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February 11, 1997

2520032031748

Summary Plan Description  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20216

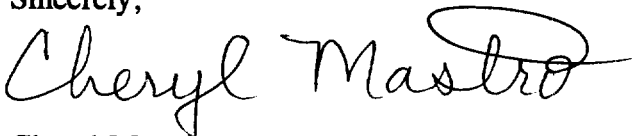
Re: Enclosed Summary Plan Description Booklet

Gentlemen:

In Compliance with Section 104, Part I of Title I of the Employee Retirement Income Security Act of 1974, the enclosed Summary Plan Description as referenced below is being submitted for your review and filing.

Please contact us at the above address and/or telephone if you have any questions regarding the enclosed material.

Sincerely,



Cheryl Mastro  
Administrative Assistant

Encl: Summary Plan Description Booklet for the  
Peterson & Associates Court Reporting, Inc. Profit Sharing Plan

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**PETERSON & ASSOCIATES COURT REPORTING, INC.**

**PROFIT SHARING PLAN**

**SUMMARY PLAN DESCRIPTION**

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**PETERSON & ASSOCIATES COURT REPORTING, INC.  
7851 MISSION CENTER COURT, SUITE 120  
SAN DIEGO, CA 92108  
PHONE # (619) 260-1069  
EIN #33-0684781**

Employee Announcement and Plan Summary

for

**PETERSON & ASSOCIATES COURT REPORTING, INC.  
PROFIT SHARING PLAN**

**#001**

The following questions and answers constitute the Company's announcement of the above Plan and constitute a Summary Plan Description to the Participants.

**1. When will I be eligible to participate?**

You will become a Plan Participant on the Entry Date following your completion of one (1) Year of Eligibility Service. You are credited with a Year of Service for each twelve (12) month period starting on your Date of Hire and each anniversary thereof if you are credited with at least one thousand (1,000) Hours of Service in such Year.

You will not become a Plan Participant until the Entry Date after you have reached age twenty one (21). The Entry Date is January 1.

You are credited with an Hour of Service for every hour that you have a right to be paid. This includes vacations, sick leave, and any hours for which back pay may be due.

Union members are not eligible to participate in the Plan unless their bargaining agreement provides that they are eligible.

**2. Who pays the cost of the Plan?**

The Plan is a Profit Sharing Plan. It has individual accounts for each Participant of the Plan. All contributions to the Plan are made by the Employer. Contributions are made for a Plan Year. The Plan Year is the period from January 1 of each year to December 31. The initial Plan Year of your Plan is January 1, 1996 through December 31, 1996.

The amount that the Employer contributes to the Plan is decided each year by the Employer. One of the reasons that the Employer maintains the Plan is to give you an incentive to help the

Employer be profitable. While the Employer expects its contributions to the Plan to be substantial and regular, the Employer is not obligated to make contributions to the Plan.

In years in which the Plan is Top Heavy as defined in §416, a minimum contribution may be required for non-highly compensated Participants.

The Corporation pays all costs of plan administration.

### **3. What are my benefits?**

At retirement you may receive as a lump sum the total value of your account or you may receive an income in the form of a monthly annuity. The amount you receive depends on the amount of Employer Contributions and on investment gains or losses.

Each year that you are a Plan Participant and qualify for an allocation (see below), you will receive a share of the Employer Contribution to the Plan for that year. The money that the Employer contributes to the Plan is allocated to your account in the same ratio that your pay bears to the total pay of all Participants in your Category.

Participants are divided into Categories and Contributions are made to each Category. The Contribution is then allocated on a pro-rata basis, based on the Compensation of the Participants in each Category.

Each year that you are a Participant of the Plan and complete one thousand (1,000) Hours of Service, you will receive a share of the Employer Contribution to the Plan for that year if you are still working for the Employer at the end of the Plan Year.

In years in which the Plan is Top Heavy, the minimum allocation is 3 percent (3%) of Compensation. A Plan Participant must receive the minimum if he is employed on the last day of the Plan Year, regardless of whether he completes one thousand (1,000) Hours of Service that year. If none of the "Key Employees" of the Employer receive 3 percent (3%) of their Compensation, then the minimum allocation is the highest percentage received by any Key Employee. In general, officers and owners of the Employer are Key Employees.

The money contributed to the Plan will be invested at the discretion of the Plan Committee. Your account will go up or down depending on the gains and losses on such investments.

### **4. What is vesting?**

Your benefit under the Plan is your account. Upon termination of your employment, monies already in your account may be lost if you are not one hundred percent (100%) vested. The term "vesting" refers to that portion of your account which can never be taken from you even if you resign or are discharged. Our Plan vests as follows:

| <u>Years of Service</u> | <u>% Vesting</u> |
|-------------------------|------------------|
| Less than 2 years       | 0%               |
| 2 years but less than 3 | 20%              |
| 3 years but less than 4 | 40%              |
| 4 years but less than 5 | 60%              |
| 5 years but less than 6 | 80%              |
| 6 years or more         | 100%             |

If, while you are zero percent (0%) vested, you have five (5) consecutive Plan Years with less than five hundred one (501) Hours of Service (called "Breaks in Service"), then any of the Plan Years in which you were credited with one thousand (1,000) or more Hours of Service (called "Years of Service") prior to such period will not be counted for purposes of the vesting schedule for any additional benefits earned.

#### **EXAMPLE**

You have one Year of Service with one thousand (1,000) hours and are zero percent (0%) vested. You resign. After you resign you have less than five hundred one (501) hours for five (5) consecutive Plan Years. When and if you come back, you will start at the beginning of the vesting schedule (zero percent [0%] vested with no Years of Service).

For vesting purposes, a Year of Service is based on your Date of Hire.

#### **5. When may I retire and how may I receive the benefit?**

Normal Retirement Age for a Participant is normally the day you attain age sixty-five (65). However, in no event will your Normal Retirement Age be earlier than the fifth (5th) anniversary of the last day of the Plan Year in which you became a Participant of the Plan.

You do not have to retire at your Normal Retirement Age. You will be entitled to share in the Employer's Contribution in the same manner as Participants who have not reached Normal Retirement Age. You may commence receipt of your benefits at any time on or after attainment of Normal Retirement Age, even if you are still employed.

#### **6. What happens if I terminate employment before retirement?**

If you terminate employment for a reason other than death, disability or retirement, you will be entitled to a distribution of your vested account balance, in no event later than sixty (60) days following the end of the Plan Year in which you reach Normal Retirement Age, attain your tenth (10th) anniversary of participation in the Plan, or leave the Employer, whichever is the latest.

If your employment terminates before your account is one hundred percent (100%) vested, you lose (forfeit) the part of your account that isn't vested unless you are later rehired. The amount in your account multiplied by your vested percentage is the benefit payable to you.

If you are reemployed prior to incurring five (5) consecutive Breaks in Service, then the nonvested portion may be restored. If the vested portion was not paid to you, the part that wasn't vested will automatically be added back to your account. If the vested portion was paid to you, you must pay it back before five (5) years from rehire, or before you incur five (5) consecutive Breaks in Service, whichever occurs first, in order for it to be restored to your prior account balance. If you are reemployed after incurring five (5) consecutive Breaks in Service, the nonvested portion will never be restored.

If your employment is terminated before the value of your benefits amounts to three thousand five hundred dollars (\$3,500) or more, you may be "cashed out" of the Plan soon after termination of employment by payment to you of the entire value of your benefits. If it is over three thousand five hundred dollars (\$3,500), the money may be paid to you before Normal Retirement Age (or age sixty-five (65), if later) only if you approve.

#### **7. What happens if I should die before retirement?**

If you should die while employed, one hundred percent (100%) of your account will be payable to your beneficiary in the manner described in paragraph 9.

You may designate one or more persons as beneficiary to receive any benefits which become payable under the Plan on or after your death. The Plan Administrator will provide you with the appropriate form upon request. Should you desire to change your beneficiary, you may do so at any time.

If you have been married for one (1) year on the date of your death, then your spouse will be the beneficiary of one hundred percent (100%) of your benefits unless your spouse consents to the designation of some other person other than the spouse as beneficiary. Any designation of beneficiary which is not properly consented to will not be valid even if the beneficiary designation form was properly completed and consented to by a former spouse or was completed while you were not married. The written consent of the spouse must be witnessed by a notary public.

Should you die without having effectively designated a beneficiary, then the benefits which become payable under the Plan on or after your death will be paid to your surviving spouse. If your spouse is not then living, payment will be made to your living children in equal shares, and if there are no such living children, then as if included in your estate.

#### **8. What happens if I become disabled before retirement?**

In the event that your employment is terminated due to disability, you will be entitled to between ninety percent (90%) and one hundred percent (100%) of your account, depending upon the severity of the disability. Alcoholism, drug addiction, self-inflicted injuries and injuries incurred while committing a crime are not considered disabilities. See the Plan document for a more precise definition of disability.

#### **9. How will I be paid?**

Benefits are payable in any of the following forms:

- a. A lump sum;
- b. If required as set forth below, a nontransferable joint and one hundred percent (100%) survivor annuity contract (or, if you are not married, a single life annuity); or
- c. Installments over a period of time.

The Plan Committee may not pay a Participant any form of benefit other than a joint and survivor annuity (or a single life annuity, if the Participant is single) unless i) both the Participant and his spouse (if any) elect not to receive it or ii) the dollar value of the benefit is three thousand five hundred dollars (\$3,500) or less.

A joint and survivor annuity is a guaranteed monthly income to you for your life with a guaranteed monthly income after you have died to your spouse for the remainder of their lifetime. The monthly income of the surviving spouse will be one hundred percent (100%) of the amount paid to the Participant. The dollar value of your joint and survivor annuity will depend on what can be purchased from a commercial annuity company with the value of your account.

#### **10. Can the benefits be assigned?**

Your benefits under this Plan are not assignable or subject to the claims of any creditor unless required by law. For years commencing prior to January 1, 1985 your benefits are subject to division in the event of divorce. For years after January 1, 1985 your benefits are subject to payment to an alternate payee if such person has obtained a qualified domestic relations order. For more information concerning qualified domestic relations orders, contact the Plan Administrator.

#### **11. How is the Plan administered?**

Your Plan is supervised and maintained by a Plan Committee. The Plan Committee Participants are selected by the Employer. They can be replaced by the Employer at any time. They have the duty to act in good faith and in your Plan's best interest when they make decisions.

The Employer is the Administrator of the Plan. The Employer is Peterson & Associates Court Reporting, Inc..

A Trustee has been chosen to hold the assets of the Plan. The Trustee invests the money paid into the Plan by the Employer according to instructions given to the Trustee by the Plan Committee. The Trustee is Brenda Peterson.

#### **12. May I borrow from the Plan?**

Plan Participants may be eligible to borrow money from the Plan. Loan applications can be obtained from the Plan Administrator by written request. Loan applications will be granted strictly on the basis of the creditworthiness of the applicant and security provided to assure repayment. Loans will not be granted without adequate security.

#### **13. Is the Plan permanent?**

The right to change or terminate the Plan is reserved by the Employer. If the Plan is terminated, your account will become one hundred percent (100%) vested.

#### **14. Plan Governs.**

The information in this Summary Plan Description is only a brief outline of the principal features of the Plan. If any statement differs from the Plan, the Plan will govern. A copy of the complete Plan text is available for examination at the Employer's office during normal working hours.

Your rights and obligations under the Plan are governed solely by the terms of the Plan Document and any formal amendments thereto adopted by the Employer. These rights and obligations **may not be modified by any written or oral agreement of communication.**

#### **15. Claims.**

You should present all claims for any benefits under the Plan to the Plan Committee in writing. The Plan Committee will have the Plan Administrator provide you with any documents necessary to submit a claim. The Plan Committee will notify you, and where appropriate your beneficiary or beneficiaries, of the Plan Committee's determination.

If you believe the determination is incorrect, you will be given one hundred eighty (180) days after receipt of the notice of determination to make a written request for a full and fair review of the initial determination. You will have the opportunity to review all pertinent documents and to submit issues and comments in writing. Within sixty (60) days after receipt of your request to review (or one hundred twenty (120) days if it is necessary to hold a hearing), you will receive written notice of the final decision on your distribution detailing the reasons and specific

provisions of the Plan on which the decision is based.

#### **16. Your rights under ERISA.**

As a Participant of the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants will be entitled to:

- a. Examine without charge at the Plan Administrator's office and at other specified locations, such as at worksites and union halls, all Plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions;
- b. Obtain copies of all Plan documents and other Plan information upon written request of the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies;
- c. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this Summary Annual Report; and
- d. Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age, and if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interests of you and other Plan Participants and beneficiaries.

No one, including your employer or any other person, may discharge you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan reviewed and your claim reconsidered.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within thirty (30) days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide

the materials and pay you up to one hundred dollars (\$100) a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored in whole or in part, you may file suit in a State or Federal court. If it should happen that Plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court.

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

If you have any questions about your Plan, you should contact the Plan Administrator as specified in paragraph 11. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

Service of legal papers may be made upon a Trustee or the Plan Administrator.

October 1995  
TRA'86 DC