIS Willie D. Davis	Director	December 27, 1996
/s/ WILLIAM F. VOGT William F. Vogt	Director	December 27, 1996
/s/ Stanley Kritzik Stanley Kritzik	Director	December 27, 1996

</TABLE>

Exhibit 99.B20

[GODFREY & KAHN, S.C. LETTERHEAD]

December 19, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Strong Institutional Funds, Inc.

Gentlemen:

We represent Strong Institutional Funds, Inc. (the "Company"), in connection with its filing of Post-Effective Amendment No. 4 (the "Post-Effective Amendment") to the Company's Registration Statement (Registration Nos. 33-61545; 811-7335) on Form N-1A under the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940. The Post-Effective Amendment is being filed pursuant to Rule 485(b) under the Securities Act.

We have reviewed the Post-Effective Amendment and, in accordance with Rule 485(b)(4) under the Securities Act, hereby represent that the Post-Effective Amendment does not contain disclosures which would render it ineligible to become effective pursuant to Rule 485(b).

Very truly yours,

GODFREY & KAHN, S.C.

/s/ Scott A. Moehrke

Scott A. Moehrke

EXHIBIT 99.B21.1

CODE OF ETHICS

FOR ACCESS PERSONS OF
THE STRONG FAMILY OF MUTUAL FUNDS,
STRONG CAPITAL MANAGEMENT, INC.,
AND STRONG FUNDS DISTRIBUTORS, INC.

[STRONG FUNDS LOGO]

STRONG CAPITAL MANAGEMENT, INC.
October 18, 1996

CODE OF ETHICS

For Access Persons of
The Strong Family of Mutual Funds,
Strong Capital Management, Inc.,
and Strong Funds Distributors, Inc.
Dated October 18, 1996

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CODE OF ETHICS

For Access Persons of
The Strong Family of Mutual Funds,
Strong Capital Management, Inc.,
and Strong Funds Distributors, Inc.
Dated October 18, 1996

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CODE OF ETHICS

For Access Persons of
The Strong Family of Mutual Funds,
Strong Capital Management, Inc.,
and Strong Funds Distributors, Inc.
Dated October 18, 1996

I. INTRODUCTION

A. Fiduciary Duty. This Code of Ethics is based upon the principle that directors, officers, and employees of Strong Capital Management, Inc. ("SCM"), Strong Funds Distributors, Inc. ("the Distributor"), and the Strong Family of Mutual Funds ("the Strong Funds") have a fiduciary duty to place the interests of clients ahead of their own. The Code applies to all Access Persons and focuses principally on preclearance and reporting of personal transactions in securities. Capitalized words are defined in Appendix 1. Access Persons must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of the Advisory Clients of SCM.

As fiduciaries, Access Persons must at all times:

1. Place the interests of Advisory Clients first. Access Persons must scrupulously avoid serving their own personal interests ahead of the interests of the Advisory Clients of SCM. An Access Person may not induce or cause an Advisory Client to take action, or not to take action, for personal benefit, rather than for the benefit of the Advisory Client. For example, an Access Person would violate this Code by causing an Advisory Client to purchase a Security he or she owned for the purpose of increasing the price of that Security.

2. Avoid taking inappropriate advantage of their position. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with the Strong Funds, SCM, the Distributor, or their clients could call into question the exercise of an Access Person's independent judgment. Access persons may not, for example, use their knowledge of portfolio transactions to profit by the market effect of such transactions.

3. Conduct all Personal Securities Transactions in full compliance with this Code including both the preclearance and reporting requirements.

Doubtful situations should be resolved in favor of Advisory Clients. Technical compliance with the Code's procedures will not automatically insulate from scrutiny any trades that indicate an abuse of fiduciary duties.

B. Appendices to the Code. The appendices to this Code are attached hereto and are a part of the Code, and include the following:

1. Definitions--capitalized words as defined in the Code--(Appendix 1),

2. Contact Persons, including the Preclearance Officer designees, and the Code of Ethics Review Committee (Appendix 2),

3. Disclosure of Personal Holdings in Securities (Appendix 3),

4. Acknowledgment of Receipt of Code of Ethics and Limited Power of Attorney (Appendix 4),

5. Preclearance Request for Access Persons (Appendix 5),

6. Annual Code of Ethics Questionnaire (Appendix 6),

7. List of Broad-Based Indices (Appendix 7),

8. Form Letter to Broker or Bank (Appendix 8), and

9. Gift Policy (Appendix 9).

C. Application of the Code to Independent Fund Directors. This Code applies to Independent Fund Directors, and requires Independent Fund Directors and their Immediate Families to report Securities Transactions to the Compliance Department in accordance with Section II.G. However, provisions of the Code requiring the disclosure of personal holdings (Section II.A.), preclearance of trades (Section II.B.), prohibited transactions (II.D.1.), private placements (Section II.D.3.), restrictions on serving as a director of a publicly-traded company (Section III.F.), and receipt of gifts (Section III.B.) do not apply to Independent Fund Directors.

D. Application of the Code to Funds Subadvised by SCM. This Code does not apply to the directors, officers, and general partners of Funds for which SCM serves as a subadviser.

II. PERSONAL SECURITIES TRANSACTIONS

A. Annual Disclosure of Personal Holdings by Access Persons. Upon designation as an Access Person, and thereafter on an annual basis, all Access Persons must disclose on the Disclosure of Personal Holdings In Securities Form (Appendix 3) (or a substantially similar form) all Securities in which they have a Beneficial Interest and all Securities in non-client accounts for which they make investment decisions (previously reported holdings need not be reported). This provision does not apply to Independent Fund Directors.

B. Preclearance Requirements for Access Persons.

1. General Requirement. Except for the transactions set forth in Section II.B.2., all Securities Transactions in which an Access Person or a member of his or her Immediate Family has a Beneficial Interest must be precleared with the Preclearance Officer or his designee. This provision does not apply to transactions of Independent Fund Directors and their Immediate Families.

2. Transactions Exempt from Preclearance Requirements. The following Securities Transactions are exempt from the preclearance requirements set forth in Section II.B.1. of this Code:

a. Mutual Funds. Securities issued by any registered open-end investment companies (including but not limited to the Strong Funds);

b. No Knowledge. Securities Transactions where neither SCM, the Access Person nor an Immediate Family member knows of the transaction before it is completed (for example, Securities Transactions effected for an Access Person by a trustee of a blind trust or discretionary trades involving an investment partnership or investment club in which the Access Person is neither consulted nor advised of the trade before it is executed);

c. Certain Corporate Actions. Any acquisition of Securities through stock dividends, dividend reinvestments, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of Securities;

d. Rights. Any acquisition of Securities through the exercise of rights issued by an issuer pro rata to all holders of a class of its Securities, to the extent the rights were acquired in the issue; and

e. Miscellaneous. Any transaction in the following: (1) bankers acceptances, (2) bank certificates of deposit ("CDs"), (3) commercial paper, (4) repurchase agreements, (5) Securities that are direct obligations of the U.S. government, (6) equity securities held in dividend reinvestment plans ("DRIPs"), (7)

Securities of the employer of a member of the Access Person's Immediate Family if such securities are beneficially owned through participation by the Immediate Family member in a Profit Sharing plan, 401(k) plan, ESOP, or other similar plan, and (8) other Securities as may from time to time be designated in writing by the Code of Ethics Review Committee on the grounds that the risk of abuse is minimal or non-existent.

THE SECURITIES TRANSACTIONS LISTED ABOVE ARE NOT EXEMPT FROM THE REPORTING REQUIREMENTS SET FORTH IN SECTION II.G.

3. Application to Commodities, Futures, Options on Futures and Options on Broad-Based Indices. Commodities, futures (including currency futures and futures on securities comprising part of a broad-based, publicly traded market based index of stocks), options on futures, options on currencies, and options on certain indices designated by the Compliance Department as broad-based are not subject to the preclearance, seven day black out, 60-day profit disgorgement, and prohibited transaction provisions of Section II.D.I of the Code, but are subject to transaction reporting. The options on indices designated by the Compliance Department as broad-based may be changed from time to time and are listed in Appendix 7. The options on indices that are not designated as broad-based are subject to the preclearance, seven-day blackout, 60-day profit disgorgement, prohibited transaction, and reporting provisions of the Code.

C. Preclearance Requests.

1. Trade Authorization Request Forms. Prior to entering an order for a Securities Transaction that requires preclearance, the Access Person must complete, IN WRITING, a Preclearance Request For Access Persons Form as set forth in Appendix 5 and submit the completed form to the Preclearance Officer (or his designee). The Preclearance Request For Access Persons Form requires Access Persons to provide certain information and to make certain representations. Proposed Securities Transactions of the Preclearance Officer that require preclearance must be submitted to his designee.

2. Review of Form. After receiving the completed Preclearance Request For Access Persons Form, the Preclearance Officer (or his designee) will (a) review the information set forth in the form, (b) independently confirm whether the Securities are held by any Funds or other accounts managed by SCM and whether there are any unexecuted orders to purchase or sell the Securities by any Fund or accounts managed by SCM, and (c) as soon as reasonably practicable, determine whether to clear the proposed Securities Transaction. The authorization, date, and time of the authorization must be reflected on the Preclearance Request For Access Persons Form. The Preclearance Officer (or his designee) will keep one copy of the completed form for the Compliance Department, send one copy to the Access Person seeking authorization, and send the third copy to the Trading Department, which will cause the transaction to be executed.

No order for a securities transaction for which preclearance authorization is sought may be placed prior to the receipt of written authorization of the transaction by the preclearance officer (or his designee). Verbal approvals are not permitted.

3. Access Person Designees. If an Access Person is away from SCM's principal office and desires to effect a personal Securities Transaction prior to his or her return, such Access Person may designate an individual at SCM to complete and submit

for preclearance on his or her behalf a Preclearance Request for Access Persons Form provided the following requirements are satisfied:

a. The Access Person communicates the details of the trade and affirms the accuracy of the representations and warranties contained on the Form directly to such designated person; and

b. The designated person completes the Preclearance Request For Access Persons Form on behalf of the Access Person in accordance with the requirements of the Code and then executes the Access Person Designee Certification contained in the Form. The Access Person does not need to sign the Form so long as the foregoing certification is provided.

D. Prohibited Transactions.

1. Prohibited Securities Transactions. The following Securities Transactions for accounts in which an Access Person or a member of his or her Immediate Family have a Beneficial Interest, to the extent they require preclearance under Section II.B. above, are prohibited and will not be authorized by the Preclearance Officer (or his designee) absent exceptional circumstances:

a. Initial Public Offerings. Any purchase of Securities in an initial public offering (other than a new offering of a registered open-end investment company);

b. Pending Buy or Sell Orders. Any purchase or sale of Securities on any day during which any Advisory Client has a pending "buy" or "sell" order in the same Security (or Equivalent Security) until that order is executed or withdrawn;

c. Seven Day Blackout. Purchases or sales of Securities by a Portfolio Manager within seven calendar days of a purchase or sale of the same Securities (or Equivalent Securities) by an Advisory Client managed by that Portfolio Manager, unless the purchase or sale is a Program Trade. For example, if a Fund trades in a Security on day one, day eight is the first day the Portfolio Manager may trade that Security for an account in which he or she has a beneficial interest;

d. Intention to Buy or Sell for Advisory Client. Purchases or sales of Securities at a time when that Access Person intends, or knows of another's intention, to purchase or sell that Security (or an Equivalent Security) on behalf of an Advisory Client. This prohibition applies whether the Securities Transaction is in the same (e.g., two purchases) or the opposite (a purchase and sale) direction of the transaction of the Advisory Client; and

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e. 60-Day Blackout. (1) Purchases of a Security in which an Access Person acquires a Beneficial Interest within 60 days of the sale of the Security (or an Equivalent Security) in which the same Access Person had a Beneficial Interest, and (2) sales of a Security in which an Access Person had a Beneficial Interest within 60 days of the purchase of the Security (or an Equivalent Security) in which the same Access Person has a Beneficial Interest, unless, in each case, the Access Person agrees to give up all profits on the transaction to a charitable organization specified in accordance with Section IV.B.1.

2. Always Prohibited Securities Transactions. The following Securities Transactions are prohibited and will not be authorized under any circumstances:

a. Inside Information. Any transaction in a Security while in possession of material nonpublic information regarding the Security or the issuer of the Security;

b. Market Manipulation. Transactions intended to raise, lower, or maintain the price of any Security or to create a false appearance of active trading;

c. Large Positions in Non-Strong Funds. Transactions in a registered investment company (other than the Strong Funds) which result in the Access Person owning five percent or more of any class of securities in such investment company; and

d. Others. Any other transactions deemed by the Preclearance Officer (or his designee) to involve a conflict of interest, possible diversion of corporate opportunity, or an appearance of impropriety.

3. Private Placements. Acquisitions of Beneficial Interests in Securities in a private placement by an Access Person is strongly discouraged. The Preclearance Officer (or his designee) will give permission only after considering, among other facts, whether the investment opportunity should be reserved for Advisory Clients and whether the opportunity is being offered to an Access Person by virtue of his or her position as an Access Person. Access Persons who have been authorized to acquire and have acquired securities in a private placement are required to disclose that investment to the Compliance Department when they play a part in any subsequent consideration of an investment in the issuer by an Advisory Client and the decision to purchase securities of the issuer by an Advisory Client must be independently authorized by a Portfolio Manager with no personal interest in the issuer. This provision does not apply to Independent Fund Directors.

4. No Explanation Required for Refusals. In some cases, the Preclearance Officer (or his designee) may refuse to authorize a Securities Transaction for a reason that

is confidential. The Preclearance Officer is not required to give an explanation for refusing to authorize any Securities Transaction.

E. Execution of Personal Securities Transactions. Unless an exception is provided in writing by the Compliance Department, all transactions in Securities subject to the preclearance requirements for which an Access Person or a member of his or her Immediate Family has a Beneficial Interest shall be executed by the Trading Department. IN ALL INSTANCES, THE TRADING DEPARTMENT MUST GIVE PRIORITY TO CLIENT TRADES OVER ACCESS PERSON TRADES.

F. Length of Trade Authorization Approval. The authorization provided by the Preclearance Officer (or his designee) is effective until the earlier of (1) its revocation, (2) the close of business on the second trading day after the authorization is granted (for example, if authorization is provided on a Monday, it is effective until the close of business on Wednesday), or (3) the Access Person learns that the information in the Trade Authorization Request Form is not accurate. If the order for the Securities Transaction is not placed within that period, a new advance authorization must be obtained before the Securities Transaction is placed. If the Securities Transaction is placed but has not been executed within two trading days after the day the authorization is granted (as, for example, in the case of a limit order or a not held order), no new authorization is necessary unless the person placing the original order for the Securities Transaction amends it in any way.

G. Trade Reporting Requirements.

1. Reporting Requirement. EVERY ACCESS PERSON AND MEMBERS OF HIS OR HER IMMEDIATE FAMILY (INCLUDING INDEPENDENT FUND DIRECTORS AND THEIR IMMEDIATE FAMILIES) MUST ARRANGE FOR THE COMPLIANCE DEPARTMENT TO RECEIVE DIRECTLY FROM ANY BROKER, DEALER, OR BANK THAT EFFECTS ANY SECURITIES TRANSACTION, DUPLICATE COPIES OF EACH CONFIRMATION FOR EACH SUCH TRANSACTION AND PERIODIC STATEMENTS FOR EACH BROKERAGE ACCOUNT IN WHICH SUCH ACCESS PERSON HAS A BENEFICIAL INTEREST. Attached hereto as Appendix 8 is a form letter that may be used to request such documents from such entities. An Access Person must arrange to have duplicate confirmations and periodic statements sent within 30 days of the sooner of (1) designation as an Access Person, or (2) the establishment of the account at the broker, dealer or bank. If the Access Person is unable to arrange for the above, the Access Person must immediately notify the Compliance Department. THE FOREGOING DOES NOT APPLY TO TRANSACTIONS AND HOLDINGS IN (1) OPEN-END INVESTMENT COMPANIES INCLUDING BUT NOT LIMITED TO THE STRONG FUNDS, (2) BANK CERTIFICATES OF DEPOSIT ("CDS"), (3) EQUITY SECURITIES HELD IN DIVIDEND REINVESTMENT PLANS ("DRIPS"), OR (4) SECURITIES OF THE EMPLOYER OF A MEMBER OF THE ACCESS PERSON'S IMMEDIATE FAMILY IF SUCH SECURITIES ARE BENEFICIALLY OWNED THROUGH PARTICIPATION BY THE IMMEDIATE FAMILY MEMBER IN A PROFIT SHARING PLAN, 401(K) PLAN, ESOP, OR OTHER SIMILAR PLAN.

2. Disclaimers. Any report of a Securities Transaction for the benefit of a person other than the individual in whose account the transaction is placed may contain a statement that the report should not be construed as an admission by the person making the report that he or she has any direct or indirect beneficial ownership in the Security to which the report relates.

3. Quarterly Review. At least quarterly, for Securities Transactions requiring preclearance under this Code, the Preclearance Officer (or his designee) shall compare the confirmations and periodic statements provided pursuant to Section II.G.1. above, to the approved Trade Authorization Request Forms. Such review shall include:

a. Whether the Securities Transaction complied with this Code;

b. Whether the Securities Transaction was authorized in advance of its placement;

c. Whether the Securities Transaction was executed within two full trading days of when it was authorized;

d. Whether any Fund or accounts managed by SCM owned the Securities at the time of the Securities Transaction, and;

e. Whether any Fund or separate accounts managed by SCM purchased or sold the Securities in the Securities Transaction within at least 10 days of the Securities Transaction.

4. Availability of Reports. All information supplied pursuant to this Code will be available for inspection by the Boards of Directors of SCM and SFDI, the Board of Directors of each Strong Fund, the Code of Ethics Review Committee, the Compliance Department, the Access Person's department manager (or designee), any party to which any investigation is referred by any of the foregoing, the SEC, any self-regulatory organization of which the Strong Funds, SCM or the Distributor is a member, and any state securities commission, as well as any attorney or agent of the foregoing, the Strong Funds, SCM, or the Distributor.

5. Record Retention. SCM shall keep and maintain for at least six years records of the procedures it follows in connection with the preclearance and reporting requirements of this Code and, for each Securities Transaction, the information relied on by the Preclearance Officer (or his designee) in authorizing the Securities Transaction and making the post-Securities Transaction determination of Section II.G.3.

III. FIDUCIARY DUTIES

A. Confidentiality. Access Persons are prohibited from revealing information relating to the investment intentions, activities or portfolios of

Advisory Clients except to persons whose responsibilities require knowledge of the information.

B. Gifts. The following provisions on gifts apply only to employees of SCM and the Distributor.

1. Accepting Gifts. On occasion, because of their position with SCM, the Distributor, or the Strong Funds, employees may be offered, or may receive without notice, gifts from clients, brokers, vendors, or other persons not affiliated with such entities. Acceptance of extraordinary or extravagant gifts is not permissible. Any such gifts must be declined or returned in order to protect the reputation and integrity of SCM, the Distributor, and the Strong Funds. Gifts of a nominal value (i.e., gifts whose reasonable value is no more than $100 a year), and customary business meals, entertainment (e.g., sporting events), and promotional items (e.g., pens, mugs, T-shirts) may be accepted. Please see the Gift Policy Reminder memorandum dated December 1, 1994 (Appendix 9) for additional information.

If an employee receives any gift that might be prohibited under this Code, the employee must inform the Compliance Department.

2. Solicitation of Gifts. Employees of SCM or the Distributor may not solicit gifts or gratuities.

3. Giving Gifts. Employees of SCM or the Distributor may not give any gift with a value in excess of $100 per year to persons associated with securities or financial organizations, including exchanges, other member organizations, commodity firms, news media, or clients of the firm. Please see the Gift Policy Reminder memorandum dated December 1, 1994 (Appendix 9) for additional information.

C. Payments to Advisory Clients. Access Persons may not make any payments to Advisory Clients in order to resolve any type of Advisory Client complaint. All such matters must be handled by the Legal Department.

D. Corporate Opportunities. Access Persons may not take personal advantage of any opportunity properly belonging to any Advisory Client, SCM, or the Distributor. This includes, but is not limited to, acquiring Securities for one's own account that would otherwise be acquired for an Advisory Client.

E. Undue Influence. Access Persons may not cause or attempt to cause any Advisory Client to purchase, sell, or hold any Security in a manner calculated to create any personal benefit to the Access Person. If an Access Person or Immediate Family Member stands

to materially benefit from an investment decision for an Advisory Client that the Access Person is recommending or participating in, the Access Person must disclose to those persons with authority to make investment decisions for the Advisory Client (or to the Compliance Department if the Access Person in question is a person with authority to make investment decisions for the Advisory Client), any Beneficial Interest that the Access Person (or Immediate Family) has in that Security or an Equivalent Security, or in the issuer thereof, where the decision could create a material benefit to the Access Person (or Immediate Family) or the appearance of impropriety. The person to whom the Access Person reports the interest, in consultation with the

Compliance Department, must determine whether the Access Person will be restricted in making investment decisions.

F. Service as a Director. No Access Person, other than an Independent Fund Director, may serve on the board of directors of a publicly-held company not affiliated with SCM, the Distributor, or the Strong Funds absent prior written authorization by the Code of Ethics Review Committee. This authorization will rarely, if ever, be granted and, if granted, will normally require that the affected Access Person be isolated, through "Chinese Wall" or other procedures, from those making investment decisions related to the issuer on whose board the Access Person sits.

G. Involvement in Criminal Matters or Investment-Related Civil Proceedings. Each Access Person must notify the Compliance Department, as soon as reasonably practical, if arrested, arraigned, indicted, or pleads no contest to, any criminal offense (other than minor traffic violations), or if named as a defendant in any Investment-Related civil proceedings, or any administrative or disciplinary action.

IV. COMPLIANCE WITH THIS CODE OF ETHICS

A. Code of Ethics Review Committee.

1. Membership, Voting, and Quorum. The Code of Ethics Review Committee shall initially consist of the General Counsel, President, and Chief Financial Officer of SCM. The Committee shall vote by majority vote with two members serving as a quorum. Vacancies may be filled and, in the case of extended absences or periods of unavailability, alternates may be selected, by the majority vote of the remaining members of the Committee; provided, however, in the event that the General Counsel is unavailable, at least one member of the Committee shall also be a member of the Compliance Department.

2. Investigating Violations of the Code. The General Counsel or his or her designee is responsible for investigating any suspected violation of the Code and shall report the results of each investigation to the Code of Ethics Review Committee. The Code of Ethics Review Committee is responsible for reviewing the results of any investigation of any reported or suspected violation of the Code. Any material violation of

the Code by an employee of SCM or the Distributor for which significant remedial action was taken will be reported to the Boards of Directors of the Strong Funds not later than the next regularly scheduled quarterly Board meeting.

3. Annual Reports. The Code of Ethics Review Committee will review the Code at least once a year, in light of legal and business developments and experience in implementing the Code, and will prepare an annual report to the Boards of Directors of SCM, the Distributor, and each Strong Fund that:

a. Summarizes existing procedures concerning personal investing and any changes in the procedures made during the past year;

b. Identifies any violation requiring significant remedial action during the past year, and

c. Identifies any recommended changes in existing restrictions or procedures based on its experience under the Code, evolving industry practices, or developments in applicable laws or regulations.

B. Remedies.

1. Sanctions. If the Code of Ethics Review Committee determines that an Access Person has committed a violation of the Code, the Committee may impose sanctions and take other actions as it deems appropriate, including a letter of caution or warning, suspension of personal trading rights, suspension of employment (with or without compensation), fine, civil referral to the SEC, criminal referral, and termination of the employment of the violator for cause. The Code of Ethics Review Committee may also require the Access Person to reverse the trade(s) in question and forfeit any profit or absorb any loss derived therefrom. The amount of profit shall be calculated by the Code of Ethics Review Committee and shall be forwarded to a charitable organization. No member of the Code of Ethics Review Committee may review his or her own transaction.

2. Sole Authority. The Code of Ethics Review Committee has sole authority, subject to the review set forth in Section IV.B.3. below, to determine the remedy for any violation of the Code, including appropriate disposition of any moneys forfeited pursuant to this provision. Failure to promptly abide by a directive to reverse a trade or forfeit profits may result in the imposition of additional sanctions.

3. Review. Whenever the Code of Ethics Review Committee determines that an Access Person has committed a violation of this Code that merits significant remedial action, it will report promptly to the Boards of Directors of SCM and/or the Distributor (as appropriate), and no less frequently than the quarterly meeting to the Boards of Directors of the applicable Strong Funds, information relating to the investigation of the violation, including any sanctions imposed. The Boards of Directors of SCM, the

Distributor, and the Strong Funds may modify such sanctions as they deem appropriate. Such Boards shall have access to all information considered by the Code of Ethics Review Committee in relation to the case. The Code of Ethics Review Committee may determine whether to delay the imposition of any sanctions pending review by the applicable Boards of Directors.

C. Exceptions to the Code. Although exceptions to the Code will rarely, if ever, be granted, the General Counsel of SCM may grant exceptions to the requirements of the Code on a case by case basis if he finds that the proposed conduct involves negligible opportunity for abuse. All material exceptions must be in writing and must be reported as soon as practicable to the Code of Ethics Review Committee and to the Boards of Directors of the SCM Funds at their next regularly scheduled meeting after the exception is granted.

D. Compliance Certification. At least annually, all Access Persons will be required to certify on the Annual Code of Ethics Questionnaire set forth in Appendix 6 or on a document substantially in the form of Appendix 6 that they have complied with the Code in all respects.

E. Inquiries Regarding the Code. The Compliance Department will answer any questions about this Code or any other compliance-related matters.

October 18, 1996

Appendix 1

DEFINITIONS

"Access Person" means (1) every director, officer, and general partner of SCM, the Distributor and the Strong Funds; (2) every employee of SCM and the Distributor who, in connection with his or her regular functions, makes, participates in, or obtains information regarding the purchase or sale of a security by an Advisory Client's account; (3) every employee of SCM and the Distributor who is involved in making purchase or sale recommendations for an Advisory Client's account; (4) every employee of SCM and the Distributor who obtains information concerning such recommendations prior to their dissemination, and (5) such agents of SCM, the Distributor, or the Funds as the Compliance Department shall designate who may be deemed an Access Person if they were an employee of the foregoing. Any uncertainty as to whether an individual is an Access Person should be brought to the attention of the Compliance Department. Such questions will be resolved in accordance with, and this definition shall be subject to, the definition of "Access Person" found in Rule 17j-1(e)(1) promulgated under the Investment Company Act of 1940.

"Advisory Client" means any client (including both investment companies and managed accounts) for which SCM serves as an investment adviser or subadviser, renders investment advice, or makes investment decisions.

"Beneficial Interest" means the opportunity, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, to profit, or share in any profit derived from, a transaction in the subject Securities. An Access Person is deemed to have a Beneficial Interest in Securities owned by members of his or her Immediate Family. Common examples of Beneficial Interest include joint accounts, spousal accounts, UTMA accounts, partnerships, trusts, and controlling interests in corporations. Any uncertainty as to whether an Access Person has a Beneficial Interest in a Security should be brought to the attention of the Compliance Department. Such questions will be resolved by reference to the principles set forth in the definition of "beneficial owner" found in Rules 16a-1(a)(2) and (5) promulgated under the Securities Exchange Act of 1934.

"Code" means this Code of Ethics.

"Compliance Department" means the designated persons in the SCM Legal Department listed on Appendix 2, as such Appendix shall be amended from time to time.

"The Distributor" means Strong Funds Distributors, Inc.

"Equivalent Security" means any Security issued by the same entity as the issuer of a subject Security that is convertible into the equity Security of the issuer. Examples include options, rights, stock appreciation rights, warrants, and convertible bonds.

"Fund" means an investment company registered under the Investment Company Act of 1940 (or a portfolio or series thereof, as the case may be) for which SCM serves as an adviser or subadviser.

"Immediate Family" of an Access Person means any of the following persons who reside in the same household as the Access Person:

child	grandparent	son-in-law
stepchild	spouse	daughter-in-law
grandchild	sibling	brother-in-law
parent	mother-in-law	sister-in-law
stepparent	father-in-law	

Immediate Family includes adoptive relationships and any other relationship (whether or not recognized by law) which the General Counsel determines could lead to the possible conflicts of interest, diversions of corporate opportunity, or appearances of impropriety which this Code is intended to prevent.

"Independent Fund Director" means an independent director of an investment company for which SCM serves as the advisor.

"Legal Department" means the SCM Legal Department.

"Portfolio Manager" means a person who has or shares principal day-to-day responsibility for managing the portfolio of an Advisory Client.

"Preclearance Officer" means the person designated as the Preclearance Officer in Appendix 2 hereof.

"Program Trade" means where a Portfolio Manager directs a trader to do trades in, at a minimum, 25-30% of the Securities in an account. Program Trades, generally, arise in three situations: (1) cash or other assets are being added to an account and the Portfolio Manager instructs the trader that new securities are to be bought in a manner that maintains the account's existing allocations; (2) cash is being withdrawn from an account and the Portfolio Manager instructs the trader that securities are to be sold in a manner that maintains the account's current securities allocations; and (3) a new account is established and the Portfolio Manager instructs the trader to buy specific securities in the same allocation percentages as are held by other client accounts.

"SEC" means the Securities and Exchange Commission.

"Security" includes stock, notes, bonds, debentures, and other evidences of indebtedness (including loan participations and assignments), limited partnership interests, investment contracts, and all derivative instruments of

the foregoing, such as options and warrants. Security

does not include futures, options on futures, or options on currencies, but the purchase and sale of such instruments are nevertheless subject to the reporting requirements of the Code.

"Securities Transaction" means a purchase or sale of Securities in which an Access Person or a members of his or her Immediate Family has or acquires a Beneficial Interest.

"SCM" means Strong Capital Management, Inc.

"Strong Funds" means the investment companies comprising the Strong Family of Mutual Funds.

Appendix 2

CONTACT PERSONS

PRECLEARANCE OFFICER

1. Thomas P. Lemke, General Counsel of SCM

DESIGNEES OF PRECLEARANCE OFFICER

1. Jeffrey C. Nellessen
2. Stephen J. Shenkenberg

COMPLIANCE DEPARTMENT

1. Thomas P. Lemke
2. Jeffrey C. Nellessen
3. Stephen J. Shenkenberg
4. Jeffery A. Arnson
5. Donna J. Lelinski

CODE OF ETHICS REVIEW COMMITTEE

1. John Dragisic, President of SCM
2. Chief Financial Officer of SCM
3. Thomas P. Lemke, General Counsel of SCM

Appendix 3

PERSONAL HOLDINGS IN SECURITIES

In accordance with Section II.A. of the Code of Ethics, please provide a list of all Securities (other than open-end investment companies) in which each Access Person has a Beneficial Interest, including those in accounts of the Immediate Family of the Access Person and all Securities in non-client accounts for which the Access Person makes investment decisions.

(1) Name of Access Person: _____

(2) If different than (1), name of the person in whose name the account is held: _____

(3) Relationship of (2) to (1): _____

(4) Broker at which Account is maintained: _____

(5) Account Number: _____

(6) Contact person at Broker and phone number _____

(7) For each account, attach the most recent account statement listing Securities in that account. If the Access Person owns Beneficial Interests in Securities that are not listed in an attached account statement, list them below:

Name of Security	Quantity	Value	Custodian
1.			
2.			
3.			
4.			
5.			
6.			

(ATTACH SEPARATE SHEET IF NECESSARY.)

I certify that this form and the attached statements (if any) constitute all of the Securities in which I have a Beneficial Interest, including those held in accounts of my Immediate Family.

_____
Access Person Signature

Dated: _____

_____
Print Name

Appendix 4

ACKNOWLEDGMENT OF RECEIPT OF CODE OF ETHICS
AND LIMITED POWER OF ATTORNEY

I acknowledge that I have received the Code of Ethics dated October 18, 1996, and represent that:

1. In accordance with Section II.A. of the Code of Ethics, I will fully disclose the Securities holdings in which I have, or a member of my Immediate Family has, a Beneficial Interest.*

2. In accordance with Section II.B.1. of the Code of Ethics, I will obtain prior authorization for all Securities Transactions in which I have, or a member of my Immediate Family has, a Beneficial Interest except for transactions exempt from preclearance under Section II.B. 2. of the Code of Ethics.*

3. In accordance with Section II.G.1 of the Code of Ethics, I will report all Securities Transactions in which I have, or a member of my Immediate Family has, a Beneficial Interest, except for transactions exempt from reporting under Section II.G.1. of the Code of Ethics.

4. I will comply with the Code of Ethics in all other respects.

5. I agree to disgorge and forfeit any profits on prohibited transactions in accordance with the requirements of the Code.*

I hereby appoint Strong Capital Management, Inc. as my attorney-in-fact for the purpose of placing orders for and on my behalf to buy, sell, tender, exchange, covert, and otherwise effectuate transactions in any and all stocks, bonds, options, and other securities. I agree that Strong Capital Management, Inc. shall not be liable for the consequences of any errors made by the executing brokers in connection with such transactions.*

_____
Access Person Signature

_____
Print Name

Dated: _____

* Representations (1), (2) and (5) and the Limited Power of Attorney do not apply to Independent Fund Directors.

Ctrl. No:_____ Appendix 5

STRONG CAPITAL MANAGEMENT, INC.
PRECLEARANCE REQUEST FOR ACCESS PERSONS

1. Name of Access Person (and trading entity, if different): _____

2. Name and symbol of Security: _____

3. Maximum quantity to be purchased or sold: _____

4. Name and phone number of broker to effect transaction: _____

<TABLE>
<S> <C> <C> <C>
5. Check if applicable: Purchase ____ Market Order ____
Sale ____ Limit Order ____ (Limit Order Price: _____)
Not Held Order ____
</TABLE>

6. In connection with the foregoing transaction, I hereby make the foregoing representations and warranties:

(a) I do not possess any material nonpublic information regarding the Security or the issuer of the Security.
(b) To my knowledge:
(1) The Securities or "equivalent" securities (i.e., securities issued by the same issuer) [ARE / ARE NOT] (circle one) held by any investment companies or other accounts managed by SCM;
(2) There are no outstanding purchase or sell orders for this Security (or any equivalent security) by any investment companies or other accounts managed by SCM; and
(3) None of the Securities (or equivalent securities) are actively being considered for purchase or sale by any investment companies or other accounts managed by SCM.
(c) The Securities are not being acquired in an initial public offering.
(d) The Securities are not being acquired in a private placement or, if they are, I have reviewed Section II.D.3. of the Code and have attached hereto a written explanation of such transaction.
(e) If I am a Portfolio Manager, none of the accounts I manage purchased or sold these Securities (or equivalent securities) within the past seven calendar days and I do not expect any such client accounts to purchase or sell these Securities (or equivalent securities) within seven calendar days of my purchase or sale.
(f) If I am purchasing these Securities, I have not directly or indirectly (through any member of my Immediate Family, any account in which I have a Beneficial Interest or otherwise) sold these Securities (or equivalent securities) in the prior 60 days.
(g) If I am selling these Securities, I have not directly or indirectly (through any member of my Immediate Family, any account in which I have a beneficial Interest or otherwise) purchased these Securities (or equivalent securities) in the prior 60 days.
(h) I have read the SCM Code of Ethics within the prior 12 months and believe that the proposed trade fully complies with the requirements of the Code.

_____ _____
Access Person Print Name

CERTIFICATION OF ACCESS PERSON DESIGNEE

The undersigned hereby certifies that the above Access Person (a) directly instructed me to complete this Form on his or her behalf, (b) to the best of my knowledge, was out of the office at the time of such instruction and has not

returned, and (c) confirmed to me that the representations and warranties contained in this form are accurate.

_____ _____
Access Person Designee Print Name

AUTHORIZATION

Authorized By: _____ Date: _____ Time: _____

PLACEMENT

Trader:_____ Date:_____ Time:_____ Qty:_____

EXECUTION

Trader:_____ Date:_____ Time:_____

Qty:_____ Price:_____

(Original to Compliance Department, Yellow copy to Trading Department, Pink copy to Access Person)

Confidential Appendix 6

ANNUAL CODE OF ETHICS QUESTIONNAIRE (1)

For ACCESS PERSONS of
The Strong Family of Mutual Funds,
Strong Capital Management, Inc.,
and Strong Funds Distributors, Inc.

September 18, 1996

Associate: _____

I. Introduction

Access Persons (2) are required to answer all of the questions below for the year September 1, 1995, through August 31, 1996, and then sign and return the questionnaire by FRIDAY, SEPTEMBER 27 to Jeff Nellessen in the Legal Department. ANSWERS OF "NO" TO ANY OF THE QUESTIONS MUST BE EXPLAINED ON THE "ATTACHMENT" ON PAGE 3. All information provided is kept confidential to the maximum extent possible. If you have any questions, please contact Jeff Nellessen at extension 3514.

II. Annual certification of compliance with the Code of Ethics

A. Have you, in accordance with Section II.B.1. of the Code of Ethics, obtained preclearance for all Securities (3) Transactions in which you have, or a member of your Immediate Family has, a Beneficial Interest, except for transactions exempt from preclearance under Section II.B.2. of the Code of Ethics? (If there have been no Securities Transactions, circle "Yes".)

YES NO (CIRCLE ONE)

B. Have you, in accordance with Section II.G.1. of the Code of Ethics, reported all Securities Transactions in which you have, or a member of your Immediate Family has, a Beneficial Interest, except for transactions exempt from reporting under Section II.G.1. of the Code of Ethics? In particular, have you arranged for the Legal Department to receive directly from your broker duplicate transaction confirmations and duplicate periodic statements for each brokerage account in which you have, or a member of your Immediate Family has, a Beneficial Interest? (4) (If there are no brokerage accounts, circle "Yes".)

YES NO (CIRCLE ONE)

---

1 All definitions used in this questionnaire have the same meaning as those in the Code of Ethics.
2 Independent Fund Directors of the Strong Funds must complete a separate questionnaire.
3 Security, as defined, does NOT include open-end investment companies, including the Strong Funds.
4 Please contact Jeff Nellessen (extension 3514) if you are uncertain as to what confirmations and statements you have arranged for the Legal Department to receive.

25

C. Have you complied with the Code of Ethics in all other respects, including the gift policy (Section III.B.)?

YES NO (CIRCLE ONE)

LIST ON THE ATTACHMENT ALL REPORTABLE5 GIFTS6 GIVEN OR RECEIVED FOR THE YEAR SEPTEMBER 1, 1995, THROUGH AUGUST 31, 1996, NOTING THE MONTH, "COUNTERPARTY," GIFT DESCRIPTION, AND ESTIMATED VALUE. IF NONE, SO STATE.

III. Annual certification of compliance with Insider Trading Policy

Have you complied in all respects with the Insider Trading Policy (dated October 20, 1995)?

YES NO (CIRCLE ONE)

IV. Disclosure of directorships statement

A. I am not, nor is any member of my Immediate Family, a director and/or an officer of any for-profit, privately held companies.7 (If you are NOT, answer YES.)

YES NO (CIRCLE ONE)

If "NO", please list on the Attachment each company for which you are, or a member of your Immediate Family is, a director.

B. If the response to A. is "NO", is there a reasonable expectation that any of the companies for which you are, or a member of your Immediate Family is, a director and/or an officer, will go public or be acquired within the next 12 months?

YES NO (CIRCLE ONE)

(If the answer is "YES", please be prepared to discuss this matter with a member of the Legal Department in the near future.)

ANSWERS OF "NO" TO ANY OF THE ABOVE QUESTIONS MUST BE EXPLAINED ON THE "ATTACHMENT" ON PAGE 3.

I hereby represent that, to the best of my knowledge, the foregoing responses are true and complete. I understand that any untrue or incomplete response may be subject to disciplinary action by the firm.

_____
Access Person Signature

Dated: _____

Print Name _____

_____

5 Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors, (ii) items donated to charity (through Mary Beitzel in Legal), or (iii) food items consumed on the premises.

6 Entertainment -- i.e., a meal or activity with the vendor present -- does not have to be reported.

7 Per Section III.F. of the Code of Ethics, no Access Person, other than an Independent Fund Director, may serve on the board of directors of a publicly held company.

ATTACHMENT TO
ANNUAL CODE OF ETHICS QUESTIONNAIRE

(to explain all "NO" answers and to list reportable(8) gifts(9))

_____

_____

_____

_____

_____

_____

GIFTS(8),(9) for the year September 1, 1995, through August 31, 1996.

(If NONE, so state):

Month	Gift Giver / Receiver	Gift Description	Estimated Value
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

(CONTINUE ON AN ADDITIONAL SHEET IF NECESSARY.)

---

8 Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors, (ii) items donated to charity (through Mary Beitzel in Legal), or (iii) food items consumed on the premises.

9 Entertainment -- i.e., a meal or activity with the vendor present -- does not have to be reported.

Appendix 7

LIST OF BROAD-BASED INDICES

Listed below are the broad-based indices as designated by the Compliance Department. See Section II.B.3. for additional information.

DESCRIPTION OF OPTION	SYMBOL	EXCHANGE
Computer Technology	XCI	AMEX
Eurotop 100	ERT	AMEX

Hong Kong Option Index	HKO	AMEX
Inter@ctive Wk. Internet Index	INX	CBOE
Japan Index	JPN	AMEX
Major Market Index *	XMI	AMEX
Morgan Stanley High Tech Index	MSH	AMEX
NASDAQ-100	NDX	CBOE
Pacific High Tech Index	XPI	PSE
Russell 2000 *	RUT	CBOE
Semiconductor Sector	SOX	PHLX
S & P 100 *	OEX	CBOE
S & P 500 *	SPX	CBOE
Technology Index	TXX	CBOE
Value Line Index *	VLE	PHLX
Wilshire Small Cap Index	WSX	PSE

* Includes LEAPS.

Appendix 8

FORM LETTER TO BROKER OR BANK

[DATE]

<Broker Name>
<Broker Address>
<Broker City, State and Zip>

Subject: Account Number_____
Account Registration_____

Dear _____:

Strong Capital Management, Inc. ("SCM"), my employer, is a registered investment adviser as well as the indirect parent of an NASD member firm. The Code of Ethics of SCM requires that I have certain personal securities transactions placed on my behalf by the trading desk of SCM. Accordingly,

please send me the necessary forms or instructions that you will require in order to enable the securities traders of SCM to place orders on my behalf.

In addition, you are requested to send duplicate confirmations of individual transactions as well as duplicate periodic statements for the referenced account to SCM. Please address the confirmations and statements directly to:

Confidential
Chief Compliance Officer
Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, Wisconsin 53051

Your cooperation is most appreciated. If you have any questions regarding these requests, please contact me or Mr. Jeffrey C. Nellessen of Strong at (414) 359-3400.

Sincerely,

<Name of Access Person>

Copy: Mr. Jeffrey C. Nellessen

Appendix 9

GIFT POLICY

MEMORANDUM

TO: All Associates

FROM: Thomas P. Lemke

DATE: December 1, 1994

SUBJECT: Gift Policy Reminder

With the Holiday season upon us, I wanted to remind you of our firm's gift policy, which covers both GIVING GIFTS TO and ACCEPTING GIFTS FROM clients, brokers, persons with whom we do business, or others (collectively, "vendors"). It is based on the applicable requirements of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. ("NASD") and is included as part of the firm's Codes of Ethics.

Under our policy, associates may not give gifts to or accept gifts from vendors with a value in excess of $100 per person per year and must report to the firm annually if they accept certain types of gifts. The NASD defines a "gift" to include any kind of gratuity. Since giving or receiving any gifts in a business setting may give rise to an appearance of impropriety or may raise a

potential conflict of interest, we are relying on your professional attitude and good judgment to ensure that our policy is observed to the fullest extent possible. The discussion below is designed to assist you in this regard.

If you have any questions about the appropriateness of any gift, contact Legal.

1. GIFTS GIVEN BY ASSOCIATES

Under applicable NASD rules, an associate may not give any gift with a value in excess of $100 per year to any person associated with a securities or financial organization, including exchanges, broker-dealers, commodity firms, the news media, or clients of the firm. Please note, however, that the firm may not take a tax deduction for any gift with a value exceeding $25.

This memorandum is not intended to authorize any associate to give a gift to a vendor -- appropriate supervisory approval must be obtained before giving any gifts.

2. GIFTS ACCEPTED BY ASSOCIATES

On occasion, because of their position within the firm, associates may be offered, or may receive without notice, gifts from vendors. Associates may not accept any gift or form of entertainment from vendors (e.g., tickets to the theater or a sporting event where the vendor does not

accompany the associate) other than gifts of NOMINAL VALUE, which the NASD defines as under $100 in total from any vendor in any year (managers may, if they deem it appropriate for their department, adopt a lower dollar ceiling). Any gift accepted by an associate must be reported to the firm, subject to certain exceptions (see heading 4 below). In addition, note that our gift policy does not apply to normal and customary business entertainment or to personal gifts (see heading 3 below).

Associates may not accept a gift of cash or a cash equivalent (e.g., gift certificates) in ANY amount, and under no circumstances may an associate solicit a gift from a vendor.

Associates may wish to have gifts from vendors donated to charity, particularly where it might be awkward or impolite for an associate to decline a gift not permitted by our policy. In such case, the gift should be forwarded to Mary Beitzel in Legal, who will arrange for it to be donated to charity. Similarly, associates may wish to suggest to vendors that, in lieu of an annual gift, the vendors make a donation to charity. In either situation discussed in this paragraph, an associate would not need to report the gift to the firm (see heading 4 below).

3. EXCLUSION FOR BUSINESS ENTERTAINMENT/PERSONAL GIFTS

Our gift policy does not apply to normal and customary business meals and entertainment with vendors. For example, if an associate has a business meal and attends a sporting event or show with a vendor, that activity would not be subject to our gift policy, provided the vendor is present. If, on the other hand, a vendor gives an associate tickets to a sporting event and the associate attends the event without the vendor also being present, the tickets would be subject to the dollar limitation and reporting requirements of our gift policy.

Under no circumstances may associates accept business entertainment that is extraordinary or extravagant in nature.

In addition, our gift policy does not apply to usual and customary gifts given to or received from vendors based on a personal relationship (e.g., gifts between an associate and a vendor where the vendor is a family member or personal friend).

4. REPORTING

The NASD requires gifts to be reported to the firm. Except as noted below, associates must report annually all gifts given to or accepted from vendors (Legal will distribute the appropriate reporting form to associates).

Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors (e.g., hats, pens, T-shirts, and similar items marked with a firm's logo), (ii) items donated to charity through Mary Beitzel in Legal, or (iii) food items consumed on the firm's premises (e.g., candy, popcorn, etc.).

EXHIBIT 99.B21.2

CODE OF ETHICS

FOR NON-ACCESS PERSONS OF
STRONG CAPITAL MANAGEMENT, INC.,
STRONG FUNDS DISTRIBUTORS, INC., AND
HERITAGE RESERVE DEVELOPMENT
CORPORATION, INC.

[STRONG FUNDS LOGO]

STRONG CAPITAL MANAGEMENT, INC.
October 18, 1996

CODE OF ETHICS

For Non-Access Persons of
Strong Capital Management, Inc.,
Strong Funds Distributors, Inc., and
Heritage Reserve Development Corporation, Inc.
Dated October 18, 1996

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CODE OF ETHICS

For Non-Access Persons of
Strong Capital Management, Inc.,
Strong Funds Distributors, Inc., and
Heritage Reserve Development Corporation, Inc.
Dated October 18, 1996

Table of Appendices

CODE OF ETHICS

For Non-Access Persons of
Strong Capital Management, Inc.,
Strong Funds Distributors, Inc., and
Heritage Reserve Development Corporation, Inc.
Dated October 18, 1996

I. INTRODUCTION

A. Fiduciary Duty. This Code of Ethics is based upon the principle that employees of Strong Capital Management, Inc. ("SCM"), Strong Funds Distributors, Inc. ("the Distributor"), Heritage Reserve Development Corporation, Inc. ("HRDC"), and such other affiliated entities of the foregoing that may from time to time adopt this Code (each of which is individually referred to herein as a "Company") have a fiduciary duty to place the interests of clients ahead of their own. Employees must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of each Company and its clients.

As fiduciaries, employees must at all times:

1. Place the interests of clients first. Employees must scrupulously avoid serving their own personal interests ahead of the interests of the clients of each Company. An employee may not induce or cause a client to take action, or not to take action, for personal benefit, rather than for the benefit of the client.

2. Avoid taking inappropriate advantage of their position. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with the Strong Funds, any of the Companies, or their clients could call into question the exercise of an employee's independent judgment. Employees may not, for example, use their knowledge of portfolio transactions to profit by the market effect of such transactions.

3. Conduct all personal Securities Transactions in full compliance with this Code including the reporting requirements.

Doubtful situations should be resolved in favor of clients and each Company. Technical compliance with the Code's procedures will not automatically insulate from scrutiny any personal Securities Transactions that indicate an abuse of fiduciary duties.

B. Appendices to the Code. The appendices to this Code, including the

definitions set forth in Appendix 1, are attached to and are a part of the Code. The appendices include the following:

1. Definitions (capitalized terms in the Code are defined in Appendix 1),

2. Acknowledgment of Receipt of Code of Ethics (Appendix 2),

3. Annual Code of Ethics Questionnaire (Appendix 3),

4. Form Letter to Broker or Bank (Appendix 4), and

5. Gift Policy (Appendix 5)

II. TRADE REPORTING REQUIREMENTS

A. Reporting Requirement. EVERY EMPLOYEE AND MEMBERS OF HIS OR HER IMMEDIATE FAMILY MUST ARRANGE FOR THE COMPLIANCE DEPARTMENT TO RECEIVE DIRECTLY FROM ANY BROKER, DEALER, OR BANK THAT EFFECTS ANY SECURITIES TRANSACTION, A DUPLICATE COPY OF EACH CONFIRMATION FOR EACH SUCH TRANSACTION AND PERIODIC STATEMENTS FOR EACH BROKERAGE ACCOUNT IN WHICH SUCH EMPLOYEE HAS A BENEFICIAL INTEREST. Attached hereto as Appendix 4 is a form letter that may be used to request such documents from such entities. An employee must arrange to have duplicate confirmations and periodic statements sent within 30 days. If unable to make such arrangements, the employee must immediately notify the Compliance Department. THE FOREGOING DOES NOT APPLY TO TRANSACTIONS AND HOLDINGS IN (1) MUTUAL FUNDS (INCLUDING BUT NOT LIMITED TO THE STRONG FUNDS), (2) BANK CERTIFICATES OF DEPOSIT ("CDS"), (3) EQUITY SECURITIES HELD IN DIVIDEND REINVESTMENT PLANS ("DRIPS"), OR (4) SECURITIES OF THE EMPLOYER OF A MEMBER OF THE EMPLOYEE'S IMMEDIATE FAMILY IF SUCH SECURITIES ARE BENEFICIALLY OWNED THROUGH PARTICIPATION BY THE IMMEDIATE FAMILY MEMBER IN A PROFIT SHARING PLAN, 401(K) PLAN, ESOP, OR OTHER SIMILAR PLAN.

B. Disclaimers. Any employee who files a report of a Securities Transaction for the benefit of a person other than the employee may include in such report a statement that the report should not be construed as an admission by the employee making the report that he or she has any direct or indirect beneficial ownership in the Security to which the report relates.

C. Availability of Reports. All information supplied pursuant to this Code will be available for inspection by the Boards of Directors of SCM and SFDI, the Board of Directors of each Strong Fund, the Code of Ethics Review Committee, the Compliance Department, the employees department manager (or designee), any party to which any investigation is referred by any of the

foregoing, the SEC, any self-regulatory organization of which the Strong Funds, SCM, or the Distributor is a member, any state securities commission, as well as any attorney or agent of the foregoing, the Strong Funds, SCM, or the Distributor.

D. Record Retention. The Company shall keep and maintain for at least six years records of the procedures it follows in connection with the reporting requirements of this Code.

III. FIDUCIARY DUTIES

A. Confidentiality. Employees are prohibited from revealing information relating to the investment intentions, activities, or portfolios of Advisory Clients except to persons whose responsibilities require knowledge of the information.

B. Gifts To or From Employees.

1. Accepting Gifts. On occasion, because of their relationship with the Company and its affiliates, employees thereof may be offered, or may receive without notice, gifts from clients, brokers, vendors, or other persons not affiliated with the Company. Acceptance of extraordinary or extravagant gifts is not permissible. Any such gifts must be declined or returned in order to protect the reputation and integrity of the Company. Gifts of a nominal value (i.e., gifts whose reasonable value is no more than $100 a year), and customary business meals, entertainment (e.g., sporting events), and promotional items (e.g., pens, mugs, T-shirts) may be accepted. Please see the Gift Policy Reminder memorandum dated December 1, 1994 (Appendix 5) for additional information.

If an employee receives any gift that might be prohibited under this Code, the employee must inform the Compliance Department immediately.

2. Solicitation of Gifts. Employees may not solicit gifts or gratuities from clients, brokers, vendors, or other persons with which the Company has a relationship.

3. Giving Gifts. Employees may not give any gift with a value in excess of $100 per year to persons associated with securities or

financial organizations, including exchanges, other member organizations, commodity firms, news media, or clients of the Company. Please see the Gift Policy Reminder memorandum dated December 1, 1994 (Appendix 5) for additional information.

C. Payments to Advisory Clients or Shareholders. Employees may not make any payments to Advisory Clients or Shareholders in order to resolve any type of Advisory Client or Shareholder complaint. All such matters must be handled by the Legal Department.

D. Corporate Opportunities. Employees may not take personal advantage of any opportunity properly belonging to any client or Company.

E. Service as a Director. No employee may serve on the board of directors of a publicly-held company not affiliated with a Company or the Strong Funds absent prior written authorization by the Code of Ethics Review Committee. This authorization will rarely, if ever, be granted and, if granted, will normally require that the affected employee be isolated, through "Chinese Wall" or other procedures, from those making investment decisions related to the issuer on whose board the employee sits.

F. Involvement in Criminal Matters or Investment-Related Civil Proceedings. Each Non-Access Person must notify the Compliance Department, as soon as reasonably practical, if arrested, arraigned, indicted, or pleads no contest to, any criminal offense (other than minor traffic violations), or if named as a defendant in any Investment-Related civil proceedings, or any administrative or disciplinary action.

IV. COMPLIANCE WITH THIS CODE OF ETHICS

A. Code of Ethics Review Committee.

1. Membership, Voting, and Quorum. The Code of Ethics Review Committee shall initially consist of the General Counsel, President, and Chief Financial Officer of SCM. The Committee shall vote by majority vote with two members serving as a quorum. Vacancies may be filled and, in the case of extended absences or periods of unavailability, alternates may be selected, by the majority vote of the remaining members of the Committee; provided, however, in the event that the General Counsel is

unavailable, at least one member of the Committee shall also be a member of the Compliance Department.

2. Investigating Violations of the Code. The General Counsel or his or her designee is responsible for investigating any suspected violation of the Code and shall report the results of each investigation to the Code of Ethics Review Committee. The Code of Ethics Review Committee is responsible for reviewing the results of any investigation of any reported or suspected violation of the Code.

B. Remedies. If the Code of Ethics Review Committee determines that an employee has committed a violation of the Code, the Committee may impose sanctions and take other actions as it deems appropriate, including, but not limited to, suspension of employment (with or without compensation) and termination of the employment of the violator for cause. The Code of Ethics Review Committee may also require the employee to reverse the trade(s) in question and forfeit any profit or absorb any loss derived therefrom. Any profit shall be forwarded to a charitable organization.

C. Compliance Certification. At least annually, all employees will be required to certify on the Annual Code of Ethics Questionnaire set forth in Appendix 2 or on a document substantially in the form of Appendix 2 that they have complied with the Code in all respects.

D. Inquiries Regarding the Code. The Compliance Department will answer any questions about this Code or any other compliance-related matters.

October 18, 1996

Appendix 1

DEFINITIONS

"Advisory Client" means any client (including both investment companies and managed accounts) for which SCM serves as an investment adviser or subadviser, renders investment advice, or makes investment decisions.

"Beneficial Interest" means the opportunity, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, to profit, or share in any profit derived from, a transaction in the subject Securities. An employee is deemed to have a Beneficial Interest in Securities

owned by members of his or her Immediate Family. Common examples of Beneficial Interest include joint accounts, spousal accounts, UTMA accounts, partnerships, trusts, and controlling interests in corporations. Any uncertainty as to whether an employee has a Beneficial Interest in a Security should be brought to the attention of the Compliance Department. Such questions will be resolved in accordance with, and this definition shall be subject to, the definition of "beneficial owner" found in Rules 16a-1(a)(2) and (5) promulgated under the Securities Exchange Act of 1934.

"Company" means "SCM", "the Distributor", "HRDC", and such other affiliated entities of the foregoing that may from time to time adopt this Code.

"Code" means this Code of Ethics.

"Compliance Department" means the designated persons in the Strong Legal Department.

"Distributor" means Strong Funds Distributors, Inc.

"HRDC" means Heritage Reserve Development Corporation, Inc.

"Immediate Family" of an employee means any of the following persons who reside in the same household as the employee:

child	grandparent	son-in-law
stepchild	spouse	daughter-in-law
grandchild	sibling	brother-in-law
parent	mother-in-law	sister-in-law
stepparent	father-in-law	

Immediate Family includes adoptive relationships and any other relationship (whether or not recognized by law) which the General Counsel determines could lead to the possible conflicts of interest, diversions of corporate opportunity, or appearances of impropriety which this Code is intended to prevent.

"Legal Department" means the SCM Legal Department.

"SEC" means the Securities and Exchange Commission.

"Security" includes stock, notes, bonds, debentures, and other evidences of indebtedness (including loan participations and assignments), limited partnership interests, investment contracts, and all derivative instruments of the foregoing, such as options and warrants. Security does not include futures, options on futures, or options on currencies, but the purchase and sale of such instruments are nevertheless subject to the reporting requirements of the Code.

"Securities Transaction" means a purchase or sale of Securities in which an employee or a members of his or her Immediate Family has or acquires a Beneficial Interest.

"Shareholder" means a shareholder in any of the Strong Funds.

"SCM" means Strong Capital Management, Inc.

"Strong Funds" means the investment companies comprising the Strong Family of Mutual Funds.

Appendix 2

ACKNOWLEDGMENT OF RECEIPT OF CODE OF ETHICS

I acknowledge that I have received and read the Code of Ethics dated October 18, 1996, and represent that:

1. I will report all Securities Transactions in which I have, or a member of my Immediate Family has, a Beneficial Interest, except for transactions and holdings in (1) mutual funds (including but not limited to the Strong Funds), (2) bank certificates of deposit ("CDs"), (3) equity securities held in dividend reinvestment plans ("DRIPs"), or (4) securities of the employer of a member of the employee's Immediate Family if such securities are beneficially owned through participation by the Immediate Family member in a Profit Sharing plan, 401(k) plan, ESOP, or other similar plan.

2. I will comply with the Code of Ethics in all other respects.

_____
Employee Signature

_____
Print Name

Dated: _____

Confidential Appendix 3

ANNUAL CODE OF ETHICS QUESTIONNAIRE (1)

For NON-ACCESS PERSONS (2) of
Strong Capital Management, Inc.,
Strong Funds Distributors, Inc.,
and Heritage Reserve Development Corporation.

September 18, 1996

Associate: _____

I. Introduction

Non-Access Persons are required to answer all of the questions below for the year September 1, 1995, through August 31, 1996, sign the questionnaire and return it to the Legal Department (an intra-office mail slip is copied on the back of the last page) by FRIDAY, SEPTEMBER 27. ANSWERS OF "NO" TO ANY OF THE QUESTIONS MUST BE EXPLAINED ON THE "ATTACHMENT" ON PAGE 3. If you have any questions, please contact Jeffery Arnson (x3590) or Donna Lelinski (x3362) in the Legal Department.

II. Annual certification of compliance with the Code of Ethics

A. Have you, in accordance with Section II.A. of the Code of Ethics, reported all Securities Transactions in which you have, or a member of your Immediate Family has, a Beneficial Interest, except for transactions in mutual funds (including the Strong Funds), dividend reinvestment plans ("DRIPs"), and certificates of deposit (CDs"). (If there are no brokerage accounts, circle "Yes".)

YES NO (CIRCLE ONE)

B. Have you complied with the Code of Ethics in all other respects, including the gift policy (Section III.B.)?

YES NO (CIRCLE ONE)

LIST ON THE ATTACHMENT ALL REPORTABLE (3) GIFTS (4) GIVEN OR RECEIVED FOR THE YEAR SEPTEMBER 1, 1995, THROUGH AUGUST 31, 1996, NOTING THE MONTH, "COUNTERPARTY," GIFT DESCRIPTION, AND ESTIMATED VALUE. IF NONE, SO STATE.

---

1 All definitions used in this questionnaire have the same meaning as those in the Code of Ethics.
2 Access Persons must complete a separate questionnaire.
3 Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors, (ii) items donated to charity (through Mary Beitzel in Legal), or (iii) food items consumed on the premises.
4 Entertainment -- i.e., a meal or activity with the vendor present -- does not have to be reported.

III. Annual certification of compliance with Insider Trading Policy

Have you complied in all respects with the Insider Trading Policy (dated October 20, 1995)?

YES NO (CIRCLE ONE)

IV. Disclosure of directorships statement

A. I am not, nor is any member of my Immediate Family, a director and/or an officer of any for-profit, privately held companies.(5) (If you are NOT, answer YES.)

YES NO (CIRCLE ONE)

If "NO", please list on the Attachment each company for which you are, or a member of your Immediate Family is, a director.

B. If the response to A. is "NO", is there a reasonable expectation that any of the companies for which you are, or a member of your Immediate Family is, a director and/or an officer, will go public or be acquired within the next 12 months?

YES NO (CIRCLE ONE)

(If the answer is "YES", please be prepared to discuss this matter with a member of the Legal Department in the near future.)

****

ANSWERS OF "NO" TO ANY OF THE ABOVE QUESTIONS MUST BE EXPLAINED ON THE "ATTACHMENT" ON PAGE 3.

****

I hereby represent that, to the best of my knowledge, the foregoing responses are true and complete. I understand that any untrue or incomplete response may be subject to disciplinary action by the firm.

_____
Non-Access Person Signature

Dated: _____ _____
Print Name

_____

(5) Per Section III.E. of the Code of Ethics, no associate may serve on the board of directors of a publicly held company.

ATTACHMENT TO
ANNUAL CODE OF ETHICS QUESTIONNAIRE

(to explain all "NO" answers and to list reportable(6) gifts(7))

_____

_____

_____

_____

_____

_____GIFTS(6),(7) for the year September 1, 1995, through August 31, 1996. (If NONE, so state):

	Month	Gift Giver / Receiver	Gift Description	Estimated Value
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

(CONTINUE ON AN ADDITIONAL SHEET IF NECESSARY.)

_____

(6) Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors, (ii) items donated to charity (through Mary Beitzel in Legal), or (iii) food items consumed on the premises.
(7) Entertainment -- i.e., a meal or activity with the vendor present -- does not have to be reported.

Appendix 4

FORM LETTER TO BROKER OR BANK

[DATE]

<Broker Name>
<Broker Address>
<Broker City, State and Zip>

Subject: Account Number_____
Account Registration_____

Dear _____:

Please send duplicate confirmations of individual transactions as well as duplicate periodic statements for the referenced account to:

Confidential

Chief Compliance Officer
Strong Capital Management, Inc.
100 Heritage Reserve
Menomonee Falls, Wisconsin 53051

Your cooperation is most appreciated. If you have any questions regarding this

request, please contact me or the Compliance Department of Strong Capital Management at (414) 359-3400.

Sincerely,

<Name of Employee>

copy: Chief Compliance Officer
Strong Capital Management, Inc.

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Appendix 5

GIFT POLICY

MEMORANDUM

TO: All Associates

FROM: Thomas P. Lemke

DATE: December 1, 1994

SUBJECT: Gift Policy Reminder

With the Holiday season upon us, I wanted to remind you of our firm's gift policy, which covers both GIVING GIFTS TO and ACCEPTING GIFTS FROM clients, brokers, persons with whom we do business, or others (collectively, "vendors"). It is based on the applicable requirements of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. ("NASD") and is included as part of the firm's Codes of Ethics.

Under our policy, associates may not give gifts to or accept gifts from vendors with a value in excess of $100 per person per year and must report to the firm annually if they accept certain types of gifts. The NASD defines a "gift" to include any kind of gratuity. Since giving or receiving any gifts in

a business setting may give rise to an appearance of impropriety or may raise a potential conflict of interest, we are relying on your professional attitude and good judgment to ensure that our policy is observed to the fullest extent possible. The discussion below is designed to assist you in this regard.

If you have any questions about the appropriateness of any gift, contact Legal.

1. GIFTS GIVEN BY ASSOCIATES

Under applicable NASD rules, an associate may not give any gift with a value in excess of $100 per year to any person associated with a securities or financial organization, including exchanges, broker-dealers, commodity firms, the news media, or clients of the firm. Please note, however, that the firm may not take a tax deduction for any gift with a value exceeding $25.

This memorandum is not intended to authorize any associate to give a gift to a vendor -- appropriate supervisory approval must be obtained before giving any gifts.

2. GIFTS ACCEPTED BY ASSOCIATES

On occasion, because of their position within the firm, associates may be offered, or may receive without notice, gifts from vendors. Associates may not accept any gift or form of entertainment from vendors (e.g., tickets to the theater or a sporting event where the vendor does not accompany the associate) other than gifts of NOMINAL VALUE, which the NASD defines as under $100 in total from any vendor in any year (managers may, if they deem it appropriate for their department, adopt a lower dollar ceiling). Any gift accepted by an associate must be reported to the firm, subject to certain exceptions (see heading 4 below). In addition, note that our gift policy does not apply to normal and customary business entertainment or to personal gifts (see heading 3 below).

Associates may not accept a gift of cash or a cash equivalent (e.g., gift certificates) in ANY amount, and under no circumstances may an associate solicit a gift from a vendor.

Associates may wish to have gifts from vendors donated to charity, particularly where it might be awkward or impolite for an associate to decline a gift not permitted by our policy. In such case, the gift should be forwarded to Mary Beitzel in Legal, who will arrange for it to be donated to charity. Similarly, associates may wish to suggest to vendors that, in lieu of an annual gift, the vendors make a donation to charity. In either situation discussed in this paragraph, an associate would not need to report the gift to the firm (see heading 4 below).

3. EXCLUSION FOR BUSINESS ENTERTAINMENT/PERSONAL GIFTS

Our gift policy does not apply to normal and customary business meals and entertainment with vendors. For example, if an associate has a business meal and attends a sporting event or show with a vendor, that activity would not be subject to our gift policy, provided the vendor is present. If, on the other hand, a vendor gives an associate tickets to a sporting event and the associate attends the event without the vendor also being present, the tickets would be subject to the dollar limitation and reporting requirements of our gift policy. Under no circumstances may associates accept business entertainment that is extraordinary or extravagant in nature.

In addition, our gift policy does not apply to usual and customary gifts given to or received from vendors based on a personal relationship (e.g., gifts between an associate and a vendor where the vendor is a family member or personal friend).

4. REPORTING

The NASD requires gifts to be reported to the firm. Except as noted below, associates must report annually all gifts given to or accepted from vendors (Legal will distribute the appropriate reporting form to associates).

Associates are NOT required to report the following: (i) usual and customary promotional items given to or received from vendors (e.g., hats, pens, T-shirts, and similar items marked with a firm's logo), (ii) items donated to charity through Mary Beitzel in Legal, or (iii) food items consumed on the firm's premises (e.g., candy, popcorn, etc.).