

CARLSMITH BALL WICHMAN MURRAY CASE & ICHIKI

ATTORNEYS AT LAW

A PARTNERSHIP INCLUDING LAW CORPORATIONS

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February 22, 1994

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MEXICO CITY OFFICE

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WASHINGTON, D.C. OFFICE

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**VIA CERTIFIED MAIL/
RETURN RECEIPT REQUESTED**

Pension and Welfare Benefit Program
Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20216

To the Secretary of Labor:

Re: Richard T. Haruki, D.D.S., Inc.
Employment Agreement
(Adopted December 15, 1993)

In compliance with the requirements of the alternative method of reporting and disclosure under Part 1 of Title I of the Employee Retirement Income Security Act of 1974 for unfunded or insured pension plans for a select group of management or highly compensated employees, specified in Department of Labor Regulations, 29 C.F.R. § 2520.104-23, the following information is provided by the undersigned employer:

Name and Address of Employer:

Richard T. Haruki, D.D.S., Inc.
P.O. Box 346
Lihue, Hawaii 96766

X9405115.HARUKI

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Pension and Welfare Benefit Program
Department of Labor
February 22, 1994
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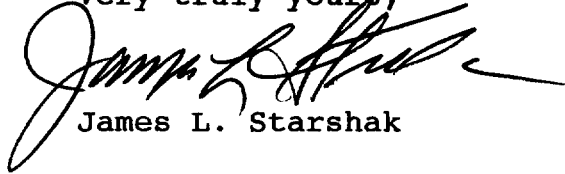
Employer Identification Number: 99-0192677

Richard T. Haruki, D.D.S., Inc. maintains a plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

Number of Plans and Participants in Each Plan:

One plan covering one employee.

Very truly yours,

A handwritten signature in black ink, appearing to read "James L. Starshak", with a long horizontal flourish extending to the right.

James L. Starshak

/dd

RICHARD T. HARUKI, D.D.S.
EMPLOYMENT AGREEMENT

The undersigned Employer and Employee hereby agree as follows:

1. COMPENSATION

A. Salary

Employer agrees to pay Employee during the term of this contract, a salary pursuant to the schedule attached hereto as Exhibit A. As further compensation, Employer may pay the Employee a bonus, the amount and date of payment to be set by the Board of Directors of Employer. All such compensation shall be subject to the customary withholding tax and other employment taxes as required with respect to compensation paid an employee.

B. Reimbursement to Corporation

In the event any portion of the compensation or other benefit paid to Employee is disallowed by the Internal Revenue Service as a deductible expense of the Employer, Employee agrees to reimburse Employer to the extent disallowed within thirty (30) days after the Employer has notified Employee of the disallowed amount. This reimbursement obligation shall not arise until and unless the Employer has made a reasonable effort to support its deduction. If the Employer is not fully reimbursed during the 30-day period, it shall have the right to withhold up to fifty per cent (50%) of any future compensation payments due Employee until Employer has been paid in full.

C. Deferred Compensation

If, upon termination of employment, employee has attained the age of 65 and has been an employee for at least 15 years, or if employment is terminated due to the death or permanent disability of Employee, then upon termination of employment, Employer shall pay Employee One Hundred Forty-four Thousand and No/Dollars (\$144,000.00) payable without interest in 36 monthly installments of Four Thousand and No/Dollars (\$4,000.00) each commencing the first day of the month following termination of employment.

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If payments are made on account of the death of Employee, then the payments shall be made to the beneficiary designated by Employee in writing and attached to this Agreement as Exhibit B. Employee may change the designation of the beneficiary from time to time. If Employee makes no designation of beneficiary, then the payments shall be made as follows:

(a) To Employee's surviving spouse;

(b) If Employee is not survived by a spouse, then equally to Employee's then living children or the issue, collectively, of any deceased child, such issue to take by representation; or

(c) If Employee is not survived by a spouse or issue, then to the personal representative of Employee's probate estate.

Employer reserves the right to pay the lump sum Actuarial Equivalent of the Deferred Compensation Payment to be made to Employee in lieu of monthly payments.

D. Payment of Salary

Except for the Deferred Compensation payable pursuant to Paragraph C of this Section, all payments to Employee shall be paid only as the cash flow of Employer allows.

2. TIME AND EFFORTS

Employee shall devote his full productive time, energies and abilities to the proper and efficient performance of Employer's business. Without the prior express authorization of Employer's Board of Directors, Employee shall not, directly or indirectly, during the term of this Agreement:

(a) Render services of a like nature to any other person or firm, whether for compensation or otherwise; or

(b) Engage in any activity competitive with or adverse to Employer's business whether alone, as a partner, or as an officer, director, employee of any other corporation.

3. VACATION

Employee shall be entitled to a vacation of eight (8) weeks time during each 12-month period of the term of this Agreement, without loss of compensation. Employee shall be entitled to such additional time without loss of compensation for attendance at meetings, conventions and post-graduate courses as the Board of Directors of Employer shall from time to time determine; vacation time may be accumulated up to eighty (80) weeks. Employer has the option at any time to pay Employee for accumulated vacation in lieu of allowing Employee to take such vacation; provided, however, that the payment of accumulated vacation shall be determined based on the current compensation payable to Employee.

4. TERMINATION

This Agreement shall be terminated upon the happening of any of the following events:

(a) Whenever Employee shall not be a "Qualified person" as defined in Hawaii Revised Statutes §415A-2

(b) If Employee becomes insolvent, makes an assignment for the benefit of creditors, is declared a bankrupt, voluntarily files a petition or has an involuntary petition filed against him in bankruptcy court and the court issues an order for relief, or his assets are administered in any type of creditors' proceedings.

(c) Whenever Employer and Employee shall mutually agree to termination.

(d) Upon death of Employee.

(e) At Employer's option, if Employee shall suffer a permanent disability. For purposes of this Agreement, "permanent disability" shall be defined as the Employee's physical inability, through illness, injury or similar cause, to perform the majority of his usual duties for a period exceeding two months.

Employer's option shall be exercised in writing delivered to Employee and shall be effective on delivery.

(f) Notwithstanding the provisions of subparagraphs (a) through (e) above, upon sixty (60) days prior written notice by either Employer or Employee.

Upon termination for any of the foregoing causes (including death), Employee shall be entitled to receive any accrued but unpaid salary and vacation pay as of the date of termination.

5. EMPLOYER'S AUTHORITY

Employee agrees to observe and comply with the rules and regulations of Employer as adopted by Employer's Board of Directors respecting performance of his duties and to carry out and perform orders, directions and policies of Employer as they may be, from time to time, stated to him either orally or in writing. Employee specifically understands that Employer shall have final authority over acceptance or refusal of work and over the amount to be charged for services. The Employee shall not, directly or indirectly, engage in any other business without the consent of the Board of Directors; provided, however, that nothing herein contained shall prohibit the activity of the Employee in investing or trading in stocks, bonds, commodities, securities or other forms of investment, for his own benefit.

6. RECORDS

Upon the termination of this Agreement, Employee shall not be entitled to any records. If the Employer decides to comply with Employee's request for copies of records, Employee will reimburse Employer for such copy costs.

7. EFFECTIVE DATE

The effective date of this Agreement shall be the date indicated as such below. The effective date shall be endorsed on each copy of this Agreement in the space provided below.

8. EXPENSES

During the period of his employment, Employee will be reimbursed for his reasonable expenses in accordance with the general policy of the Employer as adopted by the Employer's Board of Directors, from time to time.

9. FACILITIES AND SERVICES

Employer shall provide such facilities, equipment and supplies as it deems necessary for Employee's performance of his professional duties under this Agreement, including technical and stenographic help, and such other facilities and services as are suitable to his position and necessary to the adequate performance of his duties. Employee shall have, maintain and use, when appropriate, an automobile, home telephone and other facilities and equipment needed in connection with his employment under this Agreement, all of which shall be at Employee's expense, except as he may from time to time be reimbursed by Employer, or except as furnished by Employer at its expense.

10. PROFESSIONAL SEMINARS, CONVENTIONS AND MEETINGS

The Employee shall maintain and/or improve his professional skills and abilities by attending appropriate professional seminars, conventions, meetings, and belonging to appropriate professional organizations and societies. Each Employee shall be expected to attend at least one mainland or foreign seminar, convention or meeting per year and as many Hawaii seminars, conventions or meetings as may be appropriate considering the Employee's areas of practice and professional involvement. Employer may pay or reimburse those expenses which are attributable to attendance at such seminars, conventions and meetings or to Employee belonging to professional organizations, depending upon the availability of corporate funds. Regardless of the availability of such funds, the Employee is nevertheless obligated to maintain his professional competence and involvement in professional organizations by attending professional seminars, conventions and meetings.

11. ENTERTAINMENT

Employee shall be expected to entertain those with whom the Employer conducts business both at the Employee's home and at public restaurants, bars, theaters, etc. The fact that

the Employer may not reimburse the Employee shall not affect Employee's obligations under this paragraph.

12. HOME OFFICE

The Employee shall be required to maintain a home office for the convenience of the Employer and those with whom Employer deals.

13. AUTOMOBILE

The Employee may be called to work by the Employer at any time night or day, weekends or holidays. Thus, the Employee should consider himself "on call" twenty-four hours a day, seven days a week. The Employee agrees by signing this Agreement to have a car of the type which will enhance the Employee's and Employer's status in the community available for the Employee's use for company business twenty-four hours a day, seven days a week. The Employer may elect to pay some or all of the costs of owning and maintaining the vehicle, but if the Employer reimburses the Employee for the vehicle at a rate lower than the actual cost of owning and maintaining the vehicle, this does not relieve the Employee from the responsibility of having an appropriate vehicle available twenty-four hours a day to perform company business.

14. AMENDMENT

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by Employee and the duly authorized representative of Employer.

15. DISABILITY INCOME PAYMENTS

Notwithstanding anything herein provided, the amount of compensation to which Employee may be entitled, as provided in paragraph 1 above, shall be reduced by the amount of disability income payments, if any, from insurance purchased by Employer.

16. APPLICABLE LAW

This Agreement is drawn to be effective in, and shall be construed in accordance with, the laws of the State of Hawaii.

17. ARBITRATION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any Court having jurisdiction thereof.

18. WAIVER

A waiver of any of the terms and conditions hereof shall not be construed as a general waiver by Employer, and Employer shall be free to reinstate such part or clause, with or without notice to Employee.

19. TERM

The term of this Agreement shall be for a period of one (1) year, commencing on the effective date of this Agreement and terminating on the same day and month one year thereafter; subject, however, to prior termination as provided above. This Agreement shall be automatically renewed for succeeding terms of one (1) year each unless either party shall, at least sixty (60) days prior to the expiration of any term, give written notice of his or its intention not to renew said Agreement.

DATED: _____

RICHARD T. HARUKI, D.D.S., INC.

RICHARD T. HARUKI

By _____
Its President
EMPLOYER

EMPLOYEE
EMPLOYEE

THE EFFECTIVE DATE OF THIS AGREEMENT IS: OCTOBER 1, 1992

EXHIBIT B

DESIGNATION OF BENEFICIARY
FOR
DEFERRED COMPENSATION

If Employee dies before all compensation due from Employer have been paid including salary, vacation pay and deferred compensation payments, then Employer shall pay the unpaid compensation as follows:

A. Primary Beneficiary:

B. Contingent Beneficiary

Employee (Date)

17. ARBITRATION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any Court having jurisdiction thereof.

18. WAIVER

A waiver of any of the terms and conditions hereof shall not be construed as a general waiver by Employer, and Employer shall be free to reinstate such part or clause, with or without notice to Employee.

19. TERM

The term of this Agreement shall be for a period of one (1) year, commencing on the effective date of this Agreement and terminating on the same day and month one year thereafter; subject, however, to prior termination as provided above. This Agreement shall be automatically renewed for succeeding terms of one (1) year each unless either party shall, at least sixty (60) days prior to the expiration of any term, give written notice of his or its intention not to renew said Agreement.

DATED: 12-15-93

RICHARD T. HARUKI, D.D.S., INC.

RICHARD T. HARUKI

By Richard T. Haruki, D.D.S.
Its President
EMPLOYER

Richard T. Haruki, D.D.S.
EMPLOYEE
EMPLOYEE

THE EFFECTIVE DATE OF THIS AGREEMENT IS: OCTOBER 1, 1992

EXHIBIT B

DESIGNATION OF BENEFICIARY
FOR
DEFERRED COMPENSATION

If Employee dies before all compensation due from Employer have been paid including salary, vacation pay and deferred compensation payments, then Employer shall pay the unpaid compensation as follows:

A. Primary Beneficiary:

Jane K. Haruki

B. Contingent Beneficiary

Michele Fujiuchi

Richard T. Haruki, D.D.S. 12-15-93
Employee (Date)