As filed with the Securities and Exchange Commission on October 15, 1999

Registration No. 33-38702

==========

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Post Effective Amendment No. 2
to
FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

QUANEX CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	38-1872178
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1900 West Loop South, Suite 1500 Houston, Texas (Address of Principal Executive Offices)	77027 (Zip Code)

Quanex Corporation Employee Savings Plan
(Full title of the plan)

TERRY M. MURPHY
QUANEX CORPORATION
1900 WEST LOOP SOUTH, SUITE 1500
HOUSTON, TEXAS 77027
(Name and address of agent for service)

(713) 961-4600
(Telephone number, including area code, of agent for service)

Copies to:
HARVA R. DOCKERY, ESQ.
FULBRIGHT & JAWORSKI L.L.P.
2200 ROSS AVENUE, SUITE 2800
DALLAS, TEXAS 75201-9975
(214) 855-8000

==========

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. Incorporation of Documents by Reference.

Quanex Corporation, a Delaware corporation (the "Company" or "Registrant"), and the Quanex Corporation Employee Savings Plan (the "Plan") incorporate by reference, as applicable, in this Registration Statement the following documents:

(a) The Registrant's original Registration Statement on Form S-8, Reg. No. 33-38702, filed January 25, 1991, as amended by Post-Effective Amendment No. 1 filed February 2, 1999;

(b) The Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 1998;

(c) The Registrant's Quarterly Reports on Form 10-Q for the quarters ended January 31, 1999, April 30, 1999 and July 31, 1999;

(d) The Plan's Annual Report on Form 11-K for the fiscal year ended December 31, 1998;

(e) All other reports filed by the Registrant or the Plan pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since October 31, 1998;

(f) The description of the Registrant's common stock, $.50 par value (the "Common Stock"), contained in the Prospectus dated January 12, 1981, included in the Registrant's Registration Statement (Registration No. 2-70313) and filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act of 1933; and

(g) The description of the rights to purchase Series A Junior Participating Preferred Stock (the "Rights") set forth in the Amended and Restated Certificate of Designation, Preferences and Rights, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form 8-A dated April 28, 1989, as amended by that certain second Amended and Restated Rights Agreement between the Registrant and American Stock Transfer Co., as Rights Agent, filed as Exhibit 4.1 to the Registrant's Report on form 8-K filed April 16, 1999.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of filing of this Post Effective Amendment No. 2 to the Registration Statement on Form S-8 (this "Amendment No. 2") and before the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, are incorporated by reference in, and constitute a part of, the Registration Statement from the date such documents are filed.

The language in this Amendment No. 2 modifies and supersedes the language in any previously filed document that is incorporated by reference in this Registration Statement. The language in any document that is filed after the date of filing of this Amendment No. 2 that is incorporated by reference in this Registration Statement modifies and supersedes the language in this Registration Statement. However, such language constitutes a part of this Registration Statement only to the extent that it modifies and supersedes this Registration Statement.

ITEM 4. Description of Securities.

Not applicable.

ITEM 5. Interests of Named Experts and Counsel.

Not applicable.

ITEM 6. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is, or is threatened to be made, a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

The Registrant's Restated Certificate of Incorporation eliminates the personal monetary liability of a director to the Registrant and its stockholders for breach of his fiduciary duty of care as a director to the extent currently allowed under the Delaware General Corporation Law. Article XVII of the Registrant's Restated Certificate of Incorporation provides that a director of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) based on the payment of an improper dividend or an improper repurchase of the Registrant's stock under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

The Amended and Restated Bylaws of the Registrant provide that, under certain circumstances, the Registrant is required to indemnify any person who was, is, or is threatened to be made a party in any action, suit or proceeding because such person is or was a director or officer of the Registrant. The Registrant's Amended and Restated Bylaws were amended in February 1987 to provide for indemnification by the Registrant of its officers and directors to the fullest extent authorized by the General Corporation Law of the State of Delaware. This right to indemnification under the Registrant's Amended and Restated Bylaws is a contract right, and requires the Registrant to provide for the payment of expenses in advance of the final disposition of any suit or proceeding brought against the director or officer of the Registrant in his official capacity as such, provided that such director or officer delivers to the Registrant an undertaking to repay any amounts advanced if it is ultimately determined that such director or officer is not entitled to indemnification. The Registrant also maintains a directors' and officers' liability insurance policy.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 7. Exemption from Registration Claimed.

Not applicable.

ITEM 8. Exhibits.

4.1 Restated Certificate of Incorporation of the Registrant, as amended on February 27, 1997, filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-8, Registration No. 333-22977, and incorporated herein by reference.

4.2 Amended and Restated Bylaws of the Registrant, as amended through August 26, 1999, filed as Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended July 31, 1999, and incorporated herein by reference.

4.3 Form of Registrant's Common Stock certificate, filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1987, and incorporated herein by reference.

4.4 Second Amended and Restated Rights Agreement between the Registrant and American Stock Transfer Co., as Rights Agent, filed as Exhibit 4.1 to the Registrant's Report on Form 8-K filed April 16, 1999, and incorporated herein by reference.

4.5	Amended and Restated Certificate of Designation, Preferences and Rights of the Registrant's Series A Junior Participating Preferred Stock, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form 8-A dated April 28, 1989, and incorporated herein by reference.
4.6	Quanex Corporation Employee Savings Plan, as amended and restated effective January 1, 1995.
4.7	Sixth [sic] Amendment to Quanex Corporation Employee Savings Plan, effective October 1, 1995.
4.8	Master Trust Agreement between the Registrant and Fidelity Management Trust Company dated as of February 1, 1999.
4.9	First Amendment to Trust Agreement between Fidelity Management Trust Company and the Registrant, effective as of November 1, 1999.
23.1	Consent of Deloitte & Touche LLP.
24.1	Powers of Attorney.

The Registrant hereby undertakes to submit the Plan, and any amendments thereto, to the Internal Revenue Service ("IRS") in a timely manner and will make all changes required by the IRS in order to qualify the Plan.

ITEM 9. Undertakings.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1993, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar volume of securities offered would not exceed that which was registered) and any

deviation from the high or low end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

Provided, however, that paragraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for the purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference into this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a

director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Post-Effective Amendment No. 2 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on the 15th day of October, 1999.

QUANEX CORPORATION

By /s/ Vernon E. Oechsle
Vernon E. Oechsle
Director, President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 2 to registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Vernon E. Oechsle Vernon E. Oechsle	Director, President and Chief Executive Officer (Principal Execute Officer)	October 15, 1999
/s/ James H. Davis James H. Davis	Executive Vice President and Chief Operating Officer (Principal Operating Officer)	October 15, 1999
* Donald G. Barger, Jr.	Director	October 15, 1999

*	Director	October 15, 1999
Susan F. Davis		
*	Director	October 15, 1999
Russell M. Flaum		
*	Director	October 15, 1999
Carl E. Pfeiffer		
*	Director	October 15, 1999
John D. O'Connell		
*	Director	October 15, 1999
Vincent R. Scorsone		
*	Director	October 15, 1999
Michael J. Sebastian		
/s/ Terry M. Murphy	President, Engineered Products Group and Chief Financial Officer (Principal Financial Officer)	October 15, 1999
Terry M. Murphy		
/s/ Viren M. Parikh	Controller (Principal Accounting Officer)	October 15, 1999
Viren M. Parikh		

*By /s/ Viren M. Parikh
Viren M. Parikh
Attorney-in-fact

The Plan. Pursuant to the requirements of the Securities Act of 1933, the Administrative Committee of the Plan has duly caused this Post-Effective Amendment No. 2 to Registration Statement on Form S-8 to be signed on its behalf by the undersigned members of such committee, thereunto duly authorized, in the City of Houston, State of Texas, on October 15, 1999.

QUANEX CORPORATION EMPLOYEE
SAVINGS PLAN

By: /s/ Vernon E. Oechsle

Vernon E. Oechsle

By: /s/ James H. Davis

James H. Davis

By: /s/ Wayne M. Rose

Wayne M. Rose

By: /s/ Terry M. Murphy

Terry M. Murphy

By: /s/ Paul J. Giddens

Paul J. Giddens

By: /s/ Viren M. Parikh

Viren M. Parikh

EXHIBIT INDEX

Exhibit Number	Description
4.1	Restated Certificate of Incorporation of the Registrant, as amended on February 27, 1997, filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-8, Registration No. 333-22977, and incorporated herein by reference.
4.2	Amended and Restated Bylaws of the Registrant, as amended through August 26, 1999, filed as Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended July 31, 1999, and incorporated herein by reference.
4.3	Form of Registrant's Common Stock certificate, filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1987, and incorporated herein by reference.
4.4	Second Amended and Restated Rights Agreement between the Registrant and American Stock Transfer Co., as Rights Agent, filed as Exhibit 4.1 to the Registrant's Report on Form 8-K filed April 16, 1999, and incorporated herein by reference.
4.5	Amended and Restated Certificate of Designation, Preferences and Rights of the Registrant's Series A Junior Participating Preferred Stock, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form 8-A dated April 28, 1989, and incorporated herein by reference.
4.6	Quanex Corporation Employee Savings Plan, as amended and restated effective January 1, 1995.
4.7	Sixth [sic] Amendment to Quanex Corporation Employee Savings Plan, effective October 1, 1995.
4.8	Master Trust Agreement between the Registrant and Fidelity Management Trust Company dated as of February 1, 1999.
4.9	First Amendment to Trust Agreement between Fidelity Management Trust Company and the Registrant, effective as of November 1, 1999.
23.1	Consent of Deloitte & Touche LLP.
24.1	Powers of Attorney.

EXHIBIT 4.6

QUANEX CORPORATION

EMPLOYEE SAVINGS PLAN

Amended and Restated Effective January 1, 1995

TABLE OF CONTENTS

QUANEX CORPORATION

EMPLOYEE SAVINGS PLAN

THIS AGREEMENT by Quanex Corporation, a Delaware corporation,

W I T N E S S E T H:

WHEREAS, effective April 1, 1986, for the exclusive benefit of its eligible employees and their beneficiaries, Quanex Corporation, a Delaware corporation, previously adopted the savings plan embodied herein which is intended to meet the requirements for qualification under applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and to comply with applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, the Company has determined to amend and restate the Plan to comply with the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1986, the Omnibus Budget Reconciliation Act of 1987, the Technical and Miscellaneous Revenue Act of 1988, the Revenue Reconciliation Act of 1989 and Department of Treasury Regulations; and

WHEREAS, it is intended that certain other business organizations may adopt this savings plan and its related trust for the exclusive benefit of their employees and their employees' beneficiaries; and

WHEREAS, it is intended that the benefits offered under this savings plan will help retain and attract the highest quality employees by providing additional financial incentives and financial security for eligible employees and their beneficiaries;

NOW, THEREFORE, the Company agrees to carry into effect the savings plan herein following:

ARTICLE I

DEFINITIONS

As used in this Plan each of the following terms shall have the meaning for that term set forth in this Article I:

1.1 ACCOUNT: All of the ledger accounts maintained for a Participant to set out his or her interest in the Trust Fund. A separate Employer Matching Contributions Account, Participant Contributions Account, 401(k) Account, Nonelective Contributions Account or Rollover Contributions Account will be maintained for each Participant.

1.2 ACCOUNT BALANCE: The value of an Account determined as of the applicable Valuation Date.

1.3 ACTIVE SERVICE: The number of whole years of the Employee's period of service on or after April 1, 1986, whether or not such period(s) of service were completed consecutively. Except as otherwise provided below, in determining the number of whole years of an Employee's period of service, non-successive periods of service will be aggregated, and less than whole year periods of service (whether or not consecutive) will be aggregated on the basis that 365 days of service equals a whole year of Active Service. If an employee severs from service by reason of a quit, discharge, or retirement, and the Employee then performs an hour of service within twelve months of the severance from service date, such Employee's period of severance will be deemed to have been a period of service. If an Employee severs from service by reason of a quit, discharge, or retirement during an absence from service for any reason other than a quit, discharge, retirement, or death, and then performs an hour of service within twelve months of the date on which the Employee was first absent from service, such Employee's period of severance will be deemed to have been a period of service. For purposes of the Plan, all service with any Affiliate shall be deemed to be service with the Employer.

If the Employer assumes and maintains the plan of a predecessor employer described in Section 414(a)(2) of the Code, Active Service for such predecessor employer will be treated as Active Service for the Employer. If the Employer does not maintain the plan of a predecessor employer Active Service for such predecessor employer will be treated as Active Service for the Employer only to the extent required by Section 414(a)(2) of the Code.

1.4 ADMINISTRATIVE COMMITTEE: The committee appointed by the Board of Directors of the Company to administer the Plan.

1.5 ADJUSTMENT FACTOR: The cost of living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) for years beginning after December 31, 1987, as applied to such items and in such manner as the Secretary shall provide.

1.6 AFFILIATE: Any corporation or unincorporated trade or business (other than the Employer) while it is:

(a) a member of a "controlled group of corporations" (within the meaning of Code Section 414(b)) of which the Employer is a member;

(b) a member of any trade or business under "common control" (within the meaning of Code Section 414(c)) with the Employer;

(c) a member of an "affiliated service group" (as that term is defined in Code Section 414(m)) which includes the Employer; or

(d) a member of a group of businesses required to be aggregated with the Employer under Code Section 414(o).

With respect to Section 3.8, "Affiliate" status shall be determined in accordance with Code Section 415(h).

1.7 BENEFICIARY: A person entitled to receive any payment of benefits pursuant to Article VI.

1.8 BENEFIT COMMENCEMENT DATE: The date, determined under Section 5.4, as of which a Participant or a Beneficiary receives or begins to receive, as the case may be, payment of his or her benefits under the Plan as a result of death, Disability, termination of employment, Plan termination upon or after his or her Early Retirement Date or upon or after Normal Retirement Age.

1.9 CODE: The Internal Revenue Code of 1986, as now in effect or as amended from time to time. A reference to a specific provision of the Code shall include such provision and any applicable regulation pertaining thereto.

1.10 COMPENSATION: Wages as defined in Section 3401(a) of the Code for purposes of income tax withholding at the source (but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of employment or the services performed) paid to the Participant by the Employer or an Affiliate, plus elective pre-tax contributions under a cafeteria plan governed by Section 125 of the Code (other than elective contributions made with BeneFlex dollars) and elective pre-tax contributions to any plan qualified under Section 401(k), 408(k) or 403(b) of the Code. However, Compensation excludes all of the following items (even if includable in gross income): All reimbursements or other

expense allowances, fringe benefits (cash and noncash, such as vacation pay paid on or after the Employee's termination of employment with the Employer, employer contributions to the Quanex Corporation Employee Stock Purchase Plan, club memberships, tax gross-ups, attendance and safety awards, fitness reimbursements, housing allowances, financial planning benefits, corporate automobile use and BeneFlex dollars), moving expenses, deferred compensation (such as amounts realized from the exercise of a nonqualified stock option or when restricted property or other property held by a Participant either becomes freely transferable or no longer subject to a substantial risk of forfeiture under Section 83 of the Code, or amounts realized upon the sale, exchange or disposition of an incentive stock option) and welfare benefits (such as severance pay, life insurance benefits and short term disability benefits).

The determination of Compensation will be in accordance with records maintained by the Employer and shall be conclusive.

The annual Compensation of each Participant taken into account under the Plan for any year shall not exceed $150,000, as adjusted by the Secretary for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator or which is the number of months in the determination period, and the denominator of which is 12. In determining the Compensation of a Participant for purposes of this limitation, the rules of Section 414(q)(6) of the Code shall apply, except that in applying such rules, the term "family" shall include only the Spouse of the Participant and any lineal descendants of the Participant who have not attained age 19 before the close of the year.

1.11 DEFINED BENEFIT PLAN: A plan of the type defined in Code Section 414(j) maintained by the Employer or an Affiliate, as applicable.

1.12 DEFINED CONTRIBUTION PLAN: A plan of the type defined in Code Section 414(i) maintained by the Employer or an Affiliate, as applicable.

1.13 DISABILITY: A mental or physical disability as a result of illness or injury which in the opinion of a physician selected by the Administrative Committee will prevent a Participant from performing his regular work during the first twenty-four months of disability and after twenty-four months of disability from performing any job for which he is educated, trained or experienced. A disability will not be treated as a Disability if it:

(a) was contracted, suffered or incurred while the Participant was engaged in, or resulted from his having engaged in, a felonious enterprise;

(b) resulted from alcoholism or addiction to narcotics; or

(c) resulted from an injury incurred while a member of the armed forces of the United States after the effective date of the Plan and for which the Participant receives a military pension.

1.14 ELECTIVE DEFERRALS: Contributions made to the Plan during the Plan Year by the Employer, at the election of the Participant, in lieu of cash compensation.

1.15 EMPLOYEE: Except as otherwise specified in this Section, effective October 1, 1995, Employee means all common law employees employed by the Employer who are not covered by a collective bargaining agreement. Employees of the Sponsor who are working at one of the Nichols-Homeshield divisions and directors not regularly employed by the Employer will not be considered Employees. All leased employees (as defined in Section 414(n) of the Code) will not be considered Employees unless the Plan's qualified status is dependent upon their coverage.

1.16 EMPLOYER: Quanex Corporation and any other business organization which adopts the Plan.

1.17 EMPLOYER MATCHING CONTRIBUTIONS ACCOUNT: The Account established for a Participant pursuant to Section 3.5.3.

1.18 ENTRY DATE: The first day of the quarter.

1.19 ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to a specific provision of ERISA shall include such provision and any applicable regulation pertaining thereto.

1.20 FAMILY MEMBER: An Employee's spouse, lineal ascendants or descendants, and the spouses of such lineal ascendants or descendants. For this purpose, a former employee is treated as an Employee if he was a Highly Compensated Employee when he separated from service or he was a Highly Compensated Employee at any time after attaining age 55.

1.21 401(k) ACCOUNT: The Account under the Plan established for a Participant pursuant to Section 3.5.1.

1.22 401(k) ELECTION: The election by a Participant to make Elective Deferrals in accordance with Section 3.1.2.

1.23 FULLY VESTED SEPARATION: Termination of Employment of a Participant whose vested percentage in his or her Employer Contributions Account is 100%.

1.24 HIGHLY COMPENSATED EMPLOYEE: An individual described in Code Section 414(q) including Highly Compensated active employees and Highly Compensated former employees.

For this purpose persons who are or were employees of an Employer or an Affiliate will be treated as active Employees or former Employees.

A Highly Compensated active Employee includes any Employee who performs service for the Employer or an Affiliate during the determination year and who, during the look-back year: (i) received Plan Compensation from the Employer or an Affiliate in excess of $75,000 (as adjusted pursuant to Code Section 415(d)); (ii) received Plan Compensation from the Employer or an Affiliate in excess of $50,000 (as adjusted pursuant to Code Section 415(d)) and was a member of the top-paid group for such year; or (iii) was an officer of the Employer of an Affiliate and received Plan Compensation during such year that is greater than 50 percent of the dollar limitation in effect under Code Section 415(b)(1)(A). The term Highly Compensated Employee also includes: (i) Employees who are both described in the preceding sentence if the term "determination year" is substituted for the term "look-back year" and the Employee is one of the 100 Employees who received the most Plan Compensation from the Employer during the determination year; and (ii) Employees who are 5-percent owners (as defined in Code Section 416(i)(1)) at any time during the look-back year or determination year.

For this purpose no more than 50 Employees or, if lesser, the greater of three Employees or 10% of the Employees will be treated as officers of the Employer. An Employee is in the "top-paid group" of Employees for any year if he is in the group consisting of the top 20 percent of Employees when ranked on the basis of Compensation paid during such year. For purposes of determining the number of Employees in the top-paid group or the number of officers taken into account, the following Employees shall be excluded, (A) Employees who have not completed six months of service, (B) Employees who normally work less than 17 1/2 hours per week, (C) Employees who normally work not more than six months during any year, (D) Employees who have not attained age 21, and (E) except to the extent provided in Treasury Regulations, Employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between Employee representatives and the Employer.

If no officer has satisfied the Plan Compensation requirement of (iii) above during either a determination year or look-back year, the highest paid officer for such year shall be treated as a Highly Compensated Employee.

For this purpose, the determination year shall be the Plan Year. The look-back year shall be the twelve-month period immediately preceding the determination year.

A Highly Compensated former Employee includes any Employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Employer during the determination years, and was a Highly Compensated active Employee for either the separation year or any determination year ending on or after the Employee's 55th birthday.

If an Employee is, during a determination year or look-back year, a Family Member of either a 5 percent owner who is an active or former Employee or a Highly Compensated Employee who is one of the 10 most highly compensated Employees ranked on the basis of Plan Compensation paid by the Employer during such year, then the Family Member and the 5 percent owner or top-ten highly compensated Employee shall be aggregated. In such case, the Family Member and the 5 percent owner or top-ten highly compensated Employee shall be treated as a single Employee receiving Plan Compensation and Plan contributions or benefits equal to the sum of such Plan Compensation and contribution of the Family Member and 5 percent owner or top-ten Highly Compensated Employee.

The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top-paid group, the top 100 Employees, the number of Employees treated as officers and the Plan Compensation that is considered, will be made in accordance with Code Section 414(q) and the regulations thereunder.

1.25 HOUR OF SERVICE: An hour for which an Employee is paid, or entitled to payment, by the Employer or an Affiliate, for the performance of duties for the Employer or an Affiliate.

1.26 MATCHING CONTRIBUTION: Any contribution to this or any other Defined Contribution Plan made by the Employer for the Plan Year and allocated to a Participant's Employer Matching Contributions Account by reason of the Participant's 401(k) Election and/or Participant Contributions. Each payroll period the Employer will make a Matching Contribution to the Trust from its Net Income or Retained Earnings a sum equal to fifty percent (50%) of the Elective Deferrals and/or Participant Contributions made for a Participant for the same pay period but not in excess of five percent (5%) of the Participant's Compensation so that the maximum Matching Contribution on behalf of any Participant will be a Matching Contribution of two and one-half percent (2 1/2%) of the Participant's Compensation.

1.27 NET INCOME: An Employer's net earnings for any given year as determined in accordance with generally accepted accounting principles and reflected in the consolidated statement of operations for such year, without reductions for contributions under this Plan or provided for income taxes.

1.28 NON-ELECTIVE CONTRIBUTIONS ACCOUNT: The Account established for a Participant pursuant to Section 3.5.4.

1.29 NON-HIGHLY COMPENSATED EMPLOYEE: An Employee of the Employer who is neither a Highly Compensated Employee nor a Family Member.

1.30 NON-VESTED SEPARATION: Termination of employment of a Participant whose vested percentage in his or her Employer Contributions Account is 0%.

1.31 NORMAL RETIREMENT AGE: Age sixty-five (65).

1.32 PARTIALLY VESTED SEPARATION: Termination of employment of a Participant whose vested percentage in his or her Employer Contributions Account is less than 100% but greater than 0%.

1.33 PARTICIPANT: An Employee who has commenced, but not terminated, participation in the Plan as provided in Article II.

1.34 PARTICIPANT CONTRIBUTIONS: Contributions made to the Plan for the Plan Year at the election of the Participant pursuant to Section 3.3.2.

1.35 PARTICIPANT CONTRIBUTIONS ACCOUNT: The Account established for a Participant pursuant to Section 3.5.2.

1.36 PLAN: The Quanex Corporation Employee Savings Plan herein set forth and all subsequent amendments thereto.

1.37 PLAN COMPENSATION: Wages as defined in Section 3401(a) of the Code for purposes of income tax withholding at the source (but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed) paid to the Participant by the Employer or an Affiliate, plus elective pre-tax contributions under a cafeteria plan governed by Section 125 of the Code and elective pre-tax contributions to any plan qualified under Section 401(k), 408(k) or 403(b) of the Code.

1.38 PLAN YEAR: The 12-consecutive-month period beginning on January 1st and ending on December 31st. However, the first Plan Year shall be a short Plan Year beginning on April 1, 1986, and ending December 31, 1986.

1.39 QUALIFIED NON-ELECTIVE CONTRIBUTIONS: Contributions, if any (other than Matching Contributions or Elective Deferrals), made by the Employer and allocated to 401(k) and Non-Elective Contributions Accounts that the Participant may not elect to receive in cash until distributed from the Plan; that are nonforfeitable when made; and that are not distributable under the terms of the Plan to Participants or their Beneficiaries earlier than the earlier of the separation from service, death, or Disability of the Participant.

1.40 QUALIFIED PLAN: A Defined Benefit Plan or Defined Contribution Plan which is qualified under Code Section 401(a).

1.41 RETAINED EARNINGS: An Employer's retained earnings at the end of any given year as determined in accordance with generally accepted accounting principles and reflected in the consolidated balance sheet at the end of such year, without reductions for contributions under this Plan or provided for income taxes.

1.42 ROLLOVER CONTRIBUTION: A contribution so described in Section 3.4.

1.43 ROLLOVER CONTRIBUTIONS ACCOUNT: The Account established for a Participant pursuant to Section 3.5.6.

1.44 SEVERANCE FROM SERVICE DATE: The earlier of (i) the date on which the Employee quits, retires, is discharged, or dies; or (ii) the first anniversary of the first date of a period in which the Employee remains absent from service (with or without pay) for any reason other than a quit, retirement, discharge, or death, such as vacation, holiday, sickness, disability, leave of absence, layoff, the pregnancy of the Employee, the birth of a child of the Employee, or the placement of a child with the Employee in connection with the adoption by such Employee, or for purposes of caring for such child for a period beginning immediately following such birth or placement. The Severance From Service Date of an Employee who is absent from service beyond the first anniversary of the first date of absence by reason of maternity or paternity absence described in Section 410(a)(5)(E)(i) of the Code is the second anniversary of the first date of absence. The period between the first and second anniversaries of the first date of absence will be treated as neither a period of service nor a period of severance.

1.45 SPONSOR: Quanex Corporation.

1.46 SPOUSE: The person married to a Participant or the surviving spouse, provided that a former spouse will be treated as the Spouse to the extent provided under a "qualified domestic relations order" (or a "domestic relations order" treated as such) as described in Code Section 414(p).

1.47 SURVIVING SPOUSE: The Spouse of a Participant on the earlier of:

(a) the date of the Participant's death; or

(b) the Participant's Benefit Commencement Date.

1.48 TRUST: The trust estates created by separate instruments entered into by and between the Company and the Trustee, as it or they may be amended from time to time.

1.49 TRUST FUND: The assets of the Trust held by or in the name of the Trustee.

1.50 TRUSTEE: One or more corporations with trust powers and/or one or more individuals initially appointed by the Company to serve as Trustee, each of which will serve separately of that portion of the Trust Fund held by it, respectively, or any successor or successors appointed by the Company.

1.51 VALUATION DATE: The last day of each month. For assets that are valued daily ("daily market assets"), each trading date upon which a Participant's Accounts can be valued.

1.52 VESTING SERVICE: The years of Active Service credited to a Participant under Section 4.2 for purposes of determining the Participant's vested percentage in the Account Balance of the Employer Contributions Account established for the Participant.

1.53 YEAR OF SEVERANCE: A 12-consecutive-month period beginning on the Severance From Service Date and ending on an anniversary of such date, provided that the Employee does not perform an Hour of Service during such 12-consecutive-month period.

ARTICLE II

PARTICIPATION

2.1 ADMISSION AS A PARTICIPANT:

2.1.1 An Employee shall become a Participant on the Entry Date coincident with or next following the later of (i) the effective date of the adoption of the Plan by the Employer, or (ii) the date on which he or she completes three months of Service.

2.1.2 If an Employee who did not become a Participant is separated from service of the Employer during a period that includes an Entry Date, the Employee will be eligible to start participation in the Plan on the first Entry Date that occurs with or next follows his or her completion of an Hour of Service following his or her return to employment with the Employer.

2.1.3 An individual who has ceased to be a Participant and who again becomes an Employee shall become a Participant on the next Entry Day following the day on which he or she completes an Hour of Service following his or her return to employment with the Employer.

2.1.4 In the event a Participant is no longer an Employee and becomes ineligible to participate, but has not incurred a Period of Severance, such Employee will participate immediately upon again becoming an Employee. If such Participant incurs a Period of Severance, eligibility will be determined under the Period of Severance rules of the Plan.

2.2 ROLLOVER MEMBERSHIP: An Employee who makes a Rollover Contribution shall become a Participant as of the date of such contribution even if he or she had not previously become a Participant. Such an Employee shall be a Participant only for the purposes of such Rollover Contribution and shall not be eligible to make other contributions or to share in contributions made by the Employer or a Participating Affiliate until he or she has become a Participant in accordance with Section 2.1.

2.3 PROVISION OF INFORMATION: For purposes of the Plan, each Employee shall execute such forms as may reasonably be required by the Administrative Committee, and the Participant shall make available to the Administrative Committee and the Trustee any information they may reasonably request in this regard. By virtue of his or her participation in this Plan, an Employee agrees, on his or her own behalf and on behalf of all persons who may have or claim any right by reason of the Employee's participation in the Plan, to be bound by all provisions of the Plan.

2.4 TERMINATION OF PARTICIPATION: A Participant shall cease to be a Participant:

(a) upon his or her death;

(b) upon his or her termination of Employment; or

(c) upon transfer to a group of Employees not eligible for participation in the Plan in accordance with Section 2.1.

The Employer will withhold from such an individual's final paycheck for services rendered prior to his death, termination of Employment or transfer an amount necessary to comply with his 401(k) Election.

ARTICLE III

CONTRIBUTIONS AND ACCOUNT ALLOCATIONS

3.1 EMPLOYER CONTRIBUTIONS:

3.1.1 DEFINITIONS: As used in this Section 3.1, each of the following terms shall have the meanings for that term set forth in this Section 3.1.1.

(a) ACTUAL DEFERRAL PERCENTAGE means the ratio for a specified group of Participants for a Plan Year, calculated separately for each Participant in the group (and expressed as a percentage), of Elective Deferrals and, if applicable, Qualified Nonelective Contributions on behalf of each Participant for the Plan Year to such Participant's Compensation for the Plan Year (whether or not the Employee was a Participant for the entire Plan Year). The Actual Deferral Percentage of an eligible Employee who does not make an Elective 401(k) deferral and who does not receive an allocation of a qualified Nonelective Contribution, is zero. Employer contributions on behalf of any Participant taken into account for the Actual Deferral Percentage shall include (1) any Employer contributions made pursuant to the Participant's Elective Deferral, including Excess Deferral Amounts of Highly Compensated Employees, but excluding Elective Deferrals that are taken into account in the Contribution Percentage test (provided the Average Actual Deferral Percentage is satisfied both with and without exclusion of these Elective Deferrals), and (2) under such rules as the Secretary of the Treasury may prescribe, may, at the election of the Employer, include Qualified Nonelective Contributions. Qualified Nonelective Contributions may be treated as Elective Deferrals only if the conditions described in Treas. Reg. Section 1.401(k)-1(b)(5) are met. For purposes of computing Actual Deferral Percentages, an individual is an eligible Employee if he is directly or indirectly eligible to make a cash or deferred election under the Plan for all or a portion of the Plan Year, including but not limited to an Employee who would be eligible to make Elective Deferrals but for a suspension due to a distribution, withdrawal, loan, or an election not to participate in the Plan. In addition, an Employee does not fail to be treated as an eligible Employee merely because the Employee may receive no additional annual additions because of Section 415(c)(1) or 415(e) of the Code.

(b) AGGREGATE LIMIT shall mean the sum of (i) 125 percent of the greater of the Actual Deferral Percentage of the Non-Highly Compensated Employees for the Plan Year or the Actual Contribution Percentage of Non-Highly Compensated Employees under the plan subject to Code Section 401(m) for the Plan Year beginning with or within the Plan Year of the cash or deferred arrangement and (ii) the lesser of 200% or two plus the lesser of such Actual Deferral Percentage or Actual Contribution Percentage. "Lesser" is substituted

for "greater" in "(i)", above, and "greater" is substituted for "lesser" after "two plus the" in "(ii)" if it would result in a larger Aggregate limit.

(c) AVERAGE ACTUAL DEFERRAL PERCENTAGE means the average (expressed as a percentage) of the Actual Deferral Percentages of the eligible Employees in a group.

(d) AVERAGE ACTUAL CONTRIBUTION PERCENTAGE means the average (expressed as percentage) of the Contribution Percentages of the eligible Employees in a group.

(e) CONTRIBUTION PERCENTAGE means the ratio (expressed as a percentage) of the Participant Contributions and Matching Contributions under the Plan on behalf of the Eligible Employee for the Plan Year to the Eligible Employee's Compensation for the Plan Year (whether or not the Employee was a Participant for the entire Plan Year). If the Employer elects to include Elective Deferrals and Qualified Nonelective Contributions in the Contribution Percentage, such percentage shall be the ratio of the Matching Contributions, Participant Contributions, Elective Deferrals and Qualified Nonelective Contributions on behalf of the Participant for the Plan Year to such Participant's Compensation for the Plan Year. For purposes of computing Contribution Percentages, the term eligible Employee means an Employee who is directly or indirectly eligible to make Participant Contributions or to receive an allocation of Matching Contributions (including Matching Contributions derived from forfeitures) under the Plan for the Plan Year, including an Employee who would be eligible to make Participant Contributions but for a suspension due to a distribution, withdrawal, loan or an election not to participate in the Plan. In addition, an Employee does not fail to be an eligible Employee merely because the Employee may receive no additional annual additions because of Section 415(c)(1) or 415(e) of the Code.

(f) CONTRIBUTION PERCENTAGE AMOUNTS mean the sum of the Participant Contributions and Matching Contributions under the Plan on behalf of the Participant for the Plan Year. The Employer may include, in the Contribution Percentage Amounts, Elective Deferrals or Qualified Nonelective Contributions, or both, as provided by regulations. The Employer may also elect to use Elective Deferrals in the Contribution Percentage Amounts so long as the Average Deferral Percentage test is met before the Elective Deferrals are used in the Actual Contribution Percentage test and continues to be met following the exclusion of those Elective Deferrals that are used to meet the Actual Contribution Percentage test. Such Contribution Percentage Amounts shall include forfeitures of Excess Aggregate Contributions or matching contributions allocated to the Participant's Account which shall be taken into account in the year in which such forfeiture is allocated.

(g) EMPLOYER: For purposes of this article, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Section 414(b) of the Code as modified by Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified in Code Section 415(h)) or affiliated service groups (as defined in Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the employer pursuant to regulations under Section 414(o) of the Code.

(h) EXCESS AGGREGATE CONTRIBUTIONS means with respect to any Plan Year, the excess of:

(i) The aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over

(ii) The maximum Contribution Percentage Amounts permitted by the Average Contribution Percentage test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

Such determinations shall be made after first determining Excess Elective Deferrals pursuant to Section 3.1.2 and then determining Excess Contributions pursuant to Section 3.1.3.

(i) EXCESS CONTRIBUTIONS means with respect to any Plan Year, the aggregate amount of Elective Deferrals actually paid over to the Trustee for a Plan Year on behalf of Highly Compensated Employees over the maximum amount of such contributions permitted under Section 3.1.4(b); and

(j) EXCESS DEFERRAL AMOUNT means the amount of Elective Deferrals for a calendar year that the Participant allocates to this Plan in excess of the dollar limit contained in Code Section 402(g) in Section 3.1.2(a) below pursuant to the claim procedure set forth in Section 3.1.4(a)(ii).

3.1.2 ELECTIVE DEFERRALS: For each Plan Year each Employer will contribute to the Trust Fund an amount equal to the Elective Deferral percentage elected by each Participant on his or her 401(k) Election (which election can be made at least once each calendar year, but not retroactively) multiplied by each such Participant's Compensation, subject to the following:

(a) MAXIMUM AMOUNT OF ELECTIVE DEFERRALS: No Participant shall be permitted to have Elective Deferrals made under this Plan during any

taxable year in excess of $7,000 multiplied by the Adjustment Factor as provided by the Secretary of the Treasury; and subject to the limitations provided by Code Section 402(g) in effect at the beginning of such taxable year. Excess Deferrals shall be treated as annual additions under the Plan. A Participant may assign to this Plan any Excess Elective Deferrals made during a taxable year of the Participant by notifying the Administrative Committee on or before April 15 of the amount of the Excess Elective Deferrals to be assigned to the Plan.

(b) AVERAGE ACTUAL DEFERRAL PERCENTAGE: The Average Actual Deferral Percentage for eligible Employees who are Highly Compensated Employees for the Plan Year and the Average Actual Deferral Percentage for eligible Employees who are Non-Highly Compensated Employees must satisfy one of the following tests:

(i) The Average Actual Deferral Percentage for eligible Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for eligible Employees who are Non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(ii) The Average Actual Deferral Percentage for eligible Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for eligible Employees who are Non-Highly Compensated Employees for the Plan Year multiplied by 2, provided that the Average Actual Deferral Percentage for eligible Employees who are Highly Compensated Employees does not exceed the Average Actual Deferral Percentage for eligible Employees who are Non-Highly Compensated Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any Highly Compensated Employee.

For purposes of determining the Actual Deferral Percentage, Qualified Nonelective Contributions will be considered made for a Plan Year if made by the date specified in the applicable regulations.

(c) SPECIAL RULES:

(i) For purposes of this Section 3.1.2, the Actual Deferral Percentage for any eligible Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferrals or Qualified Nonelective Contributions allocated to his or her account under two or more plans or arrangements described in Code Section 401(k) that are maintained by the Company or an Affiliate shall be

determined as if all such Elective Deferrals and Qualified Nonelective Contributions were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash and deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement.

(ii) For purposes of determining the Actual Deferral Percentage of a Participant who is a 5-percent owner or one of the ten most highly paid Highly Compensated Employees, the Elective Deferrals, Qualified Nonelective Contributions, if treated as Elective Deferrals for purpose of the Actual Deferral Percentage of Compensation of such Participant shall include the Elective Deferrals, Qualified Nonelective Contributions and Compensation for the Plan Year of Family Members, and such Family Members with respect to such Highly Compensated Employees, shall be disregarded in determining the Actual Deferral Percentage for Participants who are Non-Highly Compensated Employees and for Participants who are Highly Compensated Employees.

(iii) In the event that this Plan satisfies the requirements of Code Sections 401(k), 401(a)(4), or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the Average Actual Deferral Percentage of Employees as if all such plans were a single plan. For Plan Years beginning after December 31, 1989, plans may be aggregated in order to satisfy Code Section 401(k) only if they have the same Plan Year.

(iv) For purposes of determining the Average Deferral Percentage test, Elective Deferrals and Qualified Nonelective Contributions must be made before the last day of the twelve-month period immediately following the Plan Year to which contributions relate.

(v) The Employer shall maintain records sufficient to demonstrate satisfaction of the Average Deferral Percentage test and the amount of Qualified Nonelective Contributions used in such test.

(vi) The determination and treatment of the Elective Deferrals, Qualified Nonelective Contributions and Actual Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

(d) A Participant may elect to have the Employer contribute to the Plan on his or her behalf Elective Deferrals of up to fifteen percent (15%) of his or her Compensation. The amount elected by a Participant pursuant to a 401(k)

Election may not be made retroactively. The 401(k) Election shall be made on a form provided by the Administrator but no election shall be effective prior to approval by the Administrator. Subject to the provisions of this Section 3.1.2, a Participant's 401(k) Election shall remain in effect until modified or terminated. The Administrator may reduce the amount of any 401(k) Election, or make such other modifications as necessary, so that the Plan complies with the provisions of the Code. All Elective Deferrals pursuant to a 401(k) Election shall be made in accordance with such rules and procedures as established by the Administrator.

3.1.3 PARTICIPANT AND MATCHING CONTRIBUTIONS: The following limitation applies to Participant Contributions and Matching Contributions:

(a) LIMITATION ON ACTUAL CONTRIBUTION PERCENTAGE: Participant and Matching Employer contributions for each Plan Year must satisfy one of the following tests:

(i) The Average Actual Contribution Percentage for eligible Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for eligible Employees who are Non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(ii) The Average Actual Contribution Percentage for eligible Employees who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for eligible Employees who are Non-Highly Compensated Employees for the Plan Year multiplied by 2, provided that the Average Actual Contribution Percentage for eligible Employees who are Highly Compensated Employees does not exceed the Average Actual Contribution Percentage for eligible Employees who are Non-Highly Compensated Employees by more than two (2) percentage points.

(b) SPECIAL RULES:

(i) For purposes of this Section 3.1.3, the Contribution Percentage for any eligible Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to receive Participant and Matching Contributions, Qualified Nonelective Contributions or Elective Deferrals allocated to his or her account under two or more plans described in Code Section 401(a) or arrangements described in Code Section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such contributions and Elective Deferrals were made under a single plan. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have

different Plan Years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement.

(ii) If this Plan is aggregated with other plans for purposes of Code Section 410(b) (other than the average benefit percentage test), then this Section 3.1.3 shall be applied by determining the Contribution Percentages of eligible Employees as if all such plans were a single plan.

(iii) For purposes of determining the Actual Contribution Percentage of an eligible Employee who is a five-percent owner or one of the ten most highly-paid Highly Compensated Employees, Participant Contributions, Matching Contributions and Compensation of such Participant shall include the Participant and Matching Contributions and Compensation of Family Members. Family Members of Highly Compensated Employees shall be disregarded as separate employees in determining the actual Contribution Percentage both for eligible Employees who are Non-Highly Compensated Employees and for Employees who are Highly Compensated Employees.

(iv) In computing the Average Contribution Percentage test, the Employer shall be permitted to take Elective Deferrals and Qualified Nonelective Contributions not used in the Actual Deferral Percentage test into account and may include such deferrals and contributions in the annual determination of the Contribution Percentage Amounts under this Plan provided that the conditions described in Treas. Reg. Section 1.401(m)-1(b)(5) are satisfied.

(v) For purposes of determining the Actual Contribution Percentage test, Participant Contributions are considered to have been made in the Plan Year in which contributed to the trust or to an agent of the Plan, as provided for in Proposed Regulation Section 1.401(m)-1(b)(5). Matching Contributions and Qualified Nonelective Contributions will be considered made for a Plan Year if made no later than the end of the twelve-month period beginning on the day after the close of the Plan Year, and allocated to a Participant's Account for the Plan Year.

(vi) The Employer shall maintain records sufficient to demonstrate satisfaction of the Actual Contribution Percentage test and the amount of Elective Deferrals and Qualified Nonelective Contributions used in such test.

(vii) The determination and treatment of the Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

3.1.4 DISTRIBUTIONS OF EXCESS AMOUNTS:

(a) DISTRIBUTION OF EXCESS DEFERRALS:

(i) IN GENERAL: Notwithstanding any other provision of the Plan, Excess Deferral Amounts and income allocable thereto shall be distributed no later than April 15th of the following calendar year to Participants who claim such allocable Excess Deferral Amounts for the preceding calendar year or, if so designated by the Participant, during the same taxable year in which the Excess Deferral was realized. Excess Deferral Amounts shall be treated as Annual Additions.

(ii) CLAIMS: The Participant's claim shall be in writing; shall be submitted to the Administrative Committee no later than March 1; shall specify the Participant's Excess Deferral Amount for the preceding calendar year; and shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Excess Deferral Amount, when added to amounts to which an election to defer had been made under other plans or arrangements described in Code Sections 401(k), 402(h)(1)(B), 408(k) or 403(b), any eligible deferred compensation plan under Code Section 457 or any plan described under Code Section 501(c)(18), exceeds the limit imposed on the Participant by Code Section 402(g) for the year in which the deferral occurred. A Participant will be deemed to have made a claim for a distribution from this Plan of any Elective Deferral contributed on his or her behalf to this Plan to the extent that the Elective Deferral amount contributed exceeds the dollar limitation set out in Section 3.1.2.

(iii) DETERMINATION OF INCOME OR LOSS: The Excess Deferral Amount distributed to a Participant with respect to a calendar year shall be adjusted for income and, if there is a loss allocable to the Excess Deferral, shall in no event be less than the lesser of the Participant's 401(k) Account under the Plan or the Participant's Elective Deferrals for the Plan Year. For the taxable year in which the Excess Deferral was realized, the income or loss allocable to Excess Deferral Amounts shall be adjusted for any income or loss up to the date of distribution. The income allocable to Excess Elective Deferrals for the taxable year of the Participant shall be determined by multiplying the income for the taxable year of the Participant allocable to Elective Deferrals by a fraction. The numerator of the fraction is the amount of Excess Elective Deferrals made on behalf of the Participant for the taxable year. The denominator of the fraction is the Participant's total Elective Deferrals Account balance as of the beginning of the taxable year plus the Participant's Elective Deferrals for the taxable year.

(b) DISTRIBUTION OF EXCESS CONTRIBUTIONS:

(i) IN GENERAL: Notwithstanding any other provision of the Plan, Excess Contributions, plus any income and minus any loss allocable thereto shall be distributed from the 401(k) Contributions Account no later than the last day of each Plan Year, to Participants on whose behalf such Excess Contributions were made for the preceding Plan Year. If such Excess Contributions are distributed more than 2 1/2 months after the last day of the Plan Year in which such Excess Contributions arose, a ten (10) percent excise tax will be imposed on the Employer maintaining the Plan with respect to such amounts. The Excess Contributions with respect to a Highly Compensated Employee shall be determined by reducing Elective Deferrals made on behalf of such Highly Compensated Employees in order of the Actual Deferral Percentage beginning with the highest of such percentage. Excess Contributions (including any amounts recharacterized) shall be treated as Annual Additions under the Plan. Excess Contributions shall be allocated to Participants who are subject to the family member aggregation rules of Code Section 414(q)(6) in the manner prescribed by the regulations.

(ii) DETERMINATION OF INCOME OR LOSS: The income allocable to Excess Contributions for the Plan Year shall be determined by multiplying the income for the Plan Year allocable to Elective Deferrals and Qualified Nonelective Contributions that the Employer elects to have treated as Elective Deferrals by a fraction. The numerator of the fraction is the amount of Excess Contributions made on behalf of the Participant for the Plan Year. The denominator of the fraction is the Member's total Account balance attributable to Elective Deferrals and Qualified Nonelective Contributions that the Employer elects to have treated as Elective Deferrals as of the beginning of the Plan Year plus the Participant's Elective Deferrals and Qualified Nonelective Contributions that the Employer elects to have treated as Elective Deferrals for the Plan Year.

(iii) MAXIMUM DISTRIBUTION AMOUNT: The Excess Contributions which would otherwise be distributed to the Participant shall be adjusted for income; shall be reduced, in accordance with regulations, by the amount of Excess Deferrals distributed to the Participant.

(iv) ACCOUNTING FOR EXCESS CONTRIBUTIONS: Amounts distributed under this Section 3.1.4(b) shall first be treated as distributions from the Participant's 401(k) Account; then be treated as distributions from the Participant's matched contributions to his or her 401(k) Account; and shall then be treated as distributions from the

Participant's Matching Contributions to his or her 401(k) Account only to the extent that such Excess Contributions exceed the balance of the Participant's Elective Deferral Account to his or her 401(k) Account.

(v) SPECIAL QUALIFIED NONELECTIVE CONTRIBUTIONS:

(A) In lieu of distributing Excess Contributions pursuant to the subparagraph (i), the Employer or Participating Affiliate may make special Qualified Nonelective Contributions on behalf of Non-Highly Compensated Employees that are sufficient to satisfy either of the Average Actual Deferral Percentage tests. Allocations of such Qualified Nonelective Contributions shall be made to such Non-Highly Compensated Employees as are selected by the Administrative Committee.

(B) Under no circumstances may Elective Deferrals and Qualified Nonelective Contributions be contributed and allocated to the Trust later than thirty days after the close of the Plan Year for which contributions are deemed to be made, or such other time as provided in applicable regulations under the Code.

(c) DISTRIBUTION OF EXCESS AGGREGATE CONTRIBUTIONS:

(i) IN GENERAL: Excess Aggregate Contributions plus any income and minus any loss allocable thereto shall be forfeited, if otherwise forfeitable under the Plan, or if not forfeitable, shall be distributed no later than the last day of each Plan Year to Participants to whose Accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions to be distributed shall be apportioned to Participants who are subject to the Family Member aggregation rules of Code Section 414(q)(6) in the manner prescribed by the regulations. If such Excess Aggregate Contributions are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a ten (10) percent excise tax will be imposed on the Employer maintaining the Plan with respect to those amounts. Excess Aggregate Contributions shall be treated as Annual Additions.

(ii) DETERMINATION OF INCOME OR LOSS: The income allocable to Excess Aggregate Contributions for a Plan Year shall be determined by multiplying the income for the Plan Year allocable to Employee Contributions, Matching Contributions, and Qualified Nonelective Contributions that the Employer elects to have treated as Employee Contributions by a fraction. The numerator of the fraction is the amount of Excess Aggregate Contributions made on behalf of the Participant for

the Plan Year. The denominator of the fraction is the Participant's total Account balance attributable to Employee Contributions, Matching Contributions, and Qualified Nonelective Contributions that the Employer elects to have treated as Employee Contributions as of the beginning of the Plan Year plus the Participant's Employee Contributions, Matching Contributions, and Qualified Nonelective Contributions that the Employer elects to have treated as Employee Contributions for the Plan Year.

Forfeitures of Excess Aggregate Contributions: Forfeitures of Excess Aggregate Contributions will be applied to reduce future Employer Matching Contributions.

(iii) MAXIMUM DISTRIBUTION AMOUNT: The Excess Aggregate Contributions to be distributed to a Participant shall be adjusted for income, and, if there is a loss allocable to the Excess Aggregate Contribution, shall in no event be less than the lesser of the Participant's, Participant Contributions Account and Employer Contributions Account under the Plan or the Participant's Matching Contributions for the Plan Year.

(iv) ACCOUNTING FOR EXCESS AGGREGATE CONTRIBUTIONS: Excess Aggregate Contributions shall be forfeited, if forfeitable or distributed on a pro-rata basis from the Participant's Participant Contribution Account and Matching Contribution Account, (and, if applicable, the Participant's Qualified Nonelective Contribution Account or Elective Deferral Account, or both).

3.1.5 MULTIPLE USE OF ALTERNATIVE LIMITATION: If the second alternatives set out in Sections 3.1.2(b)(ii) and 3.1.3(a)(ii) are used for both the actual deferral percentage test and the actual contribution percentage test, then the additional limitation on contributions set forth in this Section will apply. The Actual Deferral Percentage of the group of eligible Employees who are Highly Compensated Employees plus the Contribution Percentage of the group of eligible Employees cannot exceed the Aggregate Limit.

If this limitation would be exceeded for a Plan Year, then before the close of the following Plan Year the Actual Contribution Percentage of the group of eligible Employees who are Highly Compensated Employees will be reduced and distributions of contributions will be made in the manner set forth in Section 3.1.4(c) and Department of Treasury Regulation Section 1.401(m)-1(e)(2). Any distributions required under this Section are in addition to and not in lieu of distributions required under Section 3.1.4(b) or Section 3.1.4(c).

3.1.6 All Elective Deferrals and Matching Contributions by an Employer as well as Participant contributions made pursuant to Section 3.3.2 shall be paid to the Trustee no later than thirty (30) days after the last calendar day of the month next following or coincident with the applicable payroll period. Contributions by an Employer with respect to any Plan Year made pursuant to Section 3.1.4 shall be paid to the Trustee no later than thirty (30) days following the end of the Company's taxable year, which includes the last day of such Plan Year.

3.2 TREATMENT OF FORFEITURES:

3.2.1 The amount of forfeitures for any Plan Year shall be considered as part of the Matching Contributions of the Employer or Participating Affiliate with respect to which the forfeiture derives and such amount shall reduce the Matching Contributions of the Employer or Participating Affiliate, as the case may be, otherwise to be made for the succeeding Plan Year.

3.2.2 No forfeitures will occur solely as a result of an Employee's withdrawal of Participant contributions.

3.3 PARTICIPANT CONTRIBUTIONS:

3.3.1 No Participant contributions shall be required as a condition of participation in the Plan.

3.3.2 To the extent permitted by the Committee, each Participant may make voluntary after-tax contributions to the Plan through payroll deductions or in a lump sum in cash. The total of a Participant's Elective Deferrals and voluntary after-tax contributions for a Plan Year cannot exceed 15% of the Participant's Compensation for that Plan Year.

3.3.3 Participant Contributions shall be made in accordance with procedures and rules adopted by the Administrative Committee. For this purpose, "Participant Contribution" shall mean any contribution made to the plan by or on behalf of a Participant that is included in the Participant's gross income in the year in which made and that is maintained under a separate account to which earnings and losses are allocated.

3.4 ROLLOVER CONTRIBUTIONS AND PLAN TO PLAN TRANSFERS. The Administrative Committee may permit Rollover Contributions by Participants and/or direct transfers to or from another qualified plan on behalf of Participants from time to time. If Rollover Contributions and/or direct transfers to or from another qualified plan are permitted, the opportunity to make those contributions and/or direct transfers must be made available to Participants on a nondiscriminatory basis. For this purpose, all Employees of an Employer shall be considered to be Participants of the Plan even though they may not have met the eligibility requirements. However, they

shall not be entitled to contribute to the Plan, share in Employer Contributions or share in forfeitures unless and until they have met the requirements for eligibility, contributions and allocations. A Rollover Contribution shall not be accepted unless it is made on or before the 60th day after the Participant received the distribution or it is directly rolled over to this Plan in a rollover described in Section 401(a)(31) of the Code. A Participant shall not be permitted to make a Rollover Contribution if the property he intends to contribute is for any reason unacceptable to the Trustee. A Rollover Contribution Account shall be established for any Employee who makes a Rollover Contribution.

A direct transfer of assets from another qualified plan in a transfer subject to the requirements of Section 414(l) of the Code shall not be accepted if it was at any time part of (a) a defined benefit plan (as defined in Section 401(a) or 414(j) of the Code), (b) a defined contribution plan (as defined in Sections 401(a) and 414(i) of the Code) which is subject to the minimum funding standards of Section 412 of the Code, (c) any other qualified plan which has joint and survivor annuity benefits or qualified preretirement survivor annuity benefits as described in Section 417 of the Code, or (d) a plan which permits a distribution or withdrawal in a form not permitted under this Plan.

Rollover Contribution means the amount contributed by a Participant of this Plan which consists of any part of an eligible rollover distribution (as defined in Section 402 of the Code) from a qualified employee trust described in Section 401(a) of the Code.

3.5 ESTABLISHING OF ACCOUNTS AND CREDITING OF CONTRIBUTIONS:

3.5.1 A 401(k) Account shall be established for each Participant who contributes to the Plan pursuant to Section 3.1.2 to which the Administrative Committee shall credit, or cause to be credited, Elective Deferrals plus gains or losses thereon.

3.5.2 A Participant Contributions Account shall be established for each Participant who contributes to the Plan pursuant to Section 3.3.2, to which the Administrative Committee shall credit, or cause to be credited, Participant Contributions plus gains or losses thereon.

3.5.3 Subject to the limitations imposed by Code Section 415, as of the last day of each month the Administrative Committee shall allocate each Matching Contribution to the Employer Matching Contributions Account of each Participant eligible for such an allocation.

3.5.4 A Nonelective Contributions Account shall be established for each Participant with respect to whom Qualified Nonelective Contributions are made, to

which the Administrator shall credit, or cause to be credited, all amounts so allocable to each such Participant plus gains or losses thereon.

3.5.5 Unless the Administrative Committee determines, in a uniform and nondiscriminatory basis, that such contributions shall not be permitted, a Rollover Contributions Account shall be established for each Participant who makes a Rollover Contribution to the Plan pursuant to Section 3.4 to which the Administrator shall credit, or cause to be credited, Rollover Contributions made by the Participant plus earnings thereon.

3.5.6 A Rollover Contributions Account will be established for each person who makes a Rollover Contribution to the Plan.

3.6 ALLOCATIONS TO PARTICIPANT ACCOUNTS: A contribution to a 401(k) Account which is made pursuant to a 401(k) Election, a voluntary Employee contribution which is made pursuant to Section 3.3.2, and a Matching Contribution shall be allocated to the respective sub-accounts of a Participant Account of the electing Participant on the date that the Trustee receives such contribution(s). However, solely for nondiscrimination testing purposes, a contribution on behalf of a Participant for a given Plan Year that is received by the Trustee after the last day of that Plan Year will be deemed to be allocated to the Participant's Account as of the last day of the Plan Year to which the contribution relates if the Trustee receives the contribution within one year after the Plan Year to which the contribution relates and the contribution satisfies such other conditions that are prescribed by the Internal Revenue Service. No later than as of the last day of the Plan Year will Qualified Nonelective Contributions be allocated to the Qualified Nonelective Contributions Accounts of those Participants who are selected by the Administrative Committee who are not Highly Compensated Employees and who are in the employ of the Employer at the end of the Plan Year.

Notwithstanding the foregoing, Elective Deferrals will be taken into account under the Actual Deferral Percentage test of Code Section 401(k) and this Section for a Plan Year only if it relates to Compensation that either would have been received by the Employee in the Plan Year (but for the deferral election) or is attributable to services performed by the employee in the Plan Year and would have been received by the Employee within 2 1/2 months after the close of the Plan Year (but for the deferral election). In addition, an Elective Deferral or Qualified Nonelective Contribution will be taken into account under the Actual Deferral Percentage test of Code Section 401(k) and this Section for a Plan Year only if it is allocated to an Employee as of a date within that Plan Year. For this purpose an Elective Deferral or Qualified Nonelective Contribution is considered allocated as of a date within a Plan Year if the allocation is not contingent on participation or performance of services after such date and an Elective Deferral or Qualified Nonelective Contribution is actually paid to the Trust no later than 12 months after the Plan Year to which such contribution relates.

3.7 LIMITATIONS ON ALLOCATIONS:

3.7.1 As used in this Section 3.7, each of the following terms shall have the meaning for that term set forth in this Section 3.7.1:

(a) Annual Additions means, for each Participant, the sum of the following amounts credited to the Participant's Accounts for the Limitation Year:

(i) Employer and Employee contributions;

(ii) forfeitures; and

(iii) amounts described in Code Sections 415(1)(2) and 419A(d)(3). Any portion of any Excess Amount applied under Section 3.7.2(d) or Section 3.7.3(f) in the Limitation Year to reduce Employer contributions will also be considered as part of the Annual Additions for such Limitation Year. Amounts allocated after March 31, 1984 to an "individual medical benefit account" (as defined in Code Section 415(i)(2)) which is part of a Defined Benefit Plan or annuity plan are treated as "annual additions" (as defined in Code Section 415(c)(2)) to a Defined Contribution Plan. Also, amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after that date, which are attributable to post-retirement medical benefits allocated to the separate account of a "key employee" (as defined in Code Section 419A(d)(3)) under a "welfare benefits fund" (as defined in Code Section 419(e)) maintained by the Employer, are treated as "annual additions", defined as indicated in this paragraph, to a Defined Contribution Plan.

(b) Considered Compensation means a Participant's wages as defined in Code Section 3401(a) for purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2)).

For purposes of applying the limitations of this article, Considered Compensation for a limitation year is the Considered Compensation actually paid or includible in gross income during such year. Notwithstanding the preceding sentence, Considered Compensation for a Participant in a Defined Contribution plan who is permanently and totally disabled (as defined in Code Section 22(e)(3)) is the Considered Compensation such Participant would have received for the Limitation Year if the Participant had been paid at the rate of compensation paid immediately before becoming permanently and totally disabled; such imputed Considered Compensation for the disabled Participant may be taken into account only if the Participant is not a

Highly Compensated Employee and contributions made on behalf of such Participant are nonforfeitable when made.

(c)(i) Defined Benefit Fraction means a fraction, the numerator of which is the sum of the Projected Annual Benefit of the Participant involved under all Defined Benefit Plans (whether or not terminated) maintained by the Employer or an Affiliate determined as of the close of the Limitation Year involved, and the denominator of which is the lesser of 125 percent of the dollar limitation determined for the Limitation Year under Code Sections 415(b) and (d) or 140% of the Participant's Highest Average Limitation Compensation, including any adjustments under Code Section 415(b).

(ii) Notwithstanding the above, if the Participant was a participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last limitation year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the Plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

(d) Defined Contribution Dollar Limitation means $30,000 or, if greater, one-fourth of the defined benefit dollar limitation set forth in Code Section 415(b)(1) as in effect for the Limitation Year.

(e) Defined Contribution Fraction means a fraction, the numerator of which is the sum of the "annual additions" (as defined in Code Section 415(c)(2)) to the Participant's Account or Accounts under all the Defined Contribution Plans (whether or not terminated) maintained by the Employer or an Affiliate for the current and all prior Limitation Years including the "annual additions", as defined in Code Section 415(c)(2), attributable to the Participant's nondeductible contributions to Defined Benefit Plans, whether or not terminated, maintained by the Employer or an Affiliate and the "annual additions", as so defined, attributable to all "welfare benefits funds", as defined in Code Section 419(e) and individual medical accounts, as defined in Code Section 415(1)(2), maintained by the Employer or an Affiliate, and the denominator of which is the sum of the "maximum aggregate amounts" (as defined in the following sentence) for the current and all prior Limitation Years of service with the Employer or an Affiliate (regardless of whether a Defined Contribution Plan was maintained by the Employer or an Affiliate). The "maximum aggregate amount" in any Limitation Year is the lesser of:

(i) 125% of the dollar limitation determined under Code Sections 415(b) and (d) in effect for that year under Code Section 415(c)(1)(A); or

(ii) 35% of the Participant's Considered Compensation for such year.

If the Employee was a Participant as of the end of the first day of the first Limitation Year beginning after December 31, 1986, in one or more Defined Contribution Plans maintained by the Employer or an Affiliate in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (A) the excess of the sum of the fractions over 1.0 times (B) the denominator of this fraction will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the Plan made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987. The annual addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat all employee contributions as annual additions.

(f) Employer: For purposes of this Article, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Section 414(b) of the Code as modified by Section 415(h)), all commonly controlled trades or businesses (as defined in Section 414(c) as modified by Section 415(h)) or affiliated service groups (as defined in Section 414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code.

(g) Excess Amount means the excess of the Participant's Annual Additions for the Limitation Year involved over the Maximum Permissible Amount for that Limitation Year.

(h) Highest Average Limitation Compensation means the average Considered Compensation of the Participant involved for that period of 3 consecutive Years of Service with the Employer or Affiliate (or if the Participant has less than 3 such Years of Service, the actual number thereof) that produces the highest average.

(i) Limitation Year means the Plan Year. All Qualified Plans maintained by the Employer or an Affiliate must use the same Limitation Year* If the Limitation Year is amended to a different 12-consecutive-month period,

the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(j) Maximum Permissible Amount means, the maximum annual addition that may be contributed or allocated to a Participant's Account for a Limitation Year and with respect to any Participant, shall not exceed the lesser of:

(i) the Defined Contribution Dollar Limitation; or

(ii) 25% of the Participant's Considered Compensation for the Limitation Year.

The compensation limitation referred to in the preceding sentence shall not apply to any contribution for medical benefits (within the meaning of Section 401(h) or Section 411(f)(2) of the Code) which is otherwise treated as an annual addition under Section 415(l)(1) or 419A(d)(2) of the Code.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive-month period, the Maximum Permissible Amount will not exceed $30,000 multiplied by the number of months in the short Limitation Year/12.

(k) Projected Annual Benefit means the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity) if such benefit is expressed in a form other than a straight life annuity or "qualified joint and survivor annuity" (as defined in Code Section 417(b)) to which the Participant would be entitled under the terms of the Plan assuming:

(i) the Participant continues in employment with the Employer until the Participant's Normal Retirement Age under the Plan within the meaning of Code Section 411(a)(8) (or the Participant's current age, if later); and

(ii) the Participant's Considered Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

3.7.2 The provisions of this Section 3.7.2 apply with respect to a Participant who does not participate in, and has never participated in, a Qualified Plan or a "welfare benefits fund" (as defined in Code Section 419(e)) or an individual medical account, as defined in Code Section 415(l)(2), maintained by the Employer which provides an annual addition as defined in Section 3.7.1(a) maintained by the Employer or an Affiliate, other than this Plan:

(a) The amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan* If the Employer contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions on behalf of the Participant for the Limitation bear to exceed the Maximum Permissible Amount with respect to that Participant for the Limitation Year, the amount contributed or allocated will be reduced so that the Annual Additions on behalf of the Participant for the Limitation Year will equal such Maximum Permissible Amount.

(b) Prior to determining the Participant's actual Considered Compensation for a Limitation Year, the Employer may determine the Maximum Permissible Amount for the Participant for the Limitation Year on the basis of a reasonable estimation of the Participant's Considered Compensation for that Limitation Year. Such estimated Considered Compensation shall be uniformly determined for all Participants similarly situated.

(c) As soon as is administratively feasible after the end of a Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Considered Compensation for the Limitation Year.

(d) If there is an Excess Amount with respect to the Participant for a Limitation Year pursuant to paragraph (c) above or as a result of the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation, a reasonable error in calculating the maximum Elective Deferral that may be made with respect to a Participant under Section 415 of the Code or because of other facts and circumstances which the Commissioner of Internal Revenue finds to be justified, the Excess Amount shall be disposed of as follows:

(i) First, any contribution to the Participant Contributions Account and any earnings allocable thereto, to the extent that the return thereof to the Participant would reduce the Excess Amount, will be returned to the Participant,

(ii) If, after the application of subsection 3.7.2(d)(i) above, an Excess Amount still exists, and the Participant is covered by the Plan at the end of the Limitation Year, the remaining Excess Amount in the Participant's Accounts will be used to reduce Employer contributions under this Plan for such Participant in the next Limitation Year, and in each succeeding Limitation Year, if necessary,

(iii) If, after the application of subsection 3.7.2(d)(i) above, an Excess Amount still exists, and the Participant is not covered by the Plan at the end of a Limitation Year, the remaining Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer contributions under this Plan for all remaining Participants in the next Limitation Year, and in each succeeding Limitation Year, if necessary.

(iv) If a suspense account is in existence at any time during a Limitation Year pursuant to subsections 3.7.2(d) (ii) or (iii) above, the Employer will be considered the Participant with respect to the investment thereof and the suspense account will not participate in the allocation of the Fund's investment gains and losses to or from any other Account. If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participants' Account before any Employer or any Employee contributions may be made to the Plan for that Limitation Year. Excess amounts may not be distributed to Participants or former Participants.

3.7.3 If the employer maintains, or at any time maintained, a qualified defined benefit plan covering any Participant in this Plan, the sum of the Participant's Defined Benefit Plan fraction and Defined Contribution Plan fraction will not exceed 1.0 in any Limitation Year. If this limit is exceeded, then the Participant's benefit under the defined benefit plan will be reduced before the Participant's benefit under this Plan is reduced.

3.8 RETURN OF EMPLOYER CONTRIBUTIONS UNDER SPECIAL CIRCUMSTANCES: Notwithstanding any provision of this Plan to the contrary, upon timely written demand by the Employer or the Administrative Committee to the Trustee:

(a) Any contribution by the Employer to the Plan under a mistake of fact shall be returned to the Employer by the Trustee within one year after the payment of the contribution.

(b) Any contribution made by the Employer incident to the determination by the Commissioner of Internal Revenue that the Plan is initially a Qualified Plan shall be returned to the Employer by the Trustee within one year after notification from the Internal Revenue Service that the Plan is not initially a Qualified Plan, but only if the application for qualification is made by the time prescribed by law for filing the Employer's tax return for the taxable year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

(c) Any contribution made by the Employer conditioned upon the deductibility of the contribution under Code Section 404 shall be returned to the Employer within one year after a deduction for the contribution under Code Section 404 is disallowed by the Internal Revenue Service, but only to the extent disallowed.

The Employer has the exclusive right to determine if a contribution or any part of it is to be repaid or is to remain as a part of the Trust Fund except that the amount to be repaid is limited, if the contribution is made by mistake of fact or if the deduction for the contribution is disallowed, to the excess of the amount contributed over the amount that would have been contributed had there been no mistake or over the amount disallowed. Earnings which are attributable to any excess contribution cannot be repaid. Losses attributable to an excess contribution must reduce the amount that may be repaid. All repayments of mistaken contributions or contributions which are disallowed are limited so that the balance in a Participant's Account cannot be reduced to less than the balance that would have been in the Participant's Account had the mistaken amount or the amount disallowed never been contributed.

3.9 VALUATION OF ACCOUNTS:

(a) A Participant's Accounts shall be valued at fair market value on each Valuation Date. On such date, the earnings and losses of each fund within the Trust Fund, other than Daily Market Assets, shall be allocated to each Participant's Accounts in each fund in the ratio that such Account Balance bears to all Account Balances in each fund; provided, however, that with respect to Daily Market Assets, the earnings and losses of such assets shall be allocated solely to the Account of the Participant or Beneficiary having authority to direct the investment of the assets in the Account. For this purpose, "Daily Market Assets" shall be those assets in a Participant's Account, the value of which shall be determined on each business day.

(b)(i) In determining the fair market value of a Participant's Accounts, the Trustee shall value the assets at their fair market value as of the Valuation Date which shall reflect the sum of the net earnings and losses of a Participant's Account (excluding (1) dividends and capital gain distributions attributable to regulated investment company shares and (2) and accrued but unpaid interest, dividends, gains or losses realized from the sale, exchange or collection of assets, other income received, appreciation or depreciation in the fair market value of assets, administrative expenses, and taxes other expenses paid). Gains or losses realized and adjustments for appreciation or depreciation in fair market value shall be computed with respect to the difference between such value as of the preceding Valuation Date, date of purchase or with respect to regulated investment company shares, the most recent day in which such shares had been

valued by such investment company, whichever is applicable, and the value as of the date of disposition or the current Valuation Date, whichever is applicable.

(ii) In determining the fair market value of the Participant's Accounts, the Trustee shall utilize such sources of information as it may deem reliable including, but not limited to, stock market quotations, statistical evaluation services, newspapers of general circulation, financial publications, advice from investment counselors or brokerage firms, or any combination of sources which in the opinion of the Trustee will provide the price such assets were last traded at on a registered stock exchange; provided, however, that with respect to regulated investment company shares, the Trustee shall rely exclusively on information provided to it by the investment adviser to such funds.

ARTICLE IV

VESTING

4.1 DETERMINATION OF VESTING:

4.1.1 A Participant shall at all times have a vested percentage of 100% in the Account Balance of his or her 401(k) Account, Participant Contributions Account, Nonelective Contributions Account and Rollover Contributions Account and shall have a vested percentage in his or her Matching Contributions Account in accordance with the following schedule:

Years of Active Service	Vested Percentage
Less than one	0%
One but less than two	20%
Two but less than three	40%
Three but less than four	60%
Four but less than five	80%
Five or more	100%

Each Account will be credited with the applicable contributions and earnings thereon. Upon attaining his Normal Retirement Age a Participant will have a fully nonforfeitable interest in his Accounts.

4.1.2 Any Participant whose Employment terminates either because of his or her death or Disability, upon or after attaining his Normal Retirement Age, upon the complete or partial termination of the Plan or upon the complete discontinuance of Employer contributions shall have a vested percentage of 100% in his or her entire Account Balance.

4.2 RULES FOR CREDITING VESTING SERVICE:

4.2.1 Subject to Section 4.2.2, all years of Active Service will be credited for purposes of determining a Participant's Vesting Service.

4.2.2 If an Employee has incurred a Year of Severance, the period of service completed before such period of severance will not be taken into account until the Employee has completed a year of Active Service after his return to employment. If an Employee does not have any vested right under the Plan to amounts credited to his Employer Matching Contributions Account or his 401(k) Account at the time he incurs five consecutive Years of Severance, service completed by such Employee before such period of severance will not be taken into account. In computing the aggregate

period of service prior to such period of severance, years of Active Service which may be disregarded by reason of any prior period of severance will be disregarded.

4.3 EMPLOYER CONTRIBUTIONS ACCOUNT FORFEITURES: Upon the Non-Vested Separation or Partially Vested Separation of a Participant and subject to Section 5.4.4, the non-vested portion of his or her Employer Contributions Account will be treated as a forfeiture. The non-vested portion of the Employer Matching Contributions Account of such a Participant shall be forfeited, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of other assets, as of the Valuation Date coincident with or immediately preceding his or her Benefit Commencement Date. No forfeitures will occur solely as a result of an Employee's withdrawal of Participant contributions under Section 5.6.

ARTICLE V

AMOUNT OF BENEFITS AND WITHDRAWALS

5.1 FULLY VESTED SEPARATION: A Participant's benefits, upon his or her Fully Vested Separation, shall be the Account Balance of all of his or her Accounts determined, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of other assets, as of the Valuation Date coincident with or immediately preceding the Participant's Benefit Commencement Date, plus any principal amount contributed by the Participant's since that date.

5.2 PARTIALLY VESTED SEPARATION: A Participant's benefits upon his or her Partially Vested Separation shall be:

(a) the Account Balance of his or her Employer Matching Contributions Account determined, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of other assets, as of the Valuation Date coincident with or immediately preceding the Participant's Benefit Commencement Date, multiplied in either case by his or her vested percentage determined pursuant to Section 4.1.1, plus

(b) the Account Balance of his or her 401(k) Account, Nonelective Account, Participant Contributions Account and Rollover Contributions Account, if any, as of the Valuation Date applicable for purposes of clause (a) of this Section 5.2, plus any principal amount contributed since that date.

5.3 NON-VESTED SEPARATION: A Participant's benefits upon his or her Non-Vested Separation shall be the Account Balance of the Participant's Participant Contribution Account, 401(k) Account, Nonelective Account and Rollover Contributions Account, if any, determined, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of other assets, as of the Valuation Date coincident with or immediately preceding the Participant's Benefit Commencement Date, plus any principal amount contributed by the Participant since that date.

5.4 BENEFITS COMMENCEMENT DATE:

5.4.1 Except as otherwise provided in this Section 5.4, a Participant's Benefit Commencement Date shall be as soon as practicable after his or her Severance From Service Date.

5.4.2 A Participant may elect in writing filed with the Administrator a Benefit Commencement Date other than the date otherwise applicable pursuant to

Section 5.4.1. If a deferred Benefit Commencement Date is elected pursuant to the preceding sentence, the Valuation Date for purposes of determining the benefits to be paid to the electing Participant shall be, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of other assets, as of the Valuation Date coincident with or immediately preceding the deferred Benefit Commencement Date. Except, if otherwise elected by the Participant, a Participant shall in no event begin to receive his or her benefits later than the 60th day after the close of the Plan Year in which the latest of the following events occurs:

(a) The attainment by the Participant of his or her Normal Retirement Age.

(b) The tenth anniversary of the year in which the Participant commenced participation in the Plan; or

(c) The Participant's Severance from Service Date.

Also, the entire vested interest of each Participant must be distributed not later than April 1 of the calendar year next following the calendar year in which the Participant attains age 70 1/2.

5.4.3 Any other provisions of this Article V or Article VI to the contrary notwithstanding:

(a)(i) If an Employee terminates service, and the value of the Employee's vested Account balance derived from Employer and Participant contributions is not greater than $3,500, the Employee will receive a distribution of the value of the entire vested portion of such Account balance and the non-vested portion will be treated as a forfeiture. For purposes of this Section, if the value of an Employee's vested Account balance is zero, the Employee shall be deemed to have received a distribution of such vested Account balance.

For purposes of this Section, if a Participant's vested Account balance is $3,500 or less and the individual is temporarily laid off for a period that the Administrative Committee expects to be less than 365 days, such Participant's vested Account balance will not be distributed immediately upon the occurrence of the lay off. Rather, such individual's vested Account balance will be distributed as soon as practicable after the first anniversary of the date that the individual is laid off.

If an Employee terminates service, and elects to receive the value of the Employee's vested Account balance, the non-vested portion will be treated as a forfeiture. If the Employee elects to have distributed less than the entire vested portion of the Account balance derived from Employer contributions, the part of the non-vested portion that will be treated as a forfeiture is the total non-

vested portion multiplied by a fraction, the numerator of which is the amount of the distribution attributable to Employer contributions and the denominator of which is the total value of the vested Employer derived Account balance.

(ii) If the value of a participant's vested account balance derived from Employer and Employee contributions exceeds (or at the time of any prior distribution exceeded) $3,500, and the Participant has not attained Normal Retirement Age, the Participant must consent to any distribution of such Account balance. The consent of the Participant shall be obtained in writing within the 90-day period ending on the Annuity Starting Date. The Annuity Starting Date is the first day of the first period for which all events have occurred which entitle the Participant to a distribution. The Administrative Committee will notify the Participant of the right to defer any distribution until the Participant attains Normal Retirement Age. Such notification shall include a general description of the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan in a manner that would satisfy the notice requirements of Code Section 417(a)(3), and shall be provided no less than 30 days and no more than 90 days prior to the Annuity Staring Date. The consent of the Participant shall not be required to the extent that a distribution is required to satisfy Code Section 401(a)(9) or Section 415.

5.4.4 In the event a Participant terminates employment and receives a distribution of the entire vested portion of his Accounts, any nonvested amounts in the Participant's Employer Account shall be immediately forfeited and shall be used as soon as administratively possible to reduce Employer Matching Contributions. For purposes of this section if a Participant is 100% vested in his Employer Account at termination of employment and therefore no amounts are forfeited, the Participant is deemed to have received a distribution of his entire vested interest in his Employer Account as of the date of termination of employment.

If a former Participant terminates employment with an Employer and all members of the controlled or affiliated service group and receives a distribution of his entire vested interest and then resumes employment covered by the Plan prior to the date on which he incurs five (5) consecutive one-year periods of severance the total amount which was previously forfeited from the Participant's Employer Account; unadjusted for subsequent gains or losses, will be restored as soon as administratively practical after the date the Participant resumes employment covered by the Plan whether or not the Participant repays to the Plan the amounts previously distributed.

However, in the event a Participant terminates employment and receives no distribution from the Plan, any nonvested amounts shall be forfeited upon the Participant incurring five one-year periods of severance and then shall be used as soon as administratively practical to reduce Matching Contributions. Provided, however,

if the Participant resumes employment with the Employer prior to incurring five or more one-year periods of severance, the Participant shall reenter the Plan with his Account intact, adjusted for gains earned and losses incurred subsequent to such Participant's termination of employment.

5.5 METHOD OF DISTRIBUTION: Every distribution under the Plan will be in the form of a lump sum cash payment.

5.6 PARTICIPANT WITHDRAWALS: The following withdrawal provisions shall apply to all Participants:

(a) Each Participant, upon giving thirty (30) days' written notice to the Administrative Committee prior to the expected date of withdrawal shall be entitled to withdraw a portion or all of his Participant Contributions Account and his vested interest in his Matching Contributions Account which have not been previously withdrawn. However, the minimum withdrawal permitted under this Section 5.6(a) shall be the lesser of $1,000.00 or the total amount which could be withdrawn under this Section. Also, a Participant may make a withdrawal of a portion of his vested interest in his Matching Contributions Account only if the Participant has been a Participant in the Plan for five or more years or the amounts withdrawn from the Matching Contributions Account have been in such Account for a minimum of two years. The distribution of the withdrawal shall be made as soon as administratively practical after the end of the calendar month coincident or next following the date the request is received and processed. A Participant may not make another withdrawal request under this Section 5.6(a) until such Participant has made Participant Contributions and/or Elective Deferrals for a period of twelve months or more.

(b) Upon giving 30 days written notice to the Administrative Committee, a Participant is entitled to receive a withdrawal from his Account in the event of an immediate and heavy financial need incurred by the Participant and the Administrative Committee's determination that the withdrawal is necessary to alleviate that hardship.

A Participant shall not be entitled to make a withdrawal pursuant to this Section 5.6(b) of any amounts credited to his Nonelective Contributions Account or of any income that is not allocable and credited to his 401(k) Account as of December 31, 1988.

A distribution shall be made on account of financial hardship only if the distribution is for: (i) Expenses for medical care described in Section 213(d) of the Code previously incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Section 152 of the Code) or

necessary for these persons to obtain medical care described in Section 213(d) of the Code, (ii) costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant, (iii) payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his or her spouse, children, or dependents (as defined in Section 152 of the Code), (iv) payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence, or (v) any other event added to this list by the Commissioner of Internal Revenue.

A distribution to satisfy an immediate and heavy financial need shall not be made in excess of the amount of the immediate and heavy financial need of the Participant and the Participant must have obtained all distributions, other than hardship distributions, and all nontaxable (at the time of the loan) loans currently available under all plans maintained by the Employer. The amount of a Participant's immediate and heavy financial need includes any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the financial hardship distribution.

The Participant's hardship distribution shall terminate his or her right to make any Participant Contributions or to have the Employer make any Elective Deferrals on his or her behalf until the next time Participant Contributions and Elective Deferrals are permitted after the lapse of 12 months following the hardship distribution and his or her timely filing of a written request to resume his or her Participant Contributions or Elective Deferrals. Even then, if the Participant resumes Elective Deferrals in his next taxable year he cannot have the Employer make any Elective Deferrals in excess of the limit in Section 402(g) of the Code for that taxable year reduced by the amount of Elective Deferrals made by the Employer on the Participant's behalf during the taxable year of the Participant in which he received the hardship distribution.

In addition, for 12 months after he receives a hardship distribution from this Plan the Participant is prohibited from making elective contributions and employee contributions to all other qualified and nonqualified plans of deferred compensation maintained by the Employer, including stock option plans, stock purchase plans and Code Section 401(k) cash or deferred arrangements that are part of cafeteria plans described in Section 125 of the Code. However, the Participant is not prohibited from making mandatory employee contributions to a defined benefit plan, or contributions to a health or welfare benefit plan, including one that is part of a cafeteria plan within the meaning of Section 125 of the Code.

Withdrawals made pursuant to this Section 5.6(b) shall be made in the following order: first, withdrawals shall be made from a Participant's

Participant Contribution Account, then from his Rollover Account, then from his Matching Contributions Account, and finally, from his 401(k) Account.

(c) For the purposes of allocating appreciation or depreciation of the Trust Fund and income of the Trust Fund, any withdrawal from the Participant's Participant Contributions Account or 401(k) Account shall be subtracted from the Participant's Participant Contributions Account or 401(k) Account balances at the beginning of the calendar month during which the withdrawal is made for purposes of determining the amount eligible to participant in earnings and/or appreciation and for purposes of determining the amount of a distribution.

(d) Former Participants described in Section 5.7 shall be entitled to make withdrawals from the Plan under the same terms and conditions that are applicable to Participants.

5.7 DISTRIBUTIONS UPON DISPOSITION OF ASSETS OR A SUBSIDIARY. A Participant employed by an Employer that is a corporation is entitled to receive a lump sum distribution of his interest in his Accounts in the event of the sale or other disposition by the Employer of at least 85% of all of the assets used by the Employer in a trade or business to an unrelated corporation if (a) the Employer continues to maintain the Plan after the disposition and (b) in connection with the disposition the Participant is transferred to the employ of the corporation acquiring the assets.

A Participant employed by an Employer that is a corporation is entitled to receive a lump sum distribution of his interest in his Accounts in the event of the sale or other disposition by the Employer of its interest in a subsidiary (within the meaning of Section 409(d)(3) of the Code) to an unrelated entity or individual if (a) the Employer continues to maintain the Plan after the disposition and (b) in connection with the disposition the Participant continues employment with the subsidiary.

The selling Employer is treated as continuing to maintain the Plan after the disposition only if the purchaser does not maintain the Plan after the disposition. A purchaser is considered to maintain the Plan if it adopts the Plan, becomes an employer whose employees accrue benefits under the Plan, or if the Plan is merged or consolidated with, or any assets or liabilities are transferred from the Plan to, a plan maintained by the purchaser in a transaction subject to Section 414(l)(1) of the Code.

An unrelated corporation, entity or individual is one that is not required to be aggregated with the selling Employer under Section 414(b), (c), (m), or (o) of the Code after the sale or other disposition.

If a Participant's Account balance is $3,500 or less at the date of the disposition, the Administrative Committee will direct the Trustee to pay to the Participant a lump sum cash distribution of his Account balance as soon as

administratively practicable following the disposition and any Internal Revenue Service approval of the distribution that the Administrative Committee deems advisable to obtain.

If a Participant's Account balance is more than $3,500 at the date of the disposition, he may elect (1) to receive a lump sum cash distribution of his Account balance as soon as administratively practicable following the disposition and receipt of any Internal Revenue Service approval of the distribution that the Administrative Committee deems advisable to obtain, or (2) he may elect to defer receipt of his vested Account balance until the first day of the month coincident with or next following the date that he attains age 65. In the manner and at the time required under Department of Treasury regulations, the Administrative Committee will provide the Participant with a notice of his right to defer receipt of his Account balance.

However, no distribution shall be made to a Participant under this Section after the end of the second calendar year following the calendar year in which the disposition occurred. In addition, no distribution shall be made under this Section unless it is a lump sum distribution within the meaning of Section 402(d)(4) of the Code, without regard to subparagraphs (A)(i) through (iv), (B), and (H) of that Section.

5.8 DIRECT ROLLOVER OPTION FOR DISTRIBUTIONS MADE ON OR AFTER JANUARY 1, 1993. Effective for distributions made on or after January 1, 1993, a Participant, former Participant, his spouse or former spouse who is an alternate payee under a qualified domestic relations order (as defined in Section 414(p) of the Code), or his surviving spouse will have the right to direct that any portion of his eligible rollover distribution will be directly paid to an eligible retirement plan specified by the distributee. Any payment made under this Section will not be subject to the requirements of Section 414(l) of the Code. The term "eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). The term "eligible retirement plan" means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

ARTICLE VI

DEATH BENEFITS

6.1 PAYMENT OF ACCOUNT BALANCES:

6.1.1 The benefits payable to the Beneficiary of a Participant shall be the Account Balance of all of his or her accounts. A Beneficiary shall be paid his or her benefits as soon as practicable after the Participant's death in the form of a lump sum cash payment.

6.1.2 The Valuation Date for purposes of determining the benefits payable to a Beneficiary shall be, in the case of Daily Market Assets, as of the Valuation Date the assets are withdrawn from the Account involved, and, in the case of any other assets as of the Valuation Date coincident with or immediately preceding the date of distribution.

6.1.3 Notwithstanding any other provision of the Plan to the contrary, if a Participant dies before distribution of his or her interest in the Plan has commenced, the Participant's entire interest must be distributed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.

6.2 BENEFICIARIES:

6.2.1 At any time, each Participant will have the right to designate the Beneficiary to receive his death benefit and will have the right to revoke any such designation. Each such designation or revocation will be evidenced by a written instrument filed with the Administrative Committee, signed by the Participant, and bearing the signature of a person as witness to his signature. If no such designation is on file with the Administrative Committee at the time of the Participant's death, or if the Administrative Committee for any reason determined that such designation is ineffective, then such Participant's spouse, if then living, or if not, then the executor, administrator, or other personal representative of the estate of such Participant shall be conclusively deemed to be the Beneficiary designated to receive such Participant's death benefit.

6.2.2 If a Participant is lawfully married (or is deemed to be married under applicable local law), such Participant's designation of a Beneficiary other than the Participant's spouse to receive any portion of such death benefit will be ineffective, unless the spouse of such Participant consents to the Participant's beneficiary election. The spousal consent must (1) be in writing, (2) consent to the specific nonspouse Beneficiary designated by the Participant to receive Plan benefits or specify that the Participant can change his designated Beneficiary without any requirement of further consent by the spouse, (3) acknowledge the effect of the spouse's consent to the

Participant's Beneficiary designation, (4) be filed with the Administrative Committee, (5) be signed by the spouse, and (6) bear the signature of either a member of the Administrative Committee or a notary public, as witness to the spouse's signature. Notwithstanding the preceding sentence, a Participant's designation of someone other than the Participant's spouse as Beneficiary shall be effective if it is established to the satisfaction of the Administrative Committee that the consent required in the preceding sentence may not be obtained because (i) there is no spouse, (ii) the spouse cannot be located or (iii) there exist other circumstances (such as are prescribed in regulations or other authority issued under Sections 401(a)(11) and 417(a)(2) of the Code) which obviate the necessity of obtaining the consent described in the preceding sentence.

Any consent by a Participant's spouse (or establishment that the consent of a Participant's spouse may not be obtained) shall be effective only with respect to such spouse. Any designation of a Beneficiary (other than the Participant's spouse) which otherwise meets the above requirements shall become inoperative in the event that (i) the Participant subsequently marries (or subsequently is deemed to be married under applicable local law), (ii) any missing spouse is located or (iii) any other circumstances which earlier obviated the necessity of obtaining the consent of the Participant's spouse no longer exist.

Whenever any Trustee is authorized by the terms of this Plan or by a designation of Beneficiary to pay funds to a minor or an incompetent, the Trustee shall be authorized to pay such funds to a parent of such minor, to a guardian of such minor or incompetent, or directly to such minor, or to apply such funds for the benefit of such minor or incompetent in such manner as the Administrative Committee may in writing direct.

ARTICLE VII

ADMINISTRATIVE COMMITTEE

7.1 APPOINTMENT, TERM OF SERVICE AND REMOVAL: The Board of Directors of the Sponsor shall appoint an Administrative Committee of three or more persons, the members of which shall serve until their resignation, death or removal. Any member of the Administrative Committee may resign at any time by mailing written notice of such resignation to the Board of Directors of the Sponsor. Any member of the Administrative Committee may be removed by the Board of Directors of the Sponsor, with or without cause. Vacancies in the Administrative Committee arising by resignation, death, removal or otherwise shall be filled by such persons as may be appointed by the Board of Directors of the Sponsor.

7.2 POWERS: The Administrative Committee shall be a fiduciary and shall, in that capacity, have the exclusive responsibility for the general administration of the Plan and Trust, according to the terms and provisions of this Agreement, and shall have all powers necessary to accomplish such purposes, including, but not by way of limitation, the right, power, and authority:

(a) To make rules and regulations for the administration of the Plan and Trust which are not inconsistent with the terms and provisions hereof, provided such rules and regulations are evidenced in writing;

(b) To construe all terms, provisions, conditions, and limitations of the Plan and its related Trust; and its construction thereof made in good faith and without discrimination in favor of or against any Participant shall be final and conclusive on all parties at interest;

(c) To correct any defect, supply any omission, or reconcile any inconsistency which may appear in the Plan or Trust in such manner and to such extent as it shall deem expedient to carry the Plan and its related Trust into effect for the greatest benefit of all parties at interest, and its judgment in such matters shall be final and conclusive as to all parties at interest;

(d) To select, employ, and compensate from time to time such consultants, actuaries, accountants, attorneys, and other agents and employees as the Administrative Committee may deem necessary or advisable for the proper and efficient administration of the Plan and its related Trust; any agent, firm or employee so selected by the Administrative Committee may be a disqualified person but only if the requirements of Section 4975(d) of the Code have been met;

(e) To determine all questions relating to the eligibility of Employees to become Participants, and to determine the period of Active Service and the amount of Plan Compensation upon which the benefits of each Participant shall be calculated;

(f) To determine all controversies relating to the administration of the Plan and its related Trust, including but not limited to: (1) differences of opinion arising between an Employer and the Trustee or a Participant, or any combination thereof; and (2) any questions it deems advisable to determine in order to promote the uniform and non-discriminatory administration of the Plan and its related Trust for the benefit of all parties at interest;

(g) To direct or instruct or to appoint an investment manager or managers which would have to direct and instruct the Trustee in all matters relating to the preservation, investment, reinvestment, management and disposition of the Trust Fund.

(h) To direct and instruct the Trustee in all matters relating to the payment of Plan benefits and to determine a Participant's entitlement to a benefit should he appeal a denial of his claim or any portion thereof for a benefit, and

(i) To delegate by written notice such of the clerical and recordation duties of the Administrative Committee under the Plan as the Administrative Committee may deem necessary or advisable for the proper and efficient administration of the Plan or its related Trust.

7.3 ORGANIZATION: The Administrative Committee shall select from among its members a chairman, who shall preside at all of its meetings, and shall select a secretary, without regard as to whether that person is a member of the Administrative Committee, who shall keep all records, documents and data pertaining to its supervision of the administration of the Plan and its related Trust.

7.4 QUORUM AND MAJORITY ACTION: A majority of the members of the Administrative Committee constitutes a quorum for the transaction of business, and the vote of a majority of the members present at any meeting will decide any question brought before that meeting. In addition, the Administrative Committee may decide any question by a vote, taken without a meeting, of a majority of its members.

7.5 SIGNATURES: The chairman, the secretary and any one or more of the members of the Administrative Committee to which the Administrative Committee has delegated the power, shall each, severally, have the power to execute any document on behalf of the Administrative Committee, and to execute any certificate or other written evidence of the action of the Administrative Committee. The Trustee, after being notified of any such delegation of power in writing, shall thereafter accept and

may rely upon any document executed by such member or members as representing the action of the Administrative Committee until the Administrative Committee files with the Trustee a written revocation of that delegation of power.

7.6 DISQUALIFICATION OF COMMITTEE MEMBER: A member of the Administrative Committee who is also a Participant of this Plan shall not vote or act upon any matter relating solely to himself.

7.7 DISCLOSURE TO PARTICIPANTS: The Administrative Committee shall make available to each Participant and Beneficiary for his examination such records, documents and other data as are required under the Employee Retirement Income Security Act of 1974, but only at reasonable times during business hours. No Participant or Beneficiary shall have the right to examine any data or records reflecting the compensation paid to any other Participant or Beneficiary, and the Administrative Committee shall not be required to make any other data or records available other than those required by the Employee Retirement Income Security Act of 1974.

7.8. STANDARD OF PERFORMANCE: The Administrative Committee and each of its members, shall use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in conducting his business as the administrator of the Plan; and shall otherwise act in accordance with the provisions of this Plan and the Employee Retirement Income Security Act of 1974.

7.9 LIABILITY OF COMMITTEE AND LIABILITY INSURANCE: No member of the Administrative Committee shall be liable for any act or omission of any other member of the Administrative Committee, the Trustee, or any agent appointed by the Administrative Committee except to the extent required by the terms of the Employee Retirement Income Security Act of 1974, and any other state or federal law applicable, which liability cannot be waived. No member of the Administrative Committee shall be liable for any act or omission on his own part except to the extent required by the terms of the Employee Retirement Income Security Act of 1974, and any other state or federal law applicable, which liability cannot be waived.

Further, it is specifically provided that the Trustee may purchase out of the Trust Funds hereof insurance for the members of the Administrative Committee and any other fiduciaries appointed by the Administrative Committee, and for the Trust Fund itself to cover liability or losses occurring by reason of the act or omission of any one or more of the members of the Administrative Committee or any other fiduciary appointed by them under this Plan, provided such insurance permits recourse by the insurer against the members of the Administrative Committee or the other fiduciaries concerned in the case of a breach of a fiduciary obligation by one or more members of the Administration Committee or other fiduciary covered thereby.

7.10 EXEMPTION FROM BOND: No member of the Administrative Committee shall be required to give bond for the performance of his duties hereunder unless required by law, which cannot be waived.

7.11 COMPENSATION: The Administrative Committee shall serve without compensation for their services, but shall be reimbursed by the Employers for all expenses properly and actually incurred in the performance of their duties under the Plan unless an Employer elects to have such expenses paid out of the Trust Fund. Each Employer shall bear that portion of such expense as the amount in the Account of Participants employed by it bears to the amount in the Accounts of all Participants.

7.12 PERSONS SERVING IN DUAL FIDUCIARY ROLES: Any person, group of persons, corporations, firm or other entity, may serve in more than one fiduciary capacity with respect to this Plan, including the ability to serve both as a Trustee and as a member of the Administrative Committee.

7.13 ADMINISTRATOR: For all purposes of the Employee Retirement Income Security Act of 1974, the Administrator of the Plan shall be the Sponsor. The Administrator of the Plan shall have final responsibility for compliance with all reporting and disclosure requirements imposed with respect to the Plan under any federal or state law, or any regulations promulgated thereunder.

ARTICLE VIII

TOP-HEAVY PROVISIONS

8.1 DEFINITIONS: As used in this Article VIII, each of the following terms shall have the meanings for that term set forth on this Section 8.1:

(a) DETERMINATION DATE means, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, the last day of that year.

(b) DETERMINATION PERIOD means the Plan Year containing the Determination Date and the four preceding Plan Years.

(c) KEY EMPLOYEE means any Employee or former Employee (and the beneficiaries of such Employee) who at any time during the Determination Period was:

(i) an officer of an Employer having an annual Plan Compensation greater than 50% of the dollar limitation under Code Section 415(b)(1)(A) for any Plan Year within the Determination Period,

(ii) an owner (or an individual considered an owner under Code Section 318) of one of the ten largest interests in an Employer, if such individual's Plan Compensation exceeds 100% of the dollar limitation under Code Section 415(c)(1)(A);

(iii) a "5-percent owner" (as defined in Code Section 416(i)) of an Employer; or

(iv) a "1-percent owner" (as defined in Code Section 416(i)) of an Employer who has an annual Plan Compensation of more than $150,000.

The determination of who is a key employee will be made in accordance with Code Section 416(i)(l) and the regulations thereunder.

(d) NON-KEY EMPLOYEE means an Employee who is not a Key Employee.

(e) PERMISSIVE AGGREGATION GROUP means the Required Aggregation Group of plans plus any other plan or plans of the Company or an Affiliate which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code Section 401(a)(4) or 410.

(f) REQUIRED AGGREGATION GROUP means:

(i) each Qualified Plan of an Employer in which at least one Key Employee participates or participated at any time during the determination period (regardless of whether the plan has terminated); and

(ii) any other Qualified Plan of an Employer (regardless of whether the plan has terminated) which enables a plan described in (i) to meet the requirements of Code Section 401(a)(4) and 410.

(g) SUPER TOP-HEAVY PLAN means the Plan, if the Top-Heavy Ratio, as determined under the definition of Top-Heavy Plan, exceeds 90 percent.

(h) TOP-HEAVY PLAN means the Plan, if any of the following conditions exists:

(i) If the Top-Heavy Ratio for the Plan exceeds sixty percent and the Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(ii) If the Plan is a part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Group of plans exceeds sixty percent.

(iii) If the Plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group of plans and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds sixty percent.

(i) TOP-HEAVY RATIO means:

(i) If the Company or an Affiliate maintains one or more Defined Contribution Plans (including any "simplified employee pension" within the meaning of Code Section 408(k)) and the Company or an Affiliate has never maintained any Defined Benefit Plan which during the five-year period ending on the Determination Date has or has had accrued benefits, the Top-Heavy Ratio for this Plan alone or for the Required or Permissive Aggregation Group as appropriate is a fraction, the numerator of which is the sum of the Account Balances of all Key Employees as of the Determination Date (including any part of any Account Balance distributed in the five-year period ending on the Determination Date), and the denominator of which is the sum of all Account Balances (including any part of any Account Balance distributed in the five-year period ending on the Determination Date) both computed in accordance with Code Section 416. Both the numerator and

denominator of the Top-Heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416. For purposes of this Section, a Participant's Rollover Contribution Account will not be treated as part of his Account.

(ii) If the Employer maintains one or more defined contribution plans (including any Simplified Employee Pension Plan) and the Employer maintains or has maintained one or more defined benefit plans which during the 5-year period ending on the Determination Date(s) has or has had any accrued benefits, the Top-Heavy Ratio for any Required or Permissive Aggregation Group as appropriate is a fraction, the numerator of which is the sum of Account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with (i) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all key employees as of the determination date(s), and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all participants determined in accordance with (i) above, and the present value of accrued benefits under the defined benefit plan or plans for all participants as of the determination date(s), all determined in accordance with Code Section 416 and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an accrued benefit made in the five-year period ending on the determination date.

(iii) For purposes of (i) and (ii) above, the value of Account Balances will be determined as of the most recent Valuation Date that falls within or ends with the twelve-month period ending on the Determination Date, except as provided in Code Section 416 for the first and second Plan Years of a Defined Benefit Plan. The Account Balances of a Participant (1) who is not a Key Employee but who was a Key Employee in a prior year, or (2) who has not been credited with at least one Hour of Service with the Employer at any time during the five-year period ending on the Determination Date, will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416. When aggregating plans the value of Account Balances will be calculated with reference to the Determination Dates that fall within the same calendar year.

(j) VALUATION DATE means the date as of which Account Balances, or accrued benefits, are valued for purposes of calculating the Top-Heavy Ratio.

8.2 CONSEQUENCES IF PLAN IS TOP-HEAVY: For any Plan Year that the Plan is a Top-Heavy Plan the following provisions will be applicable for that Plan Year:

(a) Contributions and forfeitures allocated to the Employer Contributions Account of any Participant who is not a Key Employee, shall not be less than the smaller of:

(i) three percent of such Participant's Annual Compensation; or

(ii) the largest percentage of contributions and forfeitures, as a percentage of the Key Employee's Plan Compensation, allocated on behalf of any Key Employee for that year. The minimum allocation is determined without regard to any Social Security contribution.

(b) Neither Elective Deferrals nor Matching Contributions for Non-Key Employees may be taken into account for the purpose of satisfying the minimum top-heavy contribution requirements. Elective Deferrals made on behalf of Key Employees are included in determining the minimum necessary Employer contribution to be made on behalf of Non-Key Employees.

(c) The provision in (a) above shall not apply to any Participant who was not employed by the Company or an Affiliate on the last day of the Plan Year.

(d) The minimum allocation required (to the extent required to be nonforfeitable under Code Section 416(b) may not be forfeited under Code Section 411(a)(3)(B) or 411(a)(3)(D).

(e) If the Plan is a Top-Heavy Plan, the Participant's Defined Benefit Fraction and Defined Contribution Fraction shall be determined by substituting "1.0" for "1.25" (or their percentage equivalents) in Sections 3.8.1(b) and 3.8.1(d) unless the Plan meets the requirements of Code Section 416(h)(2)(B) and the Employer increases the minimum benefit provided in Section 8.4(a) by one percent.

ARTICLE IX

PLAN AMENDMENT OR TERMINATION

9.1 RIGHT TO AMEND AND LIMITATIONS THEREON: The Sponsor shall have the sole right to amend the Plan.

Any amendment shall be made by an instrument in writing executed by the Sponsor setting forth the nature of the amendment and its effective date, and shall be supported by a certified copy of the resolution or direction which authorized it. No amendment shall:

(a) Have the effect of vesting in any Employer any interest in the trust assets;

(b) Cause or permit any trust assets to be diverted to any purpose other than the exclusive benefit of the present or future Participants and their Beneficiaries;

(c) Increase substantially the duties of liabilities of the Trustee without its written consent;

(d) Decrease the accrued benefit of any Participant or eliminate an optional form of payment in violation of Section 411(d)(6) of the Code; or

(e) Change the vesting schedule to one which would result in the nonforfeitable percentage of the accrued benefit derived from Employer contributions (determined as of the later of the date of the adoption of the amendment or of the effective date of the amendment) of any Participant being less than such nonforfeitable percentage computed under the Plan without regard to such amendment. If the Plan's vesting schedule is amended, or if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage or if the Plan is deemed amended by an automatic change to or from a top-heavy vesting schedule, each Participant with three (3) or more years of service may elect, within a reasonable period of time after the adoption of the amendment, to have his nonforfeitable percentage computed under the Plan without regard to the amendment. The period during which the election may be made shall begin no later than the date upon which the amendment is adopted or deemed to be made and shall end no later than the latest of the following dates: (l) the date which is 60 days after the day the amendment is adopted or deemed to be made; (2) the date which is 60 days after the day the amendment becomes effective; or (3) the date which is 60 days after the day the Participant is issued written notice of the amendment by the Sponsor.

In the event of an amendment, each other Employer will be deemed to have consented to and adopted the amendment unless an Employer notifies the Sponsor and the Administrative Committee to the contrary in writing within thirty (30) days after receipt of a copy of the amendment, in which case the rejection will constitute a withdrawal from this Plan and its related Trusts by that Employer.

9.2 MANDATORY AMENDMENTS: The Contributions of each Employer to this Plan are intended to be:

(a) Deductible under the applicable provisions of the Code;

(b) Exempt from the Federal Social Security Act;

(c) Exempt from withholding under the Code; and

(d) Excludible from any Employee's regular rate of pay, as that term is defined under the Fair Labor Standards Act of 1938, as amended.

The Sponsor shall make such amendments to this Plan as may be necessary to carry out this intention, and all such amendments may be made retroactively.

9.3 WITHDRAWAL OF EMPLOYER: An Employer may withdraw from this Plan either by rejecting an amendment to this Plan or the Trust if the Sponsor does not acquiesce in the rejection or by giving written notice of its intent to withdraw to the Sponsor, the Administrative Committee and the Trustee. The Administrative Committee will then determine, within sixty (60) days following the receipt of the rejection or notice, the portion or each of the Trust Funds that is attributable to the Participants employed by the withdrawing Employer and shall forward a copy of the determination to the Trustee. Upon receipt of the determination, the Trustee will immediately segregate those assets attributable to the Participants employed by the withdrawing Employer and will transfer those assets to the successor Trustee or Trustees when it receives a designation of such successor from the withdrawing Employer.

The withdrawal from this Plan will not terminate the Plan with respect to the withdrawing Employer. Instead, the withdrawing Employer shall, as soon as practical, either appoint a successor Trustee or Trustees and reaffirm this Plan as a new and separate plan intended to qualify under Section 401(a) of the Code or establish another profit sharing plan intended to qualify under Section 401(a) of the Code.

The determination of the Administrative Committee, in its sole discretion, of the portion of the Trust Fund that is attributable to the Participants employed by

the withdrawing Employer will be final and binding upon all parties at interest; and, the Trustee's transfer of those assets to the designated successor Trustee shall relieve the former Trustee of any further obligation, liability or duty to the withdrawing Employer, the Participants employed by that Employer and their Beneficiaries, and the successor Trustee or Trustees.

9.4 VOLUNTARY OR INVOLUNTARY TERMINATION: Any Employer may terminate this Plan with respect to itself by executing and delivering to the Trustee a notice of termination which specifies the date on which the Plan shall terminate. Likewise, this Plan will automatically terminate with respect to any Employer upon the adjudication of that Employer as a bankrupt, the general assignment by that Employer to or for the benefit of its creditors, the complete discontinuance of contributions by the Employer to the Plan or the dissolution of that Employer without a successor. Upon the termination of this Plan with respect to any Employer, each affected Participant will have a fully nonforfeitable interest in his Accounts.

The termination of this Plan as to any one or more Employers will not constitute a termination of this plan with respect to the other remaining Employers.

9.5 CONTINUANCE PERMITTED UPON SALE OR TRANSFER OF ASSETS: This Plan will not automatically terminate with respect to an Employer in the event it consolidates, merger, and is not the surviving corporation, sells substantially all of its assets, is a party to a reorganization and its Employees and substantially all of its assets are transferred to another entity, liquidates or dissolves if there is a successor organization. Instead, the resulting successor person, firm or corporation may continue this Plan by executing a direction, entering into a contractual commitment or adopting a resolution, as the case may be, providing for the continuance of the Plan simultaneous with or within one hundred twenty (120) days after such consolidation, merger, sale, reorganization, liquidation or dissolution. If, after the one hundred twenty (120) day period the successor has not adopted this Plan, this Plan will then automatically terminate with respect to the Employer on the one hundred twenty-first (121st) day and the Trust will be distributed exclusively to the Participants or their Beneficiaries as soon as possible in one of the ways permitted under this Plan as if they had all retired on the day the Plan terminated. Then, the Trust will terminate with respect to the Employer.

9.6 REQUIREMENT ON MERGER, TRANSFER, ETC.: Notwithstanding any other provision hereof, the Plan will not be merged or consolidated with, nor shall any assets or liabilities of the Plan be transferred to, and other plan unless each Participant would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

ARTICLE X

ADOPTION OF PLAN BY OTHER EMPLOYERS

10.1 ADOPTION PROCEDURE: Any business organization may, with the approval of the Sponsor, adopt this Plan for all or any classification of its Employees, as permitted by Section 401(a) of the Code, by depositing with the Trustee:

(a) A duly executed adoption instrument setting forth its agreement to be bound as a signatory Employer by all the terms, provisions, conditions and limitations of this Plan except those, if any, specifically set forth in the adoption agreement;

(b) All information required by the Administrative Committee and either or both of the Trustees with reference to Employees or Participants; and

(c) The written consent of the Sponsor to the adoption of this Plan.

Any adoption may be made retroactive to the beginning of a Plan Year by complying with the foregoing conditions on or before the last day of that Plan Year.

10.2 NO JOINT VENTURE IMPLIED: The adoption instrument executed by a signatory Employer shall become, as to it and its Employees, a part of this Plan. However, neither the adoption of this Plan and its related Trusts by a signatory Employer, nor any act performed by it in relation to this Plan or either or both of the related Trusts shall ever create a joint venture or partnership relation between it and any other signatory Employer.

Although the Accounts of Participants employed by the Employers which adopt this Plan shall be commingled for purposes of investment thereof, unless the Administrative Committee and the Trustee are otherwise directed by the Board of Directors of Quanex Corporation, amounts held in the Trust Fund allocable to a particular Employer shall on an ongoing basis be available to pay benefits to Participants employed by that Employer and to pay benefits to Participants employed by any other Employer which is a member of the same controlled and affiliated service groups required to be aggregated with the first such Employer, but not otherwise. In addition, unless the Administrative Committee and Trustee are otherwise directed by the Board of Directors of Quanex Corporation, the Trustee shall maintain completely separate accounts and records for the Employer and each Affiliated Employer (and Employees thereof who are Participants) as distinguished from maintaining the Plan and Trust on a consolidated basis for the Employer and all such Employers.

ARTICLE XI

INVESTMENT ELECTION

11.1 INVESTMENT FUNDS ESTABLISHED: It is contemplated that the assets of this Plan shall be invested in such categories of assets as may be determined from time to time by the Administrative Committee and announced and made available on an equal basis to all Participants. When the Trustee receives funds to be invested or determine that assets from those funds, if applicable, should be sold and the proceeds held for a period of time pending reinvestment or other purpose, such funds may be held in cash or invested in short-term investments such as certificates of deposit, U.S. Treasury bills, savings accounts, commercial paper, demand notes, money market funds, any common, pooled or collective trust funds which the Trustee or any other corporation may now have or in the future may adopt for such short-term investments and other similar assets which may be offered by the federal government, national or state banks (whether or not serving as Trustee hereunder), or any savings and loan association, and as may be determined by the Trustee in its sole discretion, which assets will remain a part of the fund to which they would otherwise relate.

11.2 ELECTION PROCEDURES ESTABLISHED: The Administrative Committee shall, from time to time, establish rules to be applied in a nondiscriminatory manner as to all matters relating to the administration of the investment of funds including, but not limited to, the following:

(a) The percentage of a Participant's Account as it exists, from time to time, that may be transferred from one fund to another and the limitations based on amounts, percentages, time or frequency, if any, on such transfers;

(b) The percentage of a Participant's future contributions, when allocated to his Account, that may be invested in any one or more funds and the limitations based upon amounts, percentages, time or frequency, if any, on such investments in various funds;

(c) The procedures for making investment elections and changing existing investment elections;

(d) The period of notice required for making investment elections and changing existing investment elections;

(e) The handling of income and change of value in funds when funds are in the process of being transferred between investment funds and to investment funds; and

(f) All other matters necessary to permit the orderly operation of investment funds within the Plan.

When the Administrative Committee changes any previous applicable rule, it shall state the effective time of the change and the procedures for complying with any such change. Any change shall remain effective until such date as stated in the change, or if none is stated, then until revoked or changed in a like manner.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 EXCLUSIVE BENEFIT OF PARTICIPANTS: The Trust Fund shall be held for the benefit of all persons who shall be entitled to receive payments under the Plan. Subject to Section 3.8, it shall be prohibited at any time for any part of the Trust Fund (other than such part as is required to pay expenses) to be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries.

12.2 PLAN NOT A CONTRACT OF EMPLOYMENT: The Plan is not a contract of Employment, and the terms of Employment of any Employee shall not be affected in any way by the Plan or related instruments except as specifically provided therein.

12.3 ACTION BY EMPLOYER: Any action by an Employer which is a corporation shall be taken by the Board of Directors of the corporation or any person or persons duly empowered to exercise the powers of the corporation with respect to the Plan.

12.4 SOURCE OF BENEFITS: Benefits under the Plan shall be paid or provided for solely from the Trust, and neither the Employer, any Participating Affiliate, the Administrator, the Trustee nor any investment manager or insurance company shall have any liability under the Plan therefor.

12.5 BENEFITS NOT ASSIGNED: Benefits provided under the Plan may not be assigned or alienated, either voluntarily or involuntarily. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a "domestic relations order" (as defined in Code Section 414(p)) unless such order is determined by the Administrator to be a "qualified domestic relations order" (as defined in Code Section 414(p)) or, in the case of a "domestic relations order" entered before January 1, 1985, if either payment of benefits pursuant to the order has commenced as of that date or the Administrator decides to treat such order as a "qualified domestic relations order" within the meaning of Code Section 414(p)) even if it does not otherwise qualify as such.

12.6 DOMESTIC RELATIONS ORDERS: Any other provision of the Plan to the contrary notwithstanding, the Administrative Committee shall have all powers necessary (with respect to the Plan for the proper operation of Code Section 414(p)) with respect to "qualified domestic relations orders" (or "domestic relations orders" treated as such) referred to in Section 12.5, including, but not limited to, the power to establish all necessary or appropriate procedures, to authorize the establishment of new accounts with such assets and subject to such investment control by the Administrative Committee as the Administrative Committee may deem appropriate,

and the Administrative Committee may decide upon and direct appropriate distributions therefrom. The Administrative Committee may permit a distribution to be made pursuant to a domestic relations order as soon as practicable after it determines that the order is a qualified domestic relations order.

12.7 CLAIMS PROCEDURE: In the event that a claim by a Participant, Beneficiary , or other person for benefits under the Plan is denied, the Administrative Committee will so notify the claimant, giving the reasons for denial. This notice will also refer to the specific provisions of the Plan on which the denial was based, will specify whether any additional information is needed from the Participant or Beneficiary and will explain the review procedure.

Within 60 days after receiving the denial, the claimant may submit directly or through a duly authorized representative, a written request for reconsideration of the application to the Administrator. Documents or records relied on by the claimant should be filed with the request. The person making the request may review relevant documents and submit issues and additional comments in writing.

The Administrative Committee will review the claim within 60 days (or 120 days if a hearing is held because special circumstances exist) and provide a written response to the appeal. The response will explain the reasons for the decision and will refer to the Plan provisions on which the decision is based. The decision of the Administrative Committee is the final one under this claims procedure.

12.8 BENEFITS PAYABLE TO MINORS, INCOMPETENTS AND OTHERS: In the event any benefit is payable to a minor or an incompetent or to a person otherwise under a legal disability, or who, is by reason of advanced age, illness or other physical or mental incapacity incapable of handling and disposing of his or her property, payment shall be made to such person's legal representative. The receipt by any such person to whom any such payment on behalf of any Participant or Beneficiary is made shall be a discharge therefor.

12.9 TRANSFERS FROM OTHER PLANS: The plan will not receive, directly, a transfer of assets from and the Plan will not be merged with any plan that is a Defined Benefit Plan or a Defined Contribution Plan that is subject to the minimum funding standards of Section 412 of the Code, or any other plan that is required to provide for automatic survivor benefits.

12.10 CONTROLLING LAW: The Plan is intended to qualify under Code Section 401(a), et. seq. and to comply with ERISA, and its terms shall be interpreted accordingly. Otherwise, to the extent not preempted by ERISA, the laws of the State of Texas shall control the interpretation and performance of the terms of the Plan and the laws of the state of incorporation of the Trustee (if such Trustee is incorporated) or domicile of the Trustee, if not incorporated, shall control the interpretation and performance of the responsibilities of the Trustee.

12.11 SINGULAR AND PLURAL AND SECTION REFERENCES: As used in the Plan, the singular includes the plural, and the plural includes the singular, unless qualified by the context. Titles of Articles and Sections of the Plan are for convenience of reference only and are to be disregarded in applying the provisions of the Plan. Any reference in this Prototype Plan to an Article or Section is to the Article or Section so specified of the Prototype Plan, unless otherwise indicated.

12.12 DEDUCTIBILITY OF CONTRIBUTIONS: The contributions made by an Employer to this Plan are conditioned on their deductibility under Code Section 404.

IN WITNESS WHEREOF, Quanex Corporation has caused this Agreement to be executed this day of , 1996, in multiple counterparts, each of which shall be deemed to be an original, to be effective the 1st day of January, 1995, except for those provisions which have an earlier effective date provided by law, or as otherwise provided under applicable provisions of this Plan.

QUANEX CORPORATION

By

Title

EXHIBIT 4.7

SIXTH AMENDMENT TO
QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

THIS AGREEMENT by Quanex Corporation (the "Sponsor"),

W I T N E S S E T H :

WHEREAS, on January 30, 1991, the Sponsor executed the plan agreement known as "Quanex Corporation Employee Savings Plan" (the "Plan"); and

WHEREAS, the Sponsor retained the right in Section 9.1 of the Plan to amend the Plan from time to time on behalf of itself and all other employers that have adopted the Plan; and

WHEREAS, the Board of Directors of the Sponsor has approved resolutions to amend the Plan;

NOW, THEREFORE, the Sponsor agrees that the Plan is amended, effective as of October 1, 1995, as follows:

(1) Section 1.16 of the Plan is hereby completely amended and restated to provide as follows:

> 1.16 Employee: Except as otherwise specified in this Section, Employee means all common law employees employed by the Employer who are not covered by a collective bargaining agreement. Employees of the Sponsor who are working at one of the Nichols-Homeshield divisions and directors not regularly employed by the Employer will not be considered Employees. All leased employees (as defined in Section 414(n) of the Code) will not be considered Employees unless the Plan's qualified status is dependent upon their coverage.

IN WITNESS WHEREOF, the Sponsor has caused this Agreement to be executed this _____ day of _____, 1995.

QUANEX CORPORATION

By

EXHIBIT 4.8

MASTER TRUST AGREEMENT

BETWEEN

QUANEX CORPORATION

AND

FIDELITY MANAGEMENT TRUST COMPANY

QUANEX EMPLOYEE SAVINGS
MASTER TRUST

DATED AS OF FEBRUARY 1, 1999

TRUST AGREEMENT, dated as of the first day of February 1999, between QUANEX CORPORATION a Delaware corporation, having an office at 1900 West Loop South, Houston, Texas 77027 (the "Sponsor"), and FIDELITY MANAGEMENT TRUST COMPANY, a Massachusetts trust company, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 (the "Trustee").

WITNESSETH:

WHEREAS, the Sponsor or one of its subsidiaries is the sponsor of the Quanex Corporation Employee Savings Plan, the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan, the Piper Impact 401(k) Plan, the Nichols-Homeshield 401(k) Savings Plan and the Nichols-Homeshield 401(k) Savings Plan for Hourly Davenport Employees (collectively and individually, the "Plan"); and

WHEREAS, certain affiliates and subsidiaries of the Sponsor maintain, or may in the future maintain, qualified defined contribution plans for the benefit of their eligible employees; and

WHEREAS, the Sponsor desires to establish a single trust to hold all of the assets of the Plan and or such other tax-qualified defined contribution plans maintained by the Sponsor, or any of its subsidiaries or affiliates, as are designated by the Sponsor as being eligible to participate therein; and

WHEREAS, the Trustee shall maintain a separate account reflecting the equitable share of each Plan in the Trust and in all investments, receipts, disbursements and other transactions hereunder, and shall report the value of such equitable share at such times as may be mutually agreed upon by the Trustee and the Sponsor. Such equitable share shall be used solely for the payments of benefits, expenses and other charges properly allocable to each such Plan and shall not be used for the payment of benefits, expenses or other charges properly allocable to any other Plan; and

WHEREAS, the Trustee is willing to hold and invest the aforesaid plan assets in trust pursuant to the provisions of this Trust Agreement, which trust shall constitute a continuation, by means of an amendment and restatement, of each of the prior trusts from which plan assets are transferred to the Trustee; and

WHEREAS, the Trustee is willing to hold and invest the aforesaid plan assets in trust among several investment options selected by the Named Fiduciary; and

WHEREAS, the Trustee is willing to perform recordkeeping and administrative services for the Plan if the services are purely ministerial in nature and are provided within a framework of plan provisions, guidelines and interpretations conveyed in writing to the Trustee by the Administrator.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth below, the Sponsor and the Trustee agree as follows:

SECTION 1. DEFINITIONS. The following terms as used in this Trust Agreement have the meaning indicated unless the context clearly requires otherwise:

(a) "Administrator" shall mean, with respect to the Plan, the person or entity which is the "administrator" of such Plan within the meaning of section 3(16)(A) of ERISA.

(b) "Agreement" shall mean this Trust Agreement, as the same may be amended and in effect from time to time.

(c) "Code" shall mean the Internal Revenue Code of 1986, as it has been or may be amended from time to time.

(d) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it has been or may be amended from time to time.

(e) "Existing Investment Contracts" shall mean shall mean each annuity contract heretofore entered into by the Sponsor, any other Employer or any predecessor trustee and specifically identified on Schedule "G" attached hereto.

(f) "Fidelity Mutual Fund" shall mean any investment company advised by Fidelity Management & Research Company or any of its affiliates.

(g) "Mutual Fund" shall refer both to Fidelity Mutual Funds and Non-Fidelity Mutual Funds.

(h) "Named Fiduciary" shall mean, with respect to the application of any provision of this Agreement to any Plan, the person or entity which is the relevant fiduciary under such Plan with respect to such matter (within the meaning of section 402(a) of the Employee Retirement Income Security Act of 1974, as amended); and

(i) "Non-Fidelity Mutual Fund" shall mean certain investment companies not advised by Fidelity Management & Research Company or any of its affiliates.

(j) "Participant" shall mean, with respect to the Plan, any employee (or former employee) with an account under the Plan, which has not yet been fully distributed and/or forfeited, and shall include the designated beneficiary(ies) with respect to the account of any deceased employee (or deceased former employee) until such account has been fully distributed and/or forfeited.

(k) "Plan" shall mean the Quanex Corporation Employee Savings Plan, the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan, the Piper Impact 401(k) Plan, the Nichols-Homeshield 401(k) Savings Plan, the Nichols-Homeshield 401(k) Savings Plan for Hourly Davenport Employees and such other tax-qualified, defined contribution plans which are maintained by the Sponsor or any of its subsidiaries or affiliates for the benefit of their eligible employees as may be designated by the Sponsor in writing to the Trustee as a Plan hereunder, such writing to be in the form of the Plan Designation Form attached hereto as Schedule "J". Each reference to "a Plan" or "the Plan" in this Agreement shall mean and include the Plan or Plans to which the particular provision of this Agreement is being applied or all Plans, as the context may require.

(l) "Reporting Date" shall mean the last day of each calendar quarter, the date as of which the Trustee resigns or is removed pursuant to Section 9 hereof and the date as of which this Agreement terminates pursuant to Section 11 hereof.

(m) "Sponsor" shall mean Quanex Corporation, a Delaware corporation, or any successor to all or substantially all of its businesses which, by agreement, operation of law or otherwise, assumes the responsibility of the Sponsor under this Agreement.

(n) "Sponsor Stock" shall mean the Common Stock of the Sponsor, or such other publicly-traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's affiliates as meets the requirements of section 407(d)(5) of ERISA with respect to the Plan.

(o) "Trust" shall mean the Quanex Employee Savings Master Trust, being the trust established by the Sponsor and the Trustee pursuant to the provisions of this Agreement.

(p) "Trustee" shall mean Fidelity Management Trust Company, a Massachusetts trust company and any successor to all or substantially all of its trust business as described in Section 10(c). The term Trustee shall also include any successor trustee appointed pursuant to Section 10 to the extent such successor agrees to serve as Trustee under this Agreement.

SECTION 2. TRUST. The Sponsor hereby establishes the Trust with the Trustee. The Trust shall consist of the assets of the Plan that are transferred from the previous trusts funding to the Plan, such additional sums of money and Sponsor Stock as shall from time to time be delivered to the Trustee under a Plan, all investments made therewith and proceeds thereof, and all earnings and profits thereon, less the payments that are made by the Trustee as provided herein, without distinction between principal and income. The Trustee hereby accepts the Trust on the terms and conditions set forth in this Agreement. In accepting this Trust, the Trustee shall be accountable for the assets received by it, subject to the terms and conditions of this Agreement.

SECTION 3. EXCLUSIVE BENEFIT AND REVERSION OF SPONSOR CONTRIBUTIONS.

Except as provided under applicable law, no part of the Trust allocable to a Plan may be used for, or diverted to, purposes other than the exclusive benefit of the Participants in the Plan or their beneficiaries prior to the satisfaction of all liabilities with respect to the Participants and their beneficiaries.

SECTION 4. DISBURSEMENTS.

(a) Directions from Administrator. The Trustee shall make disbursements in the amounts and in the manner that the Administrator directs from time to time in writing. The Trustee shall have no responsibility to ascertain any direction's compliance with the terms of the Plan or of any applicable law or the direction's effect for tax purposes or otherwise; nor shall the Trustee have any responsibility to see to the application of any disbursement.

(b) Limitations. The Trustee shall not be required to make any disbursement under a Plan in excess of the net realizable value of the assets of the Trust allocable to such Plan at the time of the disbursement. The Trustee shall not be required to make any disbursement in cash unless the Named Fiduciary has provided a written direction as to the assets to be converted to cash for the purpose of making the disbursement.

SECTION 5. INVESTMENT OF TRUST.

(a) Selection of Investment Options. The Trustee shall have no responsibility for the selection of investment options under the Trust and shall not render investment advice to any person in connection with the selection of such options.

(b) Available Investment Options. The Named Fiduciary with respect to a Plan shall direct the Trustee as to the investment options in which Plan Participants may invest, subject to the following limitations. The Named Fiduciary may determine to offer as investment options only (i) Mutual Funds, (ii) Sponsor Stock, (iii) notes evidencing loans to Participants in accordance with the terms of the Plan, (iv) Existing Investment Contracts, and (v) collective investment funds maintained by the Trustee for qualified plans.

The Named Fiduciary hereby directs the Trustee to continue to hold such Existing Investment Contracts until the Named Fiduciary directs otherwise, it being expressly understood that such direction is given in accordance with Section 403(a) of ERISA. The Trustee shall be considered a fiduciary with

investment discretion only with respect to Plan assets that are invested in collective investment funds maintained by the Trustee for qualified plans.

The investment options initially selected by the Named Fiduciary are identified on Schedules "A" and "C" attached hereto. The Named Fiduciary may add additional investment options with the consent of the Trustee and upon mutual amendment of this Trust Agreement and the Schedules thereto to reflect such additions.

(c) Participant Direction. Each Participant shall direct the Trustee in which investment option(s) to invest the assets in the Participant's individual accounts. Such directions may be made by Participants by use of the telephone exchange system maintained for such purposes by the Trustee or its agent, in accordance with written Telephone Exchange Guidelines attached hereto as Schedule "G". In the event that the Trustee fails to receive a proper direction, the assets shall be invested in the securities of the Mutual Fund set forth for such purpose on Schedule "C", until the Trustee receives a proper direction.

(d) Mutual Funds. The Sponsor hereby acknowledges that it has received from the Trustee a copy of the prospectus for each Fidelity Mutual Fund selected by the Named Fiduciary as a Plan investment option. All transactions involving Non-Fidelity Mutual Funds shall be done in accordance with the Operational Guidelines for Non-Fidelity Mutual Funds attached hereto as Schedule "H". Trust investments in Mutual Funds shall be subject to the following limitations:

(i) Execution of Purchases and Sales. Purchases and sales of Mutual Funds (other than for exchanges) shall be made on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately effect such purchases and sales (or in the case of a purchase, the subsequent date on which the Trustee has received a wire transfer of funds necessary to make such purchase). Exchanges of Mutual Funds shall be made in accordance with the Telephone Exchange Guidelines attached hereto as Schedule "G".

(ii) Voting. At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Trustee shall send a copy of the notice and all proxy solicitation materials to each Participant who has shares of the Mutual Fund credited to the Participant's accounts, together with a voting direction form for return to the Trustee or its designee. The Sponsor shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the mutual fund shares held in any short-term

investment fund or liquidity reserve. The Participant shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the shares credited to the Participant's accounts (both vested and unvested). The Trustee shall vote the shares as directed by the Participant. The Trustee shall not vote shares for which it has received no directions from the Participant. With respect to all rights other than the right to vote, the Trustee shall follow the directions of the Participant and if no such directions are received, the directions of the Named Fiduciary. The Trustee shall have no duty to solicit directions from Participants or the Sponsor.

(e) Sponsor Stock. Trust investments in Sponsor Stock shall be made via the Quanex Corporation Stock Fund (the "Stock Fund") which shall consist of shares of Sponsor Stock and short-term liquid investments, including Fidelity Institutional Cash Portfolios: Money Market Portfolio: Class I or such other Mutual Fund or commingled money market pool as agreed to by the Sponsor and Trustee, necessary to satisfy the Fund's cash needs for transfers and payments. A cash target range shall be maintained in the Stock Fund. Such target range may be changed as agreed to in writing by the Sponsor and the Trustee. The Trustee is responsible for ensuring that the actual cash held in the Stock Fund falls within the agreed upon range over time. Each Participant's proportional interest in the Stock Fund shall be measured in units of participation, rather than shares of Sponsor Stock. Such units shall represent a proportionate interest in all of the assets of the Stock Fund, which includes shares of Sponsor Stock, short-term investments and at times, receivables for dividends and/or Sponsor Stock sold and payables for Sponsor Stock purchased. A Net Asset Value ("NAV") per unit will be determined daily for each unit outstanding of the Stock Fund. The return earned by the Stock Fund will represent a combination of the dividends paid on the shares of Sponsor Stock held by the Stock Fund, gains or losses realized on sales of Sponsor Stock, appreciation or depreciation in the market price of those shares owned, and interest on the short-term investments held by the Stock Fund. Dividends received by the Stock Fund are reinvested in additional shares of Sponsor Stock. Investments in Sponsor Stock shall be subject to the following limitations:

(i) Acquisition Limit. Pursuant to the Plan, the Trust may be invested in Sponsor Stock to the extent necessary to comply with investment directions under Section 5(c) of this Agreement.

(ii) Fiduciary Duty of Named Fiduciary. The Named Fiduciary shall continually monitor the suitability under the fiduciary duty rules of section 404(a)(1) of ERISA (as modified by

section 404(a)(2) of ERISA) of acquiring and holding Sponsor Stock. The Trustee shall not be liable for any loss, or by reason of any breach, which arises from the directions of the Named Fiduciary with respect to the acquisition and holding of Sponsor Stock, unless it is clear on their face that the actions to be taken under those directions would be prohibited by the foregoing fiduciary duty rules or would be contrary to the terms of the Plan or this Agreement.

(iii) Execution of Purchases and Sales. (A) Purchases and sales of Sponsor Stock (other than for exchanges) shall be made on the open market on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately affect such purchases and sales (or, in the case of purchases, the subsequent date on which the Trustee has received a wire transfer of the funds necessary to make such purchases). Exchanges of Sponsor Stock shall be made in accordance with the Telephone Exchange Guidelines attached hereto as Schedule "G". Such general rules shall not apply in the following circumstances:

(1) If the Trustee is unable to determine the number of shares required to be purchased or sold on such day; or

(2) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(3) If the Trustee is prohibited by the Securities and Exchange Commission, the New York Stock Exchange, or any other regulatory body from purchasing or selling any or all of the shares required to be purchased or sold on such day.

In the event of the occurrence of the circumstances described in (1), (2), or (3) above, the Trustee shall purchase or sell such shares as soon as possible thereafter and shall determine the price of such purchases or sales to be the average purchase or sales price of all such shares purchased or sold, respectively. The Trustee may follow directions from the Named Fiduciary to deviate from the above purchase and sale procedures provided that such direction is made in writing by the Named Fiduciary.

(B) Purchases and Sales from or to Sponsor. If directed by the Sponsor in writing prior to the trading date, the Trustee may purchase or sell Sponsor Stock from or to the Sponsor if the

purchase or sale is for adequate consideration (within the meaning of section 3(18) of ERISA) and no commission is charged. If Sponsor contributions or contributions made by the Sponsor on behalf of the Participants under the Plan are to be invested in Sponsor Stock, the Sponsor may transfer Sponsor Stock in lieu of cash to the Trust. In either case, the number of shares to be transferred will be determined by dividing the total amount of Sponsor Stock to be purchased or sold by the 4:00 p.m. closing price of the Sponsor Stock on the New York Stock Exchange on the trading date.

(C) Use of an Affiliated Broker. The Sponsor hereby directs the Trustee to use Fidelity Capital Markets and its affiliates ("Capital Markets") to provide brokerage services in connection with any purchase or sale of Sponsor Stock in accordance with directions from Plan Participants. Capital Markets shall execute such directions directly or through its affiliate, National Financial Services Company ("NFSC"). The provision of brokerage services shall be subject to the following:

(1) As consideration for such brokerage services, the Sponsor agrees that Capital Markets shall be entitled to remuneration under this authorization provision in an amount of no greater than three and two-fifths cents ($.032) commission on each share of Sponsor Stock. Any change in such remuneration may be made only by a signed agreement between Sponsor and Trustee.

(2) The Trustee will provide the Sponsor with a description of Capital Markets' brokerage placement practices and a form by which the Sponsor may terminate this direction to use a broker affiliated with the Trustee. The Trustee will provide the Sponsor with this termination form annually, as well as quarterly and annual reports which summarize all securities transaction-related charges incurred by the Plan.

(3) Any successor organization of Capital Markets, through reorganization, consolidation, merger or similar transactions, may, upon consumption of such transaction, become the successor broker in accordance with the terms of this direction provision.

(4) The Trustee and Capital Markets shall continue to rely on this direction provision until notified to the contrary. The Sponsor reserves the right to terminate this direction upon sixty (60) days written notice to Capital Markets (or its successor) and the Trustee, in accordance with Section 11 of this Agreement.

(iv) Securities Law Reports. The Named Fiduciary shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Sponsor Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Sponsor Stock pending the filing of any report. The Trustee shall provide to the Named Fiduciary such information on the Trust's ownership of Sponsor Stock as the Named Fiduciary may reasonably request in order to comply with Federal or state securities laws.

(v) Voting and Tender Offers. Notwithstanding any other provision of this Agreement the provisions of this Section shall govern the voting and tendering of Sponsor Stock. The Sponsor, after consultation with the Trustee, shall provide and pay for all printing, mailing, tabulation and other costs associated with the voting and tendering of Sponsor Stock.

(A) Voting.

(1) When the issuer of the Sponsor Stock prepares for any annual or special meeting , the Sponsor shall notify the Trustee at least thirty (30) days in advance of the intended record date and shall cause a copy of all materials to be sent to the Trustee. Based on these materials the Trustee shall prepare a voting instruction form. At the time of mailing of notice of each annual or special stockholders' meeting of the issuer of the Sponsor Stock, the Sponsor shall cause a copy of the notice and all proxy solicitation materials to be sent to each Plan Participant with an interest in Sponsor Stock held in the Trust, together with the foregoing voting instruction form to be returned to the Trustee or its designee. The form shall show the proportional interest in the number of full and fractional shares of Sponsor Stock credited to the Participant's accounts held in the Stock Fund. The Sponsor shall provide the Trustee with a copy of any materials provided to the Participants pursuant to this Section 5(e)(v)(A) and shall certify to the Trustee that the materials have been mailed or otherwise sent to Participants.

(2) Each Participant with an interest in the Stock Fund shall have the right to direct the Trustee as to the manner in which the Trustee is to vote (including not to vote) that number of shares of Sponsor Stock reflecting such Participant's proportional interest in the Stock Fund (both vested and unvested). Directions from a Participant to the Trustee concerning the voting of Sponsor

Stock shall be communicated in writing, or by mailgram or similar means. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the aggregate consequences of such directions are reflected in reports regularly communicated to any such person in the ordinary course of the performance of the Trustee's services hereunder. Upon its receipt of the directions, the Trustee shall vote the shares of Sponsor Stock reflecting the Participant's proportional interest in the Stock Fund as directed by the Participant. Except as otherwise required by law, the Trustee shall vote shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund for which it has received no direction from the Participant in the same proportion on each issue as it votes shares for which it has received voting instructions from Participants.

(3) Except as otherwise required by law, the Trustee shall vote that number of shares of Sponsor Stock not credited to Participants' accounts which is determined by multiplying the total number of shares not credited to Participant's accounts by a fraction of which the numerator is the number of shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund that are credited to Participant's accounts for which the Trustee received voting directions from Participants and of which the denominator is the total number of shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund that are credited to participants' accounts. The Trustee shall vote those shares of Sponsor Stock not credited to Participant's accounts which are to be voted by the Trustee pursuant to the foregoing formula in the same proportion on each issue as it votes those shares reflecting a Participant's proportional interest in the Stock Fund that are credited to Participants' accounts for which it received voting directions from Participants. The Trustee shall not vote the remaining shares of Sponsor Stock not credited to Participant's accounts.

(B) Tender Offers.

(1) Upon commencement of a tender offer for any securities held in the Trust that are Sponsor Stock, the Sponsor shall notify each Plan Participant with an interest in such Sponsor Stock of the tender offer and utilize its best efforts to timely distribute or cause to be distributed to the Participant the same information that is distributed to shareholders of the issuer of Sponsor Stock in connection with the tender offer, and, after consulting with the Trustee, shall provide and pay for a means by which the Participant may direct the Trustee whether or not to tender the Sponsor Stock reflecting such

Participant's proportional interest in the Stock Fund (both vested and unvested). The Sponsor shall provide the Trustee with a copy of any material provided to the Participants pursuant to this Section 5(e)(v)(B) and shall certify to the Trustee that the materials have been mailed or otherwise sent to Participants.

(2) Each Participant shall have the right to direct the Trustee to tender or not to tender some or all of the shares of Sponsor Stock reflecting such Participant's proportional interest in the Stock Fund (both vested and unvested). Directions from a Participant to the Trustee concerning the tender of Sponsor Stock shall be communicated in writing, or by mailgram or such similar means as is agreed upon by the Trustee and the Sponsor under the preceding paragraph. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such persons in the ordinary course of the performance of the Trustee's services hereunder. The Trustee shall tender or not tender shares of Sponsor Stock as directed by the Participant. Except as otherwise required by law, the Trustee shall not tender shares of Sponsor Stock reflecting a Participant's proportional interest in the Stock Fund for which it has received no direction from the Participant.

(3) Except as otherwise required by law, the Trustee shall tender that number of shares of Sponsor Stock not credited to Participants' accounts which is determined by multiplying the total number of shares of Sponsor Stock not credited to Participants' accounts by a fraction of which the numerator is the number of shares of Sponsor Stock reflecting the Participants' proportional interests in the Stock Fund that are credited to Participants' accounts for which the Trustee has received directions from Participants to tender and of which the denominator is the total number of shares of Sponsor Stock reflecting the Participants' proportional interests in the Stock Fund that are credited to Participants' accounts.

(4) A Participant who has directed the Trustee to tender some or all of the shares of Sponsor Stock reflecting the Participant's proportional interest in the Stock Fund may, at any time prior to the tender offer withdrawal date, direct the Trustee to withdraw some or all of the tendered shares reflecting the Participant's proportional interest, and the Trustee shall withdraw the directed number of shares from the tender offer prior to the tender offer withdrawal deadline. Prior to the withdrawal deadline, if any shares of Sponsor Stock not credited to Participants' accounts have been

tendered, the Trustee shall redetermine the number of shares of Sponsor Stock that would be tendered under Section 5(e)(v)(B)(3) if the date of the foregoing withdrawal were the date of determination, and withdraw from the tender offer the number of shares of Sponsor Stock not credited to Participants' accounts necessary to reduce the amount of tendered Sponsor Stock not credited to Participants' accounts to the amount so redetermined. A Participant shall not be limited as to the number of directions to tender or withdraw that the Participant may give to the Trustee.

(5) A direction by a Participant to the Trustee to tender shares of Sponsor Stock reflecting the Participant's proportional interest in the Stock Fund shall not be considered a written election under the Plan by the Participant to withdraw, or have distributed, any or all of his withdrawable shares. The Trustee shall credit to each proportional interest of the Participant from which the tendered shares were taken the proceeds received by the Trustee in exchange for the shares of Sponsor Stock tendered from that interest. Pending receipt of directions (through the Administrator) from the Participant or the Named Fiduciary, as provided in the Plan, as to which of the remaining investment options the proceeds should be invested in, the Trustee shall invest the proceeds in the Mutual Fund described in Schedule "C".

(vi) Shares Credited. For all purposes of this Section, the number of shares of Sponsor Stock deemed "credited" or "reflected" to a Participant's proportional interest shall be determined as of the relevant date (the record date or the date specified in the tender offer) shall be calculated by reference to the number of shares reflected on the books of the transfer agent as of the relevant date.

(vii) General. With respect to all rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Sponsor Stock credited to a Participant's proportional interest in the Stock Fund, the Trustee shall follow the directions of the Participant and if no such directions are received, the directions of the Named Fiduciary. The Trustee shall have no duty to solicit directions from Participants. With respect to all rights other than the right to vote and the right to tender, in the case of Sponsor Stock not credited to Participants' accounts, the Trustee shall follow the directions of the Named Fiduciary.

(viii) Conversion. All provisions in this Section 5(e) shall also apply to any securities received as a result of a conversion of Sponsor Stock.

(f) Participant Loans. The Administrator shall act as the Trustee's agent for the purpose of holding all trust investments in participant loan notes and related documentation and as such shall (i) hold physical custody of and keep safe the notes and other loan documents, (ii) separately account for repayments of such loans and clearly identify such assets as Plan assets, (iii) collect and remit all principal and interest payments to the Trustee, and (iv) cancel and surrender the notes and other loan documentation when a loan has been paid in full. To originate a participant loan, the Plan participant shall direct the Trustee as to the type of loan to be made from the participant's individual account. Such directions shall be made by Plan participants by use of the telephone exchange system maintained for such purpose by the Trustee or its agent. The Trustee shall determine, based on the current value of the participant's account, the amount available for the loan. Based on the interest rate supplied by the Sponsor in accordance with the terms of the Plan, the Trustee shall advise the participant of such interest rate, as well as the installment payment amounts. The Trustee shall forward the loan document to the participant for execution and submission for approval to the Administrator. The Administrator shall have the responsibility for approving the loan and instructing the Trustee to send the loan proceeds to the Administrator or to the participant if so directed by the Administrator. In all cases, if the Trustee does not receive approval or disapproval by the Administrator within thirty (30) days of the participant's initial request (the origination date) the participant will be required to reinitiate the loan request process.

(g) Commingled Pool Investments. To the extent that the Named Fiduciary selects as an investment option the Managed Income Portfolio of the Fidelity Group Trust for Employee Benefit Plans (the "Group Trust"), the Sponsor hereby (i) agrees to the terms of the Group Trust and adopts said terms as a part of this Agreement and (ii) acknowledges that it has received from the Trustee a copy of the Group Trust, the Declaration of Separate Fund for the Managed Income Portfolio of the Group Trust, and the Circular for the Managed Income Portfolio.

(h) Reliance of Trustee on Directions.

(i) The Trustee shall not be liable for any loss, or by reason of any breach, which arises from any Participant's exercise or non-exercise of rights under this Section 5 over the assets in the Participant's accounts.

(ii) The Trustee shall not be liable for any loss, or by reason of any breach, which arises from the Named Fiduciary's exercise or non-exercise of rights under this Section 5, unless it was clear on their face that the actions to be taken under the Named Fiduciary's directions were prohibited by the fiduciary duty rules of Section 404(a) of ERISA or were contrary to the terms of the Plan or this Agreement.

(i) Trustee Powers. The Trustee shall have the following powers and authority:

(i) Subject to paragraphs (b), (c) and (d) of this Section 5, to sell, exchange, convey, transfer, or otherwise dispose of any property held in the Trust, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or other property delivered to the Trustee or to inquire into the validity, expediency, or propriety of any such sale or other disposition.

(ii) Subject to paragraphs (b) and (c) of this Section 5, to invest in Investment Contracts and short term investments (including interest bearing accounts with the Trustee or money market mutual funds advised by affiliates of the Trustee) and in collective investment funds maintained by the Trustee for qualified plans, in which case the provisions of each collective investment fund in which the Trust is invested shall be deemed adopted by the Sponsor and the provisions thereof incorporated as a part of this Trust as long as the fund remains exempt from taxation under sections 401(a) and 501(a) of the Code.

(iii) To cause any securities or other property held as part of the Trust to be registered in the Trustee's own name, in the name of one or more of its nominees, or in the Trustee's account with the Depository Trust Company of New York and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust.

(iv) To keep that portion of the Trust in cash or cash balances as the Named Fiduciary or Sponsor may, from time to time, deem to be in the best interest of the Trust.

(v) To make, execute, acknowledge, and deliver any and all documents of transfer or conveyance and to carry out the powers herein granted.

(vi) To borrow funds from a bank not affiliated with the Trustee in order to provide sufficient liquidity to process Plan transactions in a timely fashion, provided that the cost of borrowing shall be allocated in a reasonable fashion to the investment fund(s) in need of liquidity.

(vii) To settle, compromise, or submit to arbitration any claims, debts, or damages due to or arising from the Trust; to commence or defend suits or legal or administrative proceedings; to represent the Trust in all suits and legal and administrative hearings; and to pay all reasonable expenses arising from any such action, from the Trust if not paid by the Sponsor.

(viii) To employ legal, accounting, clerical, and other assistance as may be required in carrying out the provisions of this Agreement and to pay their reasonable expenses and compensation from the Trust if not paid by the Sponsor.

(ix) To invest all of any part of the assets of the Trust in any collective investment trust or group trust which then provides for the pooling of the assets of plans described in section 401(a) and exempt from tax under section 501(a) of the Code, or any comparable provisions of any future legislation that amends, supplements, or supersedes those sections, provided that such collective investment trust or group trust is exempt from tax under the Code or regulations or rulings issued by the Internal Revenue Service; the provisions of the document governing such collective investment trusts or group trusts, as it may be amended from time to time, shall govern any investment therein and are hereby made a part of this Trust Agreement.

(x) To do all other acts that are in accordance with the powers granted to the Trustee under common law, the applicable state trust law and other applicable statutes.

SECTION 6. RECORDKEEPING AND ADMINISTRATIVE SERVICES TO BE PERFORMED.

(a) General. The Trustee shall perform those recordkeeping and administrative functions described in Schedule "A" attached hereto. These recordkeeping and administrative functions shall be performed within the framework of the Named Fiduciary's written directions regarding the Plan's provisions, guidelines and interpretations.

(b) Accounts. The Trustee shall keep accurate accounts of all investments, receipts, disbursements, and other transactions hereunder, and shall report the value of the assets held in the Trust as of each Reporting Date. Within thirty (30) days following each Reporting Date or within sixty (60) days in the case of a Reporting Date caused by the resignation or removal of the Trustee, or the termination of this Agreement, the Trustee shall file with the Sponsor a written account setting forth all investments, receipts, disbursements, and other transactions affected by the Trustee between the Reporting Date and the prior

Reporting Date, and setting forth the value of the Trust as of the Reporting Date. Except as otherwise required under ERISA, upon the expiration of six (6) months from the date of filing such account with the Sponsor, the Trustee shall have no liability or further accountability to anyone with respect to the propriety of its acts or transactions shown in such account, except with respect to such acts or transactions as to which the Sponsor shall within such six (6) month period file with the Trustee written objections.

(c) Inspection and Audit. All records generated by the Trustee in accordance with paragraphs (a) and (b) shall be open to inspection and audit, during the Trustee's regular business hours prior to the termination of this Agreement, by the Sponsor or any person designated by the Sponsor. Upon the resignation or removal of the Trustee or the termination of this Agreement, the Trustee shall provide to the Sponsor, at no expense to the Sponsor, in the format regularly provided to the Sponsor, a statement of each Participant's accounts as of the resignation, removal, or termination, and the Trustee shall provide to the Sponsor or the Plan's new recordkeeper such further records as are reasonable, at the Sponsor's expense.

(d) Effect of Plan Amendment. A confirmation of the current qualified status of each Plan is attached hereto as Schedule "F". The Trustee's provision of the recordkeeping and administrative services set forth in this Section 6 shall be conditioned on the Sponsor delivering to the Trustee a copy of any amendment to the Plan as soon as administratively feasible following the amendment's adoption, with, if requested, an IRS determination letter or an opinion of counsel substantially in the form of Schedule "F" covering such amendment, and on the Sponsor providing the Trustee on a timely basis with all the information the Sponsor deems necessary for the Trustee to perform the recordkeeping and administrative services and such other information as the Trustee may reasonably request.

(e) Returns, Reports and Information. The Sponsor shall be responsible for the preparation and filing of all returns, reports, and information required of the Trust or Plan by law. The Trustee shall provide the Sponsor with such information as the Sponsor may reasonably request to make these filings. The Sponsor shall also be responsible for making any disclosures to Participants required by law including, without limitation, such disclosures as may be required by law, except such disclosure as may be required under federal or state truth-in-lending laws with regard to Participant loans, which shall be provided by the Trustee.

(f) Allocation of Plan Interests. All transfers to, withdrawals from, or other transactions regarding the Trust shall be conducted in such a way that the proportionate interest in the Trust of each Plan and the fair market value of that interest may be determined at any time. Whenever the assets of more than one Plan are commingled in the Trust or in any investment option, the undivided interest therein of each such Plan shall be debited or credited (as the case may be) (i) for the entire amount of every contribution received on behalf of such Plan, every benefit payment, or other expense attributable solely to such Plan, and every other transaction relating only to such Plan; and (ii) for its proportionate share of every item of collected or accrued income, gain or loss, and general expense, and of any other transactions attributable to the Trust or that investment option as a whole.

SECTION 7. COMPENSATION AND EXPENSES. Within thirty (30) days of receipt of the Trustee's bill, which shall be computed and billed in accordance with Schedule "B" attached hereto and made a part hereof, as amended from time to time, the Sponsor shall send to the Trustee a payment in such amount or the Sponsor may direct the Trustee to deduct such amount from Participants' account. All expenses of the Trustee relating directly to the acquisition and disposition of investments constituting part of the Trust, and all taxes of any kind whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust or the income thereof, shall be a charge against and paid from the appropriate Participants' accounts.

SECTION 8. DIRECTIONS AND INDEMNIFICATION.

(a) Identity of Sponsor and Named Fiduciaries. The Trustee shall be fully protected in relying on the fact that the Sponsor and the Named Fiduciaries under a Plan are the individuals or persons named as such on the Authorization Letters in the form of Schedules "D" and "E" attached hereto or on a Plan Designation Form in accordance with Schedule "J" attached hereto or such other individuals or persons as the Sponsor may notify the Trustee in writing.

(b) Directions from Sponsor or Administrator. Whenever the Sponsor or Administrator provides a direction to the Trustee, the Trustee shall not be liable for any loss, or by reason of any breach, arising from the direction if the direction is contained in a writing (or is oral and immediately confirmed in a writing) signed by any individual whose name and signature have been submitted (and not withdrawn) in writing to the Trustee by the Sponsor in the form attached hereto as Schedule "D", provided the Trustee reasonably believes the signature of the individual to be genuine. Such direction may also be made via

Electronic Data Transfer ("EDT") in accordance with procedures agreed to by the Sponsor and the Trustee; provided, however, that the Trustee shall be fully protected in relying on such direction as if it were a direction made in writing by the Sponsor. The Trustee shall have no responsibility to ascertain any direction's (i) accuracy, (ii) compliance with the terms of the Plan or any applicable law, or (iii) effect for tax purposes or otherwise.

(c) Directions from Named Fiduciary. Whenever a Named Fiduciary provides a direction to the Trustee, the Trustee shall not be liable for any loss, or by reason of any breach, arising from the direction (i) if the direction is contained in a writing (or is oral and immediately confirmed in a writing) signed by any individual whose name and signature have been submitted (and not withdrawn) in writing to the Trustee by the Named Fiduciary in the form attached hereto as Schedule "E" and (ii) if the Trustee reasonably believes the signature of the individual to be genuine, unless it is clear on the direction's face that the actions to be taken under the direction would be prohibited by the fiduciary duty rules of section 404(a) of ERISA or would be contrary to the terms of the Plan or this Agreement.

(d) Co-Fiduciary Liability. In any other case, the Trustee shall not be liable for any loss, or by reason of any breach, arising from any act or omission of another fiduciary under the Plan except as provided in section 405(a) of ERISA. Without limiting the foregoing, the Trustee shall have no liability for the acts or omissions of any predecessor or successor trustee.

(e) Indemnification. The Sponsor shall indemnify the Trustee against, and hold the Trustee harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Trustee by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or Trust, excepting only any and all loss, etc., arising from the Trustee's breach of its fiduciary duties under ERISA.

(f) Survival. The provisions of this Section 8 shall survive the termination of this Agreement.

SECTION 9. RESIGNATION OR REMOVAL OF TRUSTEE.

(a) Resignation. The Trustee may resign at any time upon sixty (60) days' notice in writing to the Sponsor, unless a shorter period of notice is agreed upon by the Sponsor.

(b) Removal. The Sponsor may remove the Trustee at any time upon sixty (60) days' notice in writing to the Trustee, unless a shorter period of notice is agreed upon by the Trustee.

SECTION 10. SUCCESSOR TRUSTEE.

(a) Appointment. If the office of Trustee becomes vacant for any reason, the Sponsor may in writing appoint a successor trustee under this Agreement. The successor trustee shall have all of the rights, powers, privileges, obligations, duties, liabilities, and immunities granted to the Trustee under this Agreement. The successor trustee and predecessor trustee shall not be liable for the acts or omissions of the other with respect to the Trust.

(b) Acceptance. When the successor trustee accepts its appointment under this Agreement, title to and possession of the Trust assets shall immediately vest in the successor trustee without any further action on the part of the predecessor trustee. The predecessor trustee shall execute all instruments and do all acts that reasonably may be necessary or reasonably may be requested in writing by the Sponsor or the successor trustee to vest title to all Trust assets in the successor trustee or to deliver all Trust assets to the successor trustee.

(c) Corporate Action. Any successor of the Trustee or successor trustee, through sale or transfer of the business or trust department of the Trustee or successor trustee, or through reorganization, consolidation, or merger, or any similar transaction, shall, upon consummation of the transaction, become the successor trustee under this Agreement.

SECTION 11. TERMINATION. This Agreement may be terminated at any time by the Sponsor upon sixty (60) days' notice in writing to the Trustee. On the date of the termination of this Agreement, the Trustee shall forthwith transfer and deliver to such individual or entity as the Sponsor shall designate, all cash and assets then constituting the Trust. If, by the termination date, the Sponsor has not notified the Trustee in writing as to whom the assets and cash are to be transferred and delivered, the Trustee may bring an appropriate action or proceeding for leave to deposit the assets and cash in a court of competent jurisdiction. The Trustee shall be reimbursed by the Sponsor for all costs and expenses of the action or proceeding including, without limitation, reasonable attorneys' fees and disbursements.

SECTION 12. RESIGNATION, REMOVAL, AND TERMINATION NOTICES. All notices of resignation, removal, or termination under this Agreement must be in writing and mailed to the party to which the notice is being given by certified or registered mail, return receipt requested, to the Sponsor c/o Chief Financial Officer, Quanex Corporation, 1900 West Loop South, Suite 1500, Houston, TX 77027 and to the Trustee c/o John M. Kimpel, Fidelity Investments, 82 Devonshire Street, Boston, Massachusetts 02109, or to such other addresses as the parties have notified each other of in the foregoing manner.

SECTION 13. DURATION. This Trust shall continue in effect without limit as to time, subject, however, to the provisions of this Agreement relating to amendment, modification, and termination thereof.

SECTION 14. AMENDMENT OR MODIFICATION. This Agreement may be amended or modified at any time and from time to time only by an instrument executed by both the Sponsor and the Trustee. Notwithstanding the foregoing, to reflect increased operating costs the Trustee may once each calendar year amend Schedule "B" without the Sponsor's consent upon seventy-five (75) days written notice to the Sponsor.

SECTION 15. ELECTRONIC SERVICES.

(a) The Trustee may provide communications and services via electronic medium ("Electronic Services"), including, but not limited to, Fidelity Plan Sponsor WebStation, Client Intranet, Client e-mail, interactive software products or any other information provided in an electronic format. The Sponsor, its agents and employees agree to keep confidential and not publish, copy, broadcast, retransmit, reproduce, commercially exploit or otherwise redisseminate the data, information, software or services without the Trustee's written consent.

(b) The Sponsor shall be responsible for installing and maintaining all Electronic Services on its computer network and/or Intranet upon receipt in a manner so that the information provided via the Electronic Service will appear in the same form and content as it appears on the form of delivery, and for any programming required to accomplish the installation. Materials provided for Plan Sponsor's intranet web sites shall be installed by the Sponsor and shall be clearly identified as originating from Fidelity. The Sponsor shall promptly remove Electronic Services from its computer network and/or Intranet, or replace the Electronic Service with an updated service provided by the Trustee, upon written notification (including written notification via facsimile) by the Trustee.

(c) All Electronic Services shall be provided to the Sponsor without any express or implied legal warranties or acceptance of legal liability by the Trustee relative to the use of material or Electronic Services by the Sponsor. No rights are conveyed to any property, intellectual or tangible, associated with the contents of the Electronic Services and related material.

(d) To the extent that any Electronic Services utilize Internet services to transport data or communications, the Trustee will take, and Plan Sponsor agrees to follow, reasonable security precautions; however, the Trustee disclaims any liability for interception of any such data or communications. The Trustee shall not be responsible for, and makes no warranties regarding access, speed or availability of Internet or network services. The Trustee shall not be responsible for any loss or damage related to or resulting from any changes or modifications to the electronic material after delivering it to the Plan Sponsor.

SECTION 16. GENERAL.

(a) Performance by Trustee, its Agents or Affiliates. The Sponsor acknowledges and authorizes that the services to be provided under this Agreement shall be provided by the Trustee, its agents or affiliates, including Fidelity Investments Institutional Operations Company or its successor, and that certain of such services may be provided pursuant to one or more other contractual agreements or relationships.

(b) Delegation by Employer. By authorizing the assets of any Plan as to which it is an Employer to be deposited in the Trust, each Employer, other than the Sponsor, hereby irrevocably delegates and grants to the Sponsor full and exclusive power and authority to exercise all of the powers conferred upon the Sponsor and each Employer by the terms of this Agreement, and to take or refrain from taking any and all action which such Employer might otherwise take or refrain from taking with respect to this Agreement, including the sole and exclusive power to exercise, enforce or waive any rights whatsoever which such Employer might otherwise have with respect to the Trust, and irrevocably appoints the Sponsor as its agent for all purposes under this Agreement. The Trustee shall have no obligation to account to any such Employer or to follow the instructions of or otherwise deal with any such Employer, the intention being that the Trustee shall deal solely with the Sponsor.

(c) Entire Agreement. This Agreement contains all of the terms agreed upon between the parties with respect to the subject matter hereof.

(d) Waiver. No waiver by either party of any failure or refusal to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

(e) Successors and Assigns. The stipulations in this Agreement shall inure to the benefit of, and shall bind, the successors and assigns of the respective parties.

(f) Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Section Headings. The headings of the various sections and subsections of this Agreement have been inserted only for the purposes of convenience and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement.

SECTION 17. GOVERNING LAW.

(a) Massachusetts Law Controls. This Agreement is being made in the Commonwealth of Massachusetts, and the Trust shall be administered as a Massachusetts trust. The validity, construction, effect, and administration of this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, except to the extent those laws are superseded under section 514 of ERISA.

(b) Trust Agreement Controls. The Trustee is not a party to the Plan, and in the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of this Agreement shall control.

SECTION 18. PLAN QUALIFICATION. The Sponsor shall be responsible for verifying that while any assets of a particular Plan are held in the Trust, the Plan (i) is qualified within the meaning of section 401(a) of the

Code; (ii) is permitted by existing or future rulings of the United States Treasury Department to pool its funds in a group trust; and (iii) permits its assets to be commingled for investment purposes with the assets of other such plans by investing such assets in this Trust. If any Plan ceases to be qualified within the meaning of section 401(a) of the Code, the Sponsor shall notify the Trustee as promptly as is reasonable. Upon receipt of such notice, the Trustee shall promptly segregate and withdraw from the Trust, the assets which are allocable to such disqualified Plan, and shall dispose of such assets in the manner directed by the Sponsor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

QUANEX CORPORATION

Attest: _____ By: _____
Secretary

Name: _____

Title: _____

Date: _____

FIDELITY MANAGEMENT TRUST COMPANY

Attest: _____ By: _____
Assistant Clerk

Name: _____

Title: _____

Date: _____

SCHEDULE "A"

ADMINISTRATIVE SERVICES

Administration

* Establishment and maintenance of Participant account and election percentages.

* Maintenance of the following investment options:

  - Quanex Corporation Stock Fund
  - Fidelity Balanced Fund
  - Fidelity Contrafund
  - Fidelity Growth & Income Portfolio
  - Fidelity Low-Priced Stock Fund
  - Fidelity Magellan Fund
  - Fidelity Money Market Trust: Retirement Government Money Market Portfolio
  - Fidelity Overseas Fund
  - Fidelity Puritan Fund
  - Fidelity Asset Manager
  - Managed Income Portfolio
  - Neuberger & Berman Partners Trust
  - Templeton Foreign Fund
  - Fidelity Blue Chip Growth Fund
  - Fidelity Retirement Growth Fund

* Maintenance of the following money classifications for the Quanex Corporation Employee Savings Plan:

  - Elective Deferrals
  - Employee After-tax
  - Company Match
  - Rollover
  - Qualified Non-elective Employer Contribution

* Maintenance of the following money classifications for the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan:

  - Elective Deferrals
  - Employee After-tax
  - Company Match
  - Rollover
  - Supplemental Employer Contributions

* Maintenance of the following money classifications for the Piper Impact 401(k) Plan:

  - Employee Deferral

- Employer Match
- Supplemental Employer Contribution
- Rollover

* Maintenance of the following money classifications for the Nichols-Homeshield 401(k) Savings Plan:

  - Salary Deferral Contribution Account
  - Supplemental Employer Contribution Account
  - Rollover Account
  - Qualified Non-elective Employer Contribution Account

* Maintenance of the following money classifications for the Nichols-Homeshield 401(k) Savings Plan for Hourly Davenport Employees:

  - Salary Deferral Contribution Account
  - Supplemental Employer Contribution Account
  - Rollover Account
  - Qualified Non-elective Employer Contribution Account

The Trustee will provide the recordkeeping and administrative services set forth on this Schedule "A" and as detailed in the Plan Administrative Manual and no others.

A) PROVIDE PARTICIPANT TELEPHONE SERVICES

1. Fidelity registered representatives are available from 8:30 a.m. - 12:00 midnight ET each business day to provide toll free telephone service for Participant inquiries and transactions. Additionally, Participants have 24 hour account balance and transaction inquiry access utilizing our automated voice response system and the internet.

2. For security purposes, all calls are recorded. In addition, several levels of security are available including the verification of a Personal Identification Number (PIN) and/or any other indicative data resident on the system.

3. Through our telephone services, Fidelity provides the following services:

- o Provide Plan investment option information.
- o Maintain Plan specific provisions.
- o Process exchanges (transfers) between investment options on a daily basis.
- o Maintain and process changes to Participants' contribution allocations for all money sources.
- o Allow Participants to change their deferral and after-tax percentages and provide updates via EDT for customer to apply to its payrolls accordingly.
- o Consult with Participants in various loan scenarios and generate all documentation.
- o Process all Participant loan and withdrawal requests via Fidelity's toll-free telephone service according to Plan provisions on a daily basis.
- o Process in-service withdrawals via telephone due to certain circumstances previously approved by the Sponsor.
- o Process hardship withdrawals via telephone as directed and approved by the Sponsor.

- Enroll new Participants via telephone; provide confirmation of enrollment within five (5) days of the request.

B) PLAN ACCOUNTING

1. Process payroll contributions according to payroll frequency via electronic data transfer (EDT), consolidated magnetic tape or diskette. The data format will be provided by Fidelity.

2. Provide Plan and Participant level accounting for up to nine (9) money classifications for the Plan.

3. Audit and reconcile the Plan and Participant accounts daily.

4. Provide daily Plan and Participant level accounting for the Plan investment options.

5. Reconcile and process Participant withdrawal requests as approved and directed by the Sponsor. All requests are paid based on the current market values of Participants' accounts, not advanced or estimated values. A distribution report will accompany each check.

6. Track individual Participant loans; process loan withdrawals; re-invest loan repayments; and prepare and deliver comprehensive reports to the Sponsor to assist in the administration of Participant loans.

7. Fidelity's Guaranteed Investments Daily Equity System (GUIDE) is an automatic Investment Contract daily portfolio accounting system. GUIDE provides the Sponsor with daily valuation of its Plan assets whether individually managed or in our Managed Income Portfolio.

8. Maintain and process changes to Participants' prospective and existing investment mix elections via Fidelity's toll-free telephone service.

C) PARTICIPANT REPORTING

1. Mail confirmation to Participants of all transactions initiated via Fidelity Telephone Services within three (3) calendar days of the transaction.

2. Prepare and mail via first class to each Plan Participant a quarterly detailed Participant statement reflecting all activity for the period. Statements will be mailed no later than twenty (20) calendar days after each quarter end.

3. Mail required 402(f) notification for distribution from the Plan. This notice advises Participants of the tax consequences of their Plan distributions.

D) PLAN REPORTING

1. Prepare, reconcile and deliver a monthly Trial Balance Report presenting all money classes and investments. This report is based on the market value as of the last business day of the month. The report will be delivered not later than twenty (20) days after the end of each month in the absence of unusual circumstances.

2. Prepare, reconcile and deliver a Quarterly Administrative Report presenting both on a Participant and a total Plan basis all money classes, investment positions and a summary of all activity of the Participant and Plan as of the last business day of the quarter. The report will be delivered not later than twenty (20) days after the end of each quarter in the absence of unusual circumstances.

E) GOVERNMENT REPORTING

1. Process year-end tax reports for Participants - 1099R, as well as financial reporting to assist in the preparation of Form 5500.

F) COMMUNICATION SERVICES

1. Employee communications describing available investment options, including multimedia informational materials and group presentations.

G) OTHER

1. Performance of non-discrimination limitation testing upon request. In order to obtain this service, the client shall be required to provide the information identified in the Fidelity Discrimination Testing Package Guidelines.

2. Monitor and process required minimum distribution amounts (MRD) as follows: the Trustee will notify the MRD Participant and, upon notification from the MRD Participant, will use the MRD Participant's information to process their distributions. If the MRD Participant does not respond to the Trustee's notification, the Sponsor directs the Trustee to automatically begin the required distributions for the Participant.

3. The Fidelity Recordkeeping System is available on-line to the Sponsor via our Plan Sponsor Webstation ("PSW"). PSW is a graphical, Windows-based application that provides current plan and participant-level information, including indicative data, account balances, activity and history. PSW also provides Sponsors with the ability to instruct the Trustee to process particular transactions.

4. NetBenefits: Plan participants may access their accounts and conduct transactions via the Internet's World Wide Web, including obtaining current account balances, exchanges, contributions, dividend/capital gains, new loans and repayments, new withdrawals, quotes on all plan level investment options, fund performance on all plan level investment options, and Plan literature ordering

QUANEX CORPORATION

By: _____
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: _____
Vice President Date

SCHEDULE "B"

FEE SCHEDULE

Annual Participant Fee:	$15.00 per Participant* per year, billed and payable quarterly.
Loan Fee:	Establishment fee of $35.00 per loan account; annual fee of $15.00 per loan account.
Minimum Required Distribution:	$25.00 per Participant per MRD withdrawal.
Plan Sponsor Webstation (PSW):	Two (2) user IDs provided free of charge, each additional user ID, $500 per year.
Return of Excess Contribution Fee:	$25.00 per Participant, one-time charge per calculation and check generation.
Non-Fidelity Mutual Funds:	.35% annual administration fee on the following Non-Fidelity Mutual Fund assets which are equity/balanced funds: AMR Funds, Calvert Funds, Franklin/Templeton Funds, Founders Funds, Pilgrim Baxter Funds and Warburg Pincus Funds. .25% annual administration fee on all other Non-Fidelity Mutual Fund assets (to be paid by the Non-Fidelity Mutual Fund vendor.)

- Other Fees: separate charges for optional non-discrimination testing, extraordinary expenses resulting from large numbers of simultaneous manual transactions, from errors not caused by Fidelity, reports not contemplated in this Agreement, or extraordinary and/or duplicative expenses associated with electronic services. The Administrator may withdraw reasonable administrative fees from the Trust by written direction to the Trustee.

* This fee will be imposed pro rata for each calendar quarter, or any part thereof, that it remains necessary to keep a Participant's account(s) as part of the Plan's records, e.g., vested, deferred, forfeiture, top-heavy and terminated Participants who must remain on file through calendar year-end for 1099-R reporting purposes.

TRUSTEE FEE

- To the extent that assets are invested in Mutual Funds, 0.02% per year payable pro rata quarterly on the basis of such assets in the Trust as of the calendar quarter's last valuation date, but no less than $2,500.00 nor more than $5,000.00 per year.

o To the extent that assets are invested in Sponsor Stock, 0.25% of such assets in the Trust payable pro rata quarterly on the basis of such assets as of the calendar quarter's last valuation date, but no less than $10,000 per year.

QUANEX CORPORATION	FIDELITY MANAGEMENT TRUST COMPANY
By: _____	By: _____
Date	Vice President Date

SCHEDULE "C"

INVESTMENT OPTIONS

In accordance with Section 5(b), the Named Fiduciary hereby directs the Trustee that Participants' individual accounts may be invested in the following investment options:

- Quanex Corporation Stock Fund
- Fidelity Balanced Fund
- Fidelity Contrafund
- Fidelity Growth & Income Portfolio
- Fidelity Low-Priced Stock Fund
- Fidelity Magellan Fund
- Fidelity Money Market Trust: Retirement Government Money Market Portfolio
- Fidelity Overseas Fund
- Fidelity Puritan Fund
- Fidelity Asset Manager
- Managed Income Portfolio
- Neuberger & Berman Partners Trust
- Templeton Foreign Fund
- Fidelity Blue Chip Growth Fund
- Fidelity Retirement Growth Fund

The investment option referred to in Section 5(c) and Section 5(e)(v)(B)(5) shall be Fidelity Money Market Trust: Retirement Government Money Market Portfolio.

QUANEX CORPORATION

By: _____
Date

SCHEDULE "D"

[Administrator's Letterhead]

[DATE]

Mr. David Phillips
Fidelity Investments Institutional Operations Company, Inc.
82 Devonshire Street - MM3H
Boston, Massachusetts 02109

[Name of Plan]

*** NOTE: This schedule should contain names and signatures for ALL individuals who will be providing directions to Fidelity representatives in connection with the Plan.

Fidelity representatives will be unable to accept directions from any individual whose name does not appear on this schedule.***

Dear Mr. Phillips:

This letter is sent to you in accordance with Section 8(b) of the Trust Agreement, dated as of [date], between [name of Plan Sponsor] and Fidelity Management Trust Company. [I or We] hereby designate [name of individual], [name of individual], and [name of individual], as the individuals who may provide directions, on behalf of the Administrator, upon which Fidelity Management Trust Company shall be fully protected in relying. Only one such individual need provide any direction. The signature of each designated individual is set forth below and certified to be such.

You may rely upon each designation and certification set forth in this letter until [I or we] deliver to you written notice of the termination of authority of a designated individual.

Very truly yours,

[SPONSOR]

By

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

SCHEDULE "E"

[Named Fiduciary's Letterhead]

[DATE]

Mr. David Phillips
Fidelity Investments Institutional Operations Company, Inc.
82 Devonshire Street - MM3H
Boston, Massachusetts 02109

[Name of Plan]

Dear Mr. Phillips:

This letter is sent to you in accordance with Section 8(c) of the Trust Agreement, dated as of [date], between [name of Plan Sponsor] and Fidelity Management Trust Company. [I or We] hereby designate [name of individual], [name of individual], and [name of individual], as the individuals who may provide directions, on behalf of the Named Fiduciary, upon which Fidelity Management Trust Company shall be fully protected in relying. Only one such individual need provide any direction. The signature of each designated individual is set forth below and certified to be such.

You may rely upon each designation and certification set forth in this letter until [I or we] deliver to you written notice of the termination of authority of a designated individual.

Very truly yours,

[NAMED FIDUCIARY]

By

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

[signature of designated individual]
[name of designated individual]

SCHEDULE "G"

TELEPHONE EXCHANGE GUIDELINES

The following telephone exchange guidelines are currently employed by Fidelity Investments Institutional Operations Company, Inc. (FIIOC).

Telephone exchange hours via a Fidelity Representative are 8:30 a.m. (ET) to 12:00 midnight (ET) on each business day. A "business day" is any day on which the New York Stock Exchange ("NYSE") is open. Exchanges via the Internet and Fidelity's voice response system are intended to be available virtually 24 hours a day.

FIIOC reserves the right to change these telephone exchange guidelines at its discretion.

Note: The NYSE's normal closing time is 4:00 p.m. (ET); in the event the NYSE alters its closing time, all references below to 4:00 p.m. shall mean the NYSE closing time as altered.

MUTUAL FUNDS

EXCHANGES BETWEEN MUTUAL FUNDS

Participants may call on any business day to exchange between the mutual funds. If the request is received before 4:00 p.m. (ET), it will receive that day's trade date. Calls received after 4:00 p.m. (ET) will be processed on a next day basis.

MANAGED INCOME PORTFOLIO

I. EXCHANGES BETWEEN MUTUAL FUNDS AND MANAGED INCOME PORTFOLIO

Participants who wish to exchange between a mutual fund and the Managed Income Portfolio may call on any business day. If the request is received before 4:00 p.m. (ET), it will receive that day's trade date. Calls received after 4:00 p.m. (EST) will be processed on a next day basis.

II. EXCHANGE RESTRICTIONS

Participants will not be permitted to make direct transfers from the Managed Income Portfolio into a competing fund. Participants who wish to exchange from the Managed Income Portfolio into a competing fund must first exchange into a non-competing fund for a period of 90 days.

QUANEX CORPORATION STOCK FUND

I. EXCHANGES BETWEEN MUTUAL FUNDS AND SPONSOR STOCK FUND

Participants may call on any business day to exchange between the mutual funds and the Sponsor Stock Fund. If the request is received before 4:00 p.m. (ET), it will receive that day's trade date. Calls received after 4:00 p.m. (ET) will be processed on a next day basis.

II. EXCHANGES BETWEEN SPONSOR STOCK FUND AND MANAGED INCOME PORTFOLIO

Participants who wish to exchange between the Sponsor Stock Fund and the Managed Income Portfolio may call on any business day. If the request is received before 4:00 p.m. (ET), it will receive that day's trade date. Calls received after 4:00 p.m. (ET) will be processed on a next day basis.

III. EXCHANGE RESTRICTIONS

Investments in the Sponsor Stock Fund will consist primarily of shares of Sponsor Stock. In order to satisfy daily Participant requests for exchanges, loans and withdrawals, the Stock Fund will also hold cash or other short-term liquid investments in an amount that has been agreed to in writing by the Sponsor and the Trustee. The Trustee will be responsible for ensuring that the percentage of these investments falls within the agreed upon range over time. However, if there is insufficient liquidity in the Sponsor Stock Fund to allow for such activity, the Trustee will sell shares of Sponsor Stock in the open market. Exchange and redemption transactions will be processed as soon as proceeds from the sale of Sponsor Stock are received.

QUANEX CORPORATION

By: _____
Date

SCHEDULE "H"

OPERATIONAL GUIDELINES FOR NON-FIDELITY MUTUAL FUNDS

PRICING
By 7:00 p.m. Eastern Time ("ET") each Business Day, the Non-Fidelity Mutual Fund Vendor (Fund Vendor) will input the following information ("Price Information") into the Fidelity Participant Recordkeeping System ("FPRS") via the remote access price screen that Fidelity Investments Institutional Operations Company, Inc. ("FIIOC"), an affiliate of the Trustee, has provided to the Fund Vendor: (1) the net asset value for each Fund at the Close of Trading, (2) the change in each Fund's net asset value from the Close of Trading on the prior Business Day, and (3) in the case of an income fund or funds, the daily accrual for interest rate factor ("mil rate"). FIIOC must receive Price Information each Business Day (a "Business Day" is any day the New York Stock Exchange is open). If on any Business Day the Fund Vendor does not provide such Price Information to FIIOC, FIIOC shall pend all associated transaction activity in the Fidelity Participant Recordkeeping System ("FPRS") until the relevant Price Information is made available by Fund Vendor.

TRADE ACTIVITY AND WIRE TRANSFERS
By 7:00 a.m. ET each Business Day following Trade Date ("Trade Date plus One"), FIIOC will provide, via facsimile, to the Fund Vendor a consolidated report of net purchase or net redemption activity that occurred in each of the Funds up to 4:00 p.m. ET on the prior Business Day. The report will reflect the dollar amount of assets and shares to be invested or withdrawn for each Fund. FIIOC will transmit this report to the Fund Vendor each Business Day, regardless of processing activity. In the event that data contained in the 7:00 a.m. ET facsimile transmission represents estimated trade activity, FIIOC shall provide a final facsimile to the Fund Vendor by no later than 9:00 a.m. ET. Any resulting adjustments shall be processed by the Fund Vendor at the net asset value for the prior Business Day.

The Fund Vendor shall send via regular mail to FIIOC transaction confirms for all daily activity in each of the Funds. The Fund Vendor shall also send via regular mail to FIIOC, by no later than the fifth Business Day following calendar month close, a monthly statement for each Fund. FIIOC agrees to notify the Fund Vendor of any balance discrepancies within twenty (20) Business Days of receipt of the monthly statement.

For purposes of wire transfers, FIIOC shall transmit a daily wire for aggregate purchase activity and the Fund Vendor shall transmit a daily wire for aggregate redemption activity, in each case including all activity across all Funds occurring on the same day.

PROSPECTUS DELIVERY
FIIOC shall be responsible for the timely delivery of Fund prospectuses and periodic Fund reports ("Required Materials") to Plan participants, and shall retain the services of a third-party vendor to handle such mailings. The Fund Vendor shall be responsible for all materials and production costs, and hereby agrees to provide the Required Materials to the third-party vendor selected by FIIOC. The Fund Vendor shall bear the costs of mailing annual Fund reports to Plan participants. FIIOC shall bear the costs of mailing prospectuses to Plan participants.

PROXIES
The Fund Vendor shall be responsible for all costs associated with the production of proxy materials. FIIOC shall retain the services of a third-party vendor to handle proxy solicitation mailings and vote tabulation. Expenses associated with such services shall be billed directly to the Fund Vendor by the third-party vendor.

PARTICIPANT COMMUNICATIONS
The Fund Vendor shall provide internally-prepared fund descriptive information approved by the Funds' legal counsel for use by FIIOC in its written Participant communication materials. FIIOC shall utilize historical performance data obtained from third-party vendors (currently Morningstar, Inc., FACTSET Research Systems and Lipper Analytical Services) in telephone conversations with plan Participants and in quarterly Participant statements. The Sponsor hereby consents to FIIOC's use of such materials and acknowledges that FIIOC is not responsible for the accuracy of such third-party information. FIIOC shall seek the approval of the Fund Vendor prior to retaining any other third-party vendor to render such data or materials under this Agreement.

COMPENSATION
FIIOC shall be entitled to fees as set forth in a separate agreement with the Fund Vendor.

SCHEDULE "I"

[Sponsor's Letterhead]

Mr. David Phillips
Fidelity Investments Institutional Operations Company, Inc.
82 Devonshire Street
Boston, Massachusetts 02109

[Name of Plan]

Dear Mr. Phillips:

This letter is sent to you in accordance with Section 8(a) of the Trust Agreement dated as of the [ ] day of [ ], 199X, between [ ] and Fidelity Management Trust Company.

Each of the plans identified below is a tax-qualified defined contribution plan which meets the requirements of Section 18 of said Trust Agreement and which is maintained by the undersigned, or one of its subsidiaries or affiliates, for the benefit of their eligible employees. Each such plan is hereby designated as a "Plan" for purposes of said Trust Agreement. The following individuals or entities are the Administrator and Named Fiduciary (ies) of said Plan(s).

Plans	Administrator	Named Fiduciary(ies)

We hereby further certify that each Employer with respect to each of the foregoing Plan(s) has authorized the assets of such Plan to be deposited in the Trust and, as a result, is bound by Section 16(b) of said Trust Agreement.

You may rely upon the foregoing designations and certifications until we deliver to you written notice of a change in any of the information set forth therein.

Very truly yours,

[SPONSOR]

By

EXHIBIT 4.9

FIRST AMENDMENT TO TRUST AGREEMENT BETWEEN FIDELITY MANAGEMENT TRUST COMPANY AND QUANEX CORPORATION

THIS FIRST AMENDMENT, dated as of the first day of November, 1999, by and between Fidelity Management Trust Company (the "Trustee") and Quanex Corporation (the "Sponsor").

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated February 1, 1999 with regard to the Quanex Corporation Employee Savings Plan, the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan, the Piper Impact 401(k) Plan, the Nichols-Homeshield 401(k) Savings Plan and the Nichols-Homeshield 401(k) Savings Plan for Hourly Davenport Employees (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending Schedule "G" by adding the following to the Exchange Restrictions for the Quanex Corporation Stock Fund, as follows:

> Participants who exchange into the Sponsor Stock Fund must wait a minimum of forty-five (45) days prior to exchanging out of the Sponsor Stock Fund.
>
> Participants who exchange out of the Sponsor Stock Fund must wait a minimum of forty-five (45) days prior to exchanging back into the Sponsor Stock Fund.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this First Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

QUANEX CORPORATION	FIDELITY MANAGEMENT TRUST COMPANY
By:	By:
----------	----------
Date	Vice President Date

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 2 to Registration Statement No. 33-38702 of Quanex Corporation on Form S-8 of our reports dated November 23, 1998 and June 1, 1998, appearing in the Annual Report on Form 10-K of Quanex Corporation for the fiscal year ended October 31, 1998 and in the Annual Report on Form 11-K of Quanex Corporation Employee Savings Plan for the year ended December 31, 1998, respectively.

DELOITTE & TOUCHE LLP

Houston, Texas
October 15, 1999

EXHIBIT 24.1

MASTER POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Vernon E. Oeschsle , James H. Davis, Wayne M. Rose, Viren M. Parikh and Thomas R. Royce, and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to the Registration Statements listed below, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute to substitutes of any or all of them, may lawfully do or cause to be done by virtue hereof.

Registration Statement No. 333-66777, filed November 4, 1998, relating to the Quanex Corporation 1997 Key Employee Stock Option Plan and the Quanex Corporation 1997 Non-Employee Director Sock Option Plan

Registration Statement No. 333-22977, filed March 7, 1997, as amended by Post-Effective Amendment No. 1, filed February 2, 1999, relating to the Piper Impact 401(k) Plan

Registration Statement No. 333-18267, filed December 19, 1996, relating to the Quanex Corporation 1996 Employee Stock Option and Restricted Stock Plan and the Quanex Corporation Deferred Compensation Plan

Registration Statement No. 33-57235, filed January 11, 1995, relating to the Quanex Corporation Employee Stock Purchase Plan

Registration Statement No. 33-54081, filed June 10, 1994, as amended by Post-Effective Amendment No. 1 filed February 2, 1999, relating to the Nichols-Homeshield 401(k) Savings Plan

Registration Statement No. 33-54085, filed June 10, 1994, as amended by Post-Effective Amendment No. 1 filed February 2, 1999, relating to the Nichols-Homeshield 401(k) Savings Plan for Davenport Hourly Employees

Registration Statement No. 33-54087, filed June 10, 1994, relating to the Quanex Corporation Employee Stock Option and Restricted Stock Plan

Registration Statement No. 33-46824, filed March 30, 1992, as amended by Post-Effective Amendment No. 1 filed February 2, 1999, relating to the Quanex Corporation Hourly Bargaining Unity Employee Savings Plan

Registration Statement No. 33-38702, filed January 25, 1991, as amended by Post-Effective Amendment No. 1 filed February 2, 1999, relating to the Quanex Corporation Employee Savings Plan

Registration Statement No. 33-35128, filed June 4, 1990, relating to the Quanex Corporation 1989 Non-Employee Director Stock Option Plan

Registration Statement No. 33-29585, filed June 29, 1989, relating to the Quanex Corporation 1988 Stock Option Plan

Registration Statement No. 33-22550, filed June 15, 1988, relating to the Quanex Corporation 1987 Non-Employee Director Stock Option Plan

Registration Statement No. 33-23474, as amended by Post-Effective Amendment No. 1 and Post-Effective Amendment No. 2 filed June 28, 1989, relating to the Quanex Corporation 1978 Stock Option Plan

Registration Statement No. 333-36635, filed September 29, 1997, relating to the Quanex Corporation Deferred Compensation Trust

Dated: February 25, 1999

/s/ Vernon E. Oechsle

Vernon E. Oechsle

/s/ Donald G. Barger, Jr.

Donald G. Barger, Jr.

/s/ Susan F. Davis

Susan F. Davis

/s/ Russell M. Flaum

Russell M. Flaum

/s/ John D. O'Connell

John D. O'Connell

/s/ Carl E. Pfeiffer

Carl E. Pfeiffer

/s/ Vincent R. Scorsone

Vincent R. Scorsone

/s/ Michael J. Sebastian

Michael J. Sebastian