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PLAN QUALIFICATION REPORT


Company: SEPP Management Company, Inc.  
ID Number : 16-1399415  
Report Date: September 1, 1994

Plan Date: September 1, 1994

Company Address:

SEPP, Inc.  
45 Chenango Street  
Binghamton, NY 13901

Total Number of Employees	<u>2</u>
Total Number of Eligible Employees	<u>2</u>
Total Number of Highly Compensated Employees (1)	<u>0</u>
Percentage of Non-Highly Compensated Employees Eligible	<u>100%</u>
Total Number Medical Plan Participants	<u>2</u>
Total Number Officer/Owners	<u>0</u>

  
Richard J DeOrazio  
Executive Director

SEP 21 1994  
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NAME AND PURPOSE

The name of the Medical plan set forth herein is the SEPP, Management Company, Inc., Medical Plan (hereinafter referred to as the "Plan"), in accordance with Section 125 of the Internal Revenue Code.

The plan was adopted on September 1, 1994 by SEPP Management Company, Inc., organized and existing under and by virtue of the laws of the State of New York and per Section 125 of the Internal Revenue Code.

The plan is designed to provide benefits for its eligible employees during their time of employment with the employer and upon their retirement, disability or termination of service, and for their beneficiaries in the event of their death.

ARTICLE I  
DEFINITIONS

The terms used herein shall have the following meanings, unless a different meaning is clearly required by the context:

1.1 "Plan" shall mean SEPP Management Company, Inc. Medical Plan, hereinafter set forth and as amended from time to time.

1.2 "Trustee" shall mean the trustee herein named and any successor trustee or trustees.

1.3 "Employer" shall mean an individual who is employed by (A) & (B).

1.3A "Employer" shall mean (A) or any other business organization which shall assume the obligations of this Plan as provided herein with respect to its employees.

1.4 "Participant" shall mean any current employee who becomes eligible to participate under the Plan.

1.5 "Plan Year" or "Year" shall mean the Employer's calendar year ending on December 31, 1994.

1.6 "Trust Fund" shall mean all property, including cash, insurance contracts and other investment held by the Trustee under this Trust and by the Investment Manager, together with all income, profits or increments thereon.

Revenue Code.

1.7 "Part-time or Seasonal Employee" shall mean an employee of the Employer who is hired on a part-time or seasonal basis, as so classified by the Employer.

1.8 "HIGHLY COMPENSATED EMPLOYEE"

1. IN GENERAL "Highly Compensated Employee" shall mean any employee who, during the year or the preceding year

- a) was at any time a 5-percent owner.
- b) received compensation from the employer in excess of \$75,000.
- c) received compensation from the employer in excess of \$50,000 and was in the top-paid group of employees for such year, or
- d) was at any time an officer and received compensation greater than 150 percent of the amount in effect under section 415 (c) (1) (A) for such year.

2. SPECIAL RULE FOR CURRENT YEAR. In the case of the year for which the relevant determination is being made, an employee not described in subparagraph (B), (C) or (D) of paragraph (1) for the preceding year (without regard to this paragraph) shall not be treated as described in subparagraph (B), (C) or (D) of paragraph (1) unless such employee is a member of the group consisting of the 100 employees paid the greatest compensation during the year for which such determination is being made.

3. 5-PERCENT OWNER. An employee shall be treated as a 5 percent owner for any year if at any time during such year such employee was a 5 percent owner (as defined in section 416 (i) (1) of the employer.

4. TOP-PAID GROUP. An employee is in the top-paid group of employees for any year if such employee is in the group consisting of the top 20 percent of the employees when ranked on the basis of compensation paid during the such year.

5. TREATMENT OF CERTAIN FAMILY MEMBERS.

A) IN GENERAL. If any individual is a member of the family of a 5 percent owner or of a highly compensated employee in the group consisting of the 10 highly compensated employees paid the greatest compensation during the year, then;

(i) such individual shall not be considered a separate employee, and

(ii) any compensation paid to such individual (and any applicable contribution or benefit on behalf of such individual) shall be treated as if it were paid to (or on behalf of) the 5-percent owner of highly compensated employee.

(B) FAMILY. For purposes of subparagraph (A), the term "family shall mean, with respect to any employee's spouse and lineal  
ascendant or descendants and the spouses of such lineal ascendant or descendants.

1.9 "DEPENDENTS" shall mean a person with respect to whom, for such taxable year, a deduction is allowable under section 151 (c) (relating to personal exemptions for dependents) to such employee or the spouse of such employee, or who is a child of such employee (within the meaning of section 151 (c) (3)) under the age of 19 at the close of such taxable year.

ARTICLE II

ELIGIBILITY

2.1 General. That an employee shall become a Participant on the first day of employment.

2.2 Excluded Employees. For purposes of determining the number of employee in the top-paid group, the following employees shall be excluded;

- A) Employees who normally work less than 17 1/2 hours per week (part-time)
- B) Employees who normally work during not more than 6 months during any year,
- C) Employees who have not attained age 21,
- D) Except to the extent provided in regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the employer, and
- E) Employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d) (2) from the employer which constitutes income from sources within the United States (within the meaning of section 861 (a) (3)).

2.3 Reemployment. A Participant who incurs a Break in Service but who is reemployed, shall again become a Participant in the Plan on the day on which he/she is reemployed.

ARTICLE III  
CONTRIBUTIONS

3.1 Amount of Contributions. The amount of the contribution to be made by the Employee for each Plan Year, shall be in accordance with the Salary Reduction Agreement signed and approved by the employee and the employer.

The amount of contribution to be made by the employer for each Plan Year shall be equal to the employees share of the group Medical Insurance premiums.

3.2 Contributions Retained by Trustee. The Employer will assign, transfer and set over the contributions to the Trustee to be held in trust in accordance with the terms of this Plan.

3.3 Exclusive Benefit. This Trust is created for the sole purpose of enabling participating employees of the Employer to utilize the benefits of the Medical Plan. In no event shall any part of the principal or income of this Trust be paid or revert to the Employer, or be used for any purpose whatsoever other than the exclusive benefit of its employees, their beneficiaries and families, or to defray reasonable administrative expenses of the plan.

3.4 Time of Contributions. The Employees contributions shall be paid to the Plan each pay period in accordance with the Salary Reduction Agreement, signed and approved by the employee and employer.

3.5 Fees and Expenses. All reasonable fees and expenses of the Trustee and any Investment Manager appointed by the Committee incurred in the proper administration and operation of the Trust Fund shall be paid by the Trustee from the assets of the Trust Fund. If the assets of the Trust Fund are insufficient to pay such fees and expenses for administering the Trust Fund, the same shall be paid by the Employer.