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PUBLIC DISCLOSURE
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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: Jacob & Hefner Associates, Inc.
739 Roosevelt Road, Suite 100
Glen Ellyn, IL 60137
EIN: 36-4070643

Please consider this a formal notice that Jacob & Hefner Associates, Inc. has established an unfunded deferred compensation agreement, as of June 15, 1997, which provides that Jacob & Hefner Associates, Inc. shall pay deferred compensation to certain engineers and surveyors. As of June 7, 1997 two engineers/surveyors were covered by this plan. This is the only unfunded pension agreement of Jacob & Hefner Associates, Inc.

The benefits under the unfunded defined compensation agreement are paid as needed from the general assets of Jacob & Hefner & Associates, Inc.

Dated: August 28, 1997

Jacob & Hefner & Associates, Inc.

By: _____


Jeffrey H. Jacob, President

DEFERRED COMPENSATION PLAN AND AGREEMENT

THE FOLLOWING DEFERRED COMPENSATION PLAN AND AGREEMENT (the "Plan") was adopted by Resolution of the Board of Directors of Jacob & Hefner Associates, Inc. (the "corporation") on and effective June 15, 1997, and constitutes an agreement between the Corporation and its key professional employees (the "employee" or "employees") who are initially signatory to the Plan or who later are permitted to join the Plan.

1. Purposes of the Plan

1.1. The purposes of this Plan are to recognize that the professional 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.

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 registered engineers or surveyors licensed to engage in the profession of engineering or surveying by the State in which the office of the corporation to which 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, the application of the formula for determining awards and the factors to be included therein; however, that discretion shall not extend to awards for prior years which are vested.

4. Time of Payment (Vesting)

4.1. Employees shall unanimously sign an annual addendum to this Plan and Agreement, or make a memorandum at the annual meeting of shareholders, which addendum

or memorandum shall specify the status of all accounts at the end of the immediately prior year.

4.2. Jeffrey H. Jacob, P.E. ("Jacob") and John W. Hefner, P.E. ("Hefner") as founders of the corporation and creators of the initial amount of deferred compensation over the life of the corporation prior to the date of this Plan, are and shall remain 100% vested with the initial amount of deferred compensation credited to them under the Plan. The vested amount due to each of Jacob and Hefner as of April 1, 1996 is \$287,500 and \$212,500, respectively. Jacob and Hefner shall also be considered to have earned 10 years credit toward vesting in accordance with the following schedule, as of December 31, 1996, for all awards issued and credited to them under the Plan. All other employee participants shall become vested in accordance with the following schedule of the time elapsed between January 1 of the year for which the employee becomes a shareholder and the date of the employee's death or date of termination:

<u>Elapsed Time</u>	<u>Percentage Vested</u>
Five years (no amount shall vest prior to the employee being employed by the Corporation for five years)	25%
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. The amount payable to an employee or his beneficiary upon termination shall be his vested percentage of amounts awarded and shall be paid at the sole discretion of the Board of Directors 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 be prescribed from time to time by the Board of Directors based on the prime rate being charged at the beginning of the year by the corporation's bank. Participants shall have no rights to any portion of awards which are unvested on the date of employee's death or termination.

5. Determination of Formula

5.1. The total deferred compensation account of the corporation at December 31, 1996 is in the amount of \$880,000 as heretofore accrued to and vested (as noted above) in Jacob and Hefner.

5.2. COMPUTATION: The amount of the deferred compensation account for each participating employee hereunder shall be computed each year according to the following formula:

- (a) An amount (the "Additional Income Amount") equal to three times the adjusted average net income of the corporation over the five complete fiscal years of the corporation immediately prior to the year in which the measurement occurs (or, if the corporation has been in existence for less than five complete fiscal years, the number of complete fiscal years since the corporation began operations).
- (b) The Additional Income Amount at the end of each fiscal year shall be compared with the Additional Income Amount calculated pursuant to this agreement at the beginning of such fiscal year.
- (c) The increase or decrease in the Additional Income Amount during each fiscal year shall be divided among the participating employees pursuant to Section 5.3 below.

Definition: For purposes of the above computation, net income is defined as the net income after income taxes due the 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. Such income shall be adjusted so that total compensation and retirement plan payments paid to each shareholder is representative of an amount (which is periodically agreed upon by the shareholders) which equals average owner compensation for like kind firms in the Chicago area.

5.3. DIVISION: Each participating employee shall be entitled to a fractional part of the increase or decrease in Additional Income Amount for each fiscal year 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 salaries and bonuses paid or credited by the corporation for services of the participating employees, excluding any return on owner's capital and any return on deferred compensation).

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 death to his beneficiary. A beneficiary is such person or persons as may

be named by the participating employee in a written designation filed by him with the corporation before his death, or in the absence of such designation to the person or persons designated by the employee in his 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. General Provisions

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

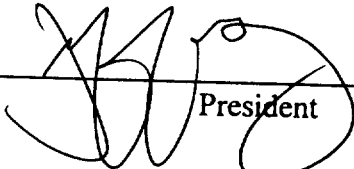
7.2. This Plan shall be governed by and construed in accordance with the laws of the State of Illinois.

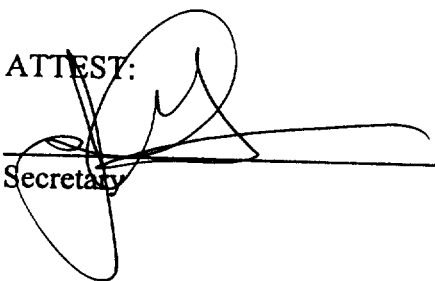
7.3. The Board of Directors of the corporation may at any time or from time to time, amend, modify, suspend, or terminate in whole or in part, any of the provisions of this Plan except that no amendment, modification or termination shall adversely affect awards theretofore made and vested hereunder.

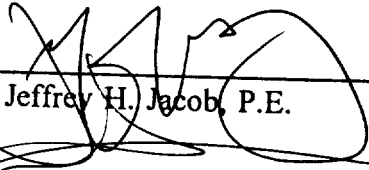
7.4. The Board of Directors shall have authority in its discretion to make provision under this Plan for the payment and crediting to a participant under this Plan, or payments due the participant for other forms of compensation, including bonuses and profit-sharing amounts.

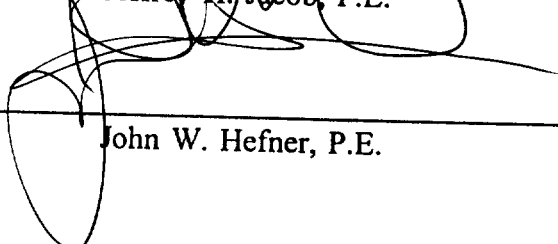
Signed and effective June 15, 1997

JACOB & HEFNER ASSOCIATES, INC.

By:  _____
President

ATTEST:  _____
Secretary

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Jeffrey H. Jacob, P.E.

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John W. Hefner, P.E.