

2520042392101

To: Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5638
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

In compliance with the requirement of the alternative method of reporting and disclosure under Part I 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 Regulation 29 C.F.R. Section 2520.104-23, the following information is provided by the undersigned employer:

Name and address of employer: Engineering Enterprises, Inc.
52 Wheeler Road
Sugar Grove, IL 60554
EIN: 36-3150869

Please consider this a formal notice that Engineering Enterprises, Inc. has established an unfunded deferred compensation agreement, as of December 31, 1998, which provides that Engineering Enterprises, Inc. shall pay deferred compensation to certain officer-employee shareholders. As of January 1, 1999 three officer-employee shareholders were covered by this plan. This is the only unfunded pension agreement of Engineering Enterprises, Inc.

The benefits under the unfunded defined compensation agreement are paid as needed from the general assets of Engineering Enterprises, Inc. exclusively through insurance contracts or policies, the premiums for which are paid directly by Engineering Enterprises, Inc. from its general assets, or a combination of the foregoing two methods of payment.

Dated: April 20, 1999

Engineering Enterprises, Inc.

By: James K. Michels
James K. Michels, President

ENGINEERING ENTERPRISES, INC.
DEFERRED COMPENSATION PLAN AND AGREEMENT

THE FOLLOWING DEFERRED COMPENSATION PLAN AND AGREEMENT was adopted by Resolution of the Board of Directors of Engineering Enterprises, Inc. on December 31, 1998, and is to be effective as of January 1, 1999 and constitutes an agreement between Engineering Enterprises, Inc. (the "Corporation") and its key professional employees (the "Employee" or "Employees") who are initially signatory to the Plan and Agreement or who are later permitted to join the Plan.

1. Purposes of the Plan

1.1 The purposes of this Plan are to recognize that the Corporation achieves recognition within its profession and obtains and retains clientele as a direct result of the competence and abilities of its key employees; that such value may not adequately be reflected by their salaries and compensation alone. The Corporation also desires to provide greater incentive for the key employees to exert their best efforts on behalf of the Corporation, and to enable the Corporation to attract and retain as its key employees persons of the competence and abilities of the high level provided by the example of its present employees who are signatory hereto.

2. Administration of the Plan

2.1 The Corporation's Board of Directors shall administer the Plan, and is authorized to interpret and adopt amendments from time to time, such amendments however not to have retroactive adverse effect on the vested interest of any participating employee. Decisions of the Board shall be final and binding upon the Corporation and the employees.

2.2 Claims for benefits under this Plan and Agreement shall be made in writing to the Corporation. If a claim for benefits is wholly or partially denied by the Corporation, the Corporation shall, within a reasonable period of time, but no later than ninety (90) days after it is received by the Corporation, notify the claimant in writing of the denial of the claim. If the claimant is not notified in writing of the denial of the claim within ninety (90) days after it is received by the Corporation, the claim shall be deemed denied. A notice of denial shall be written in a manner calculated to be understood by the claimant, and shall contain (a) the specific reason or reasons for denial of the claim, (b) a specific reference to the pertinent provisions of this Plan and agreement upon which the denial is based, (c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary, and (d) an explanation of this Plan and agreement's review procedure. Within sixty (60) days after the receipt by the claimant of the written notice of denial of the claim, or within sixty (60) days after the claim is deemed denied as set forth above, if applicable, the claimant may file a written request with the Corporation that it conduct a full and fair review of the denial of the claimant's claim for benefits, including a hearing, if deemed necessary by the committee organized to review claims. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review pertinent documents and may submit issues and comments in writing. The Corporation shall render a decision on the claim appeal promptly, but not later than sixty (60) days after receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing), require an extension of time for processing, in which case the sixty (60) day period may be extended to one hundred twenty (120) days. The Corporation shall notify the claimant in writing of any such extension. The decision upon review shall (i) include specific reasons for the decision, (ii) be written in a manner calculated to be understood by the claimant, and (iii) contain specific references to the pertinent provisions of this Plan and agreement upon which the decision is based.

3. Awards and Participation in the Plan

3.1 Participation in the Plan is limited to key members of the professional staff of the Corporation who are; (1) professional engineers licensed to engage in the profession of engineering by the State in which the office of the Corporation to which they are attached is located, or (2) land surveyors licensed to engage in the practice of land surveying by the State in which the office of the Corporation that they are attached is located. New participants shall be admitted only upon unanimous decision of the Board of Directors.

3.2 The Board of Directors shall have absolute discretion to determine annual awards under the Plan as to application of the formula and the factors to be included herein- however, that discretion shall not extend to awards and accumulations once established nor to awards for prior years.

4. Participants' Accounts and Time of Payment (Vesting)

4.1 Each award under the Plan shall be evidenced by an annual addendum to this Plan and Agreement. The addendum shall be signed by all participating employees and shall specify the status of all participating employees' accounts at the end of the immediately prior year. The participant's account provides for the payment of sums based upon and measured by the formula as established pursuant to Section 5 of this Plan, at and after the time of termination of employment.

4.2 Employee James K. Michels, as founder of the Corporation and creator of his initial amount of deferred compensation over the life of the Corporation prior to the date of this Plan, is and shall remain 100% vested with all awards issued and credited to him under the Plan. The vested amount due James K. Michels as of December 31, 1996 is \$371,287.00. This amount represents total deferred compensation under this Plan as of December 31, 1996. All other employee participants shall become vested in accordance with the following schedule of the time

elapsed between the date of the beginning of the year for which the first certificate issued to the employee and the date of the employee's death or date of termination:

<u>Elapsed Time</u>	<u>Percentage Vesting</u>
One Year	5%
Each additional year an additional	5%%
Twenty Years	100%

"Termination" as used herein means termination of the participant's employment with the Corporation, whether voluntary or not, and for whatever reason or cause.

4.3 For calendar year 1997 the Corporation acknowledges that Peter G. Wallers and David R. Burroughs shall be attributed with deferred compensation. Peter G. Wallers shall be credited with seven (7) years of vesting as of December 31, 1998, and David R. Burroughs shall be credited with two (2) years of vesting as of December 31, 1998. The amount of deferred compensation allocable to each of the Plan Participants for calendar year 1997 shall be as follows:

<u>Plan Participants</u>	<u>Deferred Compensation</u>
James K. Michels	\$14,628.00
Peter G. Wallers	\$12,425.00
David R. Burroughs	\$11,660.00

Said amount allocated to James K. Michels for calendar year 1997 is in addition to prior amounts awarded to him through December 31, 1996, and as set forth in 4.2 above.

4.4 Notwithstanding the vesting provisions set forth in 4.2 above, in the event of the employee's death at a time when the employee is still an active employee of the Corporation, then any deferred compensation amount previously awarded to that employee shall be considered 100% vested, notwithstanding the Vesting Schedule set forth in 4.2 above. Further, in the event of an employee's total disability while that employee is employed by the Corporation, then any amounts previously awarded to the employee pursuant to this Plan shall be also considered 100% vested, irrespective of the Vesting Schedule set forth in 4.2 above. For purposes of this Plan, the

employee shall be considered permanently disabled upon the occurrence of any event which persists for 12 or more months, and, which is likely, in the opinion of the personal physician of such employee and the opinion of a physician selected by the Corporation, to continue thereafter for the life of the employee and which disability precludes such employee from managing the Corporation's business affairs, causes him or her to become incapacitated, or otherwise precludes him or her from actively participating in the affairs of the Corporation.

4.5 In the event the Corporation should become dissolved or liquidated, then those participants in the Plan who are no longer actively employed by the Corporation because of retirement, death, or disability, shall have a priority over other Plan Participants for their vested amount of deferred compensation awards. In the event one or more Plan Participants should be eligible for this preference, then those Plan Participants shall share pro rata with each other any such available proceeds, until all such previously awarded deferred compensation amounts have been paid. For purposes of this provision only, "retirement" shall mean any Plan Participant who voluntarily retired from service with the Corporation after obtainment of age 60 and with at least twenty (20) years of service to the Corporation.

4.6 The vested amount payable to an employee or his or her beneficiary shall be payable upon the occurrence of an employee's termination or retirement from the Corporation, or the Employee's death or disability. The amount so payable to the employee or his or her beneficiary shall be paid, at the sole election and discretion of the Corporation, either in a single lump sum or in any number of equal installments over a period of from one to ten years, provided that any part of a vested amount not immediately paid shall bear interest payable with each installment of principal. The rate of interest on such amount shall initially be at the rate of prime set by the *Wall Street Journal*, and which is in effect at the date of the first payment to the Employee. Said rate shall be adjusted to the prime rate in effect at the *Wall Street Journal* on each anniversary date of said payments. The Board of Directors reserves the right to alter the rate of interest from time to time.

5. Determination of Formula

5.1 The amount of deferred compensation to the participating employees hereunder shall be computed according to the following formula:

Three times the weighted average net income of the Corporation over the five complete fiscal years of the Corporation immediately prior to the year in which the date of such calculation.

Definition: For purposes of the above computation, net income is defined as the net income before income taxes due a State or the United States, according to the Corporation's financial statements prepared by its public accounting firm in accordance with generally accepted accounting principals.

5.2 The increase in total deferred compensation each year shall be divided among the participants. Each participating employee shall be entitled to a fractional part of the amount produced by the formula, which fractional part until further action of the Board of Directors shall be the proportion which that employee's full compensation for the year bears to the total of all participating employees' full compensation for the year (full compensation for this purpose being defined as base compensation, overtime, and bonuses paid or credited by the Corporation for services provided by the participating employees).

6. Participants and Beneficiaries

6.1 All rights and entitlement under this Plan are personal to the participant who is the employee, and no right or claim under this Plan, or under the certificate(s) of deferred compensation issued under this Plan, are assignable or transferable either voluntarily or involuntarily, excepting that the rights of a participant may be enforced by a legal representative succeeding through the participant's death or disability, or by a trustee under a trust created by the participant.

6.2 All sums payable to a participant under this Plan shall be paid to the participant or in the event of his or her death to his or her beneficiary. A beneficiary is such person or persons as may be named by the participating employee in a written designation filed by him or her with the Corporation before his or her death, or in the absence of such designation to the person or

persons designated by the employee in his or her will or trust document specifically referring to this Plan, or in the absence of such designation, to the surviving spouse of the employee, or if none, to the estate of the employee.

7. Forfeiture of Vested Deferred Compensation Amounts

7.1 Each Participant acknowledges that any vested amounts of deferred compensation awarded pursuant to this Agreement shall be subject to possible reduction or forfeiture upon the occurrence of certain breaches of any applicable Employment Agreements by and between any employee and the Corporation. Each employee and Plan Participant acknowledges and agrees to the terms and conditions of such possible reductions or forfeitures in the vested amounts set forth under this Plan and Agreement, including those vested amounts accrued to the employees and Participants in subsequent years.

8. General Provisions

8.1 No employee or beneficiary shall have the right to pledge, borrow against, or otherwise dispose of or assign the right to receive payments hereunder.

8.2 This Plan shall be governed by and construed in accordance with the laws of the State of Illinois.

8.3 The Board of Directors of the Corporation may at any time or from time to time, amend, modify, suspend, or terminate in whole or in part, any of the provisions of this Plan except that no amendment, modification or termination shall adversely affect awards theretofore made and vested hereunder.

8.4 The Board of Directors shall have the authority in its discretion and from time to time to exchange certificates issued under this Plan for certificates held by an employee issued under an earlier or later plan or program of the Corporation, upon such terms and conditions as the Board at its discretion may deem advisable.

8.5 The Board of Directors shall have the authority in its discretion to make provisions under this Plan for the payment and crediting to a participant under this Plan, or payments due the participant for other form of compensation, including bonuses and profit-sharing amounts.

8.6 This Plan is intended to take the place of and be in substitution of any and all prior Deferred Compensation Agreements, with any such amounts awarded thereunder being considered as part of and inclusive in the amount set forth herein. All such earlier Deferred Compensation Plans are considered to be amended by the adoption of this Plan, with those earlier Deferred Compensation Plans now being considered as revoked and rescinded.

Signed and effective as of the date and year aforesaid.

ENGINEERING ENTERPRISES, INC.

BY: _____
President

James K. Michels

Peter G. Wallers

David R. Burroughs



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