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U.S. DEPT. OF LABOR  
PUBA/PUBLIC DISCLOSURE  
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Top Hat Plan Exemption  
Pension and Welfare Benefits Administration  
Room N-5644  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210

To: Secretary of Labor

In compliance with the requirements of the alternative method of reporting and disclosure under Part 1 of Title 1 of the Employee Retirement Income Security Act of 1974, specified in Department of Labor Regulations 29 CFR Sec. 2520.104-23, the following information is provided by the undersigned employer:

Employer Identification Number: 38-1898020

The undersigned employer maintains the following unfunded plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees:

Name of Plan: Metalworks, Inc. Incentive Compensation  
Plan for Scott Lakari

Number of Participants: 1

Metalworks, Inc.  
902 Fourth St., P.O. Box 689  
Ludington, Michigan 49431

Date: 9-13-01

By: 

Its: President

## EMPLOYMENT AGREEMENT

**THIS IS AN EMPLOYMENT AGREEMENT**, effective the 1st day of January, 2001, (the "Effective Date") between **METALWORKS, INC.** ("Metalworks"), of 902 Fourth Street, Ludington, Michigan 49431, and **SCOTT LAKARI**, an individual residing at Ludington, Michigan ("Employee").

### 1. EMPLOYMENT

**1.1** Metalworks agrees to continue to employ the Employee as its Director of Operations, with such employment to be governed by the terms of this Employment Agreement commencing as of the Effective Date. The Employee's title and duties on behalf of Metalworks may be modified, from time to time, by action of Metalworks' Board of Directors. This Agreement supersedes all prior Employment Agreements or understandings, if any, between the parties which shall be of no further force or effect.

**1.2** The Employee warrants and agrees:

**a.** that, except as permitted by Metalworks' Board of Directors, he shall devote his entire productive time, attention and energies to Metalworks and shall not, during the term of this Agreement, be engaged in any other business activity except with the express written permission of the President of Metalworks, whether or not such business activity is pursued for personal gain, profit, or other pecuniary advantage;

**b.** that he will faithfully serve Metalworks and perform to the best of his ability all duties pertaining to its business in a manner consistent with Metalworks' policies, procedures or manuals, in effect from time to time and as the best interests of Metalworks may require; and

**c.** that he will conduct himself and his business affairs in accordance with Metalworks' high ethical and professional standards, as well as Metalworks' commitment to being an equal employment opportunity employer.

### 2. TERM OF EMPLOYMENT

**2.1** The term of employment under this Agreement shall commence upon the Effective Date, and shall continue in full force until terminated by either party upon thirty (30) days written notice; provided, however, that this Agreement may be terminated by Metalworks at any time and without prior notice for "Cause."

### 3. COMPENSATION AND BENEFITS

#### 3.1 Compensation During Employment.

a. **Base Salary.** During the term of this Agreement, and except for those periods during which the Employee receives disability income under Metalworks' disability insurance policies, the Employee shall receive an annual base salary payable over twenty-six (26) regular bi-weekly pay periods. The Employee's base salary shall be at levels established by Metalworks, from time to time, and shall be reviewed annually. The Employee and Metalworks agree that this base salary shall include all fees otherwise payable to the Employee for his services, whether as an officer or director of Metalworks, or any affiliate of Metalworks.

b. **Fringe Benefits.** In addition to the annual base salary above, the Employee shall, during the term of this Agreement, be eligible for and receive health, life, and disability insurance, and shall be entitled to participate in Metalworks' qualified retirement plans.

c. **Vacation.** The Employee shall be entitled to vacation under the Metalworks Salaried Employee Handbook.

d. **Business Expenses.** Metalworks shall provide the Employee with working conditions appropriate for his duties and shall reimburse the Employee for reasonable business expenses consistent with Metalworks' policies.

e. **Deferred Compensation.** Upon termination of the Employee's employment with Metalworks for any reason, except termination for "Cause," the Employee will be entitled to receive deferred compensation benefits as described in this paragraph.

(i) **Contributions.** During the term of employment, Metalworks shall make contributions to the Trust which contributions shall accumulate in the Trust throughout the term of employment. Metalworks' contributions to the Trust shall be as follows:

For each complete fiscal year ending on June 30 during the term of employment pursuant to this Agreement, commencing with June 30, 2001, Metalworks shall make contributions to the Trust in amounts determined as follows:

<u>Net Profit</u>	<u>Percentage of Base Salary</u>
8% and above	20%
7-8%	18%
6-7%	15%

5-6%	10%
4-5%	5%
4% and below	0%

If for any fiscal year Metalworks' "Net Profit" shall be a loss, then the amount of such loss shall be carried forward and off set against subsequent Net Profit before any additional contributions shall be made to the Trust for subsequent years.

The determination of Net Profit shall be made by the certified public accountants then serving Metalworks whose determination shall be final and binding upon the parties. In making such determination, Net Profit shall mean taxable income of Metalworks as reported for federal income tax purposes, less distributions to shareholders to pay income taxes resulting from an election by Metalworks to be taxed as an "S" corporation and calculated without regard to contributions to the Trust pursuant to this Agreement for such year.

The contribution accrued for each year shall be payable by Metalworks to the Trust within two and one-half (2-1/2) months following the end of Metalworks' fiscal year for which such contribution shall have accrued. There shall be no accrual or proration of contributions pursuant to this paragraph for any partial year of service.

(ii) **Benefits.** The Employee shall be entitled to receive deferred compensation benefits in an amount equal to the Employee's "Vested Percentage" of the "Deferred Compensation Benefit" computed in the manner described below.

For purposes of this paragraph 3.1.e.(ii), the "Vested Percentage" shall mean a percentage determined as follows: For each complete fiscal year ending June 30 during the term of employment pursuant to this Agreement, commencing with the year ended June 30, 2001, the Employee's Vested Percentage shall increase by ten percent (10%) so that if the Employee shall remain employed pursuant to this Agreement through June 30, 2011, then the Vested Percentage shall equal one hundred percent (100%) and shall remain at 100% thereafter, subject only to the forfeiture of benefits described in paragraph 3.1.g. There shall be no accrual or proration of vesting pursuant to this paragraph for any partial year of service.

For purposes of this paragraph 3.1.e.(ii) "Deferred Compensation Benefits" shall mean an amount equal to: (a) the amount accumulated in the Trust, times; (b) the Vested Percentage with both factors determined as of the date of termination of the Employee's employment hereunder.

Deferred Compensation Benefits shall be payable as follows: The Deferred Compensation Benefit shall be payable in sixty (60) equal monthly payments with the amount of such payments determined assuming a rate of return on the Deferred Compensation Benefit of seven percent (7%) per annum and assuming amortization of the principal amount of the Trust Fund, together with earnings thereon, over a sixty (60) month period.

Deferred Compensation Benefits shall be payable on the first day of each and every month for a period of sixty (60) months commencing with the month following termination of employment.

f. **Severance Pay.** In addition to any other amounts payable to the Employee pursuant to this Agreement, upon termination of the Employee's employment with Metalworks for any reason other than termination for "Cause," Metalworks shall pay the Employee severance pay equal to one-half (1/2) of the base salary payable to the Employee pursuant to paragraph 3.1.a. of this Agreement for the fiscal year ending June 30 immediately preceding such termination of employment. Such amount shall be payable in thirteen (13) bi-weekly payments and shall be reduced for any benefits received or receivable by the Employee for unemployment compensation or pursuant to any disability insurance or program maintained by Metalworks.

g. **Forfeiture of Benefits.** Deferred compensation and severance pay to be paid to Employee pursuant to paragraph 3.1.e. and f. shall be forfeited in the event of termination of the Employee's employment with Metalworks for Cause or in the event of breach by the Employee of the Noncompetition and Proprietary Information provisions set forth in Articles 4 and 5 of this Agreement.

h. **Death after Commencement of Benefits.** If, after payment of benefits pursuant to paragraph 3.1.e. and f., Employee shall die prior to receiving payment in full as provided in said paragraphs, then any remaining payment under said paragraphs shall be paid as they become due to his beneficiary or beneficiaries. The Employee shall have the right to designate a beneficiary or beneficiaries to receive such benefits by written designation, signed by the Employee and filed with Metalworks in form acceptable to Metalworks. The Employee's last will shall not be sufficient to designate a beneficiary hereunder. The Employee shall have the right to change or amend such designation from time to time by a writing similarly signed by him and filed with Metalworks. The Employee shall also have the right and power to vest in any beneficiary designated by him, the general power alone and in all events, to designate the estate of such beneficiary, or any other person or persons as a successor beneficiary or beneficiaries to receive all or any part of the benefits payable hereunder following the death of such beneficiary. Such power of a designated beneficiary shall be exercised by a writing signed by such beneficiary and filed with Metalworks and in form acceptable to Metalworks. If the Employee shall fail to make a designation prior to his death, all payments owing after his death shall be paid, as they become due, to his spouse if

she survives him, otherwise to the duly appointed personal representative of the Employee's estate.

i. **Nonassignability.** Except as permitted by paragraph 3.1.h. of this Agreement, no rights of any kind under this Agreement shall be transferable or assignable by the Employee, any designated beneficiary, or any other person, or be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary, and any attempt to do so shall terminate this Agreement and relieve Metalworks of its obligations hereunder. Notwithstanding the foregoing, payments due to the personal representative of the estate of the Employee may be assigned to the persons entitled to a distribution of the assets of such estate.

#### 4. **NONCOMPETITION**

4.1 **Covenant Not to Compete.** Metalworks and the Employee agree that the Employee will have access to and intimate knowledge of Metalworks' and its Affiliates' business methods, long-range planning, design, marketing, dealer network and manufacturing innovations, and other special and unique knowledge and skills which are, and will be, of substantial importance to the business of Metalworks. Further, Metalworks and the Employee agree that the use of the Employee's special, unique knowledge and skills by a competitor will cause irreparable harm to Metalworks. It is further agreed and understood by Metalworks and the Employee that the Employee will have substantial personal contact with entities which contract with Metalworks, including vendors, suppliers, dealers and customers and that such contact is a vital, integral aspect of Metalworks' success. Metalworks and the Employee agree and understand that all of the foregoing constitute legitimate, protectable business interests of Metalworks.

In view of the foregoing, the Employee expressly covenants and agrees that during the term of this Agreement, and for a period of five (5) years immediately following termination of the Employee's employment under this Agreement by either party, the Employee will not, directly or indirectly, whether as an employee, officer, director, consultant, owner, partner, or in any other capacity whatsoever, participate in the manufacture or sale of office furniture or other products which are manufactured or sold by Metalworks or its Affiliates during the term of this Agreement. This Noncompetition Agreement shall extend to a geographic area which shall include the continental United States and any additional markets served by Metalworks or its Affiliates during the term of this Agreement.

In the event that the Employee violates this Covenant Not to Compete, any profit or compensation received by the Employee as a result thereof shall belong to Metalworks and this Covenant Not to Compete may be enforced at law or in equity, and by injunction or otherwise, in any court of competent jurisdiction. Each restrictive covenant set forth is separate and distinct from every other restrictive covenant, and in the event of invalidity of any such covenant, the remaining obligations shall be deemed independent and divisible.

Metalworks and the Employee agree that the geographic scope of the covenant set forth above is reasonable and necessary for the protection of Metalworks or its Affiliates. If any court of law called upon to construe this Covenant Not to Compete finds that the period of time or scope of this restriction is not to be enforced, whatever period or scope deemed enforceable by such court shall be deemed to be the contents of this clause for the purposes of enforcement.

4.2 **Disruption of Metalworks' Business.** Metalworks and the Employee agree that any attempt on the part of the Employee to induce others to leave Metalworks' or its Affiliates' employ, or any effort by the Employee to interfere with Metalworks' or its Affiliates' relationships with their employees or the entities with which they contract, including, without limitation, suppliers, dealers and customers, would be harmful and damaging to Metalworks. Therefore, the Employee expressly agrees and covenants that during the term of this Agreement, and for a period of five (5) years thereafter, the Employee will not induce others to leave Metalworks' or its Affiliates' employ or interfere with Metalworks' or its Affiliates' relationships with their employees or the entities with which they contract. Metalworks and the Employee agree that the Employee shall be liable to Metalworks for breach of this provision, and Metalworks may use any means available at law or in equity to enforce its rights.

## 5. **PROPRIETARY INFORMATION**

5.1 **Nondisclosure.** It is understood that during its course of business, Metalworks and its Affiliates have developed certain Proprietary Information. Therefore, the Employee agrees that he will not disclose to any person outside of Metalworks' employment nor make any unauthorized use of such Proprietary Information during the Employee's period of employment with Metalworks or thereafter.

5.2 **Exclusive Property.** The Employee agrees that all ideas, trade names, service marks, slogans, forms, records, cost information, marketing strategies, pricing information, customer or dealer lists, procedures, know-how, inventions, processes, etc., improved upon, developed or conceived by the Employee, alone or working with others, during the term of this Agreement, whether or not during working hours, that are within the scope of Metalworks' or its Affiliates' business, are the exclusive and confidential property of Metalworks. This provision shall not apply to any matters or items properly available in the public domain.

5.3 **Return of Proprietary Information.** Upon termination of employment with Metalworks, the Employee shall immediately turn over to Metalworks, and not keep or deliver to any other person, all Proprietary Information. The Employee shall have no right to retain any copies of Proprietary Information for any reason whatsoever after termination of his employment without the express written consent of Metalworks as confirmed by Metalworks' Board of Directors.

5.4 **Disclosure of Inventions.** It is understood that during the course of employment with Metalworks, the Employee may be employed in a capacity in which he may contribute to, alone

or in conjunction with others, confidential information, trade secrets and/or the development of inventions. The Employee agrees to disclose promptly to Metalworks:

a. All technical information and concepts made or conceived by the Employee either solely or in collaboration with others during employment with Metalworks whether or not during regular working hours, relating to any methods, apparatus, products or components thereof, which, prior to the termination of this Agreement, are manufactured, sold, leased, used or under development by or pertain to the business of Metalworks.

b. All writings, art designs, prints, labels, works of art and copyrightable subject matter made or conceived by the Employee, either solely or in collaboration with others during employment with Metalworks, whether or not during regular working hours, relating to Metalworks, its methods, apparatus, products or components thereof which, prior to termination of this Agreement, are manufactured, sold, leased, used or under development by or pertain to the business of Metalworks.

**5.5 Patents and Copyrights.** As to the subject matter described in paragraph 5.4 above, the Employee shall at Metalworks' request and without compensation in addition to the Employee's regular compensation for services, at any time during employment or thereafter, formally assign to Metalworks all rights to the subject matter described in paragraph 5.4 hereof, and shall execute any instruments and documents pertaining to such information which are necessary for Metalworks to perfect any patent or copyrights in the United States and foreign countries with respect to such information, with the understanding that Metalworks shall pay all expenses relating to the perfection of any such patents or copyrights. The election of whether or not to file a patent or copyright application shall be wholly within Metalworks' discretion.

## **6. DEFINITIONS**

6.1 "Cause" shall include, but not be limited to, the following:

- a. violation by the Employee of any provision of this Agreement;
- b. any illegal act or dishonest conduct by the Employee which affects Metalworks' operations, interests or reputation; or
- c. any misrepresentation or false claim made by the Employee regarding Metalworks' services, products, or product performance.

6.2 "Proprietary Information" shall mean all information developed or maintained by license or assignment by Metalworks or its Affiliates including trade secrets, confidential information, cost information, marketing plans and strategies, pricing information, customer or dealer lists, records, forms, computer software, product designs, manufacturing plans and methods, and other business information.

6.3 "Trust" shall mean the Nonqualified Deferred Compensation Trust Agreement of this same date between Metalworks, the Employee and the financial institution designated in the Trust. A copy of the Trust is attached to this Agreement as Exhibit 1.

6.4 "Affiliate" shall mean any entity which is owned or controlled by Metalworks and/or its shareholders and which is engaged, directly or indirectly, in the manufacture or sale of office furniture.

## 7. MISCELLANEOUS

7.1 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of Metalworks and its successors and assigns and shall be binding upon and shall inure to the benefit of the Employee and his heirs or personal representatives. The Employee's interests hereunder are nonassignable.

7.2 **Entire Agreement; Modification.** This Agreement contains the entire Agreement between the parties hereto and there are no representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those contained herein. Any and all employment agreements that the Employee may have had from time to time with Metalworks or with any of its Affiliates are hereby superseded by this Agreement. No provision of this Agreement shall be changed or modified except in writing and executed by the parties hereto and confirmed by Metalworks' Board of Directors.

7.3 **Statute of Limitations.** The parties agree that any complaints, causes of action or claims whatsoever that either of them may bring against the other arising out of or relating in any manner to the Employee's employment or termination from employment must be brought within twelve (12) months of the date of the occurrence giving rise to the complaint, cause of action or claim, or the date of termination from employment, whichever comes first. This provision applies to all complaints, causes of action or claims arising out of the Employee's employment, including but not limited to actions based on:

- a. wrongful termination;
- b. any form of employment discrimination under federal or state law, including actions brought under the Federal Age Discrimination in Employment Act;
- c. complaints brought with federal or state agencies under any federal or state law regulating wages, hours or any other term or condition of employment;
- d. retaliation, in any form, as prohibited by state or federal statute;
- e. breach of contract, expressed or implied; and

f. damages to the Employee's person, well-being or reputation.

**7.4 Governing Law.** The validity of this Agreement, the terms hereof and all duties, obligations and rights arising therefrom, shall be governed by and interpreted in accordance with the laws and decisions of the state of Michigan, as applied to contracts made and to be performed in that state.

**7.5 Stipulated Venue.** Metalworks and the Employee agree that any action at law, suit in equity or judicial proceeding for enforcement of this Agreement or any provision thereof shall be instituted only in the federal courts situated in the County of Kent, State of Michigan or state courts located in Mason County, Michigan.

**7.6 Arbitration.** With the express exception of the agreements and provisions set forth in Article 4 or Article 5 of this Agreement which may be enforced through judicial process, any controversy or claim arising out of or relating to this Agreement shall be submitted to Arbitration, and Arbitration shall provide the sole and exclusive method to resolve all such claims, controversies or complaints.

Metalworks and the Employee further agree that this Arbitration procedure shall be the Employee's sole and exclusive avenue of recourse for any claims of unlawful retaliation under state or federal statutes, and the Employee expressly waives his right to institute any other legal action or administrative complaint over said retaliation unless and until the Employee has exhausted this procedure.

The Arbitration request must be submitted to the President, Metalworks, Inc., 902 Fourth Street, Ludington, Michigan. Metalworks and the Employee shall attempt to select a mutually agreeable Arbitrator to hear the controversy or claim. If they cannot so agree, Metalworks shall request a list of independent Arbitrators from the American Arbitration Association office closest to Ludington, Michigan. Metalworks and the Employee shall then select an Arbitrator from the list supplied by the American Arbitration Association in accordance with the Association's rules.

The Arbitration shall be conducted under the Labor Arbitration Rules of the American Arbitration Association within Mason County, Michigan. The Arbitrator's decision shall be embodied in an award which shall be final and binding on Metalworks and the Employee and which shall constitute the exclusive remedy available to Metalworks and the Employee. In making the Award, the Arbitrator may include any remedy contemplated by this Agreement. Metalworks and the Employee understand and agree that a judgment of any court may be rendered upon the Award.

The Arbitrator's fees and expenses shall be paid by Metalworks and the Employee equally. The Employee shall pay one-half of the Arbitrators' fees and expenses and Metalworks shall pay one-half of the Arbitrators' fees and expenses. Metalworks shall bear its own attorney fees and expenses,

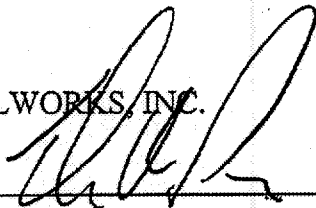
and the Employee shall bear his own attorney fees and expenses. Transcript costs and fees shall be paid by any party requesting same.

7.7 **At-Will Employment.** The parties understand and agree that the Employee's employment with Metalworks is terminable at any time pursuant to the provisions of paragraph 2 of this Agreement. Nothing contained in this Agreement shall be interpreted or construed to create or imply an obligation of Metalworks to continue the employment of the Employee beyond the notice periods provided in said paragraph 2.

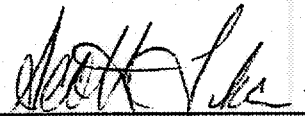
7.8 **Captions.** The captions at the beginning of the several sections of this Agreement are not part of the contents hereof, and have been inserted only to assist in locating and reading the sections. They shall be ignored in construing this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be properly executed and delivered as of the date first written above.

Dated: 6-29-01

METALWORKS, INC.  
By:   
Its: President

Dated: 10/29/01

  
Scott Lakari

#561967

EXHIBIT 1

NONQUALIFIED DEFERRED COMPENSATION TRUST AGREEMENT

The following parties enter into this Trust Agreement effective as of January 1, 2001:

SCOTT LAKARI ("Employee")  
2525 Jebavy Dr.  
Ludington, Michigan 49431

METALWORKS, INC. ("Company")  
902 Fourth Street  
P.O. Box 689  
Ludington, MI 49431

Old Kent Bank & Trust Co. - Traverse City ("Trustee")  
P.O. Box 589  
Traverse City, Michigan 49685

Effective January 1, 2001, the Company and the Employee have entered into an Employment Agreement (the "Agreement"). Pursuant to the Agreement, the Company is to establish a trust to assure the Employee that, unless the Company becomes insolvent, amounts set aside will be available in the future to meet the Company's obligations to the Employee under the Agreement.

This Agreement sets forth the terms of the trust contemplated by the Agreement (the "Trust"). Accordingly, the parties agree as follows:

1. TRUST FUND

1.1 The Company agrees to deposit in trust with Trustee the funded deferred compensation benefits described in paragraph 3.1.e.(ii) of the Agreement.

1.2 All deposits shall become the principal of the Trust to be held, administered, and disposed of by Trustee as herein provided.

1.3 Trust income shall be accumulated and added to principal.

1.4 The principal of the Trust shall be held separate and apart from the funds of the Company, exclusively for the uses and purposes herein set forth.

1.5 The parties intend that the Trust be treated as a "grantor" trust for federal income tax purposes, and that the income of the Trust be treated as the company's income, pursuant to Subtitle A, Chapter 1, Subchapter J, Subpart E, of the Internal Revenue Code of 1986, as amended from time to time.

## 2. PAYMENTS TO TRUST BENEFICIARIES

2.1 The Trustee shall make benefit payments from the Trust to the Employee or his designated beneficiary from the assets of the Trust in accordance with the Agreement, if and to the extent Trust assets are available for distribution at the time of each distribution and if the Company is not insolvent (as defined in section 3.1) at the time of each distribution.

2.2 To the extent the assets of the Trust are sufficient, the Trustee may provide for payment of the required benefits through the purchase of an annuity contract from an insurance company acceptable to the Employee, or to his designated beneficiaries if he is not living. Any such policy or contract shall be an asset of the Trust, owned by Trustee, which shall utilize the annuity payments to pay the required benefits.

2.3 The Trustee shall withhold from amounts to be paid to the Employee appropriate federal, state, and local withholding or other taxes, together with any deductions for insurance premiums or other amounts the Employee may owe to the Company, as required by law or as agreed to by the Company and the Employee, the same as if such amounts were paid directly by the Company.

## 3. TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS WHEN COMPANY INSOLVENT

3.1 At all times during the continuance of the Trust the principal and income of the Trust shall be subject to the claims of general creditors of the Company at any time the Company is insolvent. The Company shall be deemed insolvent if any of the following occurs:

(a) The Company shall have filed a petition in bankruptcy, or otherwise sought the benefit of the bankruptcy laws of the United States, or shall have made an assignment for the benefit of creditors, or shall have petitioned for the appointment of a receiver to administer its affairs.

(b) The Company shall have had filed against it an involuntary bankruptcy proceeding.

(c) The Company, shall have become unable to pay its debts as they come due in the ordinary course of business.

3.2 At any time the Trustee is aware that the Company is insolvent, as described above, the Trustee shall deliver any undistributed principal and income in the Trust to satisfy such claims as a court of competent jurisdiction may direct. If the Company or a person claiming to be a creditor of the Company alleges in writing to Trustee that Company has become insolvent, the Trustee may

independently determine whether the company is insolvent, or may await a determination by a court of competent jurisdiction.

3.3 Pending such determination, the Trustee shall discontinue payment of benefits to the Employee or his designated beneficiaries, shall hold the Trust assets for the benefit of the Company's creditors, and shall resume payments of benefits only after the Trustee has determined that the Company is not insolvent (or is no longer insolvent, assuming the Trustee initially determined the Company to be insolvent) or after receipt of an order of a court of competent jurisdiction.

3.4 The Trustee shall have no duty to inquire whether the Company is insolvent and may rely on information concerning the Company's solvency that has been furnished to the Trustee by any person.

3.5 If the Trustee discontinues payments of benefits from the Trust pursuant to paragraph 3.3 and subsequently resumes such payments, the first payment of benefits following such discontinuance shall include the aggregate amount of all payments which would have been made to the Employee or his designated beneficiaries in accordance with this Agreement during the period of such discontinuance.

#### 4. PAYMENTS TO THE COMPANY

4.1 The Company shall have no right or power to direct the Trustee to return any of the Trust assets to the Company before all payments of benefits have been made in accordance with the Agreement. When all such payments have been made, the excess assets, if any, shall be returned to the Company.

#### 5. ADMINISTRATIVE POWERS OF THE TRUSTEE

5.1 During the existence of the Trust, the Trustee shall have the following powers in addition to and not in limitation of common law and statutory powers.

5.2 To retain any property, real or personal, including stock or securities in the Trustee, which it may receive as the Trustee, even though such property (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a fiduciary apart from this provision.

5.3 To sell, exchange, give options upon or otherwise dispose of any property which it may hold from time to time, at public or private sale or otherwise, for cash or other consideration or on credit, and upon such terms and for such consideration as it shall think fit, and to transfer and convey the same free of all trust.

5.4 To invest and reinvest the trust estate from time to time in any property, real or personal, including (without limiting the generality of the foregoing language) common trust funds,

securities of domestic and foreign corporations and investment trusts, bonds, preferred stocks, common stocks, mortgages, mortgage participations, and policies of insurance, even though such investment (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one company than would be considered appropriate for a fiduciary apart, from this provision.

5.5 To employ such brokers, banks, custodians, investment counsel, attorneys, accountants, and other agents, and to delegate to them such of the duties, rights and powers of the Trustee (including, among others, the right to vote on shares of stock held by the Trustee) for such periods as it thinks fit. This shall include the power to appoint a person or qualified corporation to act as the Trustee with respect to specified trust assets located in any jurisdiction.

5.6 To keep any of the trust estate in the name of a nominee without mention of the Trust in any instrument of ownership.

5.7 To participate in any merger, reorganization or consolidation affecting the trust estate, and in connection therewith to exchange any property held by it for other property.

5.8 To keep any or all of the trust property at any place or places in Michigan or elsewhere in the United States or abroad, or with a depository or custodian at such place or places.

5.9 To exercise at any time stock options, warrants, conversion, or other rights of any kind, including those relating to stock and securities of the corporate fiduciary, and to make any representations or agreements as may be required by law that the stock or securities so acquired will be held for investment and will not be sold.

## 6. ACCOUNTING BY THE TRUSTEE

6.1 The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be done, including such specific records as shall be agreed upon in writing between the Company and the Trustee. All such accounts, books and records shall be open to inspection and audit at all reasonable times by the Company and by the Employee or by his designated beneficiaries if he is not then living.

6.2 Within sixty (60) days following the close of each of the Company's fiscal years and within sixty (60) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company and to the Employee, if he is living, otherwise to his designated beneficiaries, a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements, and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued

interest paid or receivable being shown separately), and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

6.3 The statements, including fees and expenses reflected therein, shall be binding upon the person to whom sent unless written objection is received by the Trustee within ninety (90) days after delivery. If any Trust beneficiary who is under a legal disability receives the above statements, a living spouse, guardian, conservator or other person having physical custody of the Trust beneficiary may act for the Trust beneficiary in approving the above statements with the same effect as if the Trust beneficiary was not under a legal disability.

6.4 Nothing in this Article 6 shall prevent the Trustee from filing an accounting with a court of competent jurisdiction at any time, and reasonable attorneys' fees, expenses and other charges incident to any such judicial proceeding may be charged against the trust fund.

## 7. COMPENSATION AND EXPENSES AND REPLACEMENT OF THE TRUSTEE

7.1 The Trustee shall be entitled to reimbursement from the Trust for expenses and shall receive fees for its services from the Trust in accordance with its published fee schedule in effect at the time the services for which the fee is charged are performed, and if there is no such fee schedule then in effect, such fees as, from time to time, are recognized in the area as ordinary and reasonable for the services it performs.

7.2 The Trustee may be removed at any time by agreement of the Company and the Employee, if he is living, otherwise his designated beneficiaries, or the Trustee may resign, in which case a new trustee, which shall be independent and not subject to the control of either the Company or any Trust beneficiary, shall be selected by the Company and by the Employee, if he is living, otherwise his designated beneficiaries. If the Company and the Trust beneficiaries fail to select a Trustee, the presiding judge of the Mason County Probate Court, acting in a ministerial and not a judicial character, shall nominate a successor corporate trustee. A successor trustee may qualify by filing with company, within thirty (30) days of notice of eligibility, a written acceptance of trust. A trustee may also resign by filing a written resignation with the Company.

## 8. AMENDMENT OR TERMINATION

8.1 This Trust Agreement may be amended at any time and to any extent by a written instrument executed by the Trustee, the Company, and the Employee, if he is living, otherwise by his designated beneficiaries.

8.2 The Trust shall not terminate until the date on which the Trust contains no assets.

8.3 Notwithstanding the provisions of paragraph 8.2, the Trust shall terminate in the event that its existence as a conduit for paying benefits results in adverse tax consequences to the Employee.

8.4 Upon termination of the Trust as provided in paragraph 8.3, any assets remaining in the Trust shall be returned to the Company, but the Company shall remain liable for its obligations under the Agreement.

9. SEVERABILITY AND ALIENATION

9.1 Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition without invalidating the remaining provisions hereof.

9.2 To the extent permitted by law, benefits to any Trust beneficiary under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, or subject to attachment, garnishment, levy, execution, or other legal or equitable process, and no benefit actually paid to any Trust beneficiary by the Trustee shall be subject to any claim for repayment by the Company or the Trustee.

10. EXCULPATORY PROVISIONS

10.1 The Trustee shall not be liable for the acts, omissions or defaults of any agent appointed with due care. A successor trustee shall be under no obligation to inquire into the acts or to examine the accounts of anyone who was a trustee prior to the qualification of such successor trustee and, in no event, shall it be liable for acts, omissions or failures to account properly prior to its qualification.

10.2 If the Trust is named as the beneficiary of any life insurance, the insurance company shall not be bound to look to the terms, construction, legal effect or performance of this instrument or the Trust hereby created, but its obligation shall be fully discharged by the receipt of the Trustee.

10.3 No purchaser from or other person dealing with the Trustee shall be responsible for the application of any purchase money or other thing of value paid or delivered to it, but the receipt of the Trustee shall be a full discharge; and no purchaser or other person dealing with the Trustee and no issuer, or transfer agent or other agent of any issuer of any securities to which and dealing with the Trustee shall be under any obligation to ascertain or inquire into the power of the Trustee to purchase, sell, exchange, transfer, mortgage, pledge, lease, distribute or otherwise in any manner dispose of or deal with any security or any other property held by the Trustee or comprised in this estate.

10.4 The Trustee may, at any time, record, file or deliver a Certificate of Trust Existence and Authority with or to any clerk, register of deeds, transfer agent or other similar agency or office or to any person dealing with the Trustee. Such Certificate shall contain a verbatim synopsis of

certain provisions of this Trust Agreement and shall be signed and acknowledged by the Trustee. Any purchaser or persons dealing with Trustee shall be entitled to rely on such Certificate as a full statement of the provisions of this Trust Agreement which are pertinent to the particular transaction. Machine copies of the executed Certificate shall have the same effect and authority as the executed Certificate.

10.5 The Trustee alone shall be deemed the absolute owner of and may exercise all of the rights incident to ownership of any insurance policies acquired by or assigned to it. The Trustee, as the owner of life insurance policies, shall be obligated to pay premiums only to the extent that funds are furnished by the Company or are otherwise available to the Trust. If sufficient funds to pay such premiums are not furnished by the Company or are otherwise available to the Trust, the Trustee shall be under no obligation to pay such premiums or to make sure that such premiums are paid by another or to notify any person of the nonpayment of such premiums. Notwithstanding the foregoing, if sufficient funds to pay such premiums are not furnished by the Company, the Trustee may, in its sole and absolute discretion, pay the premiums, obtaining the necessary funds by borrowing on the security of the principal of the Trust or any part thereof or on the insurance policies. If there is no alternative source of funds available to the Trustee to pay premiums, and after the Company has been notified, has been given the opportunity to provide the necessary funds, and has failed to do so, the Trustee may surrender any of the policies for their cash surrender value, or may convert any policy on which premiums have not been paid due to insufficient funds into a paid-up policy pursuant to the terms of such policy. If the insured under any policy owned by the Trustee becomes disabled and because of such disability the payment of premiums during the pendency of such disability shall, under the terms of the policy, be waived, the Trustee, upon receipt of such knowledge, shall promptly notify the Company and the insurance company which has issued such policy, and shall take any and all steps necessary to make such waiver of premium provision effective. Trust income may be used to pay premiums on any life insurance policies owned by the Trust. Upon the death of the insured, the Trustee shall use its best efforts to collect and receive all sums payable under the policies of insurance under which it is beneficiary, subject to all loans and charges against such policies as may have accrued.

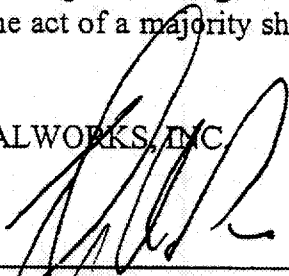
## 11. MISCELLANEOUS

11.1 The Trust shall be exempt from registration as permitted by state law.

11.2 This Trust Agreement shall be governed by and interpreted according to the laws of the state of Michigan.

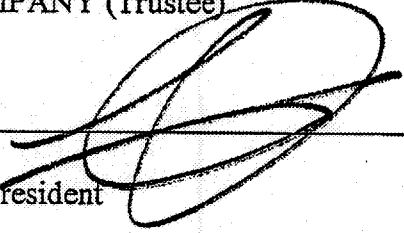
11.3 The word "Trustee" and where used, the pronoun "it," shall be taken to refer to the person, persons or entities who are Trustee(s) under this Trust Agreement regardless of the number or gender. Whenever there are more than two Trustees, the act of a majority shall constitute the Trustee's act.

METALWORKS, INC

By:   
Thomas W. Paine  
Its: President

  
Scott Lakari

OLD KENT BANK & TRUST  
COMPANY (Trustee)

By:   
Its: President

#561967

BENEFICIARY DESIGNATION FORM

In accordance with certain rights granted to me, I hereby designate the following in the order of priority indicated, as the beneficiaries to whom (or to which) benefits shall be distributed:

FIRST (Primary Beneficiary)

KRISTY LAKARI

SECOND (Contingent Beneficiary, if Primary Beneficiary Does Not Survive Me)

MADISON, CASIE, CHASIE LAKARI

THIRD (Contingent Beneficiary, if None of the Above Survives Me)

The personal representative of my estate.

I expressly hold any administrator of my benefits harmless from all liability and responsibility in making distributions based on written representations and opinions furnished by counsel for any above-designated beneficiary(ies).

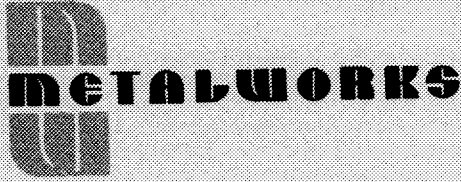
This beneficiary designation shall revoke any previous beneficiary designations.

Dated:

6/29/01

  
Scott Lakari

#561967



Top Hat Plan Exemption  
Pension and Welfare Benefits Administration  
Room N-5644  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, DC 20210

To: Secretary of Labor

In compliance with the requirements of the alternative method of reporting and disclosure under Part 1 of Title 1 of the Employee Retirement Income Security Act of 1974, specified in Department of Labor Regulations 29 CFR Sec. 2520.104-23, the following information is provided by the undersigned employer:

Employer Identification Number: 38-1898020

The undersigned employer maintains the following unfunded plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees:

Name of Plan: Metalworks, Inc. Incentive Compensation  
Plan for Michelle King

Number of Participants: 1

Metalworks, Inc.  
902 Fourth St., P.O. Box 689  
Ludington, Michigan 49431

Date: 9-13-91

By:  \_\_\_\_\_

Its: President

## EMPLOYMENT AGREEMENT

**THIS IS AN EMPLOYMENT AGREEMENT**, effective the 1st day of January, 2001, (the "Effective Date") between **METALWORKS, INC.** ("Metalworks"), of 902 Fourth Street, Ludington, Michigan 49431, and **MICHELLE KING**, an individual residing at Ludington, Michigan ("Employee").

### 1. EMPLOYMENT

**1.1** Metalworks agrees to continue to employ the Employee as its Director of Customer Service and Product Design, with such employment to be governed by the terms of this Employment Agreement commencing as of the Effective Date. The Employee's title and duties on behalf of Metalworks may be modified, from time to time, by action of Metalworks' Board of Directors. This Agreement supersedes all prior Employment Agreements or understandings, if any, between the parties which shall be of no further force or effect.

**1.2** The Employee warrants and agrees:

**a.** that, except as permitted by Metalworks' Board of Directors, she shall devote her entire productive time, attention and energies to Metalworks and shall not, during the term of this Agreement, be engaged in any other business activity except with the express written permission of the President of Metalworks, whether or not such business activity is pursued for personal gain, profit, or other pecuniary advantage;

**b.** that she will faithfully serve Metalworks and perform to the best of her ability all duties pertaining to its business in a manner consistent with Metalworks' policies, procedures or manuals, in effect from time to time and as the best interests of Metalworks may require; and

**c.** that she will conduct herself and her business affairs in accordance with Metalworks' high ethical and professional standards, as well as Metalworks' commitment to being an equal employment opportunity employer.

### 2. TERM OF EMPLOYMENT

**2.1** The term of employment under this Agreement shall commence upon the Effective Date, and shall continue in full force until terminated by either party upon thirty (30) days written notice; provided, however, that this Agreement may be terminated by Metalworks at any time and without prior notice for "Cause."

### 3. COMPENSATION AND BENEFITS

#### 3.1 Compensation During Employment.

a. **Base Salary.** During the term of this Agreement, and except for those periods during which the Employee receives disability income under Metalworks' disability insurance policies, the Employee shall receive an annual base salary payable over twenty-six (26) regular bi-weekly pay periods. The Employee's base salary shall be at levels established by Metalworks, from time to time, and shall be reviewed annually. The Employee and Metalworks agree that this base salary shall include all fees otherwise payable to the Employee for his services, whether as an officer or director of Metalworks, or any affiliate of Metalworks.

b. **Fringe Benefits.** In addition to the annual base salary above, the Employee shall, during the term of this Agreement, be eligible for and receive health, life, and disability insurance, and shall be entitled to participate in Metalworks' qualified retirement plans.

c. **Vacation.** The Employee shall be entitled to vacation under the Metalworks Salaried Employee Handbook.

d. **Business Expenses.** Metalworks shall provide the Employee with working conditions appropriate for his duties and shall reimburse the Employee for reasonable business expenses consistent with Metalworks' policies.

e. **Deferred Compensation.** Upon termination of the Employee's employment with Metalworks for any reason, except termination for "Cause," the Employee will be entitled to receive deferred compensation benefits as described in this paragraph.

(i) **Contributions.** During the term of employment, Metalworks shall make contributions to the Trust which contributions shall accumulate in the Trust throughout the term of employment. Metalworks' contributions to the Trust shall be as follows:

For each complete fiscal year ending on June 30 during the term of employment pursuant to this Agreement, commencing with June 30, 2001, Metalworks shall make contributions to the Trust in amounts determined as follows:

<u>Net Profit</u>	<u>Percentage of Base Salary</u>
8% and above	20%
7-8%	18%
6-7%	15%

5-6%	10%
4-5%	5%
4% and below	0%

If for any fiscal year Metalworks' "Net Profit" shall be a loss, then the amount of such loss shall be carried forward and off set against subsequent Net Profit before any additional contributions shall be made to the Trust for subsequent years.

The determination of Net Profit shall be made by the certified public accountants then serving Metalworks whose determination shall be final and binding upon the parties. In making such determination, Net Profit shall mean taxable income of Metalworks as reported for federal income tax purposes, less distributions to shareholders to pay income taxes resulting from an election by Metalworks to be taxed as an "S" corporation and calculated without regard to contributions to the Trust pursuant to this Agreement for such year.

The contribution accrued for each year shall be payable by Metalworks to the Trust within two and one-half (2-1/2) months following the end of Metalworks' fiscal year for which such contribution shall have accrued. There shall be no accrual or proration of contributions pursuant to this paragraph for any partial year of service.

(ii) **Benefits.** The Employee shall be entitled to receive deferred compensation benefits in an amount equal to the Employee's "Vested Percentage" of the "Deferred Compensation Benefit" computed in the manner described below.

For purposes of this paragraph 3.1.e.(ii), the "Vested Percentage" shall mean a percentage determined as follows: For each complete fiscal year ending June 30 during the term of employment pursuant to this Agreement, commencing with the year ended June 30, 2001, the Employee's Vested Percentage shall increase by ten percent (10%) so that if the Employee shall remain employed pursuant to this Agreement through June 30, 2011, then the Vested Percentage shall equal one hundred percent (100%) and shall remain at 100% thereafter, subject only to the forfeiture of benefits described in paragraph 3.1.g. There shall be no accrual or proration of vesting pursuant to this paragraph for any partial year of service.

For purposes of this paragraph 3.1.e.(ii) "Deferred Compensation Benefits" shall mean an amount equal to: (a) the amount accumulated in the Trust, times; (b) the Vested Percentage with both factors determined as of the date of termination of the Employee's employment hereunder.

Deferred Compensation Benefits shall be payable as follows: The Deferred Compensation Benefit shall be payable in sixty (60) equal monthly payments with the amount of such payments determined assuming a rate of return on the Deferred Compensation Benefit of seven percent (7%) per annum and assuming amortization of the principal amount of the Trust Fund, together with earnings thereon, over a sixty (60) month period.

Deferred Compensation Benefits shall be payable on the first day of each and every month for a period of sixty (60) months commencing with the month following termination of employment.

f. **Severance Pay.** In addition to any other amounts payable to the Employee pursuant to this Agreement, upon termination of the Employee's employment with Metalworks for any reason other than termination for "Cause," Metalworks shall pay the Employee severance pay equal to one-half (1/2) of the base salary payable to the Employee pursuant to paragraph 3.1.a. of this Agreement for the fiscal year ending June 30 immediately preceding such termination of employment. Such amount shall be payable in thirteen (13) bi-weekly payments and shall be reduced for any benefits received or receivable by the Employee for unemployment compensation or pursuant to any disability insurance or program maintained by Metalworks.

g. **Forfeiture of Benefits.** Deferred compensation and severance pay to be paid to Employee pursuant to paragraph 3.1.e. and f. shall be forfeited in the event of termination of the Employee's employment with Metalworks for Cause or in the event of breach by the Employee of the Noncompetition and Proprietary Information provisions set forth in Articles 4 and 5 of this Agreement.

h. **Death after Commencement of Benefits.** If, after payment of benefits pursuant to paragraph 3.1.e. and f., Employee shall die prior to receiving payment in full as provided in said paragraphs, then any remaining payment under said paragraphs shall be paid as they become due to her beneficiary or beneficiaries. The Employee shall have the right to designate a beneficiary or beneficiaries to receive such benefits by written designation, signed by the Employee and filed with Metalworks in form acceptable to Metalworks. The Employee's last will shall not be sufficient to designate a beneficiary hereunder. The Employee shall have the right to change or amend such designation from time to time by a writing similarly signed by her and filed with Metalworks. The Employee shall also have the right and power to vest in any beneficiary designated by her, the general power alone and in all events, to designate the estate of such beneficiary, or any other person or persons as a successor beneficiary or beneficiaries to receive all or any part of the benefits payable hereunder following the death of such beneficiary. Such power of a designated beneficiary shall be exercised by a writing signed by such beneficiary and filed with Metalworks and in form acceptable to Metalworks. If the Employee shall fail to make a designation prior to her death, all payments owing after her death shall be paid, as they become due, to her spouse

if he survives her, otherwise to the duly appointed personal representative of the Employee's estate.

i. **Nonassignability.** Except as permitted by paragraph 3.1.h. of this Agreement, no rights of any kind under this Agreement shall be transferable or assignable by the Employee, any designated beneficiary, or any other person, or be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary, and any attempt to do so shall terminate this Agreement and relieve Metalworks of its obligations hereunder. Notwithstanding the foregoing, payments due to the personal representative of the estate of the Employee may be assigned to the persons entitled to a distribution of the assets of such estate.

#### 4. **NONCOMPETITION**

4.1 **Covenant Not to Compete.** Metalworks and the Employee agree that the Employee will have access to and intimate knowledge of Metalworks' and its Affiliates' business methods, long-range planning, design, marketing, dealer network and manufacturing innovations, and other special and unique knowledge and skills which are, and will be, of substantial importance to the business of Metalworks. Further, Metalworks and the Employee agree that the use of the Employee's special, unique knowledge and skills by a competitor will cause irreparable harm to Metalworks. It is further agreed and understood by Metalworks and the Employee that the Employee will have substantial personal contact with entities which contract with Metalworks, including vendors, suppliers, dealers and customers and that such contact is a vital, integral aspect of Metalworks' success. Metalworks and the Employee agree and understand that all of the foregoing constitute legitimate, protectable business interests of Metalworks.

In view of the foregoing, the Employee expressly covenants and agrees that during the term of this Agreement, and for a period of five (5) years immediately following termination of the Employee's employment under this Agreement by either party, the Employee will not, directly or indirectly, whether as an employee, officer, director, consultant, owner, partner, or in any other capacity whatsoever, participate in the manufacture or sale of office furniture or other products which are manufactured or sold by Metalworks or its Affiliates during the term of this Agreement. This Noncompetition Agreement shall extend to a geographic area which shall include the continental United States and any additional markets served by Metalworks or its Affiliates during the term of this Agreement.

In the event that the Employee violates this Covenant Not to Compete, any profit or compensation received by the Employee as a result thereof shall belong to Metalworks and this Covenant Not to Compete may be enforced at law or in equity, and by injunction or otherwise, in any court of competent jurisdiction. Each restrictive covenant set forth is separate and distinct from every other restrictive covenant, and in the event of invalidity of any such covenant, the remaining obligations shall be deemed independent and divisible.

Metalworks and the Employee agree that the geographic scope of the covenant set forth above is reasonable and necessary for the protection of Metalworks or its Affiliates. If any court of law called upon to construe this Covenant Not to Compete finds that the period of time or scope of this restriction is not to be enforced, whatever period or scope deemed enforceable by such court shall be deemed to be the contents of this clause for the purposes of enforcement.

**4.2 Disruption of Metalworks' Business.** Metalworks and the Employee agree that any attempt on the part of the Employee to induce others to leave Metalworks' or its Affiliates' employ, or any effort by the Employee to interfere with Metalworks' or its Affiliates' relationships with their employees or the entities with which they contract, including, without limitation, suppliers, dealers and customers, would be harmful and damaging to Metalworks. Therefore, the Employee expressly agrees and covenants that during the term of this Agreement, and for a period of five (5) years thereafter, the Employee will not induce others to leave Metalworks' or its Affiliates' employ or interfere with Metalworks' or its Affiliates' relationships with their employees or the entities with which they contract. Metalworks and the Employee agree that the Employee shall be liable to Metalworks for breach of this provision, and Metalworks may use any means available at law or in equity to enforce its rights.

## **5. PROPRIETARY INFORMATION**

**5.1 Nondisclosure.** It is understood that during its course of business, Metalworks and its Affiliates have developed certain Proprietary Information. Therefore, the Employee agrees that she will not disclose to any person outside of Metalworks' employment nor make any unauthorized use of such Proprietary Information during the Employee's period of employment with Metalworks or thereafter.

**5.2 Exclusive Property.** The Employee agrees that all ideas, trade names, service marks, slogans, forms, records, cost information, marketing strategies, pricing information, customer or dealer lists, procedures, know-how, inventions, processes, etc., improved upon, developed or conceived by the Employee, alone or working with others, during the term of this Agreement, whether or not during working hours, that are within the scope of Metalworks' or its Affiliates' business, are the exclusive and confidential property of Metalworks. This provision shall not apply to any matters or items properly available in the public domain.

**5.3 Return of Proprietary Information.** Upon termination of employment with Metalworks, the Employee shall immediately turn over to Metalworks, and not keep or deliver to any other person, all Proprietary Information. The Employee shall have no right to retain any copies of Proprietary Information for any reason whatsoever after termination of her employment without the express written consent of Metalworks as confirmed by Metalworks' Board of Directors.

**5.4 Disclosure of Inventions.** It is understood that during the course of employment with Metalworks, the Employee may be employed in a capacity in which she may contribute to,

alone or in conjunction with others, confidential information, trade secrets and/or the development of inventions. The Employee agrees to disclose promptly to Metalworks.

a. All technical information and concepts made or conceived by the Employee either solely or in collaboration with others during employment with Metalworks whether or not during regular working hours, relating to any methods, apparatus, products or components thereof, which, prior to the termination of this Agreement, are manufactured, sold, leased, used or under development by or pertain to the business of Metalworks.

b. All writings, art designs, prints, labels, works of art and copyrightable subject matter made or conceived by the Employee, either solely or in collaboration with others during employment with Metalworks, whether or not during regular working hours, relating to Metalworks, its methods, apparatus, products or components thereof which, prior to termination of this Agreement, are manufactured, sold, leased, used or under development by or pertain to the business of Metalworks.

**5.5 Patents and Copyrights.** As to the subject matter described in paragraph 5.4 above, the Employee shall at Metalworks' request and without compensation in addition to the Employee's regular compensation for services, at any time during employment or thereafter, formally assign to Metalworks all rights to the subject matter described in paragraph 5.4 hereof, and shall execute any instruments and documents pertaining to such information which are necessary for Metalworks to perfect any patent or copyrights in the United States and foreign countries with respect to such information, with the understanding that Metalworks shall pay all expenses relating to the perfection of any such patents or copyrights. The election of whether or not to file a patent or copyright application shall be wholly within Metalworks' discretion.

## **6. DEFINITIONS**

6.1 "Cause" shall include, but not be limited to, the following:

- a. violation by the Employee of any provision of this Agreement;
- b. any illegal act or dishonest conduct by the Employee which affects Metalworks' operations, interests or reputation; or
- c. any misrepresentation or false claim made by the Employee regarding Metalworks' services, products, or product performance.

6.2 "Proprietary Information" shall mean all information developed or maintained by license or assignment by Metalworks or its Affiliates including trade secrets, confidential information, cost information, marketing plans and strategies, pricing information, customer or dealer lists, records, forms, computer software, product designs, manufacturing plans and methods, and other business information.

6.3 "Trust" shall mean the Nonqualified Deferred Compensation Trust Agreement of this same date between Metalworks, the Employee and the financial institution designated in the Trust. A copy of the Trust is attached to this Agreement as Exhibit 1.

6.4 "Affiliate" shall mean any entity which is owned or controlled by Metalworks and/or its shareholders and which is engaged, directly or indirectly, in the manufacture or sale of office furniture.

## 7. MISCELLANEOUS

7.1 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of Metalworks and its successors and assigns and shall be binding upon and shall inure to the benefit of the Employee and her heirs or personal representatives. The Employee's interests hereunder are nonassignable.

7.2 **Entire Agreement; Modification.** This Agreement contains the entire Agreement between the parties hereto and there are no representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those contained herein. Any and all employment agreements that the Employee may have had from time to time with Metalworks or with any of its Affiliates are hereby superseded by this Agreement. No provision of this Agreement shall be changed or modified except in writing and executed by the parties hereto and confirmed by Metalworks' Board of Directors.

7.3 **Statute of Limitations.** The parties agree that any complaints, causes of action or claims whatsoever that either of them may bring against the other arising out of or relating in any manner to the Employee's employment or termination from employment must be brought within twelve (12) months of the date of the occurrence giving rise to the complaint, cause of action or claim, or the date of termination from employment, whichever comes first. This provision applies to all complaints, causes of action or claims arising out of the Employee's employment, including but not limited to actions based on:

- a. wrongful termination;
- b. any form of employment discrimination under federal or state law, including actions brought under the Federal Age Discrimination in Employment Act;
- c. complaints brought with federal or state agencies under any federal or state law regulating wages, hours or any other term or condition of employment;
- d. retaliation, in any form, as prohibited by state or federal statute;
- e. breach of contract, expressed or implied; and

f. damages to the Employee's person, well-being or reputation.

**7.4 Governing Law.** The validity of this Agreement, the terms hereof and all duties, obligations and rights arising therefrom, shall be governed by and interpreted in accordance with the laws and decisions of the state of Michigan, as applied to contracts made and to be performed in that state.

**7.5 Stipulated Venue.** Metalworks and the Employee agree that any action at law, suit in equity or judicial proceeding for enforcement of this Agreement or any provision thereof shall be instituted only in the federal courts situated in the County of Kent, State of Michigan or state courts located in Mason County, Michigan.

**7.6 Arbitration.** With the express exception of the agreements and provisions set forth in Article 4 or Article 5 of this Agreement which may be enforced through judicial process, any controversy or claim arising out of or relating to this Agreement shall be submitted to Arbitration, and Arbitration shall provide the sole and exclusive method to resolve all such claims, controversies or complaints.

Metalworks and the Employee further agree that this Arbitration procedure shall be the Employee's sole and exclusive avenue of recourse for any claims of unlawful retaliation under state or federal statutes, and the Employee expressly waives her right to institute any other legal action or administrative complaint over said retaliation unless and until the Employee has exhausted this procedure.

The Arbitration request must be submitted to the President, Metalworks, Inc., 902 Fourth Street, Ludington, Michigan. Metalworks and the Employee shall attempt to select a mutually agreeable Arbitrator to hear the controversy or claim. If they cannot so agree, Metalworks shall request a list of independent Arbitrators from the American Arbitration Association office closest to Ludington, Michigan. Metalworks and the Employee shall then select an Arbitrator from the list supplied by the American Arbitration Association in accordance with the Association's rules.

The Arbitration shall be conducted under the Labor Arbitration Rules of the American Arbitration Association within Mason County, Michigan. The Arbitrator's decision shall be embodied in an award which shall be final and binding on Metalworks and the Employee and which shall constitute the exclusive remedy available to Metalworks and the Employee. In making the Award, the Arbitrator may include any remedy contemplated by this Agreement. Metalworks and the Employee understand and agree that a judgment of any court may be rendered upon the Award.

The Arbitrator's fees and expenses shall be paid by Metalworks and the Employee equally. The Employee shall pay one-half of the Arbitrators' fees and expenses and Metalworks shall pay one-half of the Arbitrators' fees and expenses. Metalworks shall bear its own attorney fees and expenses,

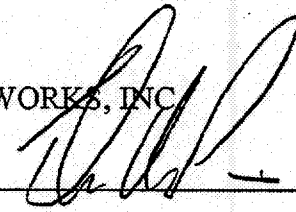
and the Employee shall bear her own attorney fees and expenses. Transcript costs and fees shall be paid by any party requesting same.

7.7 **At-Will Employment.** The parties understand and agree that the Employee's employment with Metalworks is terminable at any time pursuant to the provisions of paragraph 2 of this Agreement. Nothing contained in this Agreement shall be interpreted or construed to create or imply an obligation of Metalworks to continue the employment of the Employee beyond the notice periods provided in said paragraph 2.

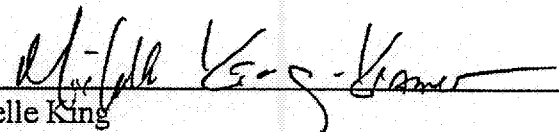
7.8 **Captions.** The captions at the beginning of the several sections of this Agreement are not part of the contents hereof, and have been inserted only to assist in locating and reading the sections. They shall be ignored in construing this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be properly executed and delivered as of the date first written above.

Dated: 6-30-01

METALWORKS, INC.  
By:   
Its: PRESIDENT

Dated: 6-30-01

  
Michelle King

#546087

EXHIBIT 1

NONQUALIFIED DEFERRED COMPENSATION TRUST AGREEMENT

The following parties enter into this Trust Agreement effective as of January 1, 2001:

MICHELLE KING ("Employee")  
6337 Bradshaw Road  
Ludington, Michigan 49431

METALWORKS, INC. ("Company")  
902 Fourth Street  
P.O. Box 689  
Ludington, MI 49431

Old Kent Bank & Trust Co. - Traverse City ("Trustee")  
P.O. Box 589  
Traverse City, Michigan 49685

Effective January 1, 2001, the Company and the Employee have entered into an Employment Agreement (the "Agreement"). Pursuant to the Agreement, the Company is to establish a trust to assure the Employee that, unless the Company becomes insolvent, amounts set aside will be available in the future to meet the Company's obligations to the Employee under the Agreement.

This Agreement sets forth the terms of the trust contemplated by the Agreement (the "Trust"). Accordingly, the parties agree as follows:

1. TRUST FUND

1.1 The Company agrees to deposit in trust with Trustee the funded deferred compensation benefits described in paragraph 3.1.e.(ii) of the Agreement.

1.2 All deposits shall become the principal of the Trust to be held, administered, and disposed of by Trustee as herein provided.

1.3 Trust income shall be accumulated and added to principal.

1.4 The principal of the Trust shall be held separate and apart from the funds of the Company, exclusively for the uses and purposes herein set forth.

1.5 The parties intend that the Trust be treated as a "grantor" trust for federal income tax purposes, and that the income of the Trust be treated as the company's income, pursuant to Subtitle A, Chapter 1, Subchapter J, Subpart E, of the Internal Revenue Code of 1986, as amended from time to time.

## 2. PAYMENTS TO TRUST BENEFICIARIES

2.1 The Trustee shall make benefit payments from the Trust to the Employee or her designated beneficiary from the assets of the Trust in accordance with the Agreement, if and to the extent Trust assets are available for distribution at the time of each distribution and if the Company is not insolvent (as defined in section 3.1) at the time of each distribution.

2.2 To the extent the assets of the Trust are sufficient, the Trustee may provide for payment of the required benefits through the purchase of an annuity contract from an insurance company acceptable to the Employee, or to her designated beneficiaries if she is not living. Any such policy or contract shall be an asset of the Trust, owned by Trustee, which shall utilize the annuity payments to pay the required benefits.

2.3 The Trustee shall withhold from amounts to be paid to the Employee appropriate federal, state, and local withholding or other taxes, together with any deductions for insurance premiums or other amounts the Employee may owe to the Company, as required by law or as agreed to by the Company and the Employee, the same as if such amounts were paid directly by the Company.

## 3. TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS WHEN COMPANY INSOLVENT

3.1 At all times during the continuance of the Trust the principal and income of the Trust shall be subject to the claims of general creditors of the Company at any time the Company is insolvent. The Company shall be deemed insolvent if any of the following occurs:

(a) The Company shall have filed a petition in bankruptcy, or otherwise sought the benefit of the bankruptcy laws of the United States, or shall have made an assignment for the benefit of creditors, or shall have petitioned for the appointment of a receiver to administer its affairs.

(b) The Company shall have had filed against it an involuntary bankruptcy proceeding.

(c) The Company, shall have become unable to pay its debts as they come due in the ordinary course of business.

3.2 At any time the Trustee is aware that the Company is insolvent, as described above, the Trustee shall deliver any undistributed principal and income in the Trust to satisfy such claims as a court of competent jurisdiction may direct. If the Company or a person claiming to be a creditor of the Company alleges in writing to Trustee that Company has become insolvent, the Trustee may

independently determine whether the company is insolvent, or may await a determination by a court of competent jurisdiction.

3.3 Pending such determination, the Trustee shall discontinue payment of benefits to the Employee or her designated beneficiaries, shall hold the Trust assets for the benefit of the Company's creditors, and shall resume payments of benefits only after the Trustee has determined that the Company is not insolvent (or is no longer insolvent, assuming the Trustee initially determined the Company to be insolvent) or after receipt of an order of a court of competent jurisdiction.

3.4 The Trustee shall have no duty to inquire whether the Company is insolvent and may rely on information concerning the Company's solvency that has been furnished to the Trustee by any person.

3.5 If the Trustee discontinues payments of benefits from the Trust pursuant to paragraph 3.3 and subsequently resumes such payments, the first payment of benefits following such discontinuance shall include the aggregate amount of all payments which would have been made to the Employee or her designated beneficiaries in accordance with this Agreement during the period of such discontinuance.

#### 4. PAYMENTS TO THE COMPANY

4.1 The Company shall have no right or power to direct the Trustee to return any of the Trust assets to the Company before all payments of benefits have been made in accordance with the Agreement. When all such payments have been made, the excess assets, if any, shall be returned to the Company.

#### 5. ADMINISTRATIVE POWERS OF THE TRUSTEE

5.1 During the existence of the Trust, the Trustee shall have the following powers in addition to and not in limitation of common law and statutory powers.

5.2 To retain any property, real or personal, including stock or securities in the Trustee, which it may receive as the Trustee, even though such property (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a fiduciary apart from this provision.

5.3 To sell, exchange, give options upon or otherwise dispose of any property which it may hold from time to time, at public or private sale or otherwise, for cash or other consideration or on credit, and upon such terms and for such consideration as it shall think fit, and to transfer and convey the same free of all trust.

5.4 To invest and reinvest the trust estate from time to time in any property, real or personal, including (without limiting the generality of the foregoing language) common trust funds,

securities of domestic and foreign corporations and investment trusts, bonds, preferred stocks, common stocks, mortgages, mortgage participations, and policies of insurance, even though such investment (by reason of its character, amount, proportion to the total trust estate or otherwise) would not be considered appropriate for a fiduciary apart from this provision, and even though such investment causes a greater proportion of the total trust estate to be invested in investments of one type or of one company than would be considered appropriate for a fiduciary apart, from this provision.

5.5 To employ such brokers, banks, custodians, investment counsel, attorneys, accountants, and other agents, and to delegate to them such of the duties, rights and powers of the Trustee (including, among others, the right to vote on shares of stock held by the Trustee) for such periods as it thinks fit. This shall include the power to appoint a person or qualified corporation to act as the Trustee with respect to specified trust assets located in any jurisdiction.

5.6 To keep any of the trust estate in the name of a nominee without mention of the Trust in any instrument of ownership.

5.7 To participate in any merger, reorganization or consolidation affecting the trust estate, and in connection therewith to exchange any property held by it for other property.

5.8 To keep any or all of the trust property at any place or places in Michigan or elsewhere in the United States or abroad, or with a depository or custodian at such place or places.

5.9 To exercise at any time stock options, warrants, conversion, or other rights of any kind, including those relating to stock and securities of the corporate fiduciary, and to make any representations or agreements as may be required by law that the stock or securities so acquired will be held for investment and will not be sold.

## 6. ACCOUNTING BY THE TRUSTEE

6.1 The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be done, including such specific records as shall be agreed upon in writing between the Company and the Trustee. All such accounts, books and records shall be open to inspection and audit at all reasonable times by the Company and by the Employee or by her designated beneficiaries if she is not then living.

6.2 Within sixty (60) days following the close of each of the Company's fiscal years and within sixty (60) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company and to the Employee, if she is living, otherwise to her designated beneficiaries, a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements, and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued

interest paid or receivable being shown separately), and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

6.3 The statements, including fees and expenses reflected therein, shall be binding upon the person to whom sent unless written objection is received by the Trustee within ninety (90) days after delivery. If any Trust beneficiary who is under a legal disability receives the above statements, a living spouse, guardian, conservator or other person having physical custody of the Trust beneficiary may act for the Trust beneficiary in approving the above statements with the same effect as if the Trust beneficiary was not under a legal disability.

6.4 Nothing in this Article 6 shall prevent the Trustee from filing an accounting with a court of competent jurisdiction at any time, and reasonable attorneys' fees, expenses and other charges incident to any such judicial proceeding may be charged against the trust fund.

## 7. COMPENSATION AND EXPENSES AND REPLACEMENT OF THE TRUSTEE

7.1 The Trustee shall be entitled to reimbursement from the Trust for expenses and shall receive fees for its services from the Trust in accordance with its published fee schedule in effect at the time the services for which the fee is charged are performed, and if there is no such fee schedule then in effect, such fees as, from time to time, are recognized in the area as ordinary and reasonable for the services it performs.

7.2 The Trustee may be removed at any time by agreement of the Company and the Employee, if she is living, otherwise her designated beneficiaries, or the Trustee may resign, in which case a new trustee, which shall be independent and not subject to the control of either the Company or any Trust beneficiary, shall be selected by the Company and by the Employee, if she is living, otherwise her designated beneficiaries. If the Company and the Trust beneficiaries fail to select a Trustee, the presiding judge of the Mason County Probate Court, acting in a ministerial and not a judicial character, shall nominate a successor corporate trustee. A successor trustee may qualify by filing with company, within thirty (30) days of notice of eligibility, a written acceptance of trust. A trustee may also resign by filing a written resignation with the Company.

## 8. AMENDMENT OR TERMINATION

8.1 This Trust Agreement may be amended at any time and to any extent by a written instrument executed by the Trustee, the Company, and the Employee, if she is living, otherwise by her designated beneficiaries.

8.2 The Trust shall not terminate until the date on which the Trust contains no assets.

8.3 Notwithstanding the provisions of paragraph 8.2, the Trust shall terminate in the event that its existence as a conduit for paying benefits results in adverse tax consequences to the Employee.

8.4 Upon termination of the Trust as provided in paragraph 8.3, any assets remaining in the Trust shall be returned to the Company, but the Company shall remain liable for its obligations under the Agreement.

## 9. SEVERABILITY AND ALIENATION

9.1 Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition without invalidating the remaining provisions hereof.

9.2 To the extent permitted by law, benefits to any Trust beneficiary under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, or subject to attachment, garnishment, levy, execution, or other legal or equitable process, and no benefit actually paid to any Trust beneficiary by the Trustee shall be subject to any claim for repayment by the Company or the Trustee.

## 10. EXCULPATORY PROVISIONS

10.1 The Trustee shall not be liable for the acts, omissions or defaults of any agent appointed with due care. A successor trustee shall be under no obligation to inquire into the acts or to examine the accounts of anyone who was a trustee prior to the qualification of such successor trustee and, in no event, shall it be liable for acts, omissions or failures to account properly prior to its qualification.

10.2 If the Trust is named as the beneficiary of any life insurance, the insurance company shall not be bound to look to the terms, construction, legal effect or performance of this instrument or the Trust hereby created, but its obligation shall be fully discharged by the receipt of the Trustee.

10.3 No purchaser from or other person dealing with the Trustee shall be responsible for the application of any purchase money or other thing of value paid or delivered to it, but the receipt of the Trustee shall be a full discharge; and no purchaser or other person dealing with the Trustee and no issuer, or transfer agent or other agent of any issuer of any securities to which and dealing with the Trustee shall be under any obligation to ascertain or inquire into the power of the Trustee to purchase, sell, exchange, transfer, mortgage, pledge, lease, distribute or otherwise in any manner dispose of or deal with any security or any other property held by the Trustee or comprised in this estate.

10.4 The Trustee may, at any time, record, file or deliver a Certificate of Trust Existence and Authority with or to any clerk, register of deeds, transfer agent or other similar agency or office or to any person dealing with the Trustee. Such Certificate shall contain a verbatim synopsis of

certain provisions of this Trust Agreement and shall be signed and acknowledged by the Trustee. Any purchaser or persons dealing with Trustee shall be entitled to rely on such Certificate as a full statement of the provisions of this Trust Agreement which are pertinent to the particular transaction. Machine copies of the executed Certificate shall have the same effect and authority as the executed Certificate.

10.5 The Trustee alone shall be deemed the absolute owner of and may exercise all of the rights incident to ownership of any insurance policies acquired by or assigned to it. The Trustee, as the owner of life insurance policies, shall be obligated to pay premiums only to the extent that funds are furnished by the Company or are otherwise available to the Trust. If sufficient funds to pay such premiums are not furnished by the Company or are otherwise available to the Trust, the Trustee shall be under no obligation to pay such premiums or to make sure that such premiums are paid by another or to notify any person of the nonpayment of such premiums. Notwithstanding the foregoing, if sufficient funds to pay such premiums are not furnished by the Company, the Trustee may, in its sole and absolute discretion, pay the premiums, obtaining the necessary funds by borrowing on the security of the principal of the Trust or any part thereof or on the insurance policies. If there is no alternative source of funds available to the Trustee to pay premiums, and after the Company has been notified, has been given the opportunity to provide the necessary funds, and has failed to do so, the Trustee may surrender any of the policies for their cash surrender value, or may convert any policy on which premiums have not been paid due to insufficient funds into a paid-up policy pursuant to the terms of such policy. If the insured under any policy owned by the Trustee becomes disabled and because of such disability the payment of premiums during the pendency of such disability shall, under the terms of the policy, be waived, the Trustee, upon receipt of such knowledge, shall promptly notify the Company and the insurance company which has issued such policy, and shall take any and all steps necessary to make such waiver of premium provision effective. Trust income may be used to pay premiums on any life insurance policies owned by the Trust. Upon the death of the insured, the Trustee shall use its best efforts to collect and receive all sums payable under the policies of insurance under which it is beneficiary, subject to all loans and charges against such policies as may have accrued.

## 11. MISCELLANEOUS

11.1 The Trust shall be exempt from registration as permitted by state law.

11.2 This Trust Agreement shall be governed by and interpreted according to the laws of the state of Michigan.

11.3 The word "Trustee" and where used, the pronoun "it," shall be taken to refer to the person, persons or entities who are Trustee(s) under this Trust Agreement regardless of the number or gender. Whenever there are more than two Trustees, the act of a majority shall constitute the Trustee's act.

METALWORKS, INC.

By: 

Thomas W. Paine

Its: President

  
Michelle King

OLD KENT BANK & TRUST  
COMPANY (Trustee)

By: 

Its: President

#546087

BENEFICIARY DESIGNATION FORM

In accordance with certain rights granted to me, I hereby designate the following in the order of priority indicated, as the beneficiaries to whom (or to which) benefits shall be distributed:

FIRST (Primary Beneficiary)

Geoffrey P. Kramer

SECOND (Contingent Beneficiary, if Primary Beneficiary Does Not Survive Me)

Rachel & Evan Kramer

THIRD (Contingent Beneficiary, if None of the Above Survives Me)

The personal representative of my estate.

I expressly hold any administrator of my benefits harmless from all liability and responsibility in making distributions based on written representations and opinions furnished by counsel for any above-designated beneficiary(ies).

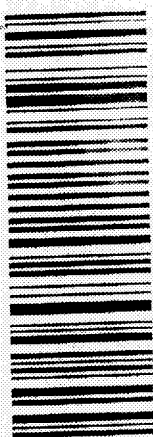
This beneficiary designation shall revoke any previous beneficiary designations.

Dated: 6-30 . 01

Michelle King  
Michelle King

#546087

CERTIFIED MAIL



7099 3400 0002 5611 6259



PERMITTED  
8344103

U.S. POSTAGE  
5.78



902 E. FOURTH STREET  
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