Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Year Ended Commission File Number
December 31, 1996 0-17124

GRANITE CONSTRUCTION INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	77-0239383 (I.R.S. Employer Identification Number)

585 West Beach Street
Watsonville, California 95076
(Address of principal executive offices)
Telephone: (408) 724-1011

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $0.01

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of voting stock held by nonaffiliates of the registrant was approximately $211,488,200 as of March 20, 1997 based upon the average of the high and low sales prices per share of the registrant's Common Stock as reported on the NASDAQ National Market System on such date. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliates status is not necessarily a conclusive determination for other purposes.

At March 20, 1997, 18,111,784 shares of Common Stock, par value $0.01 of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	Form 10-K Reference
Proxy Statement for the Annual Meeting of Stockholders on May 19, 1997	Part III, Items 10-13

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This report, including all exhibits and attachments, contains 197 pages. The exhibit index is on pages 23-24.

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PART I

ITEM 1. BUSINESS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements as a result of the changes in the composition of applicable federal and state legislation appropriation committees; federal and state appropriation changes for infrastructure spending; the general state of the economy; competition and pricing pressures; state referendums and initiatives; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

INTRODUCTION

Granite Construction Incorporated, the "Company", is one of the largest heavy civil construction contractors in the United States. Granite operates throughout the United States, focusing primarily in the west, southwest and southeast and serves both public and private sector clients. Within the public sector, the Company concentrates on infrastructure projects, including the construction of roads, highways, bridges, dams, tunnels, canals, mass transit facilities and airports. Within the private sector, the Company performs site preparation services for buildings, plants, subdivisions and other facilities. Granite's participation in both the public and private sectors and its diverse mix of project types and sizes have contributed to the Company's revenue growth and profitability in various economic environments.

Granite also owns and leases substantial aggregate reserves and owns 108 construction materials processing plants and one of the largest heavy construction contractor equipment fleets in the United States. The Company believes that the ownership of these assets enables it to compete more effectively by ensuring availability of these resources at a favorable cost.

Granite operates primarily through its wholly owned subsidiary, Granite Construction Company. In addition, other minor wholly-owned subsidiaries are G.G.&R., Inc. and Desert Aggregates Inc., incorporated in Utah and California, respectively, and there are four wholly-owned, non-operating subsidiaries.

RECENT DEVELOPMENT

At year-end 1996, the Company initiated the purchase of a 30% minority interest in T.I.C. Holdings Inc. ("TIC") as part of its diversification strategy (See Business Strategy). The transaction included a 10% ownership interest acquired directly from the corporation on December 30, 1996 and a yet to be completed 20% ownership interest to be acquired through a tender offer to the TIC employee stockholders once the 1996 TIC audited financial statements are complete and a price determined. The acquisition is expected to be completed in the second quarter of 1997.

TIC, founded in 1974, is one of the leading merit shop, general heavy industrial contractors in the U.S. The company is ranked in both the Top 20 industrial and power marketplaces by Engineering News-Record Magazine. TIC performs all major disciplines including civil, structural steel erection, heavy mechanical, process piping and electrical/instrumentation. TIC has offices in Colorado, Georgia, California, Texas, Louisiana, Kansas, Nevada, Oregon and Wyoming.

TIC operates both nationally and internationally. The Company had annual revenues of $467 million in 1995. By market sector, 59% of its 1995 revenue came from industrial/petrochemical projects, 23% from power-related projects, 16% from water/sewer/wastewater projects and the remaining 2% derived from transportation-related work. The Company employs over 4,000 people nationwide.

OPERATING STRUCTURE

The principal operating company, Granite Construction Company, is organized into two operating divisions. The Branch Division is comprised of branch offices which serve local markets, while the Heavy Construction Division pursues major infrastructure projects throughout the nation. The Heavy Construction Division ("HCD") generally has large heavy civil projects with contract amounts in excess of $15 million and contract durations greater than two years, while the Branch Division projects are typically smaller in size and shorter in duration.

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The two divisions complement each other in a variety of ways. The Heavy Construction Division is a major user of large construction equipment and employs sophisticated techniques on complex projects. The branches draw on these resources which are generally not available to smaller, local competitors. Conversely, the Branch Division has greater knowledge of local markets and provides the Heavy Construction Division with valuable information regarding larger projects in the branches' areas. The two divisions sometimes jointly perform projects when a project in a particular region exceeds the local branch's capabilities.

As decentralized profit centers, the branch offices and the Heavy Construction Division independently estimate, bid and complete contracts. Both divisions are supported by centralized functions, including finance, accounting, tax, human resources, labor relations, safety, legal, insurance, surety and management information services. The Company believes that centralized support for decentralized profit centers results in a more market responsive business with effective controls and reduced overhead.

In addition to cost and profitability estimates, Granite considers several factors when determining whether to bid on a project, including the client, the geographic location, Granite's competitive advantages and disadvantages relative to likely competitors for the project, current and projected workload, and the likelihood of follow-up work. Both operating divisions use a proprietary computer-based project estimating system which reflects Granite's significant accumulated experience. Granite believes that an exhaustive, detailed approach to a project's estimate and bid is important in order to best identify the project's risks and opportunities. The Company's estimates are comprehensive in nature, sometimes totaling hundreds of pages of analysis. Each project is broken into phases and line items, for which separate labor, equipment and material estimates are made. Once a project begins, the estimate provides Granite with a budget against which actual project cost is regularly measured, enabling Granite to manage its projects more effectively.

The Branch Division. In 1996, Branch Division contract revenue and sales of aggregate products were $715.6 million (77% of Company revenue) as compared with $676.0 million (76% of Company revenue) in 1995. The Branch Division has both public and private sector clients. Public sector activities include both new construction and improvement of streets, roads, highways and bridges. For example, the branches widen and repave roads and modify and replace bridges. Major private sector contracts include site preparation for housing, including excavation, grading and street paving, and installation of curbs, gutters, sidewalks and underground utilities.

The Company currently has 11 branch offices with 9 satellite operations. The Company's branch offices in California are located in Bakersfield, Hanford, Monterey Bay Area, Palm Springs (Southern California Region), Sacramento, San Jose, Santa Barbara and Stockton. The Company's branch offices outside of California are located in Arizona, Nevada and Utah. Each branch effectively operates as a local or regional construction company and its management is encouraged to participate actively in the local community. While individual branch revenues vary from year to year, in 1996 these revenues ranged from $22 million to $118 million.

As part of the Company's strategy, many of Granite's branches mine aggregates and operate plants which process aggregates into construction materials for internal use and for sale to others. These activities provide both a source of profits and a competitive advantage to the Company's construction business. More than half of the aggregate products are used in the Company's construction projects. The remainder is sold to unaffiliated parties and accounted for $93.5 million of revenue in 1996, representing 10.1% of the Company's total 1996 revenue. The Company has significant aggregate reserves which it has acquired by ownership in fee or through long-term leases. It is the Company's objective to continue to own or lease adequate aggregate reserves.

Heavy Construction Division. In 1996, revenue from HCD was $213.2 million (23% of Company revenue) as compared with $218.8 million (24% of Company revenue) in 1995. HCD projects are usually larger and more complex than those performed by the Branch Division. The Division has completed projects throughout the nation, including mass transit projects in the metropolitan areas of Atlanta, Baltimore, Los Angeles, San Francisco and Washington, D.C., and 27 major dam and tunnel projects in eight states.

HCD builds infrastructure projects, including major highways, large dams, mass transit facilities, bridges, pipelines, canals, tunnels, waterway locks and dams, and airport runways, and has engaged in contract mine stripping and reclamation and large site preparation. It also performs activities such as demolition, clearing, excavation, dewatering, drainage, embankment fill, structural concrete, concrete and asphalt paving, and tunneling.

The Division markets, estimates, bids and provides management overview of its projects from its Watsonville headquarters and satellite estimating offices in Texas and Georgia. Project staffs located at jobsites have the managerial, technical, and clerical capacity to meet on-site project management requirements. HCD has the ability, if appropriate, to process locally sourced aggregates into construction materials using its own portable crushing, concrete and asphalt processing plants.

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HCD participates in joint ventures with other large construction companies from time to time. Joint ventures are used for large, technically complex projects where it is desirable to share risk and resources. Joint ventures provide independently prepared estimates, and shared financing, equipment and expertise.

Privatization as a new market sector for the Division has emerged as the Company pioneers the use of public/private partnerships to fund the construction of public infrastructure projects which are not supported by traditional tax-based revenue sources. Two such projects have been successfully completed - in 1996, the joint venture to build the San Joaquin Hills Transportation Corridor and, in 1995, the SR91 tollroad project. The Company continues its participation in the SR91 project as an investor in the partnership that will operate the tollroad under a 35 year franchise agreement with the State of California. The Division continues to pursue opportunities to bid in the privatization market.

BUSINESS STRATEGY

Granite's fundamental objective is to increase long-term shareholder value with an emphasis on profitability and revenue growth and stability. It is measured with the appreciation of the value of Granite stock over a period of years, and to a minor degree, a return from dividends. Further, it is a specific measure of the Company's financial success to achieve a Return on Net Assets ("RONA") greater than the cost of capital, creating "Granite Value Added". To accomplish this objective, Granite employs the following strategies:

Heavy/Highway Construction Focus - Granite concentrates on selected facets of the construction industry: the building of roads, highways, bridges, dams and tunnels, mass transit facilities and site preparation. This focus emphasizes the Company's specialized strengths which include earth moving, paving and concrete structures.

Selective Bidding - Granite carefully selects projects to bid which it believes offer an opportunity to meet the Company's profitability objectives.

Diversification - Granite pursues projects (i) in both the public and private sectors; (ii) for a wide range of customers within each sector (from the federal government to small municipalities and from large corporations to individual home owners); (iii) in diverse geographic markets; (iv) of various sizes, durations and complexity; and (v) in the heavy industrial market segment in conformity with the above diversification strategies.

Decentralized Profit Centers - Granite positions itself to be responsive to changes in its markets through its decentralized structure. Each of Granite's branches and the Heavy Construction Division are individual profit centers.

Management Incentives - The Company compensates its profit center managers with lower-than-market fixed salaries coupled with a substantial variable cash and restricted stock incentive element based on the annual profit performance of their respective profit centers.

Ownership of Material and Equipment Assets - Granite owns aggregate reserves and processing plants and maintains a fleet of heavy construction equipment to compete more effectively by ensuring availability of these resources at favorable cost.

Controlled Expansion - The Company intends to continue its geographic expansion by selectively adding branches in the western United States, by pursuing major infrastructure projects throughout the nation and expanding into other construction market segments through acquisitions.

Accident Prevention - Granite believes that the prevention of accidents is both a moral obligation and good business. By identifying potential accidental losses and preventing them the Company continues to significantly reduce the costs associated with accidents.

Environmental Affairs - Granite believes it benefits all parties to maintain environmentally responsible operations. The Company is committed to effective air quality control measures and reclamation at its plant sites and to waste reduction and recycling of the environmentally sensitive products used in its operations.

Quality and High Ethical Standards - Granite emphasizes the importance of performing high quality work and maintaining high ethical standards.

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CUSTOMERS

The Company has customers in both the public and private sectors. The Branch Division's principal customers are state departments of transportation in California, Arizona, Nevada and Utah. In 1996, contracts with the California Department of Transportation represented 11.2% of the Company's revenue. Other Branch Division clients include county and city public works departments and developers and owners of industrial, commercial and residential sites. The principal clients of the Heavy Construction Division are in the public sector and currently include the U.S. Army Corps of Engineers, the U.S. Bureau of Reclamation, the State Departments of Highways and Public Transportation in Texas, Georgia and Florida and the Transportation Corridor Agencies (See Note 10 of Notes to Consolidated Financial Statements).

A breakdown of the Company's revenues for the last three years by market sector is as follows (in thousands):

	1996		1995		1994	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
Contract revenues						
Federal agencies	$ 32,825	3.5%	$ 53,018	5.9%	$ 57,664	8.3%
State agencies	345,505	37.2	283,272	31.7	245,221	35.4
Local public agencies .	278,917	30.0	338,350	37.8	244,757	35.3
Private sector	178,053	19.2	129,028	14.4	87,067	12.6
Construction materials sales	93,499	10.1	91,128	10.2	58,679	8.4
Total	$928,799	100.0%	$894,796	100.0%	$693,388	100.0%

BACKLOG

The Company's backlog (anticipated revenue from uncompleted portions of existing contracts) was $597.9 million at December 31, 1996, up from $590.1 million at December 31, 1995. The Company's backlog was $550.2 million at the end of 1994, and $659.7 million at the end of 1993. Approximately $180 million of the December 31, 1996 backlog will remain at December 31, 1997. The Company includes a construction project in its backlog at such time as a contract is awarded or a firm letter of commitment is obtained. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations".) The Company believes the backlog figures are firm, subject only to the cancellation and modification provisions contained in various contracts. Substantially all of the contracts in the backlog may be canceled or modified at the election of the client. However, the Company has not been materially adversely affected by contract cancellations or modifications in the past. (See "Business-Contract Provisions and Subcontracting.") A substantial percentage of the Company's anticipated revenue in any year is not reflected in its backlog at the start of the year due to the short duration of smaller Branch Division projects that are initiated and completed during such year ("Turn Business"). The following is a breakdown of backlog as of December 31, 1996 (in millions):

	1996		1995		1994	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
By Geographic Area:						
California	$247.5	41.4%	$227.9	38.6%	$320.8	58.3%
West	72.6	12.1	79.2	13.4	83.1	15.1
Southeast	277.8	46.5	283.0	48.0	146.3	26.6
	$597.9	100.0%	$590.1	100.0%	$550.2	100.0%
By Market Sector:						
Federal government	$ 28.7	4.8%	$ 17.5	3.0%	$ 49.7	9.0%
State agencies	374.8	62.7	354.3	60.0	240.9	43.8
Local public agencies	123.0	20.6	152.6	25.9	245.3	44.6
Private companies	71.4	11.9	65.7	11.1	14.3	2.6
	$597.9	100.0%	$590.1	100.0%	$550.2	100.0%

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EQUIPMENT

The Company purchases and maintains many pieces of equipment, including cranes, bulldozers, scrapers, graders, loaders, trucks, pavers, rollers, and construction materials processing plants. In 1996 and 1995, the Company spent approximately $40.3 million and $35.4 million, respectively, for construction equipment, plants and vehicles. The breakdown of the Company's construction equipment, plants and vehicles at December 31, 1996 is as follows:

Heavy construction equipment	1,936	units
Trucks, truck-tractors and trailers and vehicles .	2,842	units
Aggregate crushing plants	38 plants	
Asphalt concrete plants	43 plants	
Portland cement concrete batch plants	25 plants	
Thermal Soil Remediation Plants	2 plants	

The Company believes that ownership of equipment is preferable to leasing because ownership ensures the equipment is available as needed and normally results in lower equipment costs. The Company attempts to keep its equipment as fully utilized as possible by pooling equipment for use by both the Branch Division and the Heavy Construction Division. From time to time, the Company leases or rents equipment on a short- term basis.

EMPLOYEES

On December 31, 1996, Granite employed 931 salaried employees, who work in management, estimating and clerical capacities, and 2,344 hourly employees. The total number of hourly personnel employed by the Company is subject to the volume of construction in progress. During 1996, the number of hourly employees ranged from 1,871 to 3,794 and averaged approximately 3,079. The Company is a party to craft collective bargaining agreements in many areas in which it is working.

The Company believes its employees are its most valuable resource and that its workforce possesses a strong feeling of dedication to and pride in the Company. Among salaried and non-union hourly employees, this dedication is reinforced by 32% equity ownership through the Employee Stock Ownership Plan ("ESOP") and performance-based incentive compensation arrangements. The Company's 324 managerial and supervisory personnel have an average of 10 years of service with Granite.

COMPETITION

Factors influencing the Company's competitiveness are price, reputation for quality, the availability of aggregate materials, machinery and equipment, financial strength, knowledge of local markets and conditions and estimating abilities. The Company believes that it competes favorably on the basis of the foregoing factors. Branch Division competitors range from small local construction companies to large regional construction companies. While the market areas of these competitors overlap with several of the markets served by the Company's branches, few, if any, compete in all of the Company's market areas. The Heavy Construction Division normally competes with large regional and national construction companies. Although the construction business is highly competitive, particularly for competitively bid projects in the public sector, the Company believes it is well positioned to compete effectively.

CONTRACT PROVISIONS AND SUBCONTRACTING

The Company's revenue is substantially derived from contracts that are "fixed unit price" contracts under which the Company is committed to provide materials or services required by a project at fixed unit prices (for example, dollars per cubic yard of concrete or cubic yards of earth excavated). While the fixed unit price contract shifts the risk of estimating the quantity of units required for a particular project to the customer, any increase in the Company's unit cost over the unit price bid, whether due to inflation, inefficiency, faulty estimates or other factors, is borne by the Company unless otherwise provided in the contract. The Company's contracts are obtained primarily through competitive bidding in response to advertisements by federal, state and local government agencies and private parties.

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All federal government contracts and many of the Company's other contracts provide for termination of the contract for the convenience of the party contracting with the Company. In addition, many of the Company's contracts are subject to certain completion schedule requirements with liquidated damages in the event schedules are not met. The Company has not been materially adversely affected by these provisions in the past.

The Company acts as prime contractor on most of the construction projects it undertakes. The Company accomplishes the majority of its projects with its own resources and subcontracts specialized activities such as electrical and mechanical work. As prime contractor, the Company is responsible for the performance of the entire contract, including subcontract work. Thus, the Company is subject to increased costs associated with the failure of one or more subcontractors to perform as anticipated. The Company generally requires its subcontractors to furnish bonds guaranteeing their performance. Affirmative action regulations require the Company to use its best efforts to employ certain types of subcontractors for a specified portion (historically ranging up to 25%) of contract work done for governmental agencies. Some of these subcontractors may not be able to obtain surety bonds. The Company has not incurred any significant loss or liability on work performed by subcontractors to date.

INSURANCE AND BONDING

The Company maintains general and excess liability, construction equipment, and workers' compensation insurance, all in amounts consistent with industry practices. Management believes its insurance programs are adequate.

In connection with its business, the Company generally is required to provide various types of surety bonds guaranteeing its performance under certain public and private sector contracts. The Company's ability to obtain surety bonds depends upon its capitalization, working capital, past performance, management expertise and other factors. Surety companies consider such factors in light of the amount of surety bonds then outstanding for the Company and their current underwriting standards, which may change from time to time. The Company has been bonded by the same surety for more than 60 years and has never been refused a bond.

GOVERNMENT REGULATIONS

The Company's operations are subject to compliance with regulatory requirements of federal, state and municipal agencies and authorities, including regulations concerning labor relations, affirmative action and the protection of the environment. While compliance with applicable regulatory requirements has not adversely affected the Company's operations in the past relative to its competitive position within its industry sector, there can be no assurance that these requirements will not change and that compliance will not adversely affect the Company's operations. In addition, the aggregate materials operations of the Company require operating permits granted by governmental agencies. The Company believes that tighter regulations for the protection of the environment and other factors will make it increasingly difficult to obtain new permits and renewal of existing permits may be subject to more restrictive conditions than currently exist.

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ITEM 2. PROPERTIES

The Company owns and leases real property for use in its construction and aggregate mining and processing activities. The Company owns approximately 358,300 square feet of office and shop space and leases, pursuant to leases expiring in the year 2000, an additional 63,700 square feet of office and shop space. The Company owns approximately 7,650 acres of land of which 1,500 acres are unpermitted reserves available for future use and leases approximately 5,300 additional acres of land at sites in California, Nevada, Arizona and Utah. A majority of the land owned or leased by the Company is intended to serve as aggregate reserves. There are no encumbrances against owned property. The Company's leases for aggregate reserves generally limit the Company's interest in the reserves to the right to mine the reserves. These leases range from month-to-month leases to leases with expiration dates ranging from January 1997 to January 2038. The Company considers its available and future aggregate reserves adequate to meet operating needs. The company pursues a plan of acquiring new sources of aggregate reserves to replenish those depleted and to assure future growth.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to a number of legal proceedings. The Company believes that the nature and number of these proceedings are typical for a construction firm of its size and scope and that none of these proceedings is material to the Company's financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company has not submitted any matters to a vote of security holders during the fourth quarter of the year ended December 31, 1996.

EXECUTIVE OFFICERS OF THE REGISTRANT.

The executive officers of the Company are as follows:

	Age	Position
David H. Watts	58	President, Chief Executive Officer and Director
William E. Barton	52	Vice President, Chief Financial Officer
Patrick M. Costanzo	58	Senior Vice President and Manager, Heavy Construction Division
William G. Dorey	52	Senior Vice President and Manager, Branch Division

Granite Construction Incorporated was incorporated in Delaware in January, 1990 as the holding company for Granite Construction Company, which was incorporated in California in 1922. All dates of service for the executive officers of the registrant include the periods in which they served for Granite Construction Company.

Mr. Watts joined the Company in 1987 as President and Chief Executive Officer and has served as a director since 1988. From 1984 until 1987, Mr. Watts served as President, Chief Executive Officer and a director of Ford, Bacon & Davis, Inc., an industrial engineering and construction firm. From 1965 until 1984, Mr. Watts was employed by an underwater services and construction firm in various capacities, including as President and Chief Operating Officer. He received a B.A. degree in economics from Cornell University in 1960.

Mr. Barton has been an employee of the Company since 1980 and has served in various capacities, including Vice President and Chief Financial Officer since 1990, Controller in 1989, Treasurer in 1988 and Cash Manager from 1980 until 1988. He received a B.S. degree in accounting and finance from San Jose State University in 1967 and an M.B.A. degree from the University of Santa Clara in 1973.

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Mr. Costanzo has been an employee of the Company since 1970 and has served in various capacities, including Senior Vice President and Manager, Heavy Construction Division, since 1990, Vice President and Assistant Manager, Heavy Construction Division, from 1988 to 1989, and an Area or Project Manager with the Heavy Construction Division from 1972 to 1987. He received a B.S. degree in civil engineering from the University of Connecticut in 1960 and a M.S. degree in civil engineering from Stanford University in 1961.

Mr. Dorey has been an employee of the Company since 1968 and has served in various capacities, including Senior Vice President and Manager, Branch Division since 1987, and as Vice President and Assistant Manager, Branch Division from 1983 to 1987. He received a B.S. degree in construction engineering from Arizona State University in 1967.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common stock is traded on the NASDAQ National Market System under the symbol GCCO. See Quarterly Results in Item 7 for a two-year summary of quarterly dividends and high and low closing sales prices of the Company's stock.

The Company expects to pay a quarterly cash dividend of $0.06 plus a special dividend of $0.12 per share of Common Stock to stockholders of record as of March 31, 1997 payable on April 18, 1997 (See Note 12 of Notes to Consolidated Financial Statements). Declaration and payment of dividends is within the sole discretion of the Company's Board of Directors, subject to limitations imposed by Delaware law, and will depend on the Company's earnings, capital requirements and financial conditions and such other factors as the Board of Directors deems relevant. As of March 20, 1997 there were 18,111,784 shares of Common Stock outstanding held by approximately 322 stockholders of record of the Company.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected Operations and Balance Sheet data set forth below have been derived from Consolidated Financial Statements of the Company, which have been audited by Coopers & Lybrand L.L.P., independent accountants.

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SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEARS ENDED DECEMBER 31,	1996	1995	1994	1993
OPERATING SUMMARY				
Revenue	$ 928,799	$ 894,796	$ 693,388	$ 570,379
Gross profit	110,655	111,963	89,988	50,743
As a percent of revenue	11.9%	12.5%	13.0%	8.9%
General and administrative expenses	71,587	69,610	62,795	47,107
As a percent of revenue	7.7%	7.8%	9.1%	8.3%
Income before cumulative effect of change in accounting principle *	27,348	28,542	19,488	3,492
Net income	27,348	28,542	19,488	4,492
As a percent of revenue	2.9%	3.2%	2.8%	0.8%
Income per share before cumulative effect of change in accounting principle *	1.51	1.60	1.10	0.20
Net income per share	$ 1.51	$ 1.60	$ 1.10	$ 0.26
Weighted average shares of common and common stock equivalents outstanding	18,126	17,820	17,660	17,556
FINANCIAL POSITION SUMMARY				
Total assets	$ 473,045	$ 454,744	$ 349,098	$ 319,416
Cash, cash equivalents and short-term investments	72,230	66,992	48,638	48,810
Working capital	92,542	77,179	65,537	64,619
Current maturities of long-term debt	10,186	13,948	10,070	10,060
Long-term debt	43,602	39,494	17,237	28,585
Stockholders' equity	233,605	209,905	182,692	164,338
Book value per share	12.89	11.74	10.37	9.37
Dividends per share	$ 0.37	$ 0.29	$ 0.13	$ 0.13
Common shares outstanding	18,126	17,885	17,622	17,534
BACKLOG	$ 597,876	$ 590,075	$ 550,166	$ 659,738

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YEARS ENDED DECEMBER 31,	1992	1991	1990	1989
OPERATING SUMMARY				
Revenue	$ 518,312	$ 564,060	$ 557,996	$ 504,084
Gross profit	50,578	69,502	70,646	60,837
As a percent of revenue	9.8%	12.3%	12.7%	12.1%
General and administrative expenses	46,906	46,541	44,466	41,915
As a percent of revenue	9.0%	8.3%	8.0%	8.3%
Income before cumulative effect of change in accounting principle *	3,924	17,622	18,811	14,211
Net income	3,924	17,622	18,811	14,211
As a percent of revenue	0.8%	3.1%	3.4%	2.8%
Income per share before cumulative effect of change in accounting principle *	0.22	1.01	1.13	0.95
Net income per share	$ 0.22	$ 1.01	$ 1.13	$ 0.95
Weighted average shares of common and common stock equivalents outstanding	17,534	17,460	16,622	15,000
FINANCIAL POSITION SUMMARY				
Total assets	$ 316,978	$ 277,426	$ 260,426	$ 245,880
Cash, cash equivalents and short-term investments	54,139	54,973	50,451	46,306
Working capital	66,329	55,186	52,352	34,902
Current maturities of long-term debt	15,469	7,669	7,887	14,228
Long-term debt	38,618	14,816	19,084	39,707
Stockholders' equity	158,594	153,159	131,026	86,552
Book value per share	9.07	8.81	7.60	5.77
Dividends per share	$ 0.13	$ 0.13	$ 0.10	$ -
Common shares outstanding	17,477	17,385	17,250	15,000
BACKLOG	$ 245,234	$ 292,017	$ 368,384	$ 377,529

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YEARS ENDED DECEMBER 31,	1988	1987	1986
OPERATING SUMMARY			
Revenue	$ 437,230	$ 380,519	$ 374,489
Gross profit	55,614	46,621	55,836
As a percent of revenue	12.7%	12.3%	14.9%
General and administrative expenses	33,702	32,381	33,064
As a percent of revenue	7.7%	8.5%	8.8%
Income before cumulative effect of change in accounting principle *	15,009	8,594	11,502
Net income	15,009	8,594	11,502
As a percent of revenue	3.4%	2.3%	3.1%
Income per share before cumulative effect of change in accounting principle *	1.00	0.57	0.77
Net income per share	$ 1.00	$ 0.57	$ 0.77
Weighted average shares of common and common stock equivalents outstanding	15,000	15,000	15,000
FINANCIAL POSITION SUMMARY			
Total assets	$ 205,847	$ 178,846	$ 168,328
Cash, cash equivalents and short-term investments	44,911	41,959	34,824
Working capital	39,656	31,036	30,803
Current maturities of long-term debt	12,497	10,806	6,992
Long-term debt	44,328	49,542	50,229
Stockholders' equity	69,033	50,756	39,642
Book value per share	4.60	3.38	2.64
Dividends per share	$ -	$ -	$ -
Common shares outstanding	15,000	15,000	15,000
BACKLOG	$ 231,338	$ 255,858	$ 178,014

* Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes".

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contains forward-looking statements which are made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, without limitation, changes in the composition of applicable federal and state legislation appropriation committees; federal and state appropriation changes for infrastructure spending; the general state of the economy; competition and pricing pressures; state referendums and initiatives; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

GENERAL

Granite is one of the largest heavy civil contractors in the United States and is engaged in the construction of highways, dams, airports, mass transit facilities and other infrastructure-related projects. The Company has offices in California, Texas, Georgia, Nevada, Arizona and Utah.

The Company's contracts are obtained primarily through competitive bidding in response to advertisements by federal, state and local agencies and private parties. The Company's bidding activity is affected by such factors as backlog, current utilization of equipment and other resources, ability to obtain necessary surety bonds and competitive considerations. Bidding activity, backlog and revenue resulting from the award of new contracts to the Company may vary significantly from period to period.

Revenue from construction contracts including construction joint ventures is recognized using the percentage-of-completion method of accounting, based upon costs incurred and projected costs. Revenue in an amount equal to cost incurred is recognized prior to contracts reaching 25% completion. The related earnings are not recognized until the period in which such percentage completion is attained. Cost of revenue consists of direct costs on contracts, including labor and materials, amounts payable to subcontractors, direct overhead costs, equipment expense (primarily depreciation, maintenance and repairs) and insurance costs. Depreciation is provided using accelerated methods for construction equipment. Contracts frequently extend over a period of more than one year and revisions in cost and profit estimates during construction are reflected in the accounting period in which the facts that require the revision become known. Losses on contracts, if any, are provided in total when determined, regardless of the degree of project completion. Claims and change orders for additional contract revenue are recognized to the extent of costs incurred in the period when it is probable that the claim will result in additional revenue and the amount can be reliably estimated. The foregoing as well as weather, stage of completion, and mix of contracts at different margins may cause fluctuations in gross profit between periods.

The Company's compensation strategy for selected management personnel is to rely heavily on a variable cash and restricted stock performance-based incentive element. Thus, the Company may experience an increase in general and administrative expenses in a very profitable year and a decrease in less profitable years. Further, the Company does not utilize incentives, such as stock options, that are not reflected in current earnings. The Company's pension contribution in excess of the 401K matching contributions is at the discretion of the Board of Directors based on the Company reaching certain levels of profitability each year.

CURRENT YEAR

REVENUE AND BACKLOG. During the year ended December 31, 1996, revenue increased $34.0 million (3.8%) to $928.8 million. The increase in revenue is associated with higher levels of bidding opportunities and awards in our Branch Division and a full year of Utah Branch activity in 1996. The Branch Division revenue increased $39.6 million to $715.6 million in 1996, from $676.0 million in 1995. Heavy Construction Division (HCD) revenue decreased $5.6 million to $213.2 million in 1996, from $218.8 million in 1995. The Company's revenue from private sector contracts increased $49.1 million to $178.1 million, and went from 14.4% of total revenue in 1995 to 19.2% of total revenue in 1996. Revenue from public sector contracts decreased to $657.2 million, or 70.7% of the Company's revenue in 1996, from $674.7 million, or 75.4% in 1995.

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The Company's backlog at December 31, 1996 was $597.9 million, up $7.8 million, or 1.3% over the same period in 1995. Management expects that approximately 70% of the work in the backlog at December 31, 1996 will be recognized as revenue during 1997. The Company believes its bidding opportunities in its major marketplaces remain strong (see "Outlook").

GROSS PROFIT. For the year ended December 31, 1996, gross profit reached $110.7 million, a $1.3 million decrease from 1995. As a percentage of revenue, gross profit decreased in 1996 to 11.9% from 12.5% in 1995.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses include salaries, incentive compensation, ESOP contribution, costs associated with the Company's estimating and bidding activities, and other administrative costs. General and administrative expenses increased from $69.6 million, or 7.8% of revenue in 1995, to $71.6 million, or 7.7% of revenue in 1996. The increase reflects a full year of Utah Branch activity as well as an approximately $3.0 million increase to bad debt expense relating to one project.

OTHER INCOME (EXPENSES). Other income increased $1.4 million to $4.3 million in 1996. The increase was influenced by $2.0 million of gain on sales of joint venture owned equipment which cannot be expected to be repeated in future years.

PROVISION FOR INCOME TAXES. The provision for income taxes in 1996 remained the same as 1995 at 37.0% of income before taxes. (See Note 9 of Notes to Consolidated Financial Statements.)

OUTLOOK. This "Outlook" section contains forward-looking statements which are made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, without limitation, changes in the composition of applicable federal and state legislation appropriation committees; federal and state appropriation changes for infrastructure spending; the general state of the economy; competition and pricing pressures; state referendums and initiatives; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

Looking forward, 1997 will be a pivotal year for transportation funding, particularly at the federal level, where Congress takes up reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA). The bill, signed by then-President Bush in December, 1991, was a six-year, $158 billion program providing federal monies for highway and transit construction. The bill expires October 1, 1997. Any changes in actual appropriations will not impact the Company or the industry until 1998 and beyond.

Four reauthorization proposals have been submitted to the House Subcommittee on Surface Transportation. The first proposal, "ISTEA Works", is essentially a status quo of the existing legislation, albeit it does call for the maximum level of federal investment possible over the next five years in our nation's multi-modal transportation systems.

The second proposal, the "ISTEA Integrity Restoration Act", seeks to simplify and reduce some of the complex funding formulas under ISTEA and would specify that federal fuel taxes in the federal Highway Trust Fund be used solely for highway construction, and not for deficit reduction or other non-highway related purposes.

The third and perhaps most controversial proposal is the "Transportation Empowerment Act", also known as "Devolution". This bill would substantially reduce federal fuel taxes and shift the bulk of the responsibility for levying fuel taxes and maintaining transportation systems to the states. We believe this bill could prompt a reduction in total transportation expenditures as states would find it extremely difficult to raise taxes, even if the taxes merely replaced what was previously being levied by the federal government.

The last transportation plan is that of the Clinton Administration's, a proposal to fund the program at $175 billion over six years, which would be approximately 11% more money than was authorized in the 1991 act.

In fact, there appears to be growing support on Capitol Hill for substantial increases in highway spending. Senator John Warner (R- VA), is proposing approximately $10 billion in increases in the highway program over the next five years.

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Efforts also continue in Washington to redirect the 4.3 cents of the federal fuel tax being used for deficit reduction to the federal Highway Trust Fund and to remove the trust fund from the Unified Federal Budget.
Furthermore, legislation was recently introduced to allow private developers to issue tax-exempt bonds to finance public infrastructure projects.

Looking ahead in California, legislators in Sacramento this year will resume the debate over how to pay for the unanticipated increase in cost to retrofit the San Francisco-Oakland Bay Bridge as well as whether to retrofit the eastern span or build a new bridge. Bay Area legislators are looking to the state highway account to make up the shortfall while highway builders and Southern California legislators argue that increasing bridge tolls is the appropriate way to pay for the additional costs. In a recent survey by the San Francisco Chronicle of Bay Area residents, 63% were said to favor raising the bridge toll to finance a new bridge. Such support could make a toll increase more politically palatable for Bay Area legislators and temper their zeal to siphon monies out of the highway account. Maintaining a viable highway program is vital to the state's economy and important to Granite's business. However funded, Granite expects to bid on much of the bridge retrofit or replacement projects.

Cautious optimism describes our outlook for private sector opportunities in California. The California economy outpaced the nation in income and job growth in 1996, according to the Center for the Continuing Study of the California Economy. Moreover, the factors that created the strong economy in 1996 - a leadership position in technology, foreign trade, entertainment and tourism, and professional services - is expected to bring continued growth in 1997 and the decade ahead. It is apparent to us, though, that the real estate sector of the economy continues to lag the recovery and has yet to translate into a big increase in bidding opportunities for residential site development projects.

Looking at our concerns for 1997, our industry is confronted with a shortage of skilled labor, which affects companies like ours in a number of ways. Lack of skilled labor limits our ability to take on additional work, impacts productivity and ultimately leads to higher wage rates. In response, Granite has increased its investment in craft and technical training and will continue to focus on education and training for all its employees. Recently we have seen fuel prices creeping up as crude oil supplies recently hit a 19-year low. Furthermore, we have witnessed increases in certain construction materials such as Portland cement.

It is unclear at this point in time whether we could be successful in raising margins to offset any additional costs. One way to gain insight into this issue is examining the spread between the high and low bidders. Historically, during competitive times, spreads are typically very narrow but as demand increases and capacity tightens, spreads usually begin to widen and margins improve. According to a recent study by Dr. Thomas C. Schleifer, a noted industry economist, spreads, on an industry-wide basis, are starting to widen but not to the point where pricing is necessarily improving.

Granite continues to be pleased with the bidding opportunities available, both in the number and size of the potential projects to pursue. Very large, technically complex projects, contracted using the design-build contract delivery method, play to our strengths. Examples of opportunities include, or have included, the Hudson Bergen Railroad in New Jersey, the Interstate 15 rehabilitation in Salt Lake City, Utah, and the JFK light rail system in New York. We have identified additional bidding opportunities in Boston (large highway and tunnel projects - part of the city's Central Artery program), the Foothill Transportation Corridor in Orange County, and concurrently, we anticipate bidding on numerous highway and bridge projects in all our geographic markets. Bidding, in general, is up and is expected to remain robust. As a reminder, while these are attractive projects, if awarded, their impact on Granite's earnings will be felt in 1998 and beyond due to their size and the time it takes to reach the 25% threshold of completion for profit recognition.

On March 26, 1997, the Company announced that Wasatch Constructors, a joint venture of Kiewit Pacific Company, Granite Construction Company and Morrison Knudsen Corp., was awarded a contract by the Utah Department of Transportation for the I-15 Corridor Reconstruction Project in Salt Lake City, Utah. The value of the project is approximately $1.4 billion. The Company's share of the joint venture is 23 percent, or about $320 million. Work is scheduled to start in late spring of 1997 and will be completed in late 2001.

In the first half of 1997, Granite expects to complete its 30% investment in TIC through a tender offer to their employee stockholders for the remaining 20%. The TIC investment provides an opportunity to diversify our risks through geographical expansion, increased private work and entry into a different but related construction industry sector.

Finally, our 1997 financial expectations are similar to 1996. On the negative side, we will not have the successful San Joaquin Hills Toll Road in our mix of business this year, as the project was completed in the fourth quarter of 1996. We do, however, expect a positive earnings boost from emergency flood-related work done early in the year in northern California and Nevada. We expect the level of competition in our branch-related business to be on par with last year but we are very bullish on this year's prospects for the branch division's Turn Business.

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PRIOR YEARS

REVENUE AND BACKLOG. During the year ended December 31, 1995, revenue increased $201.4 million (29.0%) to $894.8 million. The increase in revenue reflected a strong quality backlog, healthy Turn Business and the addition of the Company's new branch in Utah. The Branch Division revenue increased $165.1 million to $676.0 million in 1995, from $510.9 million in 1994. Heavy Construction Division (HCD) revenue increased $36.3 million to $218.8 million in 1995, from $182.5 million in 1994. The Company's revenue from private sector contracts increased $41.9 million to $129.0 million, and went from 12.6% of total revenue in 1994 to 14.4% of total revenue in 1995. Revenue from public sector contracts increased to $674.7 million, or 75.4% of the Company's revenue in 1995, from $547.6 million or 79.0% in 1994. Revenues for the year ended December 31, 1994 represented a $123.0 million, or 21.6%, increase over 1993.

The Company's backlog at December 31, 1995 was $590.1 million, up $39.9 million, or 7.3%, from $550.2 million at December 31, 1994.

GROSS PROFIT. For the year ended December 31, 1995, gross profit reached $112.0 million, a $22.0 million increase from 1994. As a percentage of revenue, gross profit decreased in 1995 to 12.5% from 13.0% in 1994. The decrease primarily reflected the 1994 recovery of significant claims revenue without the associated costs that were recognized in years prior to 1994. For the year ended December 31, 1994, gross profit reached $90.0 million, a $39.3 million increase from 1993, and as a percentage of revenue went from 8.9% in 1993 to 13.0% in 1994. The increase primarily reflected profits recognized on contracts meeting the 25% complete threshold in 1994 and the recovery of outstanding claims.

GENERAL AND ADMINISTRATIVE EXPENSES. For the year ended December 31, 1995, general and administrative expenses increased from the 1994 amount of $62.8 million, or 9.1% of revenue, to $69.6 million, or 7.8% of revenue. The increases primarily reflected the addition of the new branch in Utah plus increased incentive compensation and retirement contribution expenses due to higher profits and other increases in support of the Company's higher volume of work. The 1994 general and administrative expenses represented an increase as a percent of revenue from 8.3% or $47.1 million in 1993 to 9.1%, or $62.8 million, in 1994.

OTHER INCOME (EXPENSES). Other income decreased $0.3 million to $3.0 million in 1995.

PROVISION FOR INCOME TAXES. The provision for income taxes in 1995 increased to 37.0% of income before taxes from 36.0% in 1994. (See Note 9 of Notes to Consolidated Financial Statements.)

LIQUIDITY AND CAPITAL RESOURCES

Dollars in thousands	1996	1995	1994
Cash and cash equivalents	$38,663	$22,410	$17,649
Net cash provided (used) by:			
Operating activities	58,226	68,860	48,158
Investing activities	(35,900)	(48,977)	(37,949)
Financing activities	(6,073)	(15,122)	(13,457)
Capital expenditures	46,139	36,006	39,098
Working Capital	92,542	77,179	65,537

During 1996, cash provided from operations of $58.2 million was primarily used to purchase $46.1 million of property and equipment, to repay $14.7 million of long-term debt and to pay dividends of $6.6 million. Changes in cash provided by operating activities primarily reflect normal variations in the cash flow on contracts and payables.

The Company's policy has been to replace and replenish its equipment fleet with cash generated from operations. Purchases of property, plants and equipment increased $10.1 million from 1995 and $7.0 million over 1994 primarily reflecting the Company's purchase of the Utah Branch in 1995.

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During 1996, the Company purchased 10% of T.I.C. Holdings, Inc. for $8.0 million. The investment was financed under the Company's revolving line of credit at 6.125% annual interest rate until June 30, 1997 with principal payable semi-annually beginning December 31, 1998. The Company has an agreement with T.I.C. Holdings, Inc. to acquire an additional 20% of its outstanding stock during 1997 for approximately $13.0 million although the final price is still to be determined. The transaction is expected to be completed in the second quarter of 1997 and will be financed under the Company's revolving line of credit.

Dividend payments for 1996 increased $1.8 million over 1995 and $4.2 million over 1994 reflecting the increase during the first quarter of 1996 in the quarterly dividend amount from $0.05 per share to $0.06 per share plus the payment of a special dividend of $0.13 per share in the second quarter of 1996. On March 13, 1997, the Board of Directors declared a special dividend of $0.12 per share of common stock in addition to a $0.06 per share quarterly dividend, payable on April 18, 1997 to stockholders of record as of March 31, 1997.

On March 13, 1997, the Board of Directors authorized the Company to repurchase at management's discretion up to 500,000 shares of its own common stock on the open market. The purchases will be made using the Company's own cash resources. Shares repurchased will be held in the corporate treasury and will be used to cover contributions to the current Employee Stock Ownership Plan or for other corporate purposes.

The Company has budgeted $55.0 million for capital expenditures in 1997, which includes amounts for construction equipment, aggregate and asphalt plants, buildings, leasehold improvements and the purchase of land and aggregate reserves. The Company anticipates that cash generated internally and amounts available under its existing credit facilities, as renegotiated during 1997, will be sufficient to meet its capital and other requirements, including contributions to employee benefit plans, for the foreseeable future. The Company currently has access to funds under its revolving credit agreement which allow borrowings of up to $50.0 million, of which $25.9 million was available at December 31, 1996.

QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company for the eight quarters in the period ended December 31, 1996. This information has been prepared on the same basis as the audited financial statements and, in the opinion of management, contains all adjustments necessary for a fair presentation thereof.

QUARTERLY FINANCIAL DATA
(Unaudited - In Thousands, Except for Per Share Data)

1996 Quarters Ended	Dec. 31	Sept. 30	June 30	March 31
Revenue	$223,905	$302,646	$248,499	$153,749
Gross profit	25,979	40,816	29,218	14,642
As a percent of revenue	11.6%	13.5%	11.8%	9.5%
Net income	2,798	15,053	9,131	366
As a percent of revenue	1.2%	5.0%	3.7%	0.2%
Net income per share	$ 0.15	$ 0.83	$ 0.51	$ 0.02
Dividends per share	$ 0.06	$ 0.06	$ 0.06	$ 0.19
Market price				
High	$ 21.25	$ 23.50	$ 27.25	$ 21.83
Low	18.00	18.25	19.00	18.00

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1995 Quarters Ended	Dec. 31	Sept. 30	June 30	March 31
Revenue	$256,251	$306,588	$226,684	$105,273
Gross profit	27,998	40,549	29,705	13,711
As a percent of revenue	10.9%	13.2%	13.1%	13.0%
Net income	5,788	13,194	8,332	1,228
As a percent of revenue	2.3%	4.3%	3.7%	1.2%
Net income per share	$ 0.32	$ 0.74	$ 0.47	$ 0.07
Dividends per share	$ 0.05	$ 0.05	$ 0.15	$ 0.04
Market price				
High	$ 21.25	$ 18.59	$ 15.25	$ 13.83
Low	17.00	14.25	12.17	12.00

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Registrant and auditor's report are included in Item 8 and appear following Item 14:

Report of Independent Accountants

Consolidated Balance Sheets - At December 31, 1996 and 1995

Consolidated Statements of Income - Years Ended December 31, 1996, 1995 and 1994

Consolidated Statements of Stockholders' Equity - Years Ended December 31, 1996, 1995 and 1994

Consolidated Statements of Cash Flows - Years Ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

Additionally, a two-year Summary of Quarterly Results is included in Item 7 under "Quarterly Results".

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable.

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PART III

Certain information required by Part III is omitted from this Report in that the Company will file its definitive proxy statement (the "Proxy Statement") pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report, and certain information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the directors of the Company is set forth under the caption "Information about Granite - Management, Directors" in the Company's definitive Proxy Statement in connection with the Annual Meeting of Stockholders to be held May 19, 1997. Such information is incorporated herein by reference. Information relating to the executive officers of the Company is set forth in Part I of this report under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation is set forth under the caption "Information about Granite - Compensation of Directors and Executive Officers" in the Company's definitive Proxy Statement in connection with the Annual Meeting of Stockholders to be held May 19, 1997. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information relating to ownership of equity securities of the Company by certain beneficial owners and Management is set forth under the caption "Information about Granite - Stock Ownership of Certain Beneficial Owners and Management" in the Company's definitive Proxy Statement in connection with the Annual Meeting of Stockholders to be held May 19, 1997. Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information relating to certain relationships and related transactions is set forth under the caption "Information about Granite - Management, Certain Transactions with Management" in the Company's definitive Proxy Statement in connection with the Annual Meeting of Stockholders to be held May 19, 1997. Such information is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

The following documents are filed as part of this Report:

(a) 1. FINANCIAL STATEMENTS. The following consolidated financial statements are filed as part of this Report:

	Form 10-K Pages
Report of Independent Accountants	F-1
Consolidated Balance Sheets at December 31, 1996 and 1995	F-2
Consolidated Statements of Income for the Years Ended December 31, 1996, 1995 and 1994	F-3
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1996, 1995 and 1994	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 1996, 1995 and 1994	F-5
Notes to the Consolidated Financial Statements	F-6 to F-15

2. FINANCIAL STATEMENT SCHEDULES. The following financial statement schedule of Granite Construction Incorporated for the years ended December 31, 1996, 1995 and 1994 is filed as part of this Report and should be read in conjunction with the consolidated financial statements of Granite Construction Incorporated.

	Form 10-K Pages
Report of Independent Accountants on Financial Statement Schedules	S-1
Schedule	
Schedule II - Schedule of Valuation and Qualifying Accounts	S-2

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

3. EXHIBITS. The Exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Report.

(b) REPORTS ON FORM 8-K. The registrant was not required to file any reports on Form 8-K during the fourth quarter of fiscal 1996.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Stockholders and Board of Directors Granite Construction Incorporated
Watsonville, California

We have audited the accompanying consolidated balance sheets of Granite Construction Incorporated and Subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Granite Construction Incorporated and Subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

San Jose, California
February 14, 1997, except
Note 12, as to which the
date is March 13, 1997

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GRANITE CONSTRUCTION INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

DECEMBER 31,	1996	1995
ASSETS		
Current assets		
Cash and cash equivalents	$ 38,663	$ 22,410
Short-term investments	33,567	44,582
Accounts receivable	124,124	142,055
Costs and estimated earnings in excess of billings	29,494	16,147
Inventories	13,493	10,180
Deferred income taxes	13,060	16,717
Equity in joint ventures	5,371	210
Other current assets	6,033	5,953
Total current assets	263,805	258,254
Property and equipment	178,515	175,220
Other assets	30,725	21,270
	$473,045	$454,744
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 10,186	$ 13,948
Accounts payable	64,058	68,056
Billings in excess of costs and estimated earnings	45,352	43,730
Accrued expenses and other current liabilities	51,667	55,341
Total current liabilities	171,263	181,075
Long-term debt	43,602	39,494
Deferred income taxes	24,575	24,270
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, authorized 3,000,000 shares, none outstanding	-	-
Common stock, $0.01 par value, authorized 27,000,000 shares; 1996-issued 18,161,611 shares, outstanding 18,121,253 shares; 1995-issued 17,897,018 shares, outstanding 17,884,268 shares	182	179
Additional paid-in capital	37,642	32,715
Retained earnings	201,663	180,341
	239,487	213,235
Unearned compensation	(5,141)	(3,115)
Treasury Stock	(741)	(215)
	233,605	209,905
	$473,045	$454,744

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The accompanying notes are an integral part of these financial statements.

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GRANITE CONSTRUCTION INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEARS ENDED DECEMBER 31,	1996	1995	1994
Revenue	$928,799	$894,796	$693,388
Cost of revenue	818,144	782,833	603,400
GROSS PROFIT	110,655	111,963	89,988
General and administrative expenses	71,587	69,610	62,795
OPERATING INCOME	39,068	42,353	27,193
Other income (expense)			
Interest income	6,330	6,395	4,332
Interest expense	(4,367)	(3,443)	(2,532)
Gain on sales of property and equipment	3,458	31	1,332
Other, net	(1,080)	(32)	125
	4,341	2,951	3,257
INCOME BEFORE PROVISION FOR INCOME TAXES	43,409	45,304	30,450
Provision for income taxes	16,061	16,762	10,962
NET INCOME	$ 27,348	$ 28,542	$ 19,488
Net income per share	$ 1.51	$ 1.60	$ 1.10
Weighted average shares of common and common stock equivalents outstanding	18,126	17,820	17,660
Dividends per share	$ 0.37	$ 0.29	$ 0.13

The accompanying notes are an integral part of these financial statements.

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GRANITE CONSTRUCTION INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands, Except Per Share Data)

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996	Common Stock	Additional Paid-in Capital	Retained Earnings	Unearned Compensation	Treasury Stock	Total
BALANCES, DECEMBER 31, 1993	$177	$27,856	$138,883	$(2,363)	$(215)	$164,338
Net income	-	-	19,488	-	-	19,488
Restricted stock issued - 79,706 shares	1	1,287	-	(1,288)	-	-
Amortized restricted stock	-	-	-	1,122	-	1,122
Employee stock options exercised - 8,234 shares	-	93	-	-	-	93
Repurchase of common stock	-	(990)	-	-	-	(990)
Common stock contributed to ESOP	-	990	-	-	-	990
Cash dividends on common stock	-	-	(2,349)	-	-	(2,349)
BALANCES, DECEMBER 31, 1994	178	29,236	156,022	(2,529)	(215)	182,692
Net income	-	-	28,542	-	-	28,542
Restricted stock issued - 163,611 shares	1	2,134	-	(2,135)	-	-
Amortized restricted stock	-	-	-	1,549	-	1,549
Employee stock options exercised and related tax benefit - 98,517 shares		1,345	-	-	-	1,345
Repurchase of common stock	-	(762)	-	-	-	(762)
Common stock contributed to ESOP	-	762	-	-	-	762
Cash dividends on common stock	-		(5,049)	-	-	(5,049)
Tax benefit from ESOP dividends	-	-	826	-	-	826
BALANCES, DECEMBER 31, 1995	179	32,715	180,341	(3,115)	(215)	209,905
Net income	-	-	27,348	-	-	27,348
Restricted stock issued - 182,089 shares, net	1	3,993	-	(3,994)	-	-
Purchase of treasury stock - 27,608 shares	-	-	-	-	(526)	(526)
Amortized restricted stock	-	-	-	1,968	-	1,968
Employee stock options exercised and related tax benefit- 59,350 shares	2	934	-	-	-	936
Repurchase of common stock	-	(1,550)	-	-	-	(1,550)
Common stock contributed to ESOP	-	1,550	-	-	-	1,550
Cash dividends on common stock	-	-	(6,760)	-	-	(6,760)
Tax benefit from ESOP dividends	-	-	734	-	-	734
BALANCES, DECEMBER 31, 1996	$182	$37,642	$201,663	$(5,141)	(741)	$233,605

The accompanying notes are an integral part of these financial statements.

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GRANITE CONSTRUCTION INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEARS ENDED DECEMBER 31,	1996	1995	1994
Operating Activities			
Net income	$ 27,348	$ 28,542	$ 19,488
Add (deduct) noncash items included in net income:			
Depreciation, depletion and amortization	37,775	32,481	25,723
Gain on sales of property and equipment	(3,458)	(31)	(1,332)
Deferred income taxes	3,962	(5,825)	3,442
Decrease in unearned compensation	1,968	1,549	1,122
Cash provided by (used in):			
Accounts and notes receivable	15,990	(24,092)	(12,141)
Inventories	(3,313)	1,541	(741)
Equity in joint ventures	(5,161)	3,225	(3,108)
Other assets	(277)	(1,239)	2,127
Accounts payable	(3,998)	17,483	6,484
Billings in excess of costs and estimated earnings, net	(9,739)	11,684	(431)
Accrued expenses	(2,871)	3,542	7,525
Net cash provided by operating activities	58,226	68,860	48,158
Investing Activities			
Additions to property and equipment	(46,139)	(36,006)	(39,098)
Proceeds from sales of property and equipment	8,027	3,364	5,506
Acquisition, net of cash acquired	-	(1,280)	-
Investment in TIC Holdings, Inc. - 10%	(8,022)	-	-
Additions to notes receivable	(874)	(1,083)	(1,018)
Repayments of notes receivable	618	1,588	687
Additions to investments and other assets	(525)	(1,967)	(950)
Purchases of short-term investments	(45,639)	(56,324)	(54,184)
Maturities of short-term investments	56,654	42,731	51,108
Net cash used by investing activities	(35,900)	(48,977)	(37,949)
Financing Activities			
Additions to long-term debt	15,000	-	-
Repayments of long-term debt	(14,654)	(11,497)	(11,204)
Employee stock options exercised	673	1,117	93
Purchase of Treasury Stock	(526)	-	-
Dividends paid	(6,566)	(4,742)	(2,346)
Net cash used by financing activities	(6,073)	(15,122)	(13,457)
Increase (decrease) in cash and cash equivalents	16,253	4,761	(3,248)
Cash and cash equivalents at beginning of year	22,410	17,649	20,897
Cash and cash equivalents at end of year	$ 38,663	$ 22,410	$ 17,649
Supplementary Information			
Cash paid during the year for:			
Interest	$ 4,367	$ 3,445	$ 2,534
Income taxes	10,258	20,040	16,253
Noncash investing and financing activity:			
Financed acquisition of Gibbons Company	$ -	$ 31,750	$ -

The accompanying notes are an integral part of these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS: The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The Company is a heavy civil contractor engaged in the construction of highways, dams, airports, mass transit facilities, real estate site developments and other infrastructure related projects. The Company has offices in California, Texas, Georgia, Nevada, Arizona and Utah.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONSTRUCTION CONTRACTS: Earnings on construction contracts including construction joint ventures are recognized on the percentage of completion method in the ratio of costs incurred to estimated final costs. Revenue in an amount equal to cost incurred is recognized prior to contracts reaching 25% completion. The related earnings are not recognized until the period in which such percentage completion is attained. Revisions in contract revenue and cost estimates are reflected in the accounting period when known. Provision for the entire amount of estimated losses on uncompleted contracts is made in the period such losses are determined. Claims for additional contract revenue are recognized to the extent of costs incurred if it is probable that the claim will result in additional revenue and the amount can be reliably estimated.

EQUITY IN JOINT VENTURES: Investments in joint ventures are accounted for by the equity method. The Company's proportionate share of joint venture revenue, cost of revenue and operating income is included in the consolidated statements of income.

BALANCE SHEET CLASSIFICATIONS: The Company includes in current assets and liabilities amounts receivable and payable under construction contracts which may extend beyond one year. A one-year time period is used as the basis for classifying all other current assets and liabilities.

CASH AND CASH EQUIVALENTS: Cash equivalents are securities held for cash management purposes having maturities of three months or less from the date of purchase.

SHORT-TERM INVESTMENTS: Short-term investments that are deemed by management to be held-to-maturity are reported at amortized cost. Short-term investments that are considered available-for-sale are carried at market value. Unrealized gains and losses, if material, are reported net of tax as a separate component of stockholders' equity until realized. Realized gains and losses, if any, are determined using the specific identification method.

FINANCIAL INSTRUMENTS: The carrying value of short-term investments approximates their fair value as determined by market quotes. All significant debt obligations carry variable interest rates and their carrying value is considered to approximate fair value. The carrying value of receivables and other amounts arising out of normal contract activities, including retentions which may be settled beyond one year, is estimated to approximate fair value.

INVENTORIES: Inventories consist primarily of quarry products valued at the lower of average cost or market.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT: Property and equipment are stated at cost. Depreciation is provided using accelerated methods for construction equipment and the straight-line method for the remaining depreciable assets. Depletion of quarry property is based on the usage of depletable reserves. The cost and accumulated depreciation and depletion of property sold or retired are removed from the accounts and gains or losses, if any, are reflected in earnings for the period.

INTANGIBLE ASSETS: Intangible assets consist primarily of covenants not to compete amortized on a straight-line basis over five years.

INCOME TAXES: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

COMPUTATION OF EARNINGS PER SHARE: Earnings per share computations are based on the weighted average common and common equivalent shares outstanding during each period. Common equivalent shares include the dilution from the potential exercise of stock options when the effect is dilutive.

STOCK SPLIT: On March 5, 1996, the Board of Directors approved a three for two stock split in the form of a 50% stock dividend payable on April 19, 1996. All references in the financial statements to number of shares, per share amounts and market prices have been retroactively restated to reflect the stock split. In addition, an amount equal to the $0.01 par value of the shares outstanding after the split has been transferred from additional paid in capital to common stock.

RECLASSIFICATIONS: Certain financial statement items have been reclassified to conform to the current year's format.

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2. SHORT-TERM INVESTMENTS

The carrying and market values of short-term investments are as follows at December 31, 1996 and 1995:

	Held-To-Maturity December 31, 1996				Held-To-Maturity December 31, 1995			
	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government and Agency Obligations	$ 2,993	$ -	$ -	$ 2,993	$ 8,938	$ 6	$ -	$ 8,944
Commercial Paper	3,977	-	-	3,977	10,897	3	(6)	10,894
Municipal Bonds	6,011	6	-	6,017	2,012	4	-	2,016
Foreign Banker's Acceptances	7,420	1	-	7,421	8,703	2	-	8,705
Domestic Banker's Acceptances	-	-	-	-	1,996	4	-	2,000
	20,401	7	-	20,408	32,546	19	(6)	32,559

	Available-For-Sale December 31, 1996				Available-For-Sale December 31, 1995			
	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government and Agency Obligations	9,146	3	(14)	9,135	4,859	45	-	4,904
Municipal Bonds	4,020	23	-	4,043	5,226	74	(32)	5,268
Foreign Banker's Acceptances	-	-	-	-	-	-	-	-
Domestic Banker's Acceptances	-	-	-	-	1,951	13	-	1,964
	13,166	26	(14)	13,178	12,036	132	(32)	12,136
Total Short-Term Investments	$33,567	$ 33	$(14)	$33,586	$44,582	$151	$ (38)	$44,695

There were no sales of investments classified as available-for-sale for the year ended December 31, 1996. At December 31, 1996, scheduled maturities of investments are as follows:

	Held-To-Maturity	Available-For-Sale	Total
Within one year	$20,401	$ 5,117	$25,518
After one year through five years	-	8,049	8,049
	$20,401	$13,166	$33,567

For the years ended December 31, 1996 and 1995, purchases and maturities were as follows:

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	Held-To-Maturity	Available For Sale	Total	Held-To-Maturity	Available For Sale	Total
Purchases	$ 35,315	$ 10,324	$ 45,639	$43,751	$ 12,573	$56,324
Maturities	43,300	13,354	56,654	27,900	14,831	42,731
Net change	$ (7,985)	$ (3,030)	$(11,015)	$15,851	$ (2,258)	$13,593

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3. ACCOUNTS RECEIVABLE

DECEMBER 31,	1996	1995
Construction Contracts		
Completed and in progress	$ 59,764	$ 81,240
Retentions	47,956	41,777
	107,720	123,017
Construction material sales	12,651	12,380
Other	4,446	7,556
	124,817	142,953
Less allowance for doubtful accounts	693	898
	$124,124	$142,055

The balances billed but not paid by customers pursuant to retainage provisions in construction contracts generally become due upon completion of the contracts and acceptance by the owners. Retainage amounts at December 31, 1996 are expected to be collected as follows: $38,470 in 1997; $6,507 in 1998; $191 in 1999 and $2,788 in 2000.

4. INVESTMENTS AND EQUITY IN JOINT VENTURES

The Company participates in various construction joint venture partnerships. Generally, each construction joint venture is formed to accomplish a specific project and is dissolved upon completion of the project. The combined assets, liabilities and net assets of these ventures are as follows:

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DECEMBER 31,	1996	1995
Assets		
Total	$96,760	$125,019
Less other venturers' interest	69,175	87,513
Company's interest	27,585	37,506
Liabilities		
Total	75,408	124,319
Less other venturers' interest	53,194	87,023
Company's interest	22,214	37,296
Company's interest in net assets	$ 5,371	$ 210

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4. INVESTMENTS AND EQUITY IN JOINT VENTURES, CONTINUED

The revenue and costs of revenue of joint ventures are as follows:

YEARS ENDED DECEMBER 31,	1996	1995	1994
Revenue			
Total	$234,824	$321,388	$160,865
Less other venturers' interest	164,676	224,972	112,606
Company's interest	70,148	96,416	48,259
Cost of Revenue			
Total	160,056	267,650	145,351
Less other venturers' interest	112,313	187,355	101,746
Company's interest	47,743	80,295	43,605
	$ 22,405	$ 16,121	$ 4,654

Additionally, the Company has a 22.2% limited partnership interest in a partnership which constructed and operates a private toll road. At December 31, 1996 the Company's investment was $2,600 plus a commitment supported by a letter of credit for $3,800. The Company completed construction under the contract in 1995 and is participating in the operating results of the tollroad.

5. PROPERTY AND EQUIPMENT

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DECEMBER 31,	1996	1995
Land	$ 15,328	$ 14,019
Quarry property	34,408	35,194
Buildings and leasehold improvements	12,973	11,657
Equipment and vehicles	388,697	361,676
Office furniture and equipment	5,485	4,570
	456,891	427,116
Less accumulated depreciation, depletion and amortization	278,376	251,896
	$178,515	$175,220

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

DECEMBER 31,	1996	1995
Payroll and related employee benefits	$21,627	$21,371
Accrued insurance	19,997	19,957
Income taxes	53	2,425
Other	9,990	11,588
	$51,667	$55,341

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7. LONG-TERM DEBT AND CREDIT ARRANGEMENTS

DECEMBER 31,	1996	1995
Bank revolving credit notes	$ 18,000	$ 3,000
Notes payable to bank	35,000	48,133
Other notes payable	788	2,309
	53,788	53,442
Less current maturities	10,186	13,948
	$43,602	$39,494

The aggregate minimum principal maturities of long-term debt for each of the five years following December 31, 1996 are as follows: 1997 - $10,186; 1998 - $12,135; 1999 - $13,607; 2000 - $8,860; and 2001 - $3,600.

The Company has a bank revolving line of credit of $50,000 which allows for unsecured borrowings for up to five years through June 30, 1998, with interest rate options. Outstanding borrowings under the revolving line of credit at December 31, 1996 are at the IBOR interest rate plus margin (6.143% weighted average at December 31, 1996) with principal payable semiannually beginning December 1998 through June 2003 and interest payable quarterly.

The Company has standby letters of credit totaling approximately $10,000 outstanding at December 31, 1996 of which $6,100 reduces the amount available under the line of credit and $3,800 supports the commitment by the Company related to its investment in a limited partnership. The unused and available portion of the line of credit at December 31, 1996 was $25,859.

Notes payable to bank are unsecured with principal payable semiannually and interest payable quarterly at primarily the IBOR rate plus margin (6.262% at December 31, 1996) through June 2000.

Restrictive covenants under the terms of the debt agreements include the maintenance of certain levels of working capital and cash flow. Other covenants prohibit capital expenditures in excess of specified limits and require the maintenance of tangible net worth (as defined) of approximately $174,000.

8. EMPLOYEE BENEFIT AND COMPENSATION PLANS

EMPLOYEE STOCK OWNERSHIP PLAN: The Company's Employee Stock Ownership Plan ("ESOP") covers all employees not included in collective bargaining agreements. As of December 31, 1996, the ESOP owned 5,780,211 shares of the Company's common stock. Dividends on shares held by the ESOP are charged to retained earnings and all shares held by the ESOP are treated as outstanding in computing the Company's earnings per share.

Contributions to the ESOP are at the discretion of the Board of Directors. Contributions for the years ended December 31, 1996, 1995 and 1994 were approximately $1,550, $762 and $990, respectively.

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8. EMPLOYEE BENEFIT AND COMPENSATION PLANS, CONTINUED

PROFIT SHARING PLAN: The Profit Sharing Plan is a defined contribution plan covering all employees not included in collective bargaining agreements. The plan receives annual contributions at the discretion of the Board of Directors. On January 1, 1995, the Company amended the Profit Sharing Plan to create the Granite Construction Profit Sharing and 401K Plan, beginning for the year ended December 31, 1995. The amended plan is also a defined contribution plan covering all employees not included in collective bargaining agreements. Each employee can elect to have up to 3% of gross pay contributed to the plan on a before-tax basis. The plan allows for Company matching and additional contributions at the discretion of the Board of Directors.

Contributions to the Profit Sharing Plan for the years ended December 31, 1996 and 1995 were $4,608 and $5,681, respectively. Included in the 1996 contributions were 401K matching contributions of $1,196. There was no contribution for the year ended December 31, 1994.

1990 OMNIBUS STOCK AND INCENTIVE PLAN: Under the Company's 1990 Omnibus Stock and Incentive Plan (the "Stock Plan") a total of 1,000,000 shares of the Company's common stock are reserved to grant key employees of the Company restricted common stock, incentive and nonqualified stock options, performance units and performance shares. Restricted common stock is issued for services to be rendered and may not be sold, transferred or pledged for such period as determined by the compensation committee.

Restricted shares outstanding under the Plan at December 31, 1996 were 594,667 shares. Unearned compensation is amortized over the restriction periods of generally five years. Compensation expense related to restricted shares for the years ended December 31, 1996, 1995 and 1994 was $1,968, $1,549 and $1,122, respectively.

The exercise price for incentive and nonqualified stock options granted under the Stock Plan may not be less than 100% and 85%, respectively, of the fair market value at the date of the grant. Options granted will be exercisable at such times and be subject to such restrictions and conditions, as determined by the compensation committee, but no option shall be exercisable later than ten years from the date of grant. Options generally vest one third after 3 years of service from the date of grant and one third during each of the following two years. Stock option transactions during 1996, 1995 and 1994 are summarized as follows:

December 31,	1996	1995	1994
Options outstanding, beginning of year	186,000	284,517	296,501
Options exercised	(59,350)	(98,517)	(8,234)
Options canceled	-	-	(3,750)
Options outstanding, end of year	126,650	186,000	284,517

At December 31, 1996, all options are 100% vested. All shares have been granted, exercised and canceled at $11.00 per share.

OTHER: The Company also contributes to various multi-employer pension plans on behalf of union employees. Contributions to these plans for the years ended December 31, 1996, 1995 and 1994 were approximately $10,406, $10,705 and $9,200 respectively.

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9. INCOME TAXES

Provision for income taxes:

Years Ended December 31,	1996	1995	1994
Federal			
Current	$ 9,727	$18,785	$ 6,113
Deferred	3,470	(5,108)	2,769
	13,197	13,677	8,882
State			
Current	2,372	3,802	1,407
Deferred	492	(717)	673
	2,864	3,085	2,080
	$16,061	$16,762	$10,962

Reconciliation of statutory to effective tax rate:

Years Ended December 31,	1996	1995	1994
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal tax benefit	4.3	4.4	4.4
Percentage depletion deduction	(1.3)	(1.3)	(3.4)
Other	(1.0)	(1.1)	-
	37.0 %	37.0 %	36.0 %

Deferred tax assets and liabilities:

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DECEMBER 31,	1996	1995
DEFERRED TAX ASSETS:		
Accounts receivable	$ 2,041	$ 1,581
Inventory	1,050	788
Property and equipment	2,319	2,429
Insurance accruals	7,529	7,222
Deferred compensation	1,879	1,851
Contract recognition	(240)	4,011
Other accrued liabilities	3,012	2,866
Other	613	1,192
Valuation allowance	-	-
	18,203	21,940
DEFERRED TAX LIABILITIES:		
Property and equipment	28,553	28,032
Contract recognition	(41)	484
Other	1,206	890
	29,718	29,406
	$(11,515)	$(7,466)

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10. DISCLOSURE OF SIGNIFICANT RISKS AND UNCERTAINTIES

DISCLOSURE OF SIGNIFICANT ESTIMATES - REVENUE RECOGNITION: As outlined in the Summary of Significant Accounting Policies, the Company's construction revenue is recognized on the percentage of completion basis. Consequently, construction revenue and gross margin for each reporting period is determined on a contract by contract basis by reference to estimates by the Company's engineers of expected costs to be incurred to complete each project. These estimates include provisions for known and anticipated cost overruns, if any exist or are expected to occur. These estimates may be subject to revision in the normal course of business.

DISCLOSURE OF SIGNIFICANT ESTIMATES - LITIGATION: The Company has been named as defendants in legal proceedings wherein substantial damages are claimed. Such proceedings are not uncommon in the Company's business and usually involve claims against multiple defendants who were involved in the project which is the subject of the proceeding. Historically, the Company has been successful in defending such actions or have settled them within insured limits.

CONCENTRATIONS: The Company maintains the majority of cash balances and all of its short-term investments with ten financial institutions. The Company invests with high credit quality financial institutions, and, by policy, limits the amount of credit exposure to any financial institution. Substantially all of the Company's labor force is subject to collective bargaining agreements. Collective bargaining agreements covering 35.2% of the Company's labor force at December 31, 1996 will expire during 1997.

The Company operates in a single industry segment encompassing the construction of infrastructure assets and has no foreign operations. Revenue received from federal, state and local government agencies amounted to $657,247 (70.8%) in 1996, $674,640 (75.4%) in 1995 and $547,642 (79.0%) in 1994. One customer, California Department of Transportation, represented $104,171 (11.2%) in 1996, $88,970 (9.9%) in 1995 and $88,262 (12.7%) in 1994 of total revenue. During the year and at December 31, 1996, the Company had significant amounts receivable from these agencies and customer. The Company performs ongoing credit evaluations of its customers and generally does not require collateral although the law provides the Company the ability to file mechanics liens on real property improved for private customers in the event of non- payment by such customers. The Company maintains reserves for potential credit losses and such losses have been within management's expectations.

11. LEASES

Minimum rental commitments under all noncancellable operating leases, primarily quarry property and construction equipment, in effect at December 31, 1996 were:

```
Years Ending December 31,
1997                                                    $
3,206
1998
2,710
1999
1,478
2000
832
2001
411
Later years (through 2039)
3,570

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Total minimum rental commitment
$12,207

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Operating lease rental expense was $3,593 in 1996, $4,261 in 1995 and $2,299 in 1994.

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12. SUBSEQUENT EVENT

On March 13, 1997, the Board of Directors declared a cash dividend of $0.06 plus a one-time special cash dividend of $0.12 per share of common stock to stockholders of record as of March 31, 1997, payable on April 18, 1997.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors Granite Construction Incorporated
Watsonville, California

Our report on the consolidated financial statements of Granite Construction Incorporated is included on page F-1 of this 10-K. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed in the index on page 20 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

San Jose, California
February 14, 1997, except
Note 12, as to which the
date is March 13, 1997

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SCHEDULE II

GRANITE CONSTRUCTION INCORPORATED
SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS
(In Thousands of Dollars)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS: BAD DEBT EXPENSE	ADDITIONS: COLLECTIONS	ADJUSTMENTS AND DEDUCTIONS(1)	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 1996					
Allowance for doubtful accounts.....	$ 898	$3,614	$1,576	$(5,395)	$693
Allowance for notes receivable.....	$ 68	$ -	$ -	$ -	$ 68
YEAR ENDED DECEMBER 31, 1995					
Allowance for doubtful accounts(2).....	$ 655	$ 743	$ 531	$(1,031)	$898
Allowance for notes receivable.....	$ 309	$ 68	$ (309)	$ -	$ 68
YEAR ENDED DECEMBER 31, 1994					
Allowance for doubtful accounts.....	$ 698	$ 178	$ 662	$ (883)	$655
Allowance for notes receivable.....	$ -	$ 309	$ -	$ -	$309
YEAR ENDED DECEMBER 31, 1993					
Allowance for doubtful accounts.....	$ 592	$ 17	$1,435	$(1,346)	$698

(1) Accounts deemed to be uncollectible and (2) $542 of adjustments related to the acquisition of Gibbons and Reed.

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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Granite Construction Incorporated on Form S-8 (File No. 33-36482 and 33-36485) of our report dated February 14, 1996 (except Note 12, as to which the date is March 13, 1997) on our audits of the consolidated financial statements and the financial statement schedule of Granite Construction Incorporated, as of December 31, 1996 and 1995, and the years ended December 31, 1996, 1995 and 1994, which report is included in the Annual Report on Form 10-K on Page F-1.

San Jose, California
March 20, 1997

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 20, 1997

GRANITE CONSTRUCTION INCORPORATED

By: /s/ William E. Barton

[William E. Barton, Vice President and Chief Financial Officer]

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on March 20, 1997, by the following persons in the capacities indicated.

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/s/ Richard C. Solari - ---------- [Richard C. Solari]	Chairman of the Board and Director
/s/ David H. Watts - ---------- [David H. Watts]	President, Chief Executive Officer, and Director
/s/ William E. Barton - ---------- [William E. Barton]	Vice President and Chief Financial Officer [Principal Accounting and Financial Officer]
/s/ Joseph J. Barclay - ---------- [Joseph J. Barclay]	Director
/s/ Richard M. Brooks - ---------- [Richard M. Brooks]	Director
/s/ Brian C. Kelly - ---------- [Brian C. Kelly]	Director
/s/ Rebecca A. McDonald - ---------- [Rebecca A. McDonald]	Director
/s/ Denman K. McNear - ---------- [Denman K. McNear]	Director
/s/ Raymond E. Miles - ---------- [Raymond E. Miles]	Director

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INDEX TO FORM 10-K EXHIBITS

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3.1	Certificate of Incorporation of Granite Construction Incorporated	[a]
3.2	Bylaws of Granite Construction Incorporated (as amended and restated effective February 27, 1991)	[b]
10.1	Granite Construction Incorporated Employee Stock Ownership Plan, through amendments and Trust Agreement (**as to Trust Agreements only)	[b]
10.1.a	Amendment 3 to the Granite Construction Incorporated Employee Stock Ownership Plan, through amendments and Trust Agreement (**as to Trust Agreements only)	[c]
10.1.b	Amendment 4 to the Granite Construction Incorporated Employee Stock Ownership Plan as of May 21, 1993	[d]
10.1.c	Amendment 5 to the Granite Construction Incorporated Employee Stock Ownership Plan adopted December 16, 1993 and effective January 1, 1994	[d]
10.1.d	Amendment 6 to the Granite Construction Incorporated Employee Stock Ownership Plan adopted December 15, 1994 and effective January 1, 1995	[e]
10.1.e	Amendment 7 to Granite Construction Incorporated Employee Stock Ownership Plan and Amendment 1 to the Trust Agreement adopted December 19, 1995, effective January 1, 1996	[g]
10.2	Amendment to and Restatement of the Granite Construction Company Profit Sharing and 401K Plan adopted December 15, 1994 and effective January 1, 1995	[e]
10.2.a	Amendment to and Restatement of Granite Construction Incorporated Profit Sharing and 401K Plan and Trust Agreement adopted and effective as of December 15, 1994	[e]
10.2.b	Amendment 2 to the Granite Construction Incorporated Profit Sharing and 401K Plan and Amendment 2 to the Trust Agreement adopted March 20, 1995 and effective January 1, 1996	[g]
10.2.c	Amendment 3 to the Granite Construction Incorporated Profit Sharing and 401K Plan adopted August 23, 1996 and effective January 1, 1997	25
10.3	1995 Granite Construction Company Incentive Compensation Plan	[g]
10.4	Restated and Amended Granite Construction Incorporated 1990 Omnibus Stock and Incentive Plan effective December 31, 1994	[g]
10.5	Second Amended and Restated Credit Agreement dated and effective June 15, 1995	[g]
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10.7	Form of Executive Officer Employment Agreement	[a]
10.8	Stock Purchase Agreement among Granite Construction Incorporated, Gibbons Company and all of the Shareholders of Gibbons Company, dated March 17, 1995	[f]
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10.9.d	Fourth Amendment to the Restated Gibbons Company Profit Sharing and Retirement Plan adopted December 1, 1995	163
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24.1	Consent of Coopers & Lybrand L.L.P. is contained on page 21 of this Report	

[A] Incorporated by reference to the exhibits filed with the Company's Registration Statement on Form S-1 (No. 33-33795).

[B] Incorporated by reference to the exhibits filed with the Company's Form 10-K for the year ended December 31, 1991.

[C] Incorporated by reference to the exhibits filed with the Company's Form 10-K for the year ended December 31, 1992.

[D] Incorporated by reference to the exhibits filed with the Company's Form 10-K for the year ended December 31, 1993.

[E] Incorporated by reference to the exhibits filed with the Company's Form 10-K for the year ended December 31, 1994.

[F] Incorporated by reference to the exhibits filed with the Company's 8-K dated May 8, 1995.

[G] Incorporated by reference to the exhibits filed with the Company's 10-K for the year ended December 31, 1995.

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GRANITE CONSTRUCTION

PROFIT SHARING AND 401(k) PLAN

Amendment No. 3 to Amended and Restated Plan

WHEREAS, Granite Construction Incorporated ("Granite") maintains the Granite Construction Profit Sharing and 401(k) Plan (the "Plan") for the benefit of eligible employees of Granite and its subsidiaries and affiliates; and

WHEREAS, it is desirable to amend the provisions of the Plan to provide that participants may direct the investment of their Profit Sharing Accounts;

NOW, THEREFORE, the Plan is hereby amended as follows effective as of January 1, 1997:

1. Section 5(a) is amended by restating the first paragraph thereof to read as follows:

(a) Each Participant shall direct the investment of his
401(k) Account, Matching Account, Profit Sharing Account, QNEC/QMAC Account, Rollover Account and ESOP Diversification Account, if any, among such investment funds as the Committee shall from time to time cause to be made available, including a fund consisting of Stock (the "Stock Fund").

2. Section 6 is amended to read as follows:

Profit Sharing Account - A Profit Sharing Account shall be maintained to reflect the interest of each Participant under the Plan who is eligible to receive Profit Sharing Contributions or who had a prior profit sharing account under the Plan. The

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Profit Sharing Account maintained for a Participant shall be credited, as of the date received with respect to the prior Allocation Date, with his share of any Profit Sharing Contributions and related Forfeitures. The Profit Sharing Account shall be credited throughout each Plan Year with its share of the net income (or loss) of the Trust. Subaccounts of the Profit Sharing Account may be maintained to reflect the portion of the Profit Sharing Account invested in each investment fund.

3. Section 6(f) is amended to read as follows:

(f) Net Income (or Loss) of the Trust - The net income (or loss) of the Trust for each Plan Year attributable to Participants' 401(k) Accounts, Matching Accounts, Profit Sharing Accounts, QNEC/QMAC Accounts, Rollover Accounts and ESOP Diversification Accounts shall be determined separately on a daily basis for each investment fund and allocated among such Accounts in proportion to the respective balances of such Accounts invested in such funds.

4. Section 12(d) is amended to read as follows:

(d) If a Participant's Capital Accumulation is retained in the Trust after his Service ends, his Accounts shall continue to be treated as described in Section 6 and he shall continue to be able to direct the investment of his 401(k) Account, vested Matching Account, vested Profit Sharing Account, QNEC/QMAC Account, Rollover Account and ESOP Diversification Account in accordance with Section 5. However, except as otherwise provided in
Section 3 (b), his Accounts shall not be credited with any additional Employer Contributions and Forfeitures.

If a Participant's Service terminates and he does not have any vested and nonforfeitable interest in his Matching Account or his Profit Sharing Account, the Participant shall continue to direct the Trustee as to the investment of such Accounts until the date such Participant becomes eligible to receive a Plan distribution in accordance with Sections 12(b)

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(1) or (2). After such date, the Committee shall direct the Trustee as to the investment of such Accounts.

5. Section 14(c) is amended restating subparagraph (4) thereof to read as follows:

(4) selecting the investment funds to be offered to Participants for investment of their 401(k) Matching, Profit Sharing, QNEC/QMAC, Rollover and ESOP Diversification Accounts;

6. Section 14(d) is amended by restating the second sentence thereof to read as follows:

A Participant's Accounts may be charged with any expenses that are incurred by the Participant in connection with any investment transaction with respect to the Participant's 401(k), Matching, Profit Sharing, QNEC/QMAC, Rollover or ESOP Diversification Accounts.

To record the adoption of this Amendment No. 3 to the amended and restated Plan, Granite Construction Incorporated has caused it to be executed this 23 day of August, 1996.

GRANITE CONSTRUCTION INCORPORATED

By _____
David H. Watts, President & CEO

By _____
William E. Barton, Vice President & CFO

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FIRST AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (the "Amendment"), dated as of May 31, 1996, effective on June 30, 1996, is entered into by and among GRANITE CONSTRUCTION INCORPORATED the "Company", BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for itself and the Banks (the "Agent"), and the several financial institutions party to the Credit Agreement (collectively, the "Banks").

RECITALS

A. The Company, Banks, and Agent are parties to a Second Amended and Restated Credit Agreement dated as of June 15, 1995 (the "Credit Agreement") pursuant to which the Agent and the Banks have extended certain credit facilities to the Company.

B. Pursuant to Section 2.15 of the Credit Agreement, the Revolving Termination Date has been extended to June 30, 1998.

C. The Company has requested that the Banks agree to certain amendments of the Credit Agreement.

D. The Banks are willing to amend the Credit Agreement including a confirmation of the extension of the Revolving Termination Date and certain related amendments, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any assigned to them in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Section 1.01 of the Credit Agreement shall be amended at the defined term "Applicable Margin" by amending and restating such defined term in its entirety as follows:

"'Applicable Margin' means the per annum rates of interest specified in the chart below:

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	Revolving Commitment		
	Term Commitment	Revolving Period	Term Period
Reference Rate Loans	+0%	+0%	+0%
Eurodollar Rate Loans	+0.500%	+0.500%	+0.750%
CD Rate Loans	+0.725%	+0.625%	+0.875%

Where:

'Revolving Period' means the period from the Closing Date to the Revolving Termination Date; and

'Term Period' means the period from the Revolving Termination Date to the date of the final semi-annual payment under Section 2.07(b)."

(b) Subsection 2.09(b) of the Credit Agreement shall be amended and restated in its entirety as follows:

"(b) Commitment Fees. The Company shall pay to the Agent for the account of each Bank a commitment fee on the average daily unused portion of such Bank's Revolving Commitment equal to 0.250% per annum from the Closing Date through June 30, 1996 and thereafter equal to
0.1875% per annum. Such commitment fee shall accrue from the Closing Date to the Revolving Termination Date and shall be payable quarterly in arrears on the last day of each calendar quarter commencing on June 30, 1995, and on the Revolving Termination Date. The Company shall also pay, on June 30, 1995, to the Agent for the account of each Bank, any unpaid commitment fees due and owing under subsection 2.09(b) of the Original Credit Agreement through and including the Closing Date."

(c) Subsection 2.15(b) of the Credit Agreement shall be amended and restated in its entirety as follows:

(b) In each instance that the Revolving Termination Date shall have been extended pursuant to subsection (a) of this Section, the date on which the first installment of principal is due under clause (i) of subsection 2.07(b) shall be extended to the December 31 of the year in which the Revolving Termination Date (as so extended) occurs (such December 31, the "First Principal Payment Date"), and the date on which the last installment of principal is due under clause
(ii) of subsection 2.07(b) shall be extended to June 30 of the year which is five years after the year in which the First Principal Payment Date occurs."

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(d) Subsection 3.08 of the Credit Agreement shall be amended and restated in its entirety as follows:

"3.08 Letter of Credit Fees. The Company shall pay to the Agent for the benefit of the Banks letter of credit fees equal to i) 0.550% per annum from the Closing Date through June 30, 1996 and thereafter 0.500% per annum, in each case of the face amount of outstanding Letters of Credit other than Retention Letters of Credit, and (ii) 0.375% per annum from the Closing Date through June 30, 1996 and thereafter 0.325% per annum, in each case of the face amount of outstanding Retention Letters of Credit. Such fees shall be payable quarterly in arrears on the last day of each calendar quarter. The Company shall pay BofA, in its capacity as Issuing Bank, a letter of credit fronting fee in the amount and at the times as set forth in a letter agreement between the Company and BofA, as Issuing Bank, dated June 15, 1995, and shall pay any other Issuing Bank a letter of credit fronting fee as agreed to from time to time by the Company and such Issuing Bank."

3. Amendments to Credit Agreement Confirming Extension of Revolving Termination Date. The following amendments confirm the extension of the Revolving Termination Date pursuant to Section 2.15 as requested by the Company's letter to the Agent dated as of April 30, 1996 and agreed to previously by all the Banks.

(a) Section 1.01 of the Credit Agreement shall be amended at the defined term "Revolving Termination Date" by amended and restating in its entirety such defined term as follows:

"'Revolving Termination Date' means the earlier to occur of:

(a) June 30, 1998; and

(b) the date on which the Commitments shall terminate in accordance with the provisions of this Agreement.

Subject to clause (b) of this definition, the term "Revolving Termination Date" shall be deemed to refer to any such Revolving Termination Date as extended from time to time pursuant to, and subject to the conditions of, Section 2.15."

(b) Subsection 2.07(b) of the Credit Agreement shall be amended and restated in its entirety as follows:

"(b) The Revolving Credit. The Company agrees to repay the principal amount outstanding as of the Revolving Termination Date of the Revolving Loans in ten equal semi annual installments (i) beginning on December 31, 1998 (as such date may be extended pursuant to the terms of and subject to the conditions of subsection 2.15(b)), and (ii) thereafter on June 30 and December 31 of each year thereafter,

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through and including June 30, 2003 (as such date may be extended pursuant to the terms of and subject to the conditions of subsection 2.15(b)).

4. Representations and Warranties. The Company hereby represents and warrants to the Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms. without defense, counterclaim or offset.

(c) All representations and warranties of the Company contained in the Credit Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

5. Effective Date. This Amendment will become effective on June 30, 1996 (the "Effective Date"), provided that the Agent has received from the Company, each Guarantor, and each of the Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment.

6. Reservation of Rights. The Company acknowledges and agrees that the execution and delivery by the Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Agent or the Banks to execute or agree to similar amendments under the same or similar circumstances in the future.

7. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

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(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of
Section 11.01 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

GRANITE CONSTRUCTION INCORPORATED

By:

Title: William E. Barton
Vice President & Chief Financial Officer

By:
Title: R.C. Allbritton

Vice President & Treasurer

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
As Agent

By:

Title: Vice President

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
as a Bank and as Issuing Bank

By:

Title: Vice President

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UNION BANK
a division of Union Bank of California, N.A.

By:

Title: Vice President

By:
Title:

BANQUE NATIONALE DE PARIS

By:

Title: Katherine Wolfe

Vice President

By:

Title: Debra Hermsmeyer

Vice President

ARN-ANRO BANK N.V.,
San Francisco International Branch

By:

Title: Bradford H. Leahy

Officer

By:

Title: Jeffrey A. French

Vice President

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The following Guarantors acknowledge and consent to this Amendment, and agree that their respective Guaranties remain in full force and effect.

GRANITE CONSTRUCTION COMPANY

By:
Title: William E. Barton

Vice President, Chief Financial Officer

By:
Title: R.C. Allbritton

Vice President, Treasurer

GRANITE SR9l CORPORATION

By:
Title: David H. Watts

President, Chief Executive Officer

By:
Title: William E. Barton

Vice President, Chief Financial Officer

WILCOTT CORPORATION

By:
Title: David H. Watts

President, Chief Executive Officer

By:

Title: William E. Barton

Vice President, Chief Financial Officer

DESERT AGGREGATES. INC.

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

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G.G. & R., Inc.

By:
Title: David H. Watts

President

By:
Title: William E. Barton

Vice President

GIBBONS AND REED COMPANY

By:
Title:

By:
Title:

INTERMOUNTAIN SLURRY SEAL, INC.

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

BEAR RIVER CONTRACTORS

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

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POZZOLAN PRODUCTS COMPANY (P.P.C.)

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

GILC INCORPORATED

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

GILC, L.P.

By: GILC INCORPORATED

By:
Title: William E. Barton

Authorized Representative

By:
Title: R.C. Allbritton

Authorized Representative

GRANITE SR9l, L.P.

By: GRANITE SR9l CORPORATION

By:
Title: David H. Watts

President, Chief Executive Officer

By:
Title: William E. Barton

Vice President, Chief Financial Officer

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December 20, 1996

Granite Construction Incorporated
585 West Beach Street
Watsonville, CA 95076
Attention: Mr. William E. Barton
Vice President & Chief Financial Officer

Re: SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT DATED AS OF MARCH 31, 1995 AMONG GRANITE CONSTRUCTION INCORPORATED, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS AGENT, AND THE OTHER FINANCIAL INSTITUTIONS PARTY THERETO, AS AMENDED BY A FIRST AMENDMENT DATED AS OF MAY 31, 1996 (THE "CREDIT AGREEMENT")

Ladies and Gentlemen:

We are writing regarding the captioned Credit Agreement. Capitalized terms not defined in this letter shall have the meanings assigned to them in the Credit Agreement.

You have advised us that the Company is considering an acquisition of 30% of the capital stock of TIC Holdings, Inc. for a purchase price expected to be not more than $21,000,000 (the "TIC Acquisition"). You have advised as well that a part of the TIC Acquisition may be concluded in 1996; to the extent not concluded in 1996, the TIC Acquisition will be concluded in 1997. You have requested that we amend the Credit Agreement to provide that the TIC Acquisition, to the extent closed in 1997, and to the extent not in excess of such 30% or $21,000,000 amounts, not be considered a usage of the basket for equity investments set forth in subsection 8.04(d) of the Credit Agreement.

The Banks are willing to amend the Credit Agreement, subject to the terms and conditions of this letter agreement (the "Amendment").

1. For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree that the Credit Agreement shall be amended as follows:

(a) Section 8.04 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

8.04 Loans and Investments. The Company shall not, directly or indirectly,

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purchase or acquire, or permit any of its Subsidiaries to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, assets, obligations or other securities of or any interest in, any Person, or make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including, without limitation, any Affiliates of the Company, except for: (a) investments in accordance with Schedule 8.04; (b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the Ordinary Course of Business; (c) extensions of credit by the Company to any of its wholly-owned Subsidiaries or by any of its wholly-owned Subsidiaries to another of the wholly-owned Subsidiaries of the Company; (d) investments in up to 30% (when aggregated with the amount of any such investments made in 1996) of the capital stock of TIC Holdings, Inc., not to exceed in aggregate amount (when aggregated with the amount of any such investments made in 1996) the amount of $21,000.000; provided, that, such investments are made during the calendar year 1997; or (e) additional purchases of or investments in the stock of Subsidiaries or the capital stock, assets, obligations or other securities of or interest in other Persons not exceeding in any fiscal year 10% of the Company's consolidated Tangible Net Worth as of the last day of the immediately preceding fiscal year.

(b) All cross-references in the Credit Agreement (including in any exhibit thereto) to subsection 8.04(d) shall be amended to refer to subsection 8.04(e).

2. This Amendment will become effective as of the date first above Written, provided that the Agent has received from the Company and the Majority Banks a duly executed Original of this Amendment and from each Guarantor an executed Guarantor Acknowledgment and Consent in the form attached hereto.

3. The Company hereby represents and warrants to the Bank that:

(a) no Default or Event of Default has occurred and is continuing;

(b) the execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable;

(c) the Credit Agreement, as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, without defense, counterclaim or offset;

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(d) all representations and warranties of the Company contained in the Credit Agreement are true and correct as of the date first above written (except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); and

(e) the Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent, any Bank or any other Person.

4. The Company acknowledges and agrees that the execution and delivery by the Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate Agent or the Banks to execute similar amendments under the same or similar circumstances in the future.

5. Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect, and all references thereto shall henceforth refer to such documents as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

6. This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment Supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in writing executed and delivered by both parties hereto.

Please indicate your acceptance of this Amendment by signing and returning the duplicate copy hereof, whereupon this Amendment will constitute a binding agreement between the Company, the Agent and the Banks, and their respective successors and assigns, which shall be governed by and construed in accordance with the law of the State of California. This Amendment may be signed in one or more counterparts. No third party beneficiaries are intended in connection with this Amendment.

Sincerely,

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
As Agent

By:

Title: Vice President

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BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
as a Bank
and as Issuing Bank

By:

Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By:

Title: Vice President

BANQUE NATIONALS DE PARIS

By:

Title: Jennifer Y. Cho

Vice President

By:

Title: Charles H. Day

Assistant Vice President

ABN-AMRO BANK N.V.
San Francisco International Branch

By: ABN AMRO North America, Inc.,
as agent

By:

Title: Bradford H. Leahy

Officer

By:

Title: L.T. Osborne

Group Vice President

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Accepted and agreed this 20 day of December, 1996:

GRANITE CONSTRUCTION INCORPORATED

By:
Title: W.E. Barton, Vice President & CFO

By:
Title: R.C. Allbritton, Vice President & Treasurer

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**GUARANTOR ACKNOWLEDGMENT
AND CONSENT**

The undersigned, each a guarantor with respect to the Company's obligations to the Agent and the Banks under the Credit Agreement, each hereby
(i) acknowledge and consent to the execution, delivery and performance by Company of the foregoing letter amendment to the Credit Agreement (the "Amendment"), and (ii) reaffirm and agree that the respective guaranty to which the undersigned is party and all other documents and agreements executed and delivered by the undersigned to the Agent and the Banks in Connection with the Credit Agreement are in full force and effect, without defense, offset or counterclaim. (Capitalized terms used herein have the meanings specified in the Amendment.)

GRANITE CONSTRUCTION COMPANY

By:

Title: W.E. Barton, Vice President & CFO

By:
Title: R.C. Allbritton, Vice Pres. & Treasurer

Dated December 20, 1996

GRANITE SR91 CORPORATION

By:

Title: W.E. Barton, Vice President & CFO

By:
Title: R.C. Allbritton, Vice Pres. & Treasurer

Dated December 20 , 1996

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WILCOTT CORPORATION

By:

Title: D.H. Watts, President & CEO

By:

Title: W.E. Barton, Vice President & CFO

Dated December 20 , 1996

DESERT AGGREGATES, INC.

By:

Title: D.J. Brunton, CFO, Treasurer &

Assistant Secretary

By:

Title: K. Kenan, Assistant Secretary

Dated December 20 , 1996

GG&R, Inc.

By:

Title: D.H. Watts, President & CEO

By:

Title: W.E. Barton, Vice President & CFO

Dated December 20 , 1996

INTERMOUNTAIN SLURRY SEAL, INC.

By:

Title: D.J. Brunton, CFO, Treasurer &

Assistant Secretary

By:

Title: K. Kenan, Assistant Secretary

Dated December 20 , 1996

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BEAR RIVER CONTRACTORS

By:

Title: D.J. Brunton, CFO, Treasurer &

Assistant Secretary

By:

Title: K. Kenan, Assistant Secretary

Dated December 20 , 1996

POZZOLAN PRODUCTS COMPANY

By:

Title: D.J. Brunton, CFO, Treasurer &

Assistant Secretary

By:

Title: K. Kenan, Assistant Secretary

Dated December 20 , 1996

GILC INCORPORATED

By:

Title: W.E. Barton, President & CEO

By:
Title:R.C. Allbritton, Vice President & CFO

Dated December 20 , 1996

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GRANITE SR91, L.P.

By: GRANITE SR91 CORPORATION

By:

Title: D.H. Watts, President & CEO

By:
Title: W.E. Barton, Vice President & CFO

Dated December 20 , 1996

GTC, INC.

By:

Title: W.E. Barton, President & Treasurer

By:
Title: R.C. Allbritton, Vice President, Assistant Secretary & Assistant Treasurer

Dated December 20 , 1996

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GIBBONS COMPANY PROFIT SHARING
AND RETIREMENT PLAN

RESTATED EFFECTIVE

FOR ALL PLAN YEARS COMMENCING ON OR AFTER JANUARY 1, 1989

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ARTICLE I

ESTABLISHMENT AND RESTATEMENT

1.01 ESTABLISHMENT: This Plan is signed and executed on the day set forth at the end of this Plan, effective for all purposes (except as specifically set forth hereafter) as of January 1, 1989. This Plan is by and between Gibbons & Reed Company, a corporation organized and existing under the laws of the State of Utah, with principal offices located at Salt Lake City, Utah, hereinafter referred to as the "Plan Sponsor", and Gibbons & Reed Company as the Plan Administrator. With the consent of Gibbons & Reed Company this Plan may be adopted by other affiliated Employers.

1.02 HISTORY: This Plan is an amended plan in restated form, the original plan having been adopted effective on December 30, 1955, and having been most recently amended and restated in its entirety effective January 1, 1987, as the Gibbons Company Profit Sharing and Retirement Plan ("Prior Plan").

1.03 INTENT: Gibbons & Reed Company intends by this Plan to amend and restate the Prior Plan for the benefit of its Employees who shall meet the eligibility requirements hereinafter set forth and for the benefit of the beneficiaries of such Employees, respectively, as hereinafter provided. Gibbons & Reed Company further intends that this Plan meet all the requirements of the Internal Revenue Code of 1986 ("Code") and the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan shall be interpreted, wherever possible, to comply with the terms of the Code and ERISA and all formal regulations and rulings issued thereunder.

1.04 LIMITATION ON APPLICABILITY: The provisions of this Plan shall apply only to persons who are or who become Participants in this Plan on or after the Effective Date. Except as specifically provided in this Plan, the provisions of the Prior Plan will continue to apply to persons who are Former Participants on the Effective Date, unless and until such time as such persons may again become Participants in this Plan.

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ARTICLE II

DEFINITIONS OF TERMS

As used in this Plan and Trust Agreement, the following words and phrases shall have the meanings indicated, unless the context clearly requires another meaning.

2.01 "ACCOUNT" shall mean the Account established and maintained by the Plan Administrator for a Participant with respect to any interest in the Investment Fund. Each Participant's Account shall be credited or charged with contributions, distributions, earnings and losses as provided herein. The following separate sub-accounts shall be established for each Participant, as applicable, and in the aggregate they shall constitute the Participant's Account:

(a) "PARTICIPANT ELECTIVE DEFERRAL ACCOUNT" shall mean the Account which is attributable to the contributions made by the Employer pursuant to an election by the Participant under
Section 5.01

(b) "PARTICIPANT VOLUNTARY CONTRIBUTION ACCOUNT" shall mean the Account which is attributable to after-tax contributions made by the Participant to the Plan after December 31, 1986, if any.

(c) "PARTICIPANT ROLLOVER ACCOUNT" shall mean the Account which is attributable to contributions received pursuant to Section 5.05.

(d) "EMPLOYER MATCHING CONTRIBUTION ACCOUNT" shall mean the Account which is attributable to matching contributions made by the Employer pursuant to Section 5.06.

(e) "EMPLOYER PROFIT-SHARING CONTRIBUTION ACCOUNT" shall mean the Account which is attributable to the Profit-Sharing contributions made by the Employer pursuant to Section 5.07. This Account shall also include (but separately account for) all after-tax voluntary contributions made by the Participant prior to January 1, 1987.

(f) "DAVIS-BACON ACCOUNT" shall mean the Account which is attributable to Employer Davis-Bacon Contributions, together with all assets transferred from any predecessor Davis-Bacon Plan.

The maintenance of separate sub-accounts is for accounting purposes only and segregation of the assets of the Plan shall not be required.

2.02 "ACCRUED BENEFIT" shall mean, as of any date, the sum of the values in each of a Participant's Accounts as of the most recent preceding Valuation Date, plus any contributions to and minus any distributions from the Accounts since the Valuation Date, plus the cash surrender value of all Insurance Contracts and allocated annuity contracts purchased for a Participant.

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2.03 "ADMINISTRATOR OR PLAN ADMINISTRATOR" shall mean the person, persons, or corporation administering this Plan, as provided in Article XIII hereof, and any successor or successors thereto.

2.04 "AFFILIATED SERVICE GROUP" shall mean a group of corporations, partnerships, or other organizations which is an affiliated service group as defined in Code Section 414(m).

2.05 "AGE" shall mean a person's attained age in completed years and months as of the date determined.

2.06 "ANNIVERSARY DATE" shall be the first day of each Plan Year.

2.07 "ANNUAL COMPENSATION" OR "COMPENSATION" shall mean the amount of all salary payments and wages for personal services rendered which is paid to an Employee during the Plan Year by a Gibbons Employer, including overtime pay, commissions and bonuses. Compensation shall be determined before deductions for federal income taxes, state income taxes and Social Security (FICA) taxes, before deductions for contributions by salary reduction to this Plan or any other plan that meets the requirements of Code Sections 401(k) or 125 and are sponsored by a Gibbons Employer, before deductions for Participant contributions to any insurance program sponsored by a Gibbons Employer and before deferral pursuant to any written contract of deferred compensation between the Participant and a Gibbons Employer. Compensation shall not include director's fees, allowances or reimbursements for expenses, relocation payments, merchandise and service discounts, the value of insurance coverage, automobile or mileage allowances, parking, public transportation payments, or benefits in the form of property or the use of property or other fringe benefits. Unless specifically included by this Section, payments or contributions to or for the benefit of a Participant under any deferred compensation plan, pension, profit sharing, group life or health insurance, hospitalization or other employee benefit plan and any lump sum amounts paid at termination of employment (on account of such termination), such as severance pay, vacation and sick leave cash-outs, shall not be included in Compensation. For purposes of a contribution or an allocation under the Plan based on compensation, Annual Compensation shall only include amounts actually paid an Employee during the period he is a Participant in the Plan and shall be further apportioned according to the period the Employee is designated in a sub-category under Section 2.18.

If a Participant is credited with at least one (1) Hour of Service in a Plan Year beginning after December 31, 1988, the Participant's Annual Compensation taken into account for that Plan Year and any succeeding Plan Year shall not exceed two hundred thousand dollars ($200,000), or such greater amount adjusted at the same time and in the same manner as the benefit limitation for defined benefit plans under Code Section 415(b)(1)(A). For Plan Years beginning after December 31, 1993, the Plan shall substitute the amount "one hundred fifty thousand dollars ($150,000)" for the amount "two hundred thousand dollars ($200,000)" wherever it appears in this Section. The one hundred fifty thousand dollar amount shall be adjusted each Plan Year as provided in Code
Section 401(a)(17(B). For any short Plan Year the Annual Compensation limit shall be an amount equal to the Annual Compensation limit for the calendar year in which the Plan Year begins, multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

In applying the limitations of this Section the family group of a Highly Compensated Employee who is

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subject to the Family Member aggregation rules of Code Section 414(q)(6) because the Employee is either a "five percent owner" of the Employer or one of the ten (10) Highly Compensated Employees paid the greatest Compensation (as defined in Section 7.01(b)) during the Plan Year shall be treated as a single Participant, except that Family Members shall include only the Participant's spouse and any lineal descendants who have not attained the age of nineteen
(19) before the close of the Plan Year. If, upon application of the above family aggregation rules, the Annual Compensation limitation is exceeded, then the limitation shall be prorated among the affected Family Members in proportion to each Family Member's Annual Compensation prior to the application of this limitation, or the limitation shall be adjusted pursuant to any other method permitted by regulations.

2.08 "ANNUITY STARTING DATE" shall mean the first day of the first month for which an amount is payable, or the date on which a benefit is actually paid or begins to be paid.

2.09 "BENEFICIARY" shall mean any person, persons, or trust designated by a Participant on a form as the Plan Administrator may prescribe to receive any death benefit that may be payable hereunder if such person or persons survive the Participant. This designation may be revoked at any time in similar manner and form. In the event of the death of the designated Beneficiary prior to the death of the Participant, the Contingent Beneficiary shall be entitled to receive any death benefit.

2.10 "BOARD OF DIRECTORS" shall mean:

(a) In the case of a corporation, its Board of Directors; or

(b) In the case of a partnership or joint venture, its controlling partners.

2.11 "CODE" shall mean the Internal Revenue Code of 1986, as amended.

2.12 "CONTINGENT BENEFICIARY" shall mean the person, persons, or trust duly designated by the Participant to receive any death benefit from the Plan in the event the designated Beneficiary does not survive the Participant.

2.13 "CONTROLLED GROUP" shall mean a group of corporations which constitutes a controlled group of corporations as defined in Code Section 414(b).

2.14 "DISABILITY" shall mean the resignation or dismissal prior to Normal Retirement Age of a Participant whom the Administrator determines to have become permanently unable to discharge his assigned duties as a result of mental or physical disease or condition which can be expected to result in death or which can be expected to last for a continuous period of indefinite duration. In making such determination, the Administrator shall employ a doctor who is licensed and qualified to practice medicine in any State to examine the Participant and then issue an opinion as to the disability of the Participant involved. In the event a difference shall arise between the Participant and the Administrator as to the existence of such total and permanent disability, the issue concerning such disability shall be resolved by a majority decision of three doctors, one to be appointed by the Administrator, one by the Participant

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claiming such disability, and the third by the two thus first appointed. The decision of the majority of such three doctors as to the existence of such total and permanent disability shall be final and conclusive. Notwithstanding the foregoing, a Participant who is eligible to receive Social Security disability payments shall be deemed to be disabled without further proof.

2.15 "EFFECTIVE DATE" shall mean January 1, 1989, the effective date of this restated Plan. All provisions of this Plan shall be effective as of that date unless an alternative date is specifically provided.

2.16 "ELECTIVE DEFERRAL" shall mean a contribution to the Plan under a cash or deferred arrangement as defined in Code Section 401(k) to the extent not includable in gross income, which is made pursuant to an Employee Deferral Election.

2.17 "ELIGIBLE EMPLOYEE" shall mean any Employee who is not an Excluded Employee.

2.18 "EMPLOYEE" shall mean any person who is employed by a Gibbons Employer in a capacity other than solely as a director. The term "Employee" shall also include a Leased Employee of a Gibbons Employer. For purposes of this Plan an "Employee" shall be further designated as a "Salaried Employee," "Hourly Employee" or "Davis-Bacon Employee." "Salaried Employee" shall mean an Employee who is compensated on a salary basis and "Hourly Employee" shall mean an Employee who is compensated on an hourly basis. "Davis-Bacon Employee" shall mean an Employee who renders services to the Employer pursuant to a contract or contracts subject to a Prevailing Wage Law (as that term is defined in Section 5.08). Each Employee shall be designated under one or more of the above sub-categories, however no Employee shall be designated in the "Salaried Employee" sub-category and any other sub-category at the same time.

2.19 "EMPLOYER" OR "GIBBONS EMPLOYER" shall mean the Plan Sponsor and any other entity who, with the authorization of the Plan Sponsor, may adopt this Plan. Solely for purposes of determining Eligibility Service, Years of Vesting Service and One Year Breaks in Service, any entity not adopting this Plan which, together with the Plan Sponsor, is a member of a Controlled Group, Group Under Common Control, or Affiliated Service Group shall also be treated as an Employer for the period of time during which such entity was a member of such group. Gibbons Employers may, at the option of the Plan Sponsor, be identified by a list attached as an addendum to this Plan, or through separate participation agreements, which reflect adoption by the Gibbons Employer of this Plan.

2.20 "ENTRY DATE" shall mean, solely for purposes of participation under Article IV, the date an Employee became or becomes a Participant in the Plan. Entry Dates occur on the each January 1 and July 1. For all other Plan purposes, including benefit accrual and amendment to Salary Reduction Agreements "Entry Date" shall mean the first day of each calendar quarter. The Plan shall also provide for a one-time special Entry Date of August 1, 1993, for Hourly Employees who execute written Salary Reduction Agreements by the time required in Section 4.01(e).

2.21 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.22 "EXCLUDED EMPLOYEE" shall mean a member of that class of Employees who are not eligible

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to participate in the Plan or accrue any benefit under the Plan, regardless of the number of hours worked. The class of such Employees includes:

(a) Employees whose employment is governed by the terms of a collective bargaining agreement between Employee representatives and the Employer under which retirement benefits were the subject of good faith bargaining between said Employee representatives and the Employer.

(b) Individuals who are employed by the Employer in the following classifications:

(i) consultant, or

(ii) independent contractor.

2.23 "FAMILY MEMBER" shall mean, with respect to any Employee, the Employee's spouse and lineal ascendants or descendants and the spouses of such lineal ascendants and descendants.

2.24 "FIDUCIARY" shall mean and include the Trustee, Plan Administrator, Plan Sponsor, Investment Manager, and any other person or corporation who:

(a) Exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets;

(b) Renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the Plan, or has any authority or responsibility to do so;

(c) Has any discretionary authority or discretionary responsibility in the administration of the Plan; or

(d) Is described as a "fiduciary" in Sections 3(14) or (21) of ERISA or is designated to carry out fiduciary responsibilities pursuant to this agreement to the extent permitted by Section
405(c)(1)(B) of ERISA.

2.25 "FORMER PARTICIPANT" shall mean an individual who was an active Participant in the Plan and who retains and is entitled to receive an Accrued Benefit under the Plan.

2.26 "GROUP UNDER COMMON CONTROL" shall mean a group of trades or businesses (whether or not incorporated) which are under common control as defined in Code Section 414(c).

2.27 "HIGHLY COMPENSATED EMPLOYEE" shall mean, for any Plan Year, an Employee, other than a non-resident alien receiving no earned income from the Employer from sources within the United States, who, during such year or the preceding year:

(a) Was at any time a Five Percent Owner (as defined in Section 19.02(c)); or

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(b) Received Compensation from the Employer in excess of seventy-five thousand dollars ($75,000); or

(c) Received Compensation from the Employer in excess of fifty thousand dollars ($50,000) and was in the group consisting of the top twenty percent (20%) of the Employees when ranked on the basis of Compensation paid during such year; or

(d) Was at any time an officer and received Compensation greater than fifty percent (50%) of the amount in effect under Code Section 415(b)(1)(A) for such year or was the highest paid officer if no officer received compensation greater than that level. For purposes of this Paragraph, no more than fifty (50) Employees (or, if lesser, the greater of three (3) or ten percent (10%) of the number of Employees) shall be treated as officers.

A former Employee who was a Highly Compensated Employee upon separation from service or at any time after attaining Age fifty-five (55) shall be treated as a Highly Compensated Employee.

For purposes of the above, an Employee not described in (b), (c) or (d) for the preceding year shall not be treated as described in (b),(c) or (d) unless such Employee is in the group consisting of the top one hundred (100) Employees when ranked on the basis of Compensation paid during the Plan Year.

For purposes of the above, with respect to an Employee who is a Family Member of a Five Percent Owner or of one of the ten (10) most Highly Compensated Employees, such Family Member and the Five Percent Owner or top-ten Highly Compensated Employee shall be treated as a single employee receiving the Compensation and plan contributions or benefits of both the Family Member and the Five Percent Owner or top-ten Highly Compensated Employee.

For purposes of the above, Compensation is defined as in Section 7.01(b) of this Plan, but shall include contributions made by the Employer to a plan of deferred compensation otherwise excluded in Section 7.01(b). The dollar amounts in paragraphs (b) and (c) shall be adjusted at the same time and in the same manner as the benefit limitation for defined benefit plans under Code Section 415(b)(1)(A).

For purposes of determining the number of Employees in (c) and (d) above, the following shall be excluded: Employees who have not completed six (6) months of service; Employees who normally work less than seventeen and one-half (17 1/2) hours per week; Employees who normally work not more than six (6) months per year; Employees who have not attained Age twenty-one (21); and Employees described in Section 2.21(a) and (b), except as provided in Regulations issued under Code Section 414(q).

The Employer may, at his discretion, elect to use the calendar year calculation method for determining who is a Highly Compensated Employee, as described in Regulations issued under Code Section 414(q), provided that such method is uniformly applied for all Plan Years and for all plans of the Employer. The Employer may, at his discretion, elect to use the transition rules for determining who is a Highly Compensated Employee for the Plan Years beginning in 1987 and 1988, as described in Regulations issued under Code Section 414(q), provided that such rules are uniformly applied for all plans of the Employer.

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2.28 "INVESTMENT FUND" shall mean all assets of the Trust Fund.

2.29 "INVESTMENT MANAGER" shall mean any Fiduciary (other than a Trustee or Named Fiduciary) who:

(a) Has the power to manage, acquire or dispose of any asset of the Plan;

(b) Is (i) registered as an investment advisor under the Investment Advisors Act of 1940; (ii) a bank as defined in that Act; or (iii) is an insurance company qualified to perform services described in Subsection (a) above under the laws of more than one state; and

(c) Has acknowledged in writing that he is a Fiduciary with respect to the Plan.

2.30 "K-TEST AVERAGE CONTRIBUTION PERCENTAGE" shall mean the average (expressed as a percentage) of the K-Test Contribution Percentages of the Participants in a group.

2.31 "K-TEST CONTRIBUTION PERCENTAGE" shall mean the ratio (expressed as a percentage) of a Participant's K-Test Contributions for a Plan Year to the Participant's Compensation for the Plan Year, provided that, if a Participant is a Highly Compensated Employee for whom the family aggregation rules in Section 2.22 apply, the K-Test Contribution Percentage shall be determined by combining the K-Test Contributions and compensation of all eligible Family Members. For this purpose, Compensation is defined as in Section 7.01(b) of the Plan.

2.32 "K-TEST CONTRIBUTIONS" shall mean, for any Plan Year, a Participant's Elective Deferrals, less any of the Participant's Elective Deferrals included as M-Test Contributions, plus, if so elected by the Employer, part or all of the Qualified Non-Elective Contributions and Qualified Matching Contributions allocated to the Participant for such year, provided that, any Qualified Non-Elective Contributions included as K-Test Contributions shall not increase the difference between the K-Test Average Contribution Percentage for Highly Compensated Employees and the K-Test Average Contribution Percentage for Non-Highly Compensated Employees; and, further provided that, no Qualified Non-Elective Contributions or Qualified Matching Contributions included as K-Test Contributions shall be included as M-Test Contributions.

2.33 "LEASED EMPLOYEE" shall mean any person who, pursuant to an agreement between the Gibbons Employer and any other person or organization (leasing organization) has performed services for the Employer (or for the Gibbons Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one (1) year and such services are of a type historically performed by employees in the business field of the Gibbons Employer.

Contributions or benefits provided by the leasing organization which are attributable to services performed for the Employer shall be treated as provided by the Employer. If such leased employees constitute not more than twenty percent (20%) of the Gibbons Employer's non-highly compensated work force within the meaning of Code Section 414(n)(5)(C)(ii), the preceding sentence shall not apply to any Leased Employee who is covered by a money purchase pension plan providing:

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(a) A non-integrated employer contribution rate of at least ten percent (10%) of compensation; and

(b) Immediate participation with respect to any person who has received compensation from the leasing organization of at least one thousand dollars ($1,000) in any one of the four most recent plan years of such plan; and

(c) Full and immediate vesting.

2.34 "LIMITATION YEAR" shall mean the Plan Year, unless the Employer elects a different twelve (12) month period.

2.35 "M-TEST AVERAGE CONTRIBUTION PERCENTAGE" shall mean the average (expressed as a percentage) of the M-Test Contribution Percentages of the Participants in a group.

2.36 "M-TEST CONTRIBUTION PERCENTAGE" shall mean the ratio (expressed as a percentage) of a Participant's M-Test Contributions for a Plan Year to the Participant's Compensation for the Plan Year, provided that, if a Participant is a Highly Compensated Employee for whom the family aggregation rules in Section 2.22 apply, the M-Test Contribution Percentage shall be determined by combining the M-Test Contributions and compensation of all eligible Family Members. For this purpose, Compensation is defined as in Section 7.01(b) of the Plan.

2.37 "M-TEST CONTRIBUTIONS" shall mean, for any Plan Year, a Participant's Employee Contributions, Matching Contributions and Recharacterized Contributions, less any of the Participant's Qualified Matching Contributions included as K-Test Contributions, plus, if so elected by the Employer, part or all of the Qualified Non-Elective Contributions and Elective Deferrals allocated to the Participant for such year, provided that, any Qualified Non-Elective Contributions included as M-Test Contributions shall not increase the difference between the M-Test Average Contribution Percentage for Highly Compensated Employees and the M-Test Average Contribution Percentage for Non-Highly Compensated Employees; and, further provided that, no Qualified Non-Elective Contributions or Elective Contributions included as M-Test Contributions shall be included as K-Test Contributions.

2.38 "MATCHING CONTRIBUTION" shall mean any Employer contribution made to the Plan on behalf of an Employee on account of an Employee's Elective Deferral, but excluding, for Plan Years beginning after December 31, 1988, any contribution used to meet the minimum required allocation under Section 19.03 or 19.04.

2.39 "NAMED FIDUCIARY" shall mean the Plan Administrator and any Committee appointed and so designated by the Plan Administrator.

2.40 "NET PROFIT" shall mean the current and accumulated earnings of the Employer as reflected by its books of account for the particular fiscal year according to generally accepted accounting principles, consistently applied, prior to the provision for federal and state income tax, without increase or decrease due to corrections or adjustments subsequently made, but excluding the cost of contributions made under

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this Plan or any other qualified plan.

2.41 "NON-HIGHLY COMPENSATED EMPLOYEE" shall mean an Employee who is neither a Highly Compensated Employee nor a Family Member of a Highly Compensated Employee required to be aggregated under the family aggregation rules in Section 2.22.

2.42 "NORMAL RETIREMENT AGE" shall mean Age 65.

2.43 "NORMAL RETIREMENT DATE" shall mean the first day of the calendar month coinciding with or next following a Participant's Normal Retirement Age.

2.44 "PARTICIPANT" shall mean any Employee who on or after the Effective Date meets the requirements for participation hereunder. An Employee who has satisfied such requirements, has not become an Excluded Employee and has not terminated employment shall be considered to be an "active" Participant so long as there is in effect a Salary Reduction Agreement whereby the Participant has agreed to have contributions made to this Plan through Elective Deferrals or the Participant qualifies as a Davis-Bacon Employee or Salaried Employee and has not executed an election not to participate pursuant to
Section 4.06.

2.45 "PLAN" shall mean the Plan as stated herein and as may be amended from time to time, denominated the "Gibbons Company Profit Sharing and Retirement Plan.

2.46 "PLAN SPONSOR" shall mean Gibbons & Reed Company.

2.47 "PLAN YEAR" shall mean the one year period commencing January 1 and ending December 31.

2.48 "PRIOR PLAN" shall mean this Plan as it existed prior to the Effective Date.

2.49 "QUALIFIED MATCHING CONTRIBUTION" shall mean a Matching Contribution with respect to which the requirements of Code Section Section
401(k)(2)(B) and (C) are met.

2.50 "QUALIFIED NON-ELECTIVE CONTRIBUTION" shall mean any Employer contribution to the Plan other than a Matching Contribution with respect to which the Employee may not elect to have the contribution paid to the Employee in cash instead of being contributed to the Plan and the requirements of Code
Section Section 401(k)(2)(B) and (C) are met.

2.51 "TRUST" shall mean the Trust created under the Prior Plan, designated as the Gibbons Company Profit Sharing and Retirement Plan Trust, and continued through a restated and amended Trust Agreement, effective July 1, 1993, with INVESCO Trust Company as Trustee.

2.52 "TRUST FUND" shall mean all cash, securities, annuity contracts, Insurance Contracts, real estate and any other property held by the Trustee pursuant to the terms of this Agreement, together with investment earnings or losses thereon, less any applicable expenses of the Plan and Trust.

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2.53 "TRUSTEE" shall mean the bank, trust company or other corporation possessing trust powers under applicable State or Federal law, or one or more individuals, or any combination thereof named as parties hereto, or any successor Trustee or Trustees hereunder.

2.54 "VALUATION DATE" shall mean the date on which the Trust Fund and Accounts are valued, as provided in this Plan. The following shall be Valuation Dates:

(a) the last day of each Plan Year (the "Anneal Valuation Date");

(b) the last day of each month during the Plan Year:

(c) any other day designated by the Plan Administrator and set forth in a written notice to the Trustee as the Plan Administrator may consider necessary or advisable to provide for the orderly and equitable administration of the Plan.

2.55 "VESTED INTEREST" or "VESTED ACCRUED BENEFIT" shall mean the portion of a Participant's Accrued Benefit which is non-forfeitable.

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ARTICLE III

SERVICE DEFINITIONS AND RULES

3.01 "ELIGIBILITY COMPUTATION PERIOD" shall mean the period used to measure Eligibility Service and Breaks in Service for purposes of eligibility to begin and maintain participation in the Plan.

(a) "INITIAL ELIGIBILITY COMPUTATION PERIOD" shall mean, for any Employee in any Plan Year in which a Year of Eligibility Service is required, the twelve (12) consecutive month period which begins on the Employee's Employment Commencement Date or Re-employment Commencement Date.

(b) "SUBSEQUENT ELIGIBILITY COMPUTATION PERIOD" shall mean, for any Employee in any Plan Year in which a Year of Eligibility Service is required, the Plan Year beginning with or within the Initial Eligibility Computation Period and succeeding Plan Years.

For any Plan Year in which less than a Year of Eligibility Service is required for participation, the Eligibility Computation Period shall be determined from the Employee's Employment Commencement Date or Re-employment Commencement Date.

3.02 "ELIGIBILITY SERVICE" shall mean service for any period during which an Employee receives credit for Hours of Service for a Gibbons Employer.

3.03 "EMPLOYMENT COMMENCEMENT DATE" shall mean the date on which the Employee first performs an Hour of Service for a Gibbons Employer.

3.04 "HOUR OF SERVICE" shall mean and be determined as follows:

(a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the year or years in which the duties are performed.

(b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or Leave of Absence. Notwithstanding the preceding sentence:

(1) No more than five hundred and one (501) Hours of Service are required to be credited under this paragraph during which the Employee performs no duties (whether or not such period occurs in a single computation period);

(2) An hour for which an Employee is directly or indirectly paid, or entitled to payment,

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on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation or unemployment compensation or disability insurance laws; and

(3) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of this paragraph (b), a payment shall be deemed to be made by or due from an Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund or insurer to which Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate. Hours under this paragraph (b) shall be calculated and credited pursuant to DOL Reg. Section 2530.200b-2, paragraphs (b) and
(c), which are incorporated herein by this reference.

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service shall not be credited both under paragraph (a) or paragraph (p), as the case may be, and under this paragraph (c). These hours shall be credited to the Employee for the year or years to which the award or agreement pertains rather than the year in which the award, agreement or payment is made.

(d) Hours of Service shall be determined on the basis of actual hours for which an Employee is paid, entitled to payment or for which back pay is awarded or agreed to.

(e) For Plan Years beginning after December 31, 1984, in the case of an Employee who is absent from work for any period:

(1) By reason of the pregnancy of the Employee;

(2) By reason of the birth of a child of the Employee;

(3) By reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee; or

(4) For purposes of caring for such child for a period beginning immediately following such birth or placement;

Hours of Service shall include the Hours of Service which otherwise would normally have been credited to such Employee but for such absence; or in any case in which the Plan is unable to determine the Hours of Service to be credited, eight
(8) Hours of Service for each regularly scheduled work day of such absence. The total number of hours treated as Hours

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of Service under this Section by reason of any pregnancy or placement shall not exceed five hundred and one (501) hours less the number of Hours of Service credited to an Employee pursuant to Subsections (a) through (e) above, for an absence described in this Subsection (f). The hours described in this Subsection (f) shall be treated as Hours of Service only in the computation period in which the absence from work begins, if an Employee would be prevented from incurring a One-Year Break in Service in such computation period solely because the period of absence is treated as Hours of Service as provided herein; or in any other case, in the immediately following computation period. Notwithstanding the foregoing, no credit will be given pursuant to this Subsection (f) unless the Employee furnishes to the Plan Administrator such timely information as the Plan Administrator may reasonably require to establish that the absence from work is for reasons referred to herein, and the number of days for which there was such an absence.

(f) Hours of Service shall be aggregated for service with all Gibbons Employers, however, in no event shall duplicate credit be given for the same Hours of Service.

(g) The Plan Administrator may use any records to determine Hours of Service which it considers an accurate reflection of the facts.

(h) When crediting Hours of Service for Employees who are paid on an hourly basis the Plan Administrator shall use the "actual" method. For purposes of the Plan, "actual" method shall mean the determination of Hours of Service from records of hours worked and hours for which the Employer makes payment or for which payment is due from the Employer. When crediting Hours of Service for Employees who are not paid on an hourly basis, the Plan Administrator shall use the "salaried earnings" method. With respect to an Employee whose Compensation consists primarily of periodic salary payments, "salaried earnings" method shall mean the determination of Hours of Service from records showing payments made to the Employee or payments due to the Employee from the Employer. In applying the "salaried earnings" method, an Employee who receives credit for four hundred thirty-five (435) hours and for eight hundred seventy (870) hours shall be deemed to have received credit for the equivalent of five hundred (500) Hours of Service and one thousand (1,000) Hours of Service respectively.

3.05 "ONE YEAR BREAK IN SERVICE" shall mean a twelve (12) consecutive month period during which an Employee has not completed more than five hundred (500) Hours of Service, regardless of whether the Employee has incurred a Termination of Employment. For purposes of vesting, such twelve
(12) consecutive month periods shall be measured on the same basis as Years of Vesting Service. For purposes of eligibility to participate, the Plan shall not apply any break in service rule. The following types of absence shall not constitute a One-Year Break in Service:

(a) Temporary leave of absence granted by the Employer for sickness, or extended vacation, provided that persons under similar circumstances shall be treated alike;

(b) Absence due to illness or accident while regular remuneration is paid;

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(c) Absence for military service or significant civilian service for the United States, provided the absent Employee returns to service with the Employer within thirty (30) days of his release from such active military duty or service or any longer period during which his right to re-employment is protected by law.

3.06 "REEMPLOYMENT COMMENCEMENT DATE" shall mean the date on which an Employee, who has both incurred a Termination of Employment from the Employer and has had a One Year Break in Service as a result of that termination, first performs an Hour of Service for the Employer following such Break in Service.

3.07 "TERMINATION OF EMPLOYMENT" with respect to any Employee or Participant shall occur upon the resignation, discharge, death, retirement, failure to return to active work at the end of an authorized leave of absence or the authorized extension(s) thereof, failure to return to active work when duly called following a temporary layoff, or upon the happening of any other event or circumstance which, under the then current policy of the Gibbons Employer results in the termination of the employer-employee relationship. Termination of Employment shall not be deemed to occur merely because of a transfer between Gibbons Employers.

3.08 "VESTING COMPUTATION PERIOD" shall mean the twelve (12) consecutive month period used to measure Years of Vesting Service and Breaks in Service for purposes of vesting. The twelve (12) consecutive month period used for the Vesting Computation Period shall be the Plan Year, provided however, with respect to the short Plan Year during the period from the day after the last Saturday in October, 1990 to December 31, 1991, a Participant shall receive credit for the Year of Vesting Service if he completes 1,000 Hours of Service during the fiscal year measured from October 28, 1990 to October 26, 1991, and an additional Year of Vesting Service if he completes 1,000 Hours of Service during the Plan Year period measured from January 1, 1991 to December 31, 1991.

3.09 "YEAR OF SERVICE" shall mean a twelve (12) consecutive month period during which an Employee has completed at least one thousand (1000) Hours of Service.

3.10 "YEAR OF ELIGIBILITY SERVICE" shall mean for Plan Years commencing prior to 1988 an Eligibility Computation Period during which an Employee has completed at least one thousand (1000) Hours of Service.

3.11 "YEAR OF VESTING SERVICE" shall mean a Vesting Computation Period during which an Employee has completed at least one thousand (1000) Hours of Service. A Participant's Years of Vesting Service shall be determined based on all Vesting Computation Periods containing or beginning after his Employment Commencement Date or Re-employment Commencement Date.

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ARTICLE IV

ELIGIBILITY AND PARTICIPATION

4.01 AGE AND SERVICE REQUIREMENTS:

(a) Effective July 1, 1993, an Eligible Employee shall be eligible to participate in this Plan on the first Entry Date coincident with or next following the date on which he satisfies all of the following requirements:

(i) attains the Age of twenty-one (21) years; and

(ii) completes a Year of EligibIlity Service; and

(iii) is employed on the Entry Date.

(b) Effective July 1, 1993, an Eligible Employee who is also a Davis-Bacon Employee shall be eligible to participate in this Plan for the purpose of receiving allocations of Employer Davis-Bacon Contributions only, on his Employment Commencement Date or his Re-employment Commencement Date.

(c) Prior to July 1, 1993, but after the Effective Date, only an Eligible Employee who is a Salaried Employee and who on the first Entry Date coincident with or next following the date on which he satisfies all of the following requirements, shall be eligible to participate in this Plan:

(i) attains the Age of twenty-one (21) years;

(ii) completes a Year of Eligibility Service; and

(iii) is employed on the Entry Date.

(d) Prior to the Effective Date an Eligible Employee shall be eligible to participate as provided in the Prior Plan.

(e) An Eligible Employee shall commence participation in the Plan as an active Participant only upon execution prior to the applicable Entry Date of a written Salary Reduction Agreement in the manner set forth in procedures issued by the Plan Administrator. Notwithstanding the foregoing, an Eligible Employee who is also a Salaried Employee shall commence participation in the Plan as an active Participant for purposes of allocations of Employer Profit Sharing Contributions only, on the Plan Entry Date coincident with or immediately preceding the date the Salaried Employee satisfies the requirements of Section 4.01(a) or (c), as applicable. An Eligible Employee who is also a Davis-Bacon Employee shall commence participation in the Plan as an active Participant for purposes of allocations of Employer Davis-Bacon Contributions only, upon satisfaction of the requirements of Section 4.01(6). An Employee who was a Participant in the Prior Plan on the day before The Effective Date shall continue as a Participant

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in this Plan on that date.

4.02 PLAN ADMINISTRATOR TO FURNISH ELIGIBILITY INFORMATION: As soon as practicable after each Employee's Employment Commencement Date, the Plan Administrator shall determine The Entry Date when the Employee shall first become eligible to participate in the Plan and shall notify each Employee of his/her eligibility, and of any application or other requirements for participation.

4.03 INFORMATION TO BE PROVIDED BY EMPLOYEE: At the request of the Plan Administrator, each Eligible Employee shall furnish such information as is not available from the Employer. As a condition to participation in the Plan, the Employee shall first complete, execute and deliver a written Salary Reduction Agreement as reasonably required by the Plan Administrator.

4.04 RECLASSIFICATION OF AN ELIGIBLE EMPLOYEE OR EXCLUDED EMPLOYEE:
Any Eligible Employee, whether or not he has previously participated in the Plan, who was previously classified as an Excluded Employee and is reclassified as an Eligible Employee shall be eligible to enter the Plan as an active Participant on the later of the date of his reclassification or the date he would otherwise join if he had not been classified as an Excluded Employee, provided he has otherwise satisfied the requirements of Section 4.01.

Any Participant who is reclassified as an Excluded Employee and who, prior to the reclassification completed one thousand (1000) Hours of Service in the Plan Year in which such reclassification occurred, shall be treated for purposes of determining his eligibility for any Employer Contributions to the Plan, allocation of which is contingent upon such Service, as though the reclassification had not occurred until the first day of the following Plan Year.

4.05 Reemployment and Commencement of Participation: An Eligible Employee who had met the requirements of Section 4.01(a), (b) or (c) but terminated employment prior to his Entry Date shall be eligible to become a Participant on the date he is re-employed by the Employer, but in no event earlier than the Entry Date he would have joined had he not ceased employment. An Eligible Employee who was a Participant shall again become a Participant on the date he is re-employed by the Employer. The Eligible Employee shall become an active Participant and commence Elective Deferrals immediately upon execution of the Salary Deferral Agreement, if it is executed within the time period specified by the Plan Administrator pursuant to a uniform and nondiscriminatory policy. If not so executed, the Participant may become an active Participant as of the first day of subsequent calendar quarter thereafter.

4.06 ELECTION NOT TO PARTICIPATE: At any time after the Plan Administrator notifies an Eligible Employee of his eligibility to participate in this Plan, the Eligible Employee may elect not to become an active Participant by not executing a Salary Reduction Agreement or (with respect to Employer Profit Sharing Contributions and Employer Davis-Bacon Contributions) by indicating on the enrollment form his election not to participate. The Employee may later become an active Participant as of the next Entry Date, if the Employee is then an Eligible Employee, meets the requirements for participation under this Article IV and completes the appropriate enrollment form or properly executes a Salary Reduction Agreement.

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4.07 EFFECT OF PARTICIPATION: A Participant who has executed a Salary Reduction Agreement shall be conclusively deemed to have assented to this Plan and to any subsequent amendments, and shall be bound thereby with the same force and effect as if he had formally executed this Plan.

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ARTICLE V

PARTICIPANT AND EMPLOYER CONTRIBUTIONS

5.01 ELECTIVE DEFERRALS:

(a) Each Participant may elect to defer any whole percentage of the Participant's salary or wages (including overtime pay), subject to a minimum of one percent (1%) and to a maximum percentage established by the Plan Administrator. Deferral shall be contingent on the Participant completing and executing a written Salary Reduction Agreement. The Salary Reduction Agreement shall be filed with the Administrator on a form prescribed for this purpose and shall be subject to the following rules:

(1) The Salary Reduction Agreement shall apply to each payroll period during which an effective Salary Reduction Agreement is on file with the Administrator. Except as provided in paragraph (b) below, the Salary Reduction Agreement shall apply to salary and waged paid, including overtime pay. It shall not apply to commissions or bonuses. However, at the Participant's election the Salary Reduction Agreement may apply solely to salary and wages, without regard to overtime pay.

(2) The amount by which the Participant's salary or wages is reduced under the Salary Reduction Agreement may be changed by a Participant no more than quarterly during the Plan Year. Any change shall be made in writing in accordance with the rules and procedures established by the Administrator.

(3) Salary Reduction Agreements and Amendments to Salary Reduction Agreements shall be effective as of the Entry Date following the date the Salary Reduction Agreement or the Amendment is executed by the Participant and received by the Administrator.

(4) The Administrator may amend or revoke a Salary Reduction Agreement with any Participant at any time if the Administrator determines that a revocation or amendment is necessary to ensure that the Participant's Elective Deferral for any Plan Year will not exceed any Plan limitations.

(5) The Administrator may revoke its Salary Reduction Agreements with all Participants or amend its Salary Reduction Agreements with all Participants on a uniform basis if it determines the Employer will not have sufficient monies to make contributions to the Plan required by the Salary Reduction Agreements.

(b) Each Participant may elect by a separate one-time Salary Reduction Agreement to defer and have allocated for a Plan Year all or a portion of any cash bonus attributable to services performed by the Participant for the Employer during the Plan Year and which would be received by the Participant on or before the end of the Plan Year but for the deferral

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election. A deferral election may not be made with respect to cash bonuses which are currently available on or before the date the Participant executes the election. Cash bonuses attributable to services performed by the Participant during the Plan Year but which are paid to the Participant after the close of the Plan year shall be subject to the separate Salary Reduction Agreement as elected by the Participant for that cash bonus and in effect at the time the cash bonus would have otherwise been received.

(c) The Elective Deferral amounts designated by the Participant in the Salary Reduction Agreement shall be withheld and contributed to the Plan by the Employer without regard to Net Profits to the Participant's Participant Elective Deferral Account. Unless otherwise authorized by the Plan Administrator, contributions made through payroll deductions shall be pursuant to the executed Salary Reduction Agreement form provided by the Plan Administrator.

5.02 PAYMENT TO TRUSTEE: The Employer shall transmit to the Trustee the amounts withheld by it pursuant to Section 5.01 above within thirty
(30) days after the date the amount is withheld. However, the Employer shall not transmit to the Trustee any amounts withheld by it during the last quarter of any Plan Year or pursuant to a deferral election under Section 5.01(b), which in the Plan Administrator's opinion would cause the Plan to fail to meet the limitations described in Section 5.12 for that Plan Year. Such amounts, to the extent that they will not cause the Plan to fail to meet the limitations described in Section 5.12, may be transmitted to the Trustee at any time up to two and one-half (21/2) months after the end of the Plan Year. Amounts withheld and not transmitted to the Trustee shall be returned by the Employer to the respective Participants.

5.03 SUSPENSION OF DEFERRALS: Upon written notice filed with the Plan Administrator at least ten (10) days (or such shorter period determined by the Plan Administrator) prior to the first day of the payroll period for which the notice is to be effective, a Participant may suspend his election to have a portion of his Annual Compensation deferred. The suspension shall be effective for the payroll period next following the effective date of the notice. The Participant shall nevertheless be considered a Participant hereunder for all other purposes if his employment continues, however, he shall not be considered to be an active Participant.

5.04 NO VOLUNTARY CONTRIBUTIONS BY PARTICIPANTS: From and after the Effective Date of this Plan, a Participant shall not be permitted to make voluntary after-tax contributions to the Plan. Voluntary after-tax contributions made prior to the Effective Date shall be allowed as provided in the Prior Plan, but shall be administered and maintained as provided in this Plan.

5.05 ROLLOVER CONTRIBUTIONS BY PARTICIPANTS: A Participant (or an Employee who is expected to become a Participant) may rollover directly to this Plan (or indirectly through an individual retirement account, annuity or bond) the cash or cash proceeds from the sale of property distributed to the Participant in the form of a lump sum distribution (and after December 31,1992, an "eligible rollover distribution" as that term is defined under Code Section
401(a)(31)) from another plan qualified under Code Section 401(a). For this purpose after December 31, 1992 this Plan shall be an "eligible retirement plan" as that term is defined in Code Section 401(a)(31)(D). The amount shall be credited to his Participant Rollover Contribution Account,

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provided:

(a) The Participant provides adequate evidence to the Plan Administrator that the amount satisfies the requirements of Code Section 402(a)(5) (Code Section 402(c) after December 31, 1992) regarding amounts that may be rolled over;

(b) If the amount is rolled over indirectly to this Plan through an individual retirement account, annuity, or bond, the amount does not include life insurance policies, amounts contributed (or deemed to have been contributed) by the Participant or amounts distributed from a Plan not qualified under Code
Section 401(a); and

(c) If the amount to be rolled over to this Plan was distributed after December 31, 1992, it is received by this Plan as a direct transfer pursuant to Code Section 402(e)(6) or rolled over after distribution to the Participant within sixty (60) days following its distribution.

5.06 EMPLOYER MATCHING CONTRIBUTIONS: For each Plan Year the Employer shall contribute to the Plan an amount, determined without regard to Net Profits, which will be sufficient to credit the Employer Matching Contribution Account of each Participant who satisfies the requirements of
Section 6.04, with amounts which, when determined as a percentage of the Participant's Compensation for the Plan Year, are in total equal to the percentage amounts shown in the following table:

Participant's elective deferral percentage:	Percentage of Employer Matching Contribution:
0%	0.00%
1%	0.50%
2%	1.00%
3%	1.50%
4%	2.00%
5%	2.25%
6% or more	2.50%

In no event shall the Employer Matching Contribution exceed two and one-half percent (2.50%) of the Participant's Annual Compensation for the Plan Year; provided however, that if the Employer makes a Matching Contribution to the Plan at any time during the Plan Year (such as on a calendar quarter basis), the two and one-half percent (2.50%) limit of this Section 5.05 shall not be determined by reference to Annual Compensation for the Plan Year,but by reference to Compensation paid only during the period to which the Matching Contribution relates. Notwithstanding the previous sentence, no contribution in excess of the maximum amount which would constitute an allowable deduction for Federal income tax purposes under the applicable provisions of the Code, as now in force or hereafter amended, shall be required to be made by the Employer under this Section.

5.07 EMPLOYER PROFIT SHARING CONTRIBUTIONS: In addition to the Employer Matching Contributions made pursuant to Section 5.06 for each Plan Year, the Employer may contribute, without regard to Net Profits, an amount determined by its Board of Directors as an Employer Profit Sharing

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Contribution to the Accounts of Salaried Employees only. The Employer reserves the right to increase or decrease the amount of the Employer Profit Sharing Contribution from year to year, as determined by the Board of Directors.

The amount of the contribution to be credited to the Employer Profit Sharing Contribution Accounts of the Participants who are Salaried Employees may be stated in terms of a gross contribution, in which case the amount shall be reduced by any non-vested forfeitures from Employer Profit-Sharing Contribution Accounts of the Participants to be allocated during the Plan Year pursuant to Section 11.05; or the amount may be stated in terms of a net contribution, in which ease the amount shall be in addition to any such non-vested forfeitures. In the absence of a direction as to whether the amount of the contribution is in terms of a gross contribution or a net contribution, it shall be deemed to be a net contribution.

5.08 EMPLOYER DAVIS-BACON CONTRIBUTIONS: The Employer shall contribute for each Plan Year to the Accounts of all Davis-Bacon Employees, without regard to net profits, an amount determined according to the most recent Davis-Bacon Contribution Schedule adopted and approved by the Employer from time to time. The Employer shall attach a copy of each such Schedule to this Plan as adopted, which shall then become a part of this Plan. If the Employer has Employees working on more than one project at a time subject to a Prevailing Wage Law, the Employer may attach a separate Davis-Bacon Contribution Schedule for each project and designate the Davis-Bacon Employees for each project in order to comply with the Prevailing Wage Law applicable to that project. For purposes of this Section 5.08, "Davis-Bacon Contribution Schedule" shall mean the schedule of payments required under a Prevailing Wage Law. "Prevailing Wage Law" means the Davis-Bacon Act (40 U.S.C. Section 267a, et seq.), Service Contract Act or any other statute, ordinance or other enforceable enactment that requires the Employer to pay its Employees working on public contracts at wage rates (including fringe benefit payments) not less than those determined, pursuant to such law, to be prevailing wages for workers in the geographic area where the contract is being performed who perform similar tasks.

5.09 TIME AND METHOD OF PAYMENT OF EMPLOYER MATCHING AND PROFIT SHARING CONTRIBUTIONS: All payments of Employer Matching and Profit Sharing Contributions shall be made directly to the Trustee and shall be paid no later than the time prescribed by law (including any extensions thereof) for filing the Employer's Federal income tax return for the Plan Year for which they are made. The Employer may in its sole discretion, at any time during the Plan Year, make one or more partial payments to the Trustee on an estimated basis. Any amount so paid in advance shall be applied against the amount thereafter determined to be payable by the Employer and shall be credited by the Plan Administrator to the Participants' respective Employer Contribution Accounts as of the end of the calendar quarter for which the payment is made.

5.10 TIME AND METHOD OF PAYMENT OF EMPLOYER DAVIS-BACON CONTRIBUTIONS: All payments of Employer Davis-Bacon Contributions shall be made directly to the Trustee and shall be paid no later than the time prescribed by law (including any extensions thereof) for filing the Employer's Federal income tax return for the Plan Year for which they are made. The Employer may in its sole discretion, at any time during the Plan Year, make one or more partial payments to the Trustee on an estimated basis. Any amount so paid in advance shall be applied against the amount thereafter determined to be payable by the Employer and shall be credited at the Employer's direction by the Plan Administrator to the Participants'

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Davis-Bacon Accounts as of the end of the calendar quarter (or shorter time, such as the end of the payroll period) for which the payment is made.

5.11 EMPLOYER CONTRIBUTION ACCOUNTS: The Plan Administrator shall establish and maintain an Employer Matching Contribution Account, as defined in
Section 2.01(d), an Employer Profit Sharing Account as defined in Section
2.01(e) and a Davis-Bacon Account as defined in Section 2.01(f) for each Participant eligible to receive an Employer Matching Contribution, Employer Profit Sharing Contribution or Employer Davis-Bacon Contribution. The establishment of the Accounts is for record keeping purposes only, and a physical segregation of assets shall not be required.

5.12 LIMITATIONS ON CONTRIBUTIONS: Notwithstanding any other provisions of this Plan, contributions shall be subject to the following limitations:

(a) A Participant's Elective Deferral during any calendar year to this Plan and to all other plans maintained by the Employer or any member of a Controlled Group or Affiliated Service Group to which the Employer belongs shall not exceed seven thousand dollars ($7,000), which amount shall be indexed at the same time and in the same manner as the dollar limitation for defined benefit plans in Code Section 415(b)(1)(A).

(b) The K-Test Average Contribution Percentage for Participants who are Highly Compensated Employees shall not exceed in any Plan Year the greater of:

(1) The K-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by 1.25; or

(2) The lesser of the K-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by two (2) or the K-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees plus two (2).

(c) The M-Test Average Contribution Percentage for Participants who are Highly Compensated Employees shall not exceed in any Plan Year the greater of:

(1) The M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by 1.25; or

(2) The lesser of the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by two (2) or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees plus two (2).

(d) In any Plan Year in which the requirements of both (b)(1) and
(c)(1) above are not met, the sum of the K-Test Average Contribution Percentage and the M- Test Average Contribution Percentage for Participants who are Highly Compensated Employees shall not exceed the greater of:

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(1) The sum of:

(i) The greater of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by 1.25; and

(ii) The lesser of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees plus two
(2), but in no event greater than the lesser of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by two (2); or

(2) The sum of:

(i) The lesser of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by 1.25; and

(ii) The greater of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees plus two
(2), but in no event greater than the lesser of the K-Test Average Contribution Percentage or the M-Test Average Contribution Percentage for Participants who are Non-Highly Compensated Employees multiplied by two (2).

For this purpose, the K-Test Average Contribution Percentage and M-Test Average Contribution Percentage for Participants who are Highly Compensated Employees shall be determined after any distributions or recharacterizations pursuant to Section
5.14(a), (b) and (c).

The Employer may aggregate this Plan with one or more other plans for purposes of applying the tests in (b), (c) and (d) above, in which ease all K-Test Contributions and M-Test Contributions to all such plans shall be treated as made under this Plan, provided that, for Plan Years beginning after December 31, 1988, the aggregated plans may not include an Employee Stock Ownership Plan, and, further provided that, for Plan Years badgering after December 31, 1989, all such aggregated plans must have the same plan year.

5.13 EXCESS CONTRIBUTIONS: In accordance with the limitations on contributions described in Section 5.12, the following amounts shall be treated as excess contributions under this Plan:

(a) EXCESS DEFERRALS: with respect to any calendar year, amounts designated by Participants in writing as Excess Deferrals not later than the first March 1 following the end of the calendar year, in accordance with such procedures as the Plan Administrator shall specify, less any Excess K-Test Contributions previously distributed or recharacterized for the Plan Year

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beginning in the calendar year in which the Excess Deferral is made, pursuant to Section 5.14(b).

(b) Excess K-Test Contributions: with respect to any Plan Year, the excess of the aggregate amount of K-Test Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under Section 5.12(b). The Excess K-Test Contributions of an individual Highly Compensated Employee shall be determined by subtracting from his K-Test Contributions the amount determined by reducing the K-Test Contributions made on behalf of Highly Compensated Employees in order of their K-Test Contribution Percentages beginning with the highest such percentages until the limitations of Section 5.12(b) are met. If the K-Test Contribution Percentage of a Participant is determined according to Section 2.30, the Excess K-Test Contributions shall be allocated among the aggregated Family Members in proportion to the Elective Deferrals of such Family Members. The Excess K-Test Contributions allocated to a Participant shall be reduced by any Excess Deferrals previously distributed for the calendar year ending with or within the Plan Year in which the Excess K-Test Contributions arose, pursuant to Section 5.14(a).

(c) EXCESS M-TEST CONTRIBUTIONS: with respect to any Plan Year, the excess of the aggregate amount of M-Test Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under Section 5.12(c). The Excess M-Test Contributions of an individual Highly Compensated Employee shall be determined by subtracting from his M-Test Contributions the amount determined by reducing the M-Test Contributions made on behalf of Highly Compensated Employees in order of their M-Test Contribution Percentages beginning with the highest such percentages until the limitations of Section 5.12(c) are met. If the M-Test Contribution Percentage of a Participant is determined according to Section 2.35, the Excess M-Test Contributions shall be allocated among the aggregated Family Members in proportion to the Employee Contributions and Matching Contributions of such Family Members included as M-Test Contributions.

(d) EXCESS COMBINED-TEST CONTRIBUTIONS: with respect to any Plan Year, the excess of the aggregate amount of the K-Test Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under Section 5.12(d), provided that M-Test Contributions are not reduced. The Excess Combined-Test Contributions of an individual Highly Compensated Employee shall be determined in the same manner as Excess K-Test Contributions under (b) above, except disregarding the provision for taking into account distributions of Excess Deferrals.

(e) EXCESS COMBINED-TEST CONTRIBUTIONS: with respect to any Plan Year, the excess of the aggregate amount of the M-Test Contributions actually made on behalf of Highly Compensated Employees for such Plan Year over the maximum amount of such contributions permitted under Section 5.12(d), provided that K-Test Contributions are not reduced. The Excess Combined-Test Contributions of an individual Highly Compensated Employee shall

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be determined in the same manner as Excess M-Test Contributions under (c) above.

5.14 CORRECTION OF EXCESS CONTRIBUTIONS: The Plan provides the following methods for correcting excess contributions as described in Section 5.13:

(a) EXCESS DEFERRALS: The Plan Administrator shall direct the Trustee to distribute to a Participant from his Participant Elective Deferral Account an amount equal to the Participant's Excess Deferral plus income, if any, allocable thereto. Such distribution shall be designated by the Plan Administrator as a distribution of an Excess Deferral and shall be made not earlier than the date on which the Trustee receives the Excess Deferral and not later than the first April 15 following the end of the calendar year in which the Excess Deferral is made.

(b) EXCESS K-TEST CONTRIBUTIONS: The Plan Administrator shall direct the Trustee to distribute to a Participant his Excess K-Test Contribution plus income, if any, allocable thereto. Such distribution shall be designated by the Plan Administrator as a distribution of an excess contribution and shall be made after the end of the Plan Year in which the excess contribution arose and within twelve (12) months after the end of such Plan Year.

If the Employer has made a Matching Contribution attributable to any portion of the Participant's Excess K-Test Contribution distributed to the Participant pursuant to the above, the Plan Administrator shall treat such Matching Contribution in the same manner as an Excess M-Test Contribution in accordance with (c) below.

(c) EXCESS M-TEST CONTRIBUTIONS: The Plan Administrator shall direct the Trustee to distribute to a Participant any portion of the Participant's Excess M-Test Contribution, plus income, if any, allocable thereto. Such distribution shall be designated by the Plan Administrator as a distribution of excess contributions and shall be made after the end of the Plan Year in which the excess contribution arose and within twelve (12) months after the end of such Plan Year.

(d) EXCESS COMBINED-TEST CONTRIBUTIONS: The Plan Administrator shall correct the Excess Combined-Test Contributions in the same manner as for Excess K-Test and M-Test Contributions in
(p) and (c) above.

For purposes of the above, income shall include realized and unrealized gains and losses and shall be allocated to excess contributions in accordance with Regulations issued by the Secretary. Distributions pursuant to the above shall be made without regard to any consent by the Participant or Spouse otherwise required under this Plan.

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ARTICLE VI

ALLOCATIONS TO ACCOUNTS

6.01 REVALUATION OF ASSETS: Not less frequently than as of the Annual Valuation Date each year, the Plan Administrator shall re-value the net assets of the Investment Fund at their then current fair market value. At the Plan Administrator's discretion, applied on a consistent basis, the Plan Administrator may similarly re-value the net assets of the Investment Fund or of any of the Accounts in the Investment Fund at the end of a semi-annual, quarterly, monthly or more frequent period; the last day of such period shall be referred to as an Interim Valuation Date. The net investment income or loss on the Investment Fund since the previous Annual or Interim Valuation Date shall then be determined.

6.02 ALLOCATION OF CONTRIBUTIONS AND FORFEITURES: Contributions and forfeitures for any period shall be credited to the Accounts of Participants in the following manner:

(a) With respect to Elective Deferral contributions made pursuant to Section 5.01, an amount equal to the Participant's Elective Deferral since the previous Annual or Interim Valuation Date shall be allocated and credited to his Participant Elective Deferral Account.

(b) Matching Contributions made pursuant to Section 5.06 shall be allocated on each Annual Valuation Date (and if the Employer makes Matching Contributions on a calendar quarter or other periodic basis, on the last day of each calendar quarter or other period) to each Participant's Account who satisfies the requirements of Section 6.04, in an amount equal to the percentage shown on the table in Section 5.06, but not to exceed two and one-half percent (2.50%) of the Participant's Annual Compensation for the Plan Year. If the Employer makes a Matching Contribution to the Plan at any time during the Plan Year, the two and one-half percent (2.50%) limit of this Section 6.02(b) shall not be determined by reference to Annual Compensation for the Plan Year, but by reference to Compensation paid only during the period to which the Matching Contribution relates.

(c) Forfeitures from Participants' Employer Matching Contribution Accounts to be reallocated pursuant to Section 11.06, shall be allocated on each Annual Valuation Date to each Participant who satisfies the requirements of Section 6.04, based upon the Employer Matching Contribution formula in Section 5.06. The amount so allocated shall be credited to each Participant's Employer Matching Contribution Account.

(d) Employer Profit-Sharing Contributions made pursuant to Section 5.07, shall be allocated on each Annual Valuation Date to the Account of each Participant who is a Salaried Employee and who satisfies the requirements of Section 6.04. The Employer Profit-Sharing Contribution shall be credited to the Employer Profit-Sharing Contribution Accounts of such Participants according to the following formula:

(1) First, the Employer Profit Sharing Contribution shall be allocated in the same ratio that each Participant's Compensation plus Excess Compensation for the Plan Year

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bears to the total Compensation plus Excess Compensation of all Participants for the Plan Year. The allocation under this sub-paragraph 6.02(d)(1) shall not exceed five and seven-tenths percent (5.7%) (or such applicable old age percentage rate as provided under the Social Security Act) of each Participant's Compensation plus Excess Compensation for the Plan Year. For purposes of the above allocation formula, "Excess Compensation" shall mean Compensation in excess of the taxable wage base, as determined under Social Security Act Section 230, in effect on the first day of the Plan Year.

(2) Second, any Employer Profit Sharing Contribution remaining after allocation of all amounts in sub-paragraph 6.02(d)(1) shall be allocated in the same proportion that each Participant's Annual Compensation for the Plan Year bears to the total Annual Compensation of all Participants for the Plan Year.

At the time the Employer makes its Profit-Sharing Contribution, the Employer shall designate to the Administrator the Plan Year for which the Profit-Sharing Contribution shall be deemed to have been made (which may be the current Plan Year or the immediately prior or subsequent Plan Year, as the Employer deems appropriate). If the Employer makes no designation, the Employer Profit-Sharing Contribution shall be deemed to have been made for the Plan Year which begins concurrent with or within the taxable year of the Employer for which the Employer claims a deduction under Code Section 404.

(e) Forfeitures from Employer Profit-Sharing Contribution Accounts to be reallocated pursuant to Section 11.05, shall be allocated on each Annual Valuation Date to each Participant who satisfies the requirements of Section 6.04 along with and in the same manner as Employer Profit Sharing Contributions. Such allocated amounts shall be credited to the Employer Profit-Sharing Contribution Accounts of such Participants.

(f) Employer Davis-Bacon Contributions made pursuant to Section
5.08 shall be allocated to the Account of each Participant who is a Davis-Bacon Employee and who satisfies the requirements of Section 6.04. The Davis-Bacon Contribution shall be credited to the Accounts of eligible Participants according to the contribution schedule provided under Section 5.08.

(g) With respect to contributions made pursuant to Sections 5.04 and 5.05, an amount equal to the Participant's voluntary or rollover contributions since the previous Annual or Interim Valuation Date shall be credited to the Participant's Voluntary Contribution Account or Rollover Contribution Account, as the case may be.

6.03 ADJUSTMENT OF ACCOUNTS: As of each Annual or Interim Valuation Date all Participants' and Former Participants' Accounts shall be adjusted to reflect the contributions and income received, profits and losses, and distributions and expenses of the Trust Fund since the previous Annual or Interim Valuation Date. The adjustments shall be made in the following manner and order:

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(a) Each Account shall be credited with the contributions allocated to it pursuant to Section 6.02 since the previous Annual or Interim Valuation Date.

(b) Each Account shall be charged with any withdrawals or distributions from such Account since the previous Annual or Interim Valuation Date.

(c) Each Account which has a non-zero balance after the application of (a) and (b) above, shall be credited (or charged) with its proportionate share of the net investment income (or loss) and expenses since the previous Annual or Interim Valuation Date and interest on any participant loan(s) in the name of the Participant, which has been paid by the Participant since the previous Valuation Date. The amount to be credited or charged to each Account shall be determined based on the ratio that: (i) the balance in the Account on the previous Annual or Interim Valuation Date less any withdrawals or distributions from the Account since that date bears to
(ii) the total of such amounts determined for all Accounts. Notwithstanding the previous sentence, in the sole discretion of the Plan Administrator, the method of allocating the net investment income (or loss) of the Investment Fund may be adjusted to reflect the effect of cash flows into and out of such Accounts (such as contributions, payments on Participant loans, distributions, etc.) based on the length of time between the date of such cash flow and the current Annual or Interim Valuation Date. Any such adjustment pursuant to the previous sentence shall be made in a uniform and non-discriminatory manner among Participants and/or the types of Accounts.

6.04 ELIGIBILITY FOR ALLOCATION OF EMPLOYER CONTRIBUTIONS: The eligibility of Participants to receive allocations of Employer Matching, Profit Sharing and Davis-Bacon Contributions for each Plan Year shall be determined in the following manner:

(a) Except as otherwise provided in this Section 6.04, the Administrator shall determine allocations of Employer Matching Contributions on the basis of the Plan Year unless the Employer makes its Matching Contributions on a more frequent periodic basis, such as quarterly. Matching Contributions made on a periodic basis during the Plan Year shall also be allocated on the same periodic basis. In allocating Matching Contributions to a Participant's Account, the Administrator shall take into account only the Compensation paid the Employee during the period to which the allocation applies and he is a Participant in the Plan with a valid, executed Salary Reduction Agreement in effect and on file with the Administrator. Employer Matching Contributions for the Plan Year shall be allocated without regard to completion by the Participant during the Plan Year of any minimum Hours of Service.

(b) The Administrator shall determine allocations of Employer Profit Sharing Contributions on the basis of the Plan Year. In allocating Profit Sharing Contributions to a Participant's Account, the Administrator shall take into account only the Compensation paid to the Employee during the period he is a Salaried Employee and he is a Participant in the Plan. Except as provided in Article XIX or unless the Participant terminates employment during the Plan Year because of death, disability or attaining Normal Retirement Age, Employer

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Profit Sharing Contributions shall be allocated only to the Accounts of eligible Participants who complete a minimum of 1,000 Hours of Service during the Plan Year and who are employed by the Employer on the last day of the Plan Year.

(c) Upon becoming eligible to receive an allocation of Employer Profit-Sharing and/or Matching Contributions, a Participant shall be entitled to an allocation of Employer Profit-Sharing and/or Matching Contributions for the Plan Year and subsequent Plan Years according to the rules in Sections 6.04(a) and (b) above.

(d) The Administrator shall allocate Employer Davis-Bacon Contributions to the Account of each Davis Bacon Employee who completes at least one (1) Hour of Service during the Plan Year according to the contribution schedule attached to the Plan pursuant to Section 5.08. No other minimum service or employment requirement shall apply as a prerequisite to an allocation of Davis-Bacon Contributions.

6.05 PARTICIPANT DIRECTED INVESTMENTS: With the prior written approval of the Employer, a Participant, Former Participant or Beneficiary may direct the Trustee to invest all or part of any Account so designated by the Employer in such specific assets as are permitted under the terms of the Trust Agreement. However, the Participant may not direct the Trustee to use any portion of his Account to acquire any property which would be classified as a "collectible" and result in the investment being considered a distribution to the Participant under Code Section 408(m) and Regulations thereunder. That portion of the Account so directed shall be credited (charged) solely with all investment earnings (losses) and appreciation (depreciation) thereon, and charged with any fees or expenses incurred by the Trustee in investing or administering that portion of the Account. The portion so directed shall also be credited with any contributions thereto and charged with any withdrawals or payments made therefrom.

Any portion of the Account, the investment of which is not directed by the Participant, shall be invested with other Trust assets pursuant to the Trustee's discretion. That portion shall be credited (charged) with its proportionate share of investment earnings (losses) and appreciation (depreciation) on the total non-directed assets of the Trust Fund, and charged with any specific or proportionate share of expenses incurred by the Trustee in investing or administering that portion of the Account as provided in Section 6.03. The non-directed portion shall also be credited with any contributions thereto and charged with any withdrawals or payments therefrom.

For purposes of Section 6.03, any transfers from the non-directed portion of an Account to the directed portion of the account shall be treated as a withdrawal from the non-directed portion and a contribution to the directed portion, and vice versa for transfers from the directed portion to the non-directed portion.

The Plan Administrator and Trustee may establish a reasonable policy regarding the types of Accounts eligible, minimum balance required, and other reasonable criteria which must be satisfied in determining whether this option of directed investments shall be available to a Participant. The policy shall be in writing and shall be administered in a uniform and non-discriminatory manner.

6.06 ESTABLISHMENT OF SEPARATE FUNDS: There is hereby reserved to the Plan Administrator the

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right to direct the Trustee to establish separate investment funds so that the Plan Administrator may follow different investment policies with respect to each Fund. If such Funds are established:

(a) Income and gains from investments in each Fund will be reinvested in the same Fund and credited only to those Accounts which have a balance in such Fund, in a manner consistent with Section 6.03.

(b) At least one such Fund shall be a fund invested in cash equivalent securities. "Cash Equivalent Securities" as used herein, shall include, but shall not be limited to, U.S. Government obligations maturing within one (1) year of date of purchase, prime commercial paper, certificates of deposits, and/or guaranteed investment contracts, bank investment contracts or their equivalents and savings accounts in banks or savings and loan associations and any pooled fund invested exclusively in any of the foregoing, maintained by the Trustee exclusively for the investment of assets held by it in trust.

(c) Each Participant upon the occurrence of any event which deletes any of the Funds described in this Section, which replaces any such Fund with another Fund, or which adds a new Fund, and each new Participant upon entry in the Plan shall direct the Plan Administrator in writing as to the portion of the contributions made to his accounts which are to be invested in each of the funds available. If such specific direction is not made, all such contributions shall be invested in the Fund described in (b) above.

(d) Each Participant shall have the right to change the portion of succeeding contributions to be invested in each Fund. Changes shall be made effective on the first pay date following receipt by the Plan Administrator of the Participant's request or at other times during the Plan Year with the approval of the Plan Administrator and Trustee.

(e) Each Participant shall also have the right to direct that the asset balance in any of his Accounts in any of such Funds as of the first day of the month following the month in which the request is received be liquidated and the proceeds thereof be transferred to any other Fund for reinvestment.

(f) The Plan Administrator may establish reasonable rules regarding:

(1) The number and types of Funds which shall be available to different types of Accounts.

(2) The maximum number of Funds which may be utilized by an individual Participant or by an individual Account.

(3) The minimum, maximum and incremental percentages of contributions which may be invested in a particular Fund.

(4) The minimum, maximum and incremental percentages of the current balance in any

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Account in any Fund which may be transferred to another Fund.

Such rules shall be in writing and shall be administered in a uniform and non-discriminatory manner.

(g) All requests for changes in the allocation of contributions and for the liquidation and transfer of amounts held in one of the Funds shall be made and executed as provided in the Trust Agreement. If not so provided therein, then such requests shall be addressed in writing to the Plan Administrator. The Plan Administrator shall without undue delay forward appropriate directions to the Trustee for execution and the Trustee will carry out such directions as expeditiously as practicable.

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ARTICLE VII

LIMITATIONS OF ALLOCATIONS

7.01 SPECIAL DEFINITIONS: For purposes of this Article, the following terms shall be defined as follows:

(a) "ANNUAL ADDITIONS" shall mean the sum of the following amounts allocated on behalf of a Participant for a Limitation Year:

(1) Employer contributions; and

(2) Employee contributions; and

(3) Forfeitures available for reallocation, if applicable.

For Limitation Years beginning before January 1, 1987, Employee contributions shall be included as Annual Additions only to the extent of the lesser of one-half of all Employee contributions or the amount of all Employee contributions in excess of six percent (6%) of the Participant's Compensation. For this purpose, Participant Elective Deferrals shall be considered to be Employer contributions. Amounts reapplied to reduce Employer contributions and amounts reapplied from a suspense account (if any) under Section 7.02 as well as contributions for Plan Years beginning after March 31, 1984 allocated to any Individual Medical Benefit Account which is part of a defined benefit plan shall also be included as Annual Additions.

For purposes of this Article, an Annual Addition is credited to the Account of a Participant for a particular Limitation Year if it is allocated to the Participant's Account as of any day within such Limitation Year. Employer contributions will not be deemed credited to a Participant unless the contributions are actually made to the Plan no later than thirty (30) days after the end of the period described in Code Section 404(a)(6) applicable to the taxable year with or within which the particular Limitation Year ends.

(b) "COMPENSATION" for purposes of this Article only and for compliance with Code Section 415 shall mean and be determined as follows:

(1) The term "Compensation" shall include:

(A) The Participant's wages, salaries, fees for professional service and other amounts received (whether or not paid in cash) for personal services actually rendered in the course of employment with an Employer maintaining the plan (including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance

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premiums, tips, bonuses, fringe benefits, reimbursements and expense allowances).

(B) In the case of a Participant who is an employee within the meaning of Code Section 401(c)(l), the Participant's earned income as described in Code Section 401(c)(2).

(2) The term "Compensation" does not include items such as:

(A) Contributions made by the Employer to a plan of deferred compensation to the extent that before the application of the Code Section 415 limitations to that plan the contributions are not includable in the gross income of the Participant for the taxable year in which contributed. To the extent this paragraph (A) is deemed to refer to contributions by an Employer pursuant to a written elective deferral or salary reduction agreement, this paragraph shall not apply to determine "Compensation" when applying any non- discrimination test under the Plan, including the K-Test and M-Test described in Section 5.12.

(B) Employer contributions made on behalf of a Participant to a simplified employee pension described in Code Section 408(k) to the extent such contributions are deductible by the Employer under Code Section 219(b)(7).

(C) Distributions from a plan of deferred compensation, regardless of whether such amounts are includable in the gross income of the Participant when distributed, except that any amount received by a Participant pursuant to an unfunded non-qualified plan shall be considered as Compensation to the extent such amounts are includable in the gross income of the Participant for the Limitation Year.

(D) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (see Code Section 83 and the regulations thereunder).

(E) Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option.

(F) Other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includable in the gross income of the Participant).

(G) Amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Section 125, 402(a)(8), 402(h)(1)(B) and in the case of contributions made pursuant to a salary reduction agreement, Code Section 403(b). The provisions of this subparagraph (G) shall not apply to the extent

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"Compensation" is being determined for the purpose of applying any non-discrimination test under the Plan, including the K-Test and M-Test described in Section 5.12.

(3) Compensation actually paid or made available to a Participant within the Limitation Year shall be the Compensation used for the purposes of applying the limitations of this Article and Code Section 415. In the case of a group of employers which constitutes a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), or which constitutes trades or businesses (whether or not incorporated) which are under common control (as defined in Code Section 414(c) as modified by Code Section 415(h)), or which constitutes an affiliated service group (as defined in Code Section 414(m)), all such employers shall apply this same rule.

(4) For Limitation Years beginning after December 31, 1988, Compensation shall not include in any Limitation Year compensation in excess of two hundred thousand dollars ($200,000). This dollar limitation shall be adjusted annually at the same time and in the same manner as the Defined Benefit Dollar Limitation. For Plan Years beginning after December 31, 1993, the Plan shall substitute the amount "one hundred fifty thousand dollars ($150,000)" for the amount "two hundred thousand dollars ($200,000)" wherever it appears in this sub-section. The one hundred fifty thousand dollar amount shall be adjusted each Plan Year as provided in Code Section 401(a)(17)(B).

(c) "DEFINED BENEFIT DOLLAR LIMITATION" shall mean $90,000, adjusted annually for Limitation Years beginning after December 31, 1987 for increases in the cost of living in accordance with regulations prescribed by the Secretary of the Treasury.

(d) "DEFINED BENEFIT FRACTION" for a given Limitation Year shall mean a fraction:

(1) The numerator of which is the sum of the Projected Annual Benefits of the Participant under all the defined benefit plans (whether or not terminated) ever maintained by the Employer (determined as of the close of the Limitation Year); and

(2) The denominator of which is the lesser of:

(A) The product of one hundred twenty-five percent (125%) multiplied by the Defined Benefit Dollar Limitation; or

(B) The product of one hundred forty percent (140%) multiplied by the percentage of a Participant's average Compensation which may be taken into account under Code Section 415(b)(1)(B) with respect to such Participant for such Limitation Year.

Notwithstanding the above, if the Participant was a participant in one or more defined benefit plans maintained by the Employer which were in existence on May 6, 1986 and such plans,

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individually and in the aggregate, satisfied the requirements of Code Section 415 for the last Limitation Year beginning before January 1, 1987, the denominator of this fraction will not be less than the product of one hundred twenty-five percent (125%) multiplied by 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.

(e) "DEFINED CONTRIBUTION DOLLAR LIMITATION" shall mean $30,000 or, if greater, one-fourth of the Defined Benefit Dollar Limitation in effect for the Limitation Year.

(f) "DEFINED CONTRIBUTION FRACTION" shall mean a fraction:

(1) The numerator of which is the sum of the Annual Additions to the Participant's accounts under all defined contribution plans (whether or not terminated) ever maintained by the Employer for the current and all prior Limitation Years; and

(2) The denominator of which is the sum of the lesser of the following amounts determined for such Limitation Year and for each prior Year of Service with the Employer (regardless of whether a defined contribution plan was maintained by the Employer):

(A) The product of one hundred twenty-five percent (125%) multiplied by the Defined Contribution Dollar Limitation; or

(B) Thirty-five percent (35%) of the Participant's Compensation for such Limitation Year.

If the Participant was a participant in one or more defined contribution plans maintained by the Employer which were in existence on May 6, 1986 and such plans, individually and in the aggregate, satisfied the requirements of Code Section 415 for the last Limitation Year beginning before January 1, 1987, the numerator of this fraction shall be adjusted if the sum of this fraction and the Defined Benefit Fraction would otherwise exceed one hundred percent (100%) under the terms of this Plan. Under the adjustment, an amount equal to the product of:

(1) The excess of the sum of the fractions over one hundred percent (100%); times

(2) The denominator of this fraction shall be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the close of the last Limitation Year beginning before January 1, 1987.

At the election of the Plan Administrator, the denominator of the Defined Contribution Fraction of each Participant may be determined in accordance with Code Section 415(e)(6).

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(g) "EMPLOYER" shall mean the Employer that adopts this Plan and, in the case of a group of employers which constitutes a controlled group of corporations (as defined in Code Section
414(b) as modified by Code Section 415(h)) or which constitutes trades or businesses (whether or not incorporated) which are under common control (as defined in Code Section
414(c) as modified by Code Section 415(h)), or which constitutes an affiliated service group, (as defined in Code
Section 414(m)), all such employers shall be considered a single Employer for purposes of applying the limitations of this Article.

(h) "EXCESS AMOUNT" shall mean the excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount for such Limitation Year.

(i) "INDIVIDUAL MEDICAL BENEFIT ACCOUNT" shall mean any separate account which is established for a Participant under a defined benefit plan and from which benefits described in Code Section
401(h) are payable solely to such Participant, his spouse or his dependents.

(j) "LIMITATION YEAR" shall mean the twelve (12) consecutive month period specified in Article II.

The Limitation Year may be changed by amending the election previously made by the Employer. Any change in the Limitation Year must be a change to a twelve (12) month period commencing with any day within the current Limitation Year. The limitations of this Article (and Code Section 415) are to be separately applied to a limitation period which begins with the first day of the current Limitation Year and which ends on the day before the first day of the first Limitation Year for which the change is effective.

The dollar limitation on Annual Additions with respect to this limitation period is determined by multiplying the applicable dollar limitation for the calendar year in which the limitation period ends by a fraction, the numerator of which is the number of months (computed to the nearest whole month) in the limitation period and the denominator of which is twelve (12).

The Limitation Year for all years prior to the effective date of Code Section 415 shall, as applied to this Plan, be the twelve (12) consecutive month period selected as the Limitation Year for the first Limitation Year after the effective date of Code Section 415.

(k) "MAXIMUM PERMISSIBLE AMOUNT" shall mean, for a given Limitation Year, the lesser of:

(1) The Defined Contribution Dollar Limitation; or

(2) Twenty-five percent (25%) of the Participant's Compensation for such Limitation Year.

The percentage limitation in (2) above shall not apply to any contribution for medical benefits after separation from service which is treated as an Annual Addition, or to any amount allocated to an Individual Medical Benefit Account which is treated as an Annual Addition.

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If a short Limitation Year is created because of an amendment changing the Limitation Year to a different twelve (12) consecutive month period, the Maximum Permissible Amount for such short Limitation Year shall not exceed the amount in (1) above multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year (computed to the nearest whole month) and the denominator of which is twelve (12).

(l) "PROJECTED ANNUAL BENEFIT" shall mean the annual retirement benefit (adjusted to an actuarially equivalent life annuity if such benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the defined benefit plan assuming:

(1) The Participant will continue employment until normal retirement age under the plan (or current age, if later); and

(2) The Participant's 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.

7.02 COORDINATION WITH DEFINED BENEFIT PLAN: If the Employer maintains a qualified defined benefit plan covering Participants in this Plan, the sum of the Participant's Defined Benefit Plan Fraction and Defined Contribution Plan Fraction shall not exceed one hundred percent (100%) in any Limitation Year. In the event the sum would otherwise exceed one hundred percent (100%), the Plan Administrator shall adjust the numerator of the Defined Benefit Plan Fraction to an amount (not less than zero) that would result in the Participant's Defined Benefit Fraction being equal to the difference between one hundred percent (100%) and the Participant's Defined Contribution Fraction.

7.03 ORDER OF LIMITATIONS: If, pursuant to this Article, it is necessary to limit or reduce the amount of Contributions credited to a Participant under this Plan during a Limitation Year, the limitation or reduction shall be made in the following order:

(a) First, Unmatched Participant Elective Deferrals;

(b) Second, Employer Matching Contributions;

(c) Third, Matched Participant Elective Deferrals;

(d) Fourth, Employer Profit Sharing Contributions; and

(e) Fifth, Employer Davis-Bacon Contributions.

7.04 AGGREGATION OF PLANS: For purposes of applying the limitations of this Article applicable to a Participant for a particular Limitation Year, all qualified defined benefit plans ever maintained by the Employer shall be treated as one defined benefit plan, all defined contribution plans ever maintained by the Employer shall be treated as one defined contribution plan and any Employee contributions to a defined

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benefit plan shall be treated as a defined contribution plan.

7.05 SUSPENSE ACCOUNT: If, as a result of the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation for the Limitation Year, or under other limited facts and circumstances allowed under Reg. Section 1.415-6(b), the Annual Additions to this Plan would cause an allocation to the Account of a Participant in excess of the Maximum Permissible Amount for the Limitation Year, the Plan Administrator shall dual with the Excess Amount as follows:

(a) First, the Plan Administrator shall distribute to the Participant his Elective Deferrals for the Limitation Year to the extent that the distribution reduces the Excess Amount, provided that the Plan Administrator shall not distribute any Elective Deferral to the Participant which would cause the Plan to make a concurrent reduction in the amount of Employer Matching Contributions allocated to the Participant's Account. A distribution under this provision shall include earnings or gains attributable to the returned Elective Deferrals. All distributions shall be made no later than and in the manner provided in Section 5.12(d).

(b) Second, to the extent there remains an Excess Amount after application of Section 7.05(a), the Plan Administrator shall hold the Excess Amount in a suspense account and allocate and reallocate the amount in the suspense account in the following Limitation Year (and in succeeding Limitation Years, if necessary) to reduce Employer Davis-Bacon Contributions, Employer Profit Sharing Contributions, Employer Matching Contributions and Elective Deferrals (in that order) to the Account of that Participant if that Participant is covered by the Plan as of the end of the Limitation Year. If the Participant is not covered, the excess amount shall be allocated and reallocated in the next Limitation Year to all Participants' Accounts in the Plan before any Employer Davis-Bacon Contributions, Employer Profit Sharing Contributions, Employer Matching Contributions and Elective Deferrals (in that order) which would constitute Annual Additions are made to the Plan for the Limitation Year, or at the option of the Gibbons Employer, the Excess Amount shall be used to reduce Employer Davis-Bacon Contributions, Employer Profit Sharing Contributions and Employer Matching Contributions to the Plan for the Limitation Year by the amount in the suspense account which is allocated and reallocated during the Limitation Year. The suspense account shall be an unallocated account equal to the sum of all Excess Amounts for all Participants in the Plan during The Limitation Year. The suspense account shall not share in any earnings or losses of the Trust Fund. The Plan may not distribute any amounts in the suspense account to any Participant whether before or after termination of employment or termination of The Plan.

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ARTICLE VIII

IN-SERVICE AND HARDSHIP WITHDRAWALS

8.01 WITHDRAWALS DUE TO ATTAINMENT OF AGE 55, AGE 59 1/2, DISABILITY OR HARDSHIP: Except as otherwise provided in this Section 8.01 and in Section 8.04, no amounts may be withdrawn by a Participant from any Account held for his benefit prior to termination of employment with the Employer, unless the Employee has attained his Normal RetIrement Date.

(a) A Participant who has attained Age 55 and who is one hundred percent (100%) vested may withdraw all or any portion of his Account except that portion attributable to Participant Elective Deferrals and Employer Davis-Bacon Contributions. The Participant may only make one (1) withdrawal in any Plan Year.

(b) A Participant who has attained Age 59 1/2 and who is one hundred percent (100%) vested may withdraw all or any portion of his Account except that portion attributable to Employer Davis-Bacon Contributions. The Participant may only make one (1) withdrawal in any Plan Year.

(c) A Participant who suffers a Disability as defined in Section 2.14 may withdraw all or any portion of his Account, without regard to the Participant's Age or whether he has incurred a Termination of Employment.

(d) An active Participant may elect to withdraw an amount credited to Ms Participant Elective Deferral Account without regard to the Participant's Age, but only if he obtains prior approval from the Plan Administrator, which approval shall be granted only upon a determination of Financial Hardship. In the case of a withdrawal due to Financial Hardship, the amount of the withdrawal shall be limited to the total amount of the Participant's Elective Deferrals, including income allocable thereto as of December 31, 1988. Upon granting approval, the Plan Administrator shall direct the Trustee to distribute the indicated portion of the Participant's Elective Deferral Account to the Participant.

8.02 FINANCIAL HARDSHIP DISTRIBUTION RULES: The Plan adopts the deemed hardship distribution standards set forth in Reg. Section 1.401(k)-1(d)(2)(iv). As a consequence, the Plan Administrator shall not approve any distribution on account of Financial Hardship unless the distribution is determined by the Administrator to be necessary to meet an immediate and heavy financial need of the Participant. The distribution will be deemed necessary if:

(a) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant, including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution; and

(b) Other resources of the Participant are not reasonably available to meet this need.

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For Plan Years beginning after December 31, 1988, the condition in (b) above is deemed to be met if the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Employer. If a Participant receives a distribution on account of Financial Hardship during a Plan Year beginning after December 31, 1988, his Elective Deferrals to this Plan and his employee contributions to all other plans maintained by the Employer (including qualified and non-qualified plans of deferred compensation), shall be suspended for twelve (12) months after receipt of the hardship distribution. Further, his Elective Deferrals to this Plan and his employee deferral contributions to all other plans maintained by the Employer for the calendar year immediately following the calendar year of the distribution shall not exceed the applicable limit under Section 5.08(a) for that calendar year less the amount of his Elective Deferrals for the calendar year of the hardship distribution.

8.03 DETERMINATION OF IMMEDIATE AND HEAVY FINANCIAL NEED: For purposes of Section 8.02, a distribution shall be deemed to be on account of an immediate and heavy financial need if the distribution is for:

(a) Expenses for medical care described in Code Section 213(d) incurred by the Participant, the Participant's spouse or any dependent of the Participant or expenses necessary for these persons to obtain such medical care;

(b) Payment of tuition and related educational fees for the next twelve (12) months of post-secondary education for the Participant, the Participant's spouse or any dependent of the Participant;

(c) Costs directly related to purchase (excluding mortgage payments) a principal residence for the Participant; or

(d) Payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure of the mortgage on that residence.

8.04 WITHDRAWAL OF VOLUNTARY CONTRIBUTIONS: A Participant who has previously made after-tax voluntary contributions to the Plan and who satisfies the requirements of Section 8.01(a), (b) or (c) may withdraw, upon written notice to the Plan Administrator and subject to the restrictions described below, first, any amount up to the balance of after-tax contributions held in the Employer Profit-Sharing Contribution Account and, second, the amount held in his Participant Voluntary Contribution Account. Such withdrawals shall have no effect upon any benefits provided under any other provisions of this Plan.

The Plan Administrator and Trustee may establish a reasonable policy regarding the minimum amount which may be withdrawn and the frequency with which withdrawals may be made. Such policy shall be in writing and shall be administered in a uniform and nondiscriminatory manner.

If the Participant's Accrued Benefit at the time he requests a withdrawal of voluntary contributions, or at any prior time has been greater than $3,500, no such withdrawal may be made prior to the Participant's Normal Retirement Age unless the Participant first consents in writing. The amount withdrawn shall be

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distributed to the Participant in the manner and form provided in Section 11.02 as if the amount were distributed on account of the Participant's termination of employment or, if the Participant is eligible for Normal Retirement or Early Retirement, in the manner and form provided in Article IX as if the amount were distributed on account of the Participant's Retirement.

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ARTICLE IX

RETIREMENT BENEFITS

9.01 NORMAL OR LATE RETIREMENT: A Participant shall be eligible for Normal Retirement on reaching his Normal Retirement Date. A Participant may continue in the service of the Employer as a Participant hereunder beyond his Normal Retirement Date. In the event such a Participant continues in the service of the Employer, he shall continue to be treated in all respects as a Participant until his actual retirement. When any Participant has a Termination of Employment following his Normal Retirement Date he shall be considered a retired Participant and he shall be entitled to receive the entire amount of his Accrued Benefit, distributed as set forth below.

9.02 DISABILITY RETIREMENT: Upon any Participant incurring a Termination of Employment on account of Disability, he shall be considered a disabled Participant and entitled to begin receiving his Accrued Benefit. Such amount shall be distributed as provided in Section 9.03, or deferred until such later date as elected by the disabled Participant and then distributed as provided in Section 9.03.

9.03 METHOD OF PAYMENT: Subject to the provisions of Section 9.06, upon receipt of a claim for benefits a retired or disabled Participant's Accrued Benefit shall be payable, as elected in writing by the Participant, in one or a combination of the following forms:

(a) A single lump sum payment. The amount of the lump sum payment shall be equal to the Participant's Accrued Benefit on the date payment is made. Payment shall be made by the Trustee in cash only.

(b) Substantially equal monthly, quarterly or annual cash installments over any period not exceeding the life expectancy of the Participant and the Participant's spouse, until the Participant's Accrued Benefit has been fully distributed. The minimum installment amount, regardless of the periodic method chosen, must be at least one hundred dollars ($100.00).

If a Participant falls to elect a form of payment, payment of the Participant's benefits shall be in a single lump sum in accordance with (a) above. Except as provided in Section 9.04, no payment shall be made to a Participant prior to his Normal Retirement Age unless the Participant consents in writing to the payment not more than ninety (90) days prior to his Annuity Stating Date.

If the lump sum amount that would be payable to a disabled Participant is not more than three thousand five hundred dollars ($3,500) and the amount in the Participant's Account has never exceeded that amount at the time of any prior distribution, the benefit shall be paid as a single lump sum payment as soon as administratively feasible following the end of the calendar month in which his Termination of Employment occurs without regard to any Participant consent requirement or the requirements of Section 9.06. However, a single lump sum payment shall not be made to a Participant after his Annuity Starting Date unless the Participant consents in writing to the payment. If the Participant dies prior to the complete distribution of the Participant's Accrued Benefit to him, then the Plan Administrator, upon notice of the

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Participant's death, shall direct the Trustee to make payment in accordance with the provisions of Article X.

9.04 TIME OF PAYMENT: Payment of the retired or disabled Participant's Accrued Benefit shall commence as soon as administratively feasible following the end of the calendar month in which a claim for benefits is submitted to the Plan Administrator. Unless a Participant elects otherwise
(and failure to submit a claim for benefits shall be deemed such an election) payment of benefits under this Plan will commence not later than sixty (60) days after the close of the Plan Year in which the latest of the following events occurs:

(a) The attainment by the Participant of Age sixty-five (65) or, if earlier, his Normal Retirement Age; or

(b) The tenth (10th) anniversary of the Participant's Entry Date; or

(c) The date the Participant terminates employment with the Employer.

If the amount of the payment required to commence on the date determined above cannot be ascertained by such date, or if it is not possible to make such payment on such date because the Plan Administrator has been unable to locate the Participant after making reasonable efforts to do so, a payment retroactive to such date may be made no later than sixty (60) days after the earliest date on which the amount of such payment can be ascertained or the date the Participant is located, whichever is applicable.

9.05 REQUIRED DISTRIBUTIONS: Notwithstanding any other provisions of this Article and except as provided in this Section 9.05, in no event shall payments commence later than April 1st of the calendar year following the Plan Year in which the Participant attains Age 70 1/2. However, if the Participant, prior to incurring a Termination of Employment, attained age 70 1/2 by January 1, 1988, and for the five Plan Year period ending in the calendar year in which he attained age 70 1/2 and for all subsequent years the Participant was not a more than 5% owner, then payment of benefits shall commence not later than April 1st of the calendar year following the Plan Year in which the Participant terminates employment or, if earlier, April 1st of the calendar year following the Plan Year in which the Participant becomes a more than 5% owner. Furthermore, if a Participant who was not a more than 5% owner attained age 70 1/2 during 1988 and did not terminate employment prior to January 1, 1989, payment of benefits for such Participant shall commence not later than January 1, 1990. For purposes of this Section 9.05 "5% owner" shall have the meaning set forth in I.R. Prop. Reg. Section 1.401(a)(9)-1, Q&A B-2. If payment of the Participant's Accrued Benefit commences under this Section 9.05, it shall be distributed to the Participant (consistent with the Participant's election and the requirements of Section 9.03):

(a) In the form of a cash lump sum payment; or

(b) In the form of cash installment payments over a period not extending beyond the life expectancy of the Participant, or the joint life expectancy of the Participant and his Beneficiary.

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For purposes of paragraph (b) above and at the election of the Participant, the life expectancy of the Participant and his spouse, but not of his non-spouse Beneficiary, may be redetermined annually. Notwithstanding the above, any distribution required under the incidental death benefit requirements of Code
Section 401(a) shall be treated as a required distribution. The provisions of this Section 9.05 shall be interpreted to conform to regulations issued by the Commissioner under Code Section 401(a)(9).

9.06 QUALIFIED JOINT AND SURVIVOR ANNUITY: This Section shall apply only to a Participant or Former Participant who has a Davis-Bacon Account in the Plan or with respect to whom this Plan is a direct or indirect transferee of a defined benefit pension plan, money purchase pension plan, or other qualified plan to which Code Section 401(a)(11)(B)(iii) applies. Furthermore, this Section shall only apply to that portion of the Participant's Accrued Benefit attributable to such transfer and/or Davis-Bacon Account (his "Annuity Eligible Accrued Benefit").

(a) AUTOMATIC QUALIFIED JOINT AND SURVIVOR ANNUITY: A Participant or Former Participant who is married on the date his benefits commence shall receive his Annuity Eligible Accrued Benefit in the form of an Automatic Qualified Joint and Survivor Annuity, unless he elects otherwise as provided in Subsection (b) below. The monthly amount of the Automatic Qualified Joint and Survivor Annuity shall be that amount which can be purchased from an Insurer with the Annuity Eligible Accrued Benefit of the Participant on the date his benefits commence.

A Participant or Former Participant who is not married on the date his benefits commence shall receive his Annuity Eligible Accrued Benefit in the form of a life annuity unless he elects otherwise as provided in Subsection (b) below. The life annuity shall provide monthly payments for the life of the Participant and terminate with the last payment due prior to his death. The annuity shall be purchased from an Insurer in an amount that can be provided by the Participant's Annuity Eligible Accrued Benefit.

(b) NOTICE AND ELECTION OF FORM OF BENEFIT: Each Participant or Former Participant with an Annuity Eligible Accrued Benefit shall be provided a written notification by the Plan Administrator. The notification shall be in non-technical language and shall include:

(1) A general description or explanation of the terms and conditions of the Automatic Qualified Joint and Survivor Annuity;

(2) The circumstances in which it will be provided unless the Participant elects otherwise;

(3) The Participant's right to make, and the effect of, an election to waive the Automatic Qualified Joint and Survivor Annuity form of benefit;

(4) The rights of the Participant's spouse under Subsection (c);

(5) The right to make, and the effect of, a revocation of an election to waive the Automatic Qualified Joint and Survivor Annuity form of benefit;

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(6) A general explanation of the relative financial effect of the election on a Participant's benefits; and

(7) A general explanation of the eligibility conditions and other material features of the optional forms of retirement benefit and sufficient additional information to explain the relative values of the optional forms of retirement benefit.

The notification shall also inform the Participant that a specific written explanation in non-technical language of the terms and conditions of the Automatic Qualified Joint and Survivor Annuity and the financial effect upon the particular Participant's benefits of making an election against the Automatic Qualified Joint and Survivor Annuity is available upon written request by the Participant. The notification shall be provided not less than thirty (30) days nor more than ninety (90) days before the Annuity Starting Date. If the Participant requests a specific written explanation, the explanation shall be provided within thirty (30) days of the Participant's request. The Plan Administrator need not comply with more than one such request made by a particular Participant.

During the Joint and Survivor Election Period, as hereinafter defined, a Participant eligible to make the election to waive the Automatic Qualified Joint and Survivor Annuity of Subsection (a) shall be eligible to elect to receive his benefits as provided in Section 9.03. The election shall be in writing and may be revoked at any time during the Joint and Survivor Election Period. New elections and revocations may be made any number of times during the Joint and Survivor Election Period after a previous election or revocation. For purposes of this paragraph, the term "Joint and Survivor Election Period" shall mean the ninety (90) day period ending on the Annuity Staring Date.

(c) CONSENT OF SPOUSE: Notwithstanding any other provision of this Article, any election by a Participant or Former Participant to waive the Automatic Qualified Joint and Survivor Annuity pursuant to Subsection (b) shall not be given effect unless:

(1) (i) The spouse of the Participant consents in writing to such election

(ii) The spouse acknowledges the form of benefit payment elected by the Participant and, if applicable, the Beneficiary designated by the Participant, or the spouse relinquishes the right to specify the form of benefit payment and name the Beneficiary, and the spouse's consent acknowledges the effect of such election and is witnessed by the Plan Administrator (or representative thereof) or a Notary Public; or

(2) It is established to the satisfaction of the Plan Administrator that the consent required under (1) above may not be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may by Regulation prescribe; or

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(3) The lump sum benefit otherwise payable to the Participant is less than three thousand five hundred dollars ($3,500) and a lump sum payment will be made pursuant to Section 9.03.

A waiver of the Automatic Qualified Joint and Survivor Annuity made pursuant to Subsection (b) shall be automatically revoked upon the marriage of the Participant, prior to his Annuity Stating Date, to a person who has not consented to the waiver pursuant to Subsection (1) above or from whom consent was not required by reason of Subsection (2) above; or upon a change in the form of benefit payment or in the Beneficiary designated by the Participant pursuant to Subsection (1)(ii) above, unless the spouse has relinquished the right to specify the form of benefit payment and to name the Beneficiary.

If the requirements of the preceding paragraphs are not satisfied, the Participant shall receive his Annuity Eligible Accrued Benefit in the form of the Automatic Qualified Joint and Survivor Annuity.

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ARTICLE X

DEATH BENEFITS

10.01 DEATH BENEFITS PAYABLE: If a Participant or Former Participant who has not received a distribution of his entire Vested Interest dies (whether before or after his Annuity Staring Date), the death benefit payable to the Beneficiary, Contingent Beneficiary, surviving spouse or estate (as the case may be) of the Participant or Former Participant shall be all remaining amounts credited (or to be credited) to his Accounts then held by the Trustee for the Participant's benefit.

10.02 DESIGNATION OF BENEFICIARY: Each Participant or Former Participant shall be given the opportunity to designate a Beneficiary and Contingent Beneficiary and from time to time the Participant or Former Participant may file with the Plan Administrator a new or revised designation, provided that his spouse shall be his Beneficiary unless his spouse has consented in writing to the designation of a Beneficiary other than his spouse or it is established to the satisfaction of the Plan Administrator that the consent of the spouse may not be obtained because there is no spouse, the spouse cannot be located or because of such other circumstances as may be set forth in Regulations issued pursuant to Code Section 417(a)(2)(B). Each Participant or Former Participant may also designate any form of payment available under Section 9.03 to the Beneficiary or Contingent Beneficiary. Designations shall be in writing on a form provided by the Plan Administrator.

If upon the Participant's death his designated Beneficiary does not survive him, the Contingent Beneficiary shall become the Beneficiary and any death benefits shall be paid to him or her. If a deceased Participant is not survived by a designated Beneficiary or Contingent Beneficiary, or if no Beneficiary was designated, the benefits shall be paid to the Participant's surviving spouse or if there is no surviving spouse, then to the executor or administrator of the Participant's estate. For purposes of determining the right of a Beneficiary, Contingent Beneficiary or surviving spouse to receive a benefit on account of the death of a Participant, he or she shall not be deemed to have survived the Participant unless he or she shall survive the Participant by at least thirty (30) days.

If the Beneficiary, Contingent Beneficiary or surviving spouse survives the Participant and is entitled to receive benefits under this Section 10.02, but dies prior to receiving the entire death benefit payable to him or her, the remaining portion of the death benefit shall be paid to the person's named beneficiary or, if none, to the person's estate subject to the right of commutation.

10.03 DEATH BENEFIT PAYMENT PROCEDURE: Upon receipt of a claim for benefits, the Participant's death benefit shall be paid by the Trustee to the Beneficiary designated by the Participant pursuant to Section 10.02. The Beneficiary of a Participant may elect to receive any death benefits payable hereunder in any Optional Form of Payment provided in Article Ix other than a Joint and Survivor Annuity. The election shall be in writing and shall be filed with the Plan Administrator.

If the lump sum benefit otherwise payable to the Beneficiary is not more than three thousand five hundred dollars ($3,500) and payment of benefits to the deceased Participant has not previously commenced, the

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benefit shall be paid as a single lump sum payment. Payment of any death benefits under this Plan shall commence, unless otherwise designated by the Participant or elected by the Beneficiary, as soon as administratively feasible following the Participant's date of death and the end of the calendar month in which the Plan Administrator receives a claim for benefits. However, if the amount of the payment required to commence on the date determined above cannot be ascertained by such date, or if it is not possible to make such payment on such date because the Plan Administrator has been unable to locate the Beneficiary after making reasonable efforts to do so, a payment retroactive to such date may be made as soon as administratively feasible after the earliest date on which the amount of such payment can be ascertained or the date the Beneficiary is located, whichever is applicable.

10.04 REQUIRED DISTRIBUTIONS: Notwithstanding any other provisions of this Article, payment of death benefits shall be subject to the following:

(a) If payments have commenced to a Participant or Former Participant in accordance with Article XI and the Participant dies before his entire Accrued Benefit has been distributed to him, the death benefit payable to his Beneficiary shall be distributed at least as rapidly as under the method of distribution under which such payments were being made as of the date of his death.

(b) If a Participant or Former Participant dies before payment of his Accrued Benefit has commenced, the entire death benefit payable to the Beneficiary shall be distributed within five
(5) years after the death of such Participant. However, if:

(1) Any portion of the death benefit is payable to (or for the benefit of) a Beneficiary who is a natural person; and

(2) The Participant has elected or the Beneficiary elects to have the portion distributed over the life of the Beneficiary or over a period certain not exceeding the life expectancy of the Beneficiary; and

(3) Distribution begins not later than one (1) year after the date of the Participant's death, or such later date as the Secretary of the Treasury may by regulations prescribe;

then for purposes of the preceding sentence, the portion referred to in paragraph (1) above shall be treated as distributed on the date on which such distribution began. Further provided, if the Beneficiary referred to in paragraph
(1) above is the surviving spouse of the Participant, the requirements of paragraph (3) above shall be deemed to be satisfied if such distributions begin not later than the date on which the Participant would have attained age seventy and one-half (7011/2). If the surviving spouse dies before distribution to said spouse begins, this paragraph shall be applied as if the surviving spouse were the Participant.

For purposes of the preceding paragraph, under Regulations prescribed by the Secretary of the Treasury, any amount paid to a child of a Participant shall be treated as if it had been paid to the surviving spouse of such Participant if such amount will become payable to the

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surviving spouse upon such child reaching the age of majority (or other designated event permitted under Regulations).

(c) The provisions of this Section 10.04 shall be interpreted to conform to regulations issued under Code Section 401(a)(9).

10.05 QUALIFIED PRE-RETIREMENT SURVIVOR ANNUITY AND RELATED MATTERS:
This Section shall apply only to a Participant or Former Participant who has a Davis-Bacon Account in the Plan or with respect to whom this Plan is a direct or indirect transferee of benefits that were held on or after January 1, 1985, by a defined benefit pension plan, money purchase pension plan, or other qualified plan to which Code Section 401(a)(11)(B)(iii) applies. Furthermore, this Section shall apply only to that portion of each Participant's Accrued Benefit attributable to such transfer and/or Davis-Bacon Account (his "Annuity Eligible Accrued Benefit").

If a Participant or Former Participant who has an Annuity Eligible Accrued Benefit dies prior to his Annuity Starting Date and is survived by a spouse, a Qualified Pre-retirement Survivor Annuity (based only on the benefits subject to this Section) shall be paid to the surviving spouse in accordance with, and except as otherwise provided by the following provisions:

(a) A Participant may elect to waive the Qualified Pre-retirement Survivor Annuity provided under this Section during the election period described in Subsection (d). The waiver may be revoked by the Participant during the election period by filing with the Plan Administrator on a form approved by the Plan Administrator an executed revocation of such waiver. Following revocation a Participant may again waive the Qualified Pre-retirement Survivor Annuity and subsequently revoke the waiver any number of times during the election period.

(b) A waiver pursuant to Subsection (a) shall not be effective unless:

(1) (i) The spouse, to whom the Participant is married at the time such waiver is executed, consents in writing to such waiver;

(ii) The spouse acknowledges the form of the death benefit payable in lieu of the Qualified Pre-retirement Survivor Annuity and the Beneficiary designated by the Participant, or the spouse relinquishes the right to specify the form of the death benefit and name the Beneficiary; and

(iii) The consent acknowledges the effect of the waiver and is witnessed by the Plan Administrator (or representative thereof) or a Notary Public; or

(2) It is established to the satisfaction of the Plan Administrator that the consent of the spouse required by this Section may not be obtained because there is no spouse, the spouse cannot be located or because of such other circumstances as may be set forth in Regulations issued pursuant to Section 417(a)(2)(B) of the Code; and

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(3) The waiver is made on a form approved by the Plan Administrator and executed by the Participant and, if required, the spouse of the Participant.

(c) A waiver made pursuant to Subsection (a) shall be automatically revoked:

(1) Upon the marriage of the Participant to a person who has not consented to the waiver pursuant to Subsection (b)(1) or from whom consent was not required by reason of Subsection (b)(2); or

(2) Upon a change in the form of the death benefit or in the Beneficiary designated by the Participant, unless the spouse has relinquished the right to specify the form of the death benefit and to name the Beneficiary.

(d) The election period shall begin on the first day of the Plan Year in which the Participant attains Age thirty-five (35) and shall end on the date such Participant dies. Notwithstanding the foregoing, in the case of a Participant who incurs a Termination of Employment before the Participant attains Age thirty-five (35), the election period shall begin on the date of Termination of Employment and shall end on the date the Participant dies.

(e) Notwithstanding anything in this Section to the contrary, an election to waive the Qualified Pre-retirement Survivor Annuity made by a Participant before the first day of the Plan Year in which he attains Age thirty-five (35) shall only be effective until the first day of the Plan Year in which he attains Age thirty-five (35), at which time such election shall be automatically revoked.

(f) The Plan Administrator shall provide to each Participant within the period beginning on the first day of the Plan Year in which the Participant attains Age thirty-two (32), but not earlier than the first day of the one-year period ending on the date he becomes a Participant, and ending on the last day of the Plan Year preceding the Plan Year in which the Participant attains Age thirty-five (35), but not earlier than the last day of the one-year period beginning on the date he becomes a Participant, a written explanation of the Qualified Pre-retirement Survivor Annuity containing the following:

(1) The terms and conditions of the Qualified Pre-retirement Survivor Annuity;

(2) The Participant's right to make, and the effect of, an election to waive the Qualified Pre-retirement Survivor Annuity;

(3) The rights of the Participant's spouse under Subsection (b)(1); and

(4) The right of the Participant to make, and the effect of, a revocation of an election pursuant to Subsection (a).

The Plan Administrator shall also provide an explanation to each Participant who incurs a

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separation from service prior to receiving the explanation no later than the earlier of the end of the one-year period beginning on the date of his separation from service or the end of the period described above.

(g) Notwithstanding anything herein to the contrary, a surviving spouse entitled to a benefit under this Section, may elect to receive payment of the Qualified Pre-retirement Survivor Annuity in a lump sum or any other form of payment permitted under Section 10.04. Upon request, the Plan Administrator shall furnish the spouse with an explanation of the Qualified Pre-retirement Survivor Annuity and with information concerning the financial effect of receiving benefits in any form selected. An election under this Subsection must be filed with the Plan Administrator before benefit payments commence, unless the Plan Administrator determines otherwise.

(h) Notwithstanding anything herein to the contrary, a surviving spouse may delay the commencement of benefit payments pursuant hereto, provided such delay satisfies the requirement of Article IX by deeming the surviving spouse to be the Participant.

(i) If the lump sum amount of the Qualified Pre-retirement Survivor Annuity otherwise payable to the surviving spouse is less than three thousand five hundred dollars ($3,500), such benefit shall be paid as a single lump sum payment.

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ARTICLE XI

BENEFITS UPON OTHER TERMINATION OF EMPLOYMENT

11.01 VESTED AMOUNTS: Prior to his Normal Retirement Age a Participant shall have a Vested Interest in his Accrued Benefit equal to the sum of the following:

(a) One hundred percent (100%) of the balances in his Participant Elective Deferral Account, Participant Voluntary Contribution Account, Participant Rollover Account, Davis-Bacon Account, if any, as adjusted for any contributions or distributions since the preceding Valuation Date; and

(b) His vested percentage of the balance in his Employer Matching Contribution Account, as adjusted for any contributions or distributions since the preceding Valuation Date, according to the Participant's Years of Vesting Service, and consistent with the following schedule:

Vested Years of Vesting Service	Percent of Accrued Benefit
Less than five (5) years	none
At least five (5) or more years	100%

(c) His vested percentage of the balance in his Employer Profit-Sharing Contribution Account (except for voluntary contributions made before January 1, 1987, which shall be 100% vested), as adjusted for any contributions or distributions since the preceding Valuation Date, according to the Participant's Years of Vesting Service, and consistent with the following schedule:

Vested Years of Vesting Service	Percent of Accrued Benefit
Less than three (3) years	none
At least three (3) years	20%
At least four (4) years	40%
At least five (5) years	60%
At least six (6) years	80%
At least seven (7) or more years	100%

The percentage of his Accrued Benefit attributable to The Participant's Employer Contribution Accounts in which he is not vested shall be forfeited by him as provided in Section 11.06.

11.02 DISTRIBUTION OF VESTED INTEREST: Subject to the provisions of Section 9.06, a Participant

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who incurs a Termination of Employment for any reason other than retirement or death may elect one of the following forms of distribution of his Vested Interest:

(a) A single lump sum payment equal to The Participant's Vested Interest as of the date payment is made. Payment shall be made by the Trustee in cash only.

(b) Substantially equal monthly, quarterly or annual cash installments over any period not exceeding the life expectancy of the Participant and the Participant's spouse, until the Participant's Accrued Benefit has been fully distributed. The minimum installment amount, regardless of the periodic method chosen must be at least one hundred dollars ($100.00).

If a Participant fails to elect a form or time of payment or elects a deferred payment, then payment of the Participant's Accrued Benefit shall be deferred to the subsequent date elected by the Participant, which may be no later than the latest date permitted under Section 9.05, and then distributed in accordance with the provisions of Section 9.03. However, if the lump sum amount that would be payable to a Participant is not more than three thousand five hundred dollars ($3,500) and the amount in the Participant's Account has never exceeded that amount at the time of any prior distribution, then the benefit shall be paid as a single lump sum payment, subject to the limitations of this Section 11.02, as though the Participant had elected immediate distribution.

If the Participant elects immediate distribution following Termination of Employment, whether as a single lump sum payment or term certain payments, payment shall commence as soon as administratively feasible after the later of the calendar month in which the Participant makes the distribution request (by filing a claim for benefits) or terminates employment. In no event shall the Plan Administrator defer commencement of distribution to complete administration of the Participant's distribution request longer than sixty (60) days after the Entry Date following the distribution date designated by the Participant. If the Former Participant dies or incurs a Disability before his Normal Retirement Date, the Plan Administrator, upon notice of the death or Disability, shall direct the Trustee to make payment of the Participant's Vested Interest to him (or to his Beneficiary if the Participant is deceased) in accordance with the provisions of Article X in the case of death, or Section 9.02 in the case of Disability.

Notwithstanding the above, if a terminated Participant is re-employed by the Employer prior to distribution of his Vested Interest, such distribution shall not be made until his employment is again terminated or until the occurrence of another event permitting distribution under the terms of the Plan.

11.03 ELIGIBLE ROLLOVER DISTRIBUTIONS: Notwithstanding any provision of this Plan to the contrary, with respect to distributions made on or after January 1, 1993, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. For purposes of this Section 11.03 the following definitions shall apply:

(a) "Eligible Rollover Distribution" shall mean any distribution of all or any portion of the

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balance to the credit in the Account 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 Code Section 401(a)(9), and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(b) "Eligible Retirement Plan" shall mean an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(6), an annuity plan described in Code Section 403 (a), or a qualified trust described in Code Section 401(a), 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.

(c) "Distributee" shall mean an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

(d) "Direct Rollover" shall mean a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

11.04 BREAKS IN SERVICE AND VESTING: If a Participant has a One Year Break in Service, the Participant's Years of Vesting Service before the One Year Break in Service shall not be included in computing Years of Vesting Service until the Participant shall have completed one Year of Vesting Service after the One Year Break in Service. If an Employee terminated employment prior to becoming a Participant and incurred a One Year Break in Service, or if a Participant did not have any Vested Interest derived from Employer contributions prior to a One Year Break in Service, Years of Vesting Service before a One Year Break in Service shall not be included in Years of Vesting Service calculated after the Participant's One Year Break in Service if the number of consecutive One Year Breaks in Service equals or exceeds the greater of five (5) or the aggregate number of such Years of Vesting Service before the One Year Break in Service.

Solely for the purpose of determining the vested percentage of a Participant's Accrued Benefit derived from Employer contributions which accrued prior to a five (5) consecutive one (1) year Break in Service period, the Plan shall disregard any Year of Service subsequent to such five (5) consecutive one (1) year Breaks in Service period.

If a Participant has a One Year Break in Service, and the break does not arise on account of Termination of Employment, the Participant shall not be credited with a Year of Vesting Service for That Plan Year. However, no amounts in the Participant's Accounts shall be forfeited.

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11.05 NO INCREASE IN PRE-BREAK VESTING: For purposes of Section 11.01, Years of Vesting Service after a Termination of Employment which resulted in five (5) consecutive One Year Breaks in Service shall not increase the vested percentage of a Participant's Account which was earned before such five (5) consecutive One Year Breaks in Service.

11.06 DISPOSITION OF FORFEITURES: Amounts forfeited by terminated Participants from their Employer Matching Contribution Accounts shall be used to reduce the Employer's contribution otherwise required pursuant to Section 5.06 and shall be allocated in the same manner as Employer Matching Contributions in accordance with Section 6.02(c). Amounts forfeited by terminated Participants from Their Employer Profit Sharing Contribution Accounts shall be allocated in addition to and in the same manner as Employer Profit Sharing Contributions.

Forfeiture of any non-vested interest with respect to any Participant shall occur:

(a) In the case of a Participant who receives a lump sum distribution of his Vested Interest on account of Termination of Employment, on the day the Participant receives the distribution.

(b) In the case of a Participant who has a Vested Interest derived from Employer Contributions and does not receive a distribution of such Vested Interest, on the last day of the Plan Year in which the Participant incurs five (5) consecutive One Year Breaks in Service.

(c) In the case of a Participant who has no Vested Interest derived from Employer Contributions, on the last day of the Plan Year in which the Participant terminates employment.

Non-vested interests of terminated Participants shall be held by the Trustee in the respective Accounts of the Participant until the date determined above and shall then be forfeited by the Participant and allocated in accordance with this Section.

11.07 DISTRIBUTION TO PARTICIPANTS WHO ARE LESS THAN 100% VESTED:
In the event a Participant who is less than one hundred percent (100%) vested hereunder incurs a Termination of Employment and returns to the employ of the Employer before a forfeiture of his non-vested interest shall have occurred, and prior to his re-employment was paid a portion of his Vested Interest, a separate account for the Participant's remaining interest in the Plan as of the time of the distribution shall be maintained. At any relevant time, the Participant's vested portion of the separate account shall be an amount "X" determined by the following formula:

$$X = P\,(AB+(R \times D)) - (R \times D)$$

For purposes of applying the formula:

P is the vested percentage at the relevant time;

AB is the account balance at the relevant time;

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D is the amount of the distribution;

R is the ratio of the account balance at the relevant time to the account balance after distribution.

In the event a Participant who is less than one hundred percent (100%) vested hereunder incurs a Termination of Employment and returns to the employ of the Employer after a forfeiture of his non-vested interest but prior to incurring five (5) consecutive One Year Breaks in Service, and prior to his re-employment was paid his Vested Interest, the non- vested portion of his Accrued Benefit which was forfeited by the Participant shall be disregarded in computing his Accrued Benefit after reentry into the Plan, unless the Participant repays, pursuant to Section 11.08, the amounts distributed from his Account from which an amount was forfeited. If a Participant does repay the distribution, the balance in such Account shall be restored as provided in Section 11.09.

In the event a Participant who had no Vested Interest in his Employer Regular Contribution Account separated from service and returns to the employ of the Employer after a forfeiture of his non-vested interest but prior to incurring five (5) consecutive One Year Breaks in Service, any non-vested amounts forfeited by the Participant shall be restored, as provided in Section 11.09, to The Account from which an amount was forfeited.

11.08 REPAYMENT OF DISTRIBUTION: A Participant described in the second paragraph of Section 11.07 who received a lump sum distribution of less than one hundred percent (100%) of his Accrued Benefit shall be entitled to repay the amount so distributed from the Employer Contribution Account in which he was less than one hundred percent (100%) vested. The repayment must be for the fun amount distributed from The Account and must be made not later than the earlier of:

(a) The date on which the Participant incurs five (5) consecutive One Year Breaks in Service after the date of distribution.

(b) The end of the five (5) year period beginning with the date the Participant is re-employed by the Employer.

Any repayment shall not be included in applying The limitations of Article V or Article VIII hereunder.

11.09 RESTORATION OF ACCOUNTS: Any amount repaid pursuant to Section 11.08 shall be credited to the Participant's Accounts for which it is repaid, with credit to be made as of the date of repayment. The Account shall also be credited with the amount previously forfeited from the Account, with credit to be made as of the last day of the Plan Year in which repayment is made.

In the case of a Participant to whom the third paragraph of Section 11.07 applies, the Participant's Accounts from which amounts were previously forfeited shall be credited with the amount so forfeited, with credit to be made as of the last day of the Plan Year in which the Participant resumes participation in The Plan.

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Any previously forfeited amounts which are credited to Participants' Accounts pursuant to this Section shall be derived from the following sources in the following order of priority:

(a) First, the amount, if any, to be credited to such types of Accounts for the Plan Year pursuant to Section 11.05;

(b) Second, Employer contributions for the Plan Year, if any, which are not required to be credited to such types of Accounts for other Participants; and

(c) Third, an additional Employer contribution for the Plan Year, regardless of whether the Employer has any Net Profits for the year.

If for any Plan Year, the Accounts of more than one Participant are required to be restored, then restorations shall be derived from the above sources in the same proportion that the amount to be restored to each Participant bears to the total amount to be restored to all such Participants for The Plan Year. Any such amounts credited to a Participant's Accounts shall not be included in applying the limitations of Article V or Article VIII hereunder.

11.10 AMENDMENTS TO THE VESTING SCHEDULE: No amendment to the vesting schedule or provisions of Section 11.01, or to this Plan which directly or indirectly affects the computation of a Participant's Accrued Benefit, shall deprive a Participant of a vested right to the benefits accrued to the effective date of the amendment. Furthermore, if the vesting schedule or provisions of Section 11.01 are amended, each Participant with at least three
(3) Years of Vesting Service (determined as of the later of the date the amendment is adopted or the date the amendment is effective) may elect to have his vesting percentage computed under the Plan without regard to the amendment. The period during which the election may be made shall commence with the date the amendment is adopted and shall end on the latest of:

(a) Sixty (60) days after the amendment is adopted;

(b) Sixty (60) days after the amendment becomes effective; or

(c) Sixty (60) days after the Participant is issued written notice of the amendment by The Employer or Plan Administrator.

In the absence of any written notice under (c) above, any Participant who has at least three (3) Years of Vesting Service (as determined above) shall at all times receive a Vested Interest under whichever vesting schedule provides the greatest Vested Interest.

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ARTICLE XII

FIDUCIARY DUTIES

12.01 GENERAL FIDUCIARY DUTY: A Fiduciary, whether or not a Named Fiduciary, shall discharge his duties solely in the interest of the Participants and their Beneficiaries hereunder. All assets of this Plan shall be devoted to the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying the reasonable expenses of administering the Plan. Each Fiduciary, whether or not a Named Fiduciary, shall discharge his duties with 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 the conduct of an enterprise of a like character and with like aims. Each Fiduciary shall also discharge his duties in a manner consistent with the documents and instruments governing the Plan to the extent such documents and instruments are consistent with law. No Fiduciary, whether or not a Named Fiduciary, shall engage in any of the prohibited transactions with disqualified persons or parties-in-interest as those terms and transactions are defined by the Code and ERISA, as passed and as it may be amended, and regulations thereunder.

12.02 ALLOCATION OF RESPONSIBILITIES: Each Named Fiduciary shall have only those duties and responsibilities expressly allocated under the terms of this Plan. No other duties or responsibilities shall be implied.

12.03 DELEGATION OF RESPONSIBILITIES: Each Named Fiduciary may delegate the fiduciary responsibilities other than Trustee responsibilities allocated to such Fiduciary under this Plan to any person other than a Named Fiduciary. If any duties or responsibilities are delegated under this section, the person to whom the duties or responsibilities are delegated shall acknowledge the fact in writing and shall specify in writing the duties and responsibilities so delegated. All other duties and responsibilities shall be deemed not to have been delegated.

12.04 LIABILITY FOR ALLOCATION OR DELEGATION OF RESPONSIBILITIES: A Named Fiduciary shall not be liable for the acts or omissions of a person to whom responsibilities or duties are allocated or delegated in accordance with Section 12.02 or Section 12.03 except to the extent such Named Fiduciary breaches his obligation under Section 12.01:

(a) With respect to the allocation or delegation;

(b) With respect to establishing or implementing a procedure for allocation or delegation; or

(c) By continuing the allocation or delegation.

Nothing in this section shall relieve a Fiduciary from liability incurred under Section 12.05.

12.05 LIABILITY FOR CO-FIDUCIARIES: In addition to the liability a Fiduciary may incur for the breach of his duty under Section 12.01 or 12.04, a Fiduciary shall be liable for a breach of Fiduciary duty

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committed by another Fiduciary in the following circumstances:

(a) If he participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other Fiduciary knowing such act or omission is a breach;

(b) If, by his failure to comply with Section 12.01 he has enabled such other Fiduciary to commit a breach;

(c) If he has knowledge of a breach by such other Fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.

12.06 SAME PERSON MAY SERVE IN MORE THAN ONE CAPACITY:
Nothing herein shall prevent any person from serving in more than one Fiduciary capacity.

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ARTICLE XIII

THE PLAN ADMINISTRATOR

13.01 APPOINTMENT OF PLAN ADMINISTRATOR: The Board of Directors of the Plan Sponsor shall appoint the Plan Administrator, which may be the Plan Sponsor. If the Plan Sponsor is appointed as Plan Administrator, the Plan Sponsor may appoint one or more Committees to carry out the duties of the Plan Administrator under this Plan. In that event all references in the Plan to the Plan Administrator shall be deemed to refer to the appointed Committee. The duties of the Committees shall be divided as the Plan Administrator deems appropriate and may be designated by separate instrument. The Committees shall act by majority vote except that they shall act by unanimous vote at any time when there are only two members comprising the Committee.

13.02 ACCEPTANCE BY PLAN ADMINISTRATOR: The Plan Administrator shall accept its appointment by joining with the Employer in the execution of this Agreement.

13.03 SIGNATURE OF PLAN ADMINISTRATOR: All persons dealing with the Plan Administrator may rely on any document executed by the Plan Administrator:
or, in the event of appointment of a Committee or Committees, such persons may rely on any document executed by at least one member of the appropriate Committee as being the act of the Plan Administrator.

13.04 APPOINTMENT OF AN INVESTMENT MANAGER: The Plan Administrator shall appoint an Investment Manager or Managers to manage, acquire and dispose of any assets of the Plan. In the event responsibility for appointment of Investment Managers is delegated by the Plan Administrator to a named Committee, that delegation shall carry with it the authority of the Committee to act as a Named Fiduciary for purposes of ERISA in appointing an Investment Manager. The Investment Manager shall accept his appointment by written agreement executed by the Plan Administrator and Investment Manager. This written agreement shall specify the Plan assets for which the Investment Manager is responsible and such written instrument shall be kept with the other documents governing the operation of the Plan. The Trustee shall be entitled to rely on written instructions from the Investment Manager and shall be under no obligation to invest or otherwise manage any asset of the Plan subject to the management of the Investment Manager.

13.05 DUTIES OF THE PLAN ADMINISTRATOR: The Plan Administrator shall be responsible for the general administration of the Plan including, but not limited to, the following:

(a) To prepare an annual report, summary plan description and modifications thereto, and summary annual report;

(b) To complete and file the various reports and tax forms with the appropriate government agencies as required by law;

(c) To distribute to Plan Participants and/or their Beneficiaries the summary plan description and

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reports sufficient to inform such Participants or Beneficiaries of their Accrued Benefit and their Vested Accrued Benefit as required by law;

(d) To determine annually, or more frequently if necessary, which Employees are eligible to participate in the Plan;

(e) To determine the benefits to which Participants and their Beneficiaries are entitled and to approve or deny claims for benefits;

(f) To provide Plan Participants with a written explanation of the effect of electing an optional form of benefit payment;

(g) To retain copies of all documents or instruments under which the Plan operates in its own office, the principal place of business of the Plan Sponsor and such other place as the Secretary of Labor or his delegate may by regulation prescribe; to make all such documents and instruments governing the operation of the Plan available for inspection by Plan Participants and/or their Beneficiaries; and to furnish copies of such documents or instruments to Plan Participants and/or their Beneficiaries on request, charging only the cost thereof as prescribed by regulation of the Secretary of Labor or his delegate;

(h) To interpret Plan provisions as needed and in this regard to have complete and total discretion in the interpretation of the Plan; and

(i) To act as the Plan's agent for the service of legal process, unless another agent is designated by the Plan Sponsor and to act on behalf of the Plan in all matters in which the Plan is or may be a party.

13.06 CLAIMS PROCEDURE: Claims for benefits under the Plan may be filed with the Plan Administrator on forms supplied by the Plan Sponsor. Written notice of the disposition of a claim shall be furnished to the claimant within sixty (60) days after the application thereof is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant may perfect the claim shall be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claim review procedure.

13.07 CLAIMS REVIEW PROCEDURE: Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Plan Administrator pursuant to Section 13.06 shall be entitled to request the Plan Administrator to give further consideration to his claim by filing with the Plan Administrator (on a form which may be obtained from the Plan Administrator) a request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Plan Administrator no later than sixty (60) days after receipt of the written notification provided for in Section 13.06. The Plan Administrator shall then conduct a hearing within the next sixty (60) days, at which the claimant may be represented by an attorney or any other representative of his choosing and at which the claimant shall have an opportunity to submit written

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and oral evidence and arguments in support of his claim. At the hearing (or prior thereto upon five (5) business days written notice to the Plan Administrator) the claimant or his representative shall have an opportunity to review all documents in the possession of the Plan Administrator which are pertinent to the claim at issue and its disallowance. A final decision as to the allowance of the claim shall be made by the Plan Administrator within sixty
(60) days of receipt of the appeal unless there has been an extension of sixty
(60) days and shall be communicated in writing to the claimant. Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

13.08 COMPENSATION AND EXPENSES OF PLAN ADMINISTRATOR: The Plan Administrator may engage the services of any person, including counsel, whose services, in the opinion of the Plan Administrator, are necessary to assist it in carrying out its responsibilities under the Plan. The Employer may direct the Trustee to pay any expenses properly and actually incurred for such services from the Trust Fund, including such reasonable compensation for services provided by the Plan Administrator as shall have been agreed upon between them, or, alternatively, the Employer may pay such expenses or compensation directly; provided, however, that no individual acting as Plan Administrator shall receive any compensation if he already receives full-time pay from the Employer.

13.09 REMOVAL OR RESIGNATION: A Plan Administrator may be removed by the Board of Directors of the Plan Sponsor upon thirty (30) days written notice, and may resign upon thirty (30) days written notice to the Beard of Directors. Upon such removal or resignation, or the inability of the Plan Administrator for any other reason to act as Plan Administrator, the Board of Directors shall appoint a successor Plan Administrator. The successor Plan Administrator, upon written acceptance, shall have all the duties and responsibilities of a Plan Administrator herein. The former Plan Administrator shall deliver to the successor Plan Administrator all records and documents which it holds relating to the Plan upon removal or resignation.

13.10 RECORDS OF PLAN ADMINISTRATOR: The Plan Sponsor shall have access, upon request, to all the records of the Plan Administrator that relate to the Plan.

13.11 OTHER RESPONSIBILITIES: Nothing in this Article shall be construed to limit the responsibilities and duties allocated to the Plan Administrator in other Articles of this Plan.

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ARTICLE XIV

THE TRUSTEE

14.01 APPOINTMENT OF TRUSTEE: The Beard of Directors of the Plan Sponsor shall appoint the Trustee. Nothing in this Plan shall prevent the Plan Sponsor from appointing multiple Trustees or creating multiple Trust Funds, each with separate Trustees. If more thin one person is appointed as Trustee of a single Trust Fund, they shall act by majority vote; provided, however, that they shall act by unanimous vote at any time when there are only two Trustees. In the event there is more than one Trustee, the reference to Trustee shall be deemed to refer to all the Trustees.

14.02 ACCEPTANCE BY TRUSTEE: Effective July 1, 1993, the Trustee shall accept its appointment by executing a separate trust agreement in a form acceptable to the Trustee and Employer. The provisions of the separate Trust Agreement shall control over those in this Plan, to the extent such provisions define the duties of the Trustee with respect to the Plan and Trust Fund. Prior to July 1. 1993, the provisions of the Prior Plan concerning the Trustee and its duties shall apply.

14.03 INVESTMENT COMMITTEE: In the event of appointment of an Investment Committee by the Plan Administrator, then except to the extent responsibility for certain Plan assets has been allocated to an Investment Manager as provided in Section 13.04, the Investment Committee is authorized and empowered to direct investment of the Trust Fund, consistent with the terms of the separate Trust Agreement. The Investment Committee shall direct investment and reinvestment of the Trust Fund to keep the Trust Fund invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Committee shall deem advisable consistent with the investment policy of the Plan established under Article XVIII. The Committee shall give due regard to any limitations imposed by the Code or ERISA so that at all times this Plan may qualify as a qualified Plan and Trust.

14.04 PAYMENT FROM THE TRUST FUND: At the direction of the Plan Administrator, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Trust Fund. The Trustee shall not be responsible in any way for the application of such payments.

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ARTICLE XV

THE EMPLOYER

15.01 NOTIFICATION: The Plan Sponsor shall notify the Plan Administrator and the Trustee in writing if a new Plan Administrator or Trustee has been appointed hereunder.

15.02 RECORD KEEPING: Each participating Gibbons Employer shall maintain records with respect to each Employee sufficient to enable the Plan Administrator and Trustee to fulfill their duties and responsibilities under the Plan.

15.03 BONDING: The Plan Administrator shall procure bonding to insure the Plan against risk of loss. The persons to be bonded and the amount necessary shall be determined in accordance with ERISA and regulations thereunder. No bonding shall be required pursuant to state law.

15.04 SIGNATURE OF EMPLOYER: All persons dealing with the Plan may rely on any document executed in the name of the Plan Sponsor by its corporate President, Vice-President, or other duly authorized corporate officer, or by any other individual duly authorized by its Board of Directors, whether retroactive or prospective.

15.05 PLAN COUNSEL AND EXPENSES: The Plan Sponsor may engage the service of any person or organization, including counsel, whose services, in the opinion of the Plan Sponsor are necessary for the establishment or maintenance of this Plan. The expenses incurred or charged by a person or organization engaged by the Plan Sponsor pursuant to the previous sentence shall be paid by the Plan Sponsor, or alternatively, the Plan Sponsor may direct the Trustee to pay such expenses from the Trust Fund.

15.06 OTHER RESPONSIBILITIES: Nothing in this Article shall be construed to limit the responsibilities or duties allocated to the Plan Sponsor and Gibbons Employers in other Articles of the Plan.

15.07 CONTROLLED GROUPS/AFFILIATED SERVICE GROUPS:

(a) For purposes of crediting Hours of Service, all employees of all corporations which are members of a Controlled Group of corporations, all employees of all trades or businesses (whether or not incorporated) which are a Group Under Common Control, all employees of an Affiliated Service Group and all employees of any other entity required to be aggregated with the Employer pursuant to regulations under Code Section 414(o) shall be treated as employed by a single Employer for purposes of Article III (Service), Article IV (Eligibility), Article V (Contributions) and Article XI, (Vesting). Except as provided in Section 7.01, all employees of all corporations which are members of a Controlled Group of corporations, all employees of all trades or businesses (whether incorporated or not) which are a Group Under Common Control, all employees of an Affiliated Service Group and all employees of any other entity required to be aggregated with the Employer pursuant to regulations under Code Section 414(o) shall be treated as employed by a single Employer.

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(b) If the Employer adopting this Plan and Trust is a member of a Controlled Group, Group Under Common Control, or Affiliated Service Group and other employer-members of the group have adopted a profit sharing plan containing language identical to the language of this Subsection 15.07(b), then:

(1) If a Participant in this Plan and Trust is transferred to the employ of another member of said group and is eligible to participate in its profit sharing plan and trust, the total Accrued Benefit of said Participant (including both vested and non-vested amounts) may be transferred to the profit sharing plan and trust of said transferee employer, provided that the vesting provisions of the transferor plan and trust and the transferee plan and trust are similar; and

(2) If a Participant in this Plan is a transferee from the employ of another member of said group, and if the transferor employer maintained a profit sharing plan and trust with vesting provisions similar to those of this Plan, then the total accrued benefit of said Participant (including both vested and non-vested amounts) under that plan may be transferred to this Plan and Trust.

In the event that the Participant terminates, any forfeited amounts shall be allocated to plans of members of the group on a ratio of total contributions made by each employer who is a member of the group for the Participant to the total contributions made by all employers who are members of the group for the Participant.

(c) If the Employer is a member of a Controlled Group, Group Under Common Control, or Affiliated Service Group and if such group maintains more than one qualified retirement plan that is integrated with Social Security, only a single integration level shall be applicable to each Participant who is a Participant in one or more integrated plans. The integration level for each Participant shall be prorated in each integrated plan in the ratio that the Annual Compensation received by the Participant from the member of the group maintaining the integrated plan bears to the Annual Compensation received by the Participant from all members of the group maintaining all such integrated plans.

(d) If more than one Employer has adopted this Plan and if all such Employers are members of the same Controlled Group, Group Under Common Control, or Affiliated Service Group:

(1) The provisions of Articles XVI and XVII shall be applicable to each adopting Employer as an individual Employer;

(2) The provisions of Section 15.07(a) through (c) shall not be applicable to such adopting Employers; and

(3) The "effective date" for any adopting Employer who adopts this Plan on other than the Effective Date shall be the first day of the Plan Year in which such adopting Employer shall first elect to be covered by this Plan.

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15.08 EMPLOYER CONTRIBUTIONS: Each participating Gibbons Employer shall contribute to the Plan that Employer's share of Elective Deferral and Employer Matching Contributions according to the elections of the Participants employed by that Employer, as well as that Employer's share of Employer Profit Sharing Contributions and Davis-Bacon Contributions, as determined by the Plan Administrator. At the election of the Plan Sponsor Davis-Bacon Contributions may be made solely by the Plan Sponsor or other designated Gibbons Employer and charged back to the other Gibbons Employers.

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ARTICLE XVI

PLAN AMENDMENT OR MERGER

16.01 POWER TO AMEND: The Plan Sponsor reserves the power to amend, alter, or wholly revise the Plan, prospectively or retrospectively, at any time, and the interest of every Participant is subject to the power so reserved.

16.02 LIMITATIONS ON AMENDMENTS: Upon execution of any amendment, the Employer, Plan Administrator, Trustees, Participants and their Beneficiaries shall be bound thereby; provided, however, that no amendment:

(a) Shall enlarge the duties or responsibilities of the Plan Administrator or Trustee without its consent; or

(b) Shall cause any part of the assets contributed to the Plan to be diverted to any use or purpose other than for the exclusive benefit of the Participants and their Beneficiaries (including the reasonable cost of administering the Plan) prior to the satisfaction of all liabilities (Fixed and contingent) under the Plan to Participants and their Beneficiaries; or

(c) Shall reduce the vesting percentage of any Participant, Former Participant, or Beneficiary; or

(d) Shall reduce or restrict the Account Balance of any Participant, Former Participant or Beneficiary; or

(e) Shall eliminate an optional form of benefit, with respect to benefits attributable to service before the amendment.

Notwithstanding the above, any amendment may be made which may be or become necessary in order that the Plan will conform to the requirements of Code
Section 401(a), or of any generally similar successor provision, or in order that all of the provisions of the Plan will conform to all valid requirements of applicable federal and state laws.

16.03 METHOD OF AMENDMENT: Each amendment shall be stated in an instrument in writing signed in the name of the Plan Sponsor by its Corporate President or Vice-President or other duly authorized corporate officer, or by any other individual duly authorized by its Board of Directors, whether retroactive or prospective.

16.04 NOTICE OF AMENDMENT: Written notice of each amendment shall be given promptly by the Plan Sponsor to any other Employers, the Plan Administrator and the Trustee.

16.05 MERGER OR CONSOLIDATION: This Plan and Trust may be merged or consolidated with, or its assets or liabilities may be transferred to, any other plan only if the benefits which would be received by

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each Participant of this Plan, in the event of a termination of the Plan immediately after such merger, consolidation or transfer, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the merger, consolidation or transfer. The Trustee possesses the specific authority to enter into merger agreements or direct transfer of assets agreements with the Trustees of other retirement plans described in Code Section 401(a) and to accept the direct transfer of Plan assets, or to transfer Plan assets, as a party to any such agreement.

The Trustee may accept a direct transfer of Plan assets on behalf of an Employee prior to the date the Employee satisfies the Plan's eligibility condition(s). If the Trustee accepts such a direct transfer of Plan assets, the Advisory Committee and Trustee shall treat the Employee as a Participant for all purposes of the Plan except the Employee may not make Elective Deferral contributions under Article V nor shall the Employee share in Employer contributions or Participant forfeitures under Article VI until he actually becomes a Participant in the Plan.

The Trustee shall hold, administer and distribute the transferred assets as a part of the Trust Fund and the Trustee shall maintain a separate Predecessor Plan Account for the benefit of the Employee on whose behalf the Trustee accepted the transfer in order to reflect the value of the transferred assets.

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ARTICLE XVII

TERMINATION OR DISCONTINUANCE OF CONTRIBUTIONS

17.01 RIGHT TO TERMINATE: The Plan Sponsor may terminate the Plan at any time by a written resolution by the Board of Directors specifying the termination date. The Plan Sponsor shall promptly notify the Plan Administrator, Trustee and any other Employers of such action. Further, the Plan Sponsor shall notify all Participants and Former Participants of such action, and shall file all required reports with Federal agencies, in accordance with applicable regulations.

17.02 EFFECT OF TERMINATION: In the event of a Plan termination, the rights of all affected Participants to their Accrued Benefits as of the date of such termination shall be fully vested and shall not thereafter be subject to forfeiture, except to the extent that law or regulation may preclude such vesting in order to prohibit discrimination in favor of officers, shareholders, or highly compensated Employees. For purposes of the preceding sentence, a Participant who has terminated employment with the Employer and incurred five consecutive One Year Breaks in Service as of the termination date shall not be considered to be affected by such Plan termination, and shall be vested in his Accrued Benefit only to the extent provided in the other applicable Articles of this Plan.

17.03 MANNER OF DISTRIBUTION: In the event of a Plan termination, the Plan Administrator shall direct the Trustee to distribute the Accrued Benefits of all Participants, Former Participants, and Beneficiaries in accordance with Article IX or Article XI.

Notwithstanding the above, no payment shall be made to a Participant from his Participant Elective Deferral Account (or any other Account the contributions to which have been included in the Deferral Account for the Participant) unless or until such time as the Participant:

(a) is eligible for Retirement Benefits as provided in Article IX;

(b) Dies;

(c) Separates from the service of the Employer;

(d) Attains the age of fifty-nine and one-half (59 1/2); or

(e) Incurs a Financial Hardship.

All Elective Deferral Accounts shall be maintained by the Trustee and distributed at such time and in such manner as previously provided herein. Alternatively, the balance in such Accounts may be transferred to another plan maintained or established by the Employer which qualifies under Code Section
401(a) as provided above, but only if such other plan contains the same restrictions on the distribution of such transferred amounts as described in the preceding paragraph.

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However, the above restrictions on distributions to a Participant shall not apply in the event of:

(a) The termination of the Plan without establishment of a successor plan; or

(b) The sale or other disposition to an unrelated corporation of at least eighty-five percent (85%) of the assets of the Plan Sponsor or of an Employer used by the Plan Sponsor or Employer in its trade or business. This paragraph applies only with respect to a Participant who continues employment with the acquiring corporation; or

(c) The sale or other disposition by the Plan Sponsor or an Employer to an unrelated entity of the Plan Sponsor's or Employer's interest in a subsidiary. This paragraph applies only with respect to a Participant who continues employment with such subsidiary.

For Plan Years beginning prior to 1989, paragraphs (b) and (c) above shall apply only if the acquiring corporation or entity does not maintain the Plan.

No payment of benefits (or provisions therefor) shall actually be made by the Trustee until alter it is advised by the Employer in writing that applicable requirements, if any, of ERISA governing termination of this Plan have been, or are being, complied with or that appropriate authorizations, waivers, exemptions or variances have been, or are being, obtained. The actual payment of benefits (or provision therefor) shall be in conformity with the applicable requirements, methods and procedures, if any, of ERISA governing the termination of the Plan.

17.04 NO REVERSION: No termination or amendment of this Plan and Trust and no other action shall divert any part of the funds to any purpose other than the exclusive benefit of Participants, Former Participants or their Beneficiaries except, and notwithstanding any other provision of this Plan to the contrary, any amount held in an unallocated suspense account which cannot be allocated to any Participant due to the limitations of Article VIII may be returned to the Employer upon termination of the Plan.

17.05 TERMINATION OF AN EMPLOYER: An Employer, other than the Plan Sponsor, may terminate its participation in the Plan at any time by a written resolution by the Board of Directors specifying the termination date. The Employer shall promptly notify the Plan Sponsor, Plan Administrator and Trustee of any such action or direction. The participation of an Employer in the Plan shall also terminate in the event of a complete discontinuance of contributions by such Employer.

17.06 PARTIAL TERMINATION: A partial termination of the Plan may be deemed to have occurred if a substantial number of Participants are excluded from coverage by reason of amendment of the Plan, severance by an Employer or termination of an Employer, or if the Plan is amended to adversely affect the rights of employees to vest in benefits under the Plan or to reduce or eliminate future benefit accruals under the Plan. The determination of whether a partial termination has occurred shall be made on the basis of the facts and circumstances in a particular case.

17.07 EFFECT OF PARTIAL TERMINATION: In the event of a partial termination of the Plan, the provisions of Section 17.02 shall apply to those Participants affected by the partial termination.

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ARTICLE XVIII

FUNDING POLICY FOR PLAN BENEFITS

18.01 FUNDING METHOD: The benefits provided by this Plan shall be funded by contributions of the Employer and Participants. The contribution amount shall be determined as provided in this Plan.

18.02 INVESTMENT POLICY: This Plan has been established for the sole purpose of providing benefits to the Participants and their Beneficiaries. In determining investment directions hereunder, the Investment Committee shall take into account the advice provided by the Plan Administrator as to funding policy and the short and long-range needs of the Plan based on the evident and probable requirements of the Plan as to the time benefits shall be payable and the requirements therefor. Benefits may be provided through any combination of investment media designed to provide the requisite liquidity, growth and security appropriate to this Plan.

Benefits for Participants may be provided through any investment media offered by the Trustee or through the purchase of shares in any regulated investment company as defined in Code Section 851(a), or through any investment proper and appropriate to be made by the Trustee in accordance with Article XIV, or through any combination of such investments.

18.03 NO PURCHASE OF LIFE INSURANCE CONTRACTS: Unless authorized by the Plan Sponsor pursuant to amendment to this Article XVIII, no insurance contracts shall be purchased by the Trustee on the life of any Participant.

18.04 INVESTMENT FUND: The Employer shall contribute to an Investment Fund, which shall be established by the Trustee to provide such additional benefits, in addition to the proceeds or surrender values of any allocated annuity contracts, for Participants and their Beneficiaries provided by this Plan.

18.05 NON-TRANSFERABILITY OF ANNUITY CONTRACTS: In the event the assets of the Trust Fund include allocated annuity contracts, all incidents of ownership in such contracts may be exercised by the Trustee, as directed by the Plan Administrator, except to the extent any death benefits payable thereunder may be paid to the Beneficiary designated by the Participant. All such contracts shall provide that the owner may not change the ownership of the contract, nor may it be sold, assigned or pledged as collateral for a loan, as security for the performance of an obligation, or for any other purpose to anyone. No annuity contract held by the Trust as an investment asset may be delivered to a Participant as a distribution from the Plan.

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ARTICLE XIX

TOP-HEAVY PROVISIONS

19.01 APPLICATION: If this Plan is or becomes Top-Heavy for any Plan Year, the provisions of this Article shall supersede any conflicting provisions contained in any other Article of this Plan.

19.02 SPECIAL DEFINITIONS: For purposes of this Article and related Plan provisions, the following terms shall have the following meanings unless a different meaning is plainly required by the context:

(a) "DETERMINATION DATE" shall mean, for any plan year subsequent to the first plan year, the last day of the preceding plan year for such plan; for the first plan year of a plan, the last day of that plan year.

(b) "DETERMINATION PERIOD" shall mean the plan year containing the Determination Date and the four (4) preceding plan years for such plan.

(c) "FIVE PERCENT OWNER" shall mean:

(1) If the Employer is a corporation, any person who owns (or is considered as owning within the meaning of Code Section 318) more than five percent (5%) of the outstanding stock of the corporation or stock possessing more than five percent (5%) of the total combined voting power of all stock of the corporation.

(2) If the Employer is not a corporation, any person who owns more than five percent (5%) of the capital or profits interest in the Employer.

(d) "KEY EMPLOYEE" shall mean any Employee or former Employee (and any Beneficiary of such Employee) who at any time during the Determination Period was:

(1) An officer of the Employer during a Plan Year in which he received Top-Heavy Compensation greater than fifty percent (50%) of the amount in effect under Code Section 415(b)(1)(A) for such Plan Year. For purposes of this Paragraph, no more than fifty (50) Employees (or, if lesser, the greater of three (3) or ten percent (10%) of the number of Employees) shall be treated as officers; or

(2) One of the ten (10) Employees owning (or considered as owning within the meaning of Code Section 318) both more than one-half percent (1/2%) interest and the largest interests in the Employer during a Plan Year in which he received Top-Heavy Compensation greater than the amount in effect under Code Section
415(c)(1)(A) for such Plan Year; or

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(3) A Five Percent Owner of the Employer; or

(4) A One Percent Owner of the Employer during a plan year in which he received Top-Heavy Compensation greater than one hundred fifty thousand dollars ($150,000).

The determination of who is a Key Employee shall be made in accordance with Code Section 416(i)(1) and the Regulations thereunder. For purposes of determining who is a One Percent Owner, Five Percent Owner, or ten largest owner, the rules of Code Section 414(b), (c) and (m) shall not apply. Beneficiaries of Employees shall be treated as a Key Employee or Non-Key Employee based on the Key Employee status of such Employee; inherited benefits shall retain the Key Employee or Non-Key Employee status of the Employee.

The term "NON-KEY EMPLOYEE" shall mean any Employee or former Employee (and any Beneficiary of such Employee) who is not a Key Employee. Non-Key Employees include Employees who are former Key Employees.

(e) "ONE PERCENT OWNER" shall mean:

(1) If the Employer is a corporation, any person who owns (or is considered as owning within the meaning of Code Section 318) more than one percent (1%) of the outstanding stock of the corporation or stock possessing more than one percent (1%) of the total combined voting power of all stock of the corporation; or

(2) If the Employer is not a corporation, any person who owns more than one percent (1%) of the capital or profits interest in the Employer.

(f) "PERMISSIVE AGGREGATION GROUP" shall mean the Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code Section 401(a)(4) and 410.

(g) "PRESENT VALUE" shall mean the actuarial present value of an amount or series of amounts determined based on the Top-Heavy determination provisions of a defined benefit plan that is part of a Required Aggregation Group or Permissive Aggregation Group with this Plan.

(h) "REQUIRED AGGREGATION GROUP" shall mean:

(1) Each qualified plan of the Employer including any plan terminated within the last five years ending on the determination date, in which at least one Key Employee participates in the plan year containing the determination date, or any of the four preceding plan years; and

(2) Any other qualified plan of the Employer which enables a Plan described in Item (1) to meet the requirements of Code Section 401(a)(4) or 410.

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(i) "SUPER TOP-HEAVY": This Plan is Super Top-Heavy if the Plan would be Top-Heavy if "ninety percent (90%)" were substituted for "sixty percent (60%)" each place it appears in Subsection
(j) below.

(j) "TOP-HEAVY": This Plan is Top-Heavy if any of the following conditions apply:

(1) If the Top-Heavy Ratio for this Plan exceeds sixty percent (60%) and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(2) If this 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 Required Aggregation Group of plans exceeds sixty percent (60%).

(3) If this Plan is a part of a Permissive Aggregation Group of plans and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds sixty percent (60%).

(k) "TOP HEAVY AVERAGE MONTHLY COMPENSATION" shall mean one-twelfth (1/12th) of the average of a Participant's Top-Heavy Compensation during the five (5) consecutive Plan Years (or the total number of such years of the Participant's employment, if less than five (5)) which produces the highest average, but taking into account only Top-Heavy Compensation for years that this Plan was Top-Heavy and any years preceding a year that this Plan was Top-Heavy.

(l) "TOP-HEAVY COMPENSATION" shall have the same meaning as the term 'Compensation' defined in Section 7.01(b), but shall include contributions made by the Employer to a plan of deferred compensation otherwise excluded in Section 7.01(b).

(m) "TOP-HEAVY RATIO" shall mean and be determined as follows:

(1) If the Employer maintains one or more defined contribution plans (including any simplified employee pension plan) and the Employer has never maintained any defined benefit plan which has covered or could cover a Participant in this Plan, the Top-Heavy Ratio is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date and the denominator of which is the sum of all account balances of all Participants as of the Determination Date. Both the numerator and denominator of the Top- Heavy Ratio shall be adjusted to reflect any part of any account balance distributed in the five (5) year period ending on the Determination Date and any contribution which is due but unpaid as of the Determination Date. In the case of a defined contribution plan which is not subject to Code Section 412, the adjustment for contributions due but unpaid is generally the amount of any contributions actually made after the Top-Heavy Valuation Date but on or before the Determination Date; however, for the first plan year of such a plan, the adjustment shall also reflect the amount of any contributions made after the Top-Heavy Valuation Date that are allocated as of a date in that first plan year. In

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the case of a defined contribution plan that is subject to Code
Section 412, the account balances shall include contributions that would be allocated as of a date not later than the Determination Date, even though those amounts are not yet required to be contributed; furthermore, the adjustment for contributions due but unpaid shall reflect the amount of any contribution actually made (or due to be made) after the Top-Heavy Valuation Date but before the expiration date of the extended payment period in Code Section 412(c)(10).

(2) 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 have covered or could cover a Participant in this Plan, the Top-Heavy Ratio is a fraction, the numerator of which is the sum of account balances under the defined contribution plans for all Key Employees and the Present Value of accrued benefits under the defined benefit plans for all Key Employees, and the denominator of which is the sum of the account balances under the defined contribution plans for all Participants and the Present Value of accrued benefits under the defined benefit plans for all Participants. Both the numerator and denominator of the Top-Heavy Patio are adjusted for any part of any account balance or accrued benefit distributed in the five (5) year period ending on the Determination Date and any contribution to a defined contribution plan due but unpaid as of the Determination Date. In the case of a defined contribution plan which is not subject to Code Section 412, the adjustment for contributions due but unpaid is generally the amount of any contributions actually made alter the Top-Heavy Valuation Date but on or before the Determination Date; however, for the first plan year of such a plan, the adjustment shall also reflect the amount of any contributions made after the Top-Heavy Valuation Date that are allocated as of a date in that first plan year. In the case of a defined contribution plan that is subject to Code Section 412, the account balances shall include contributions that would be allocated as of a date not later than the Determination Date, even though those amounts are not yet required to be contributed; furthermore, the adjustment for contributions due but unpaid shall reflect the amount of any contribution actually made (or due to be made) alter the Top-Heavy Valuation Date but before the expiration date of the extended payment period in Code Section 412(c)(10).

(3) For purposes of (1) and (2) above, the value of account balances and the Present Value of accrued benefits shall be determined as of the most recent Top-Heavy Valuation Date that falls within or ends with the twelve month period ending on the Determination Date. The account balances and accrued benefits of a Participant who is not a Key Employee but who was a Key Employee in a prior year shall be disregarded. For Plan Years beginning after December 31, 1984, the account balances and accrued benefits of any Participant who has not performed any service for the Employer at any time during the five (5) year period ending on the Determination Date shall be disregarded. In the case of a defined benefit plan, the Present Value of Accrued Benefits shall not reflect any proportional subsidies and

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shall reflect any non-proportional subsidies provided by the plan. The calculations of the Top-Heavy Patio, and the extent to which distributions, rollovers and transfers are taken into account shall be made in accordance with Code Section 416 and the Regulations thereunder. In the case of unrelated rollovers and transfers: (1) the plan making the distribution or transfer shall count the distribution as part of an accrued benefit distributed; and (2) the plan accepting the rollover or transfer shall not consider the rollover or transfer as part of the accrued benefit if such rollover or transfer was accepted after December 31, 1983, and shall consider the rollover or transfer as part of the accrued benefit if such rollover or transfer was accepted prior to January 1, 1984. In the case of related rollovers and transfers, the plan making the distribution or transfer shall not count the distribution or transfer as part of an accrued benefit distributed, and the plan accepting the rollover or transfer shall count the rollover or transfer as part of the accrued benefit. Deductible employee contributions shall not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

For purposes of the above, a Participant's Accrued Benefit in a defined benefit plan shall be determined under a uniform accrual method which applies for all defined benefit plans maintained by the Employer or, if there is no such method, under the method described in Code Section 411(b)(1)(C) which provides the slowest rate of accrual.

(n) "TOP-HEAVY VALUATION DATE" shall mean the date as of which the Present Value of accrued benefits under a defined benefit plan or account balances under a defined contribution plan, which is part of a Permissive Aggregation Group or Required Aggregation Group, is determined for calculating the Top-Heavy Ratio. For a defined benefit plan, such date shall be the same as the actuarial valuation date used for computing plan costs under Code Section 412, regardless of whether an actuarial valuation is performed that year. For a defined contribution plan, such date shall be the last day of the plan year.

19.03 TOP-HEAVY MINIMUM REQUIRED ALLOCATION: For any Plan Year in which the Plan is Top-Heavy but not Super Top-Heavy:

(a) Except as otherwise provided below, the Employer contributions and forfeitures allocated on behalf of any Participant who is a Non-Key Employee shall not be less than the lesser of:

(1) three percent (3%) of such Participant's Top-Heavy Compensation; or

(2) In the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section 401 and 416(c), the largest percentage of Employer contributions and forfeitures, as a percentage of the first two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of the Key Employee's Top-Heavy Compensation, allocated on behalf of

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any Key Employee for that year. In calculating this percentage, amounts contributed by the Employer, pursuant to a salary reduction agreement, to a plan which is qualified under Code Section 401(k) shall be treated as Employer contributions.

(b) The minimum allocation shall be determined without regard to any Social Security contribution by the Employer. This minimum allocation shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of:

(1) The Participant's failure to complete one thousand
(1000) Hours of Service (or any equivalent provided in the Plan);

(2) The Participant's failure to make mandatory employee contributions to the Plan;

(3) Compensation less than a stated amount;

(4) The Employer having no Net Profits; or

(5) In the case of a plan qualified under Code Section
401(k), the Participant's failure to make elective contributions to such plan.

If a Participant is required to receive a minimum allocation under this Subsection and such amount exceeds the amount that the Participant would receive under other Plan provisions, the Employer shall make an additional contribution for such Participant. Such additional contribution shall be allocated to the Employer Contribution Account of such Participant in the same manner as regular Employer contributions, pursuant to Article VII.

(c) The provisions in Subsections (a) and (b) above shall not apply to any Participant who was not employed by the Employer on the last day of the Plan Year.

(d) The provisions in Subsections (a) and (b) above shall not apply to a Participant if such Participant is covered under a defined contribution plan designated by the Employer to provide the Top-Heavy minimum benefits, and such Participant receives an allocation of Employer contributions and forfeitures under that plan during the subject Plan Year which is at least as great as the amount otherwise required under (a) and (b) above. If the amount of Employer contributions and forfeitures allocated to such a Participant under that plan during the subject Plan Year is less than the amount required under (a) and (b) above, the amount otherwise required under (a) and (b)above shall be reduced by the amount so allocated under that plan.

19.04 SUPER TOP-HEAVY MINIMUM REQUIRED ALLOCATION: For any Plan
Year in which the Plan is Super Top-Heavy:

(a) Except as otherwise provided below, the Employer contributions and forfeitures allocated on

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behalf of any Participant who is a Non-Key Employee shall not be less than the lesser of:

(1) five percent (5%) of such Participant's Top-Heavy Compensation; or

(2) In the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section Section 401 and 416(c), the largest percentage of Employer contributions and forfeitures, as a percentage of the First two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of the Key Employee's Top-Heavy Compensation, allocated on behalf of any Key Employee for that year. In calculating this percentage, amounts contributed by the Employer, pursuant to a salary reduction agreement, to a plan which is qualified under Code Section 401(k) shall be treated as Employer contributions.

The minimum allocation shall be determined without regard to any Social Security contribution by the Employer. This minimum allocation shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of:

(1) The Participant's failure to complete one thousand (1000) Hours of Service (or any equivalent provided in the Plan);

(2) The Participant's failure to make mandatory employee contributions to the Plan;

(3) Compensation less than a stated amount;

(4) The Employer having no Net Profits; or

(5) In the case of a plan qualified under Section 401(k) of the Code, the Participant's failure to make elective contributions to such plan.

(b) If a Participant is required to receive a minimum allocation under this Subsection and such amount exceeds the amount that the Participant would receive under other Plan provisions, the Employer shall make an additional contribution for such Participant. Such additional contribution shall be allocated to the Employer Contribution Account of such Participant in the same manner as regular Employer contributions, pursuant to Article VII.

(c) The provisions in Subsections (a) and (b) above shall not apply to any Participant who was not employed by the Employer on the last day of the Plan Year.

(d) The provisions in Subsections (a) and (b) above shall not apply to a Participant if such Participant is covered under a defined contribution plan designated by the Employer to provide the Top-Heavy minimum benefits, and such Participant receives an allocation of Employer contributions and forfeitures under that plan during the subject Plan Year which is at least as great as the amount otherwise required under (a) and (b) above. If the amount of

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Employer contributions and forfeitures allocated to such a Participant under that plan during the subject Plan Year is less than the amount required under (a) and (b) above, the amount otherwise required under
(a) and (b) above shall be reduced by the amount so allocated under that plan.

19.05 NON-FORFEITABILITY OF MINIMUM TOP-HEAVY ALLOCATION: The minimum allocation of Employer contributions or forfeitures required under Sections 19.03 or 19.04 (to the extent required to be non-forfeitable under Code Section 416(b)) shall not be forfeited in the case of a suspension of benefits under Code Section 411(a)(3)(B) or a withdrawal of mandatory employee contributions under Code Section 411(a)(3)(D).

19.06 COMPENSATION LIMITATION: For any Plan Year in which the Plan is Top-Heavy, only the first two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate), of a Participant's Annual Compensation or Top-Heavy Compensation shall be taken into account for purposes of this Plan. Notwithstanding the previous sentence, no such limitation shall be imposed for purposes of Sections
5.07 and 7.01.

19.07 MINIMUM VESTING PROVISION: For any Plan Year in which this Plan is Top- Heavy, the following vesting schedules shall automatically apply to each Participant in the Plan, unless under Section 11.01 the Participant would be entitled to a larger vested benefit, in which case the vested benefit as provided in Section 11.01 shall apply to such Participant:

Employer Profit-Sharing Contribution Accounts:

Years of Vesting Service	Vesting Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Employer Matching Contribution Accounts:

Years of Vesting Service	Vesting Percentage
Less than 3	0%
3 or more	100%

These vesting schedules apply to all accrued benefits within the meaning of Code Section 411(a)(7), except those attributable to employee contributions, including benefits accrued before the effective date of Code Section 416 and benefits accrued before the Plan became Top-Heavy. Further, no reduction in vested benefits may

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occur in the event the Plan's status as Top- Heavy changes for any Plan Year and any change in the Plan's vesting schedule due to a change in Top-Heavy status shall be subject to the provision of Section 11.10. However, this
Section does not apply to the Accrued Benefit of any Employee who does not have an Hour of Service after the Plan has initially become Top-Heavy; such Employee's Vested Interest attributable to Employer contributions and forfeitures shall be determined without regard to this Section.

19.08 ADJUSTMENTS TO LIMITATIONS: For any Plan Year in which the Plan is Top-Heavy, the following adjustments shall be made to the denominators of the Defined Benefit Fraction and Defined Contribution Fraction as defined in
Section 7.01.

(a) SUPER TOP-HEAVY: In any Plan Year in which the Plan is Super Top-Heavy the denominators shall be computed by substituting "one hundred percent (100%)" for "one hundred twenty-five percent (125%)" each place it appears in such definitions.

(b) Not Super Top-Heavy: In any Plan Year in which the Plan is Top-Heavy but not Super Top-Heavy the denominators shall be computed by substituting "one hundred percent (100%)" for "one hundred twenty-five percent (123%)" each place it appears in such definitions.

19.09 PARTICIPANT ELECTIVE DEFERRALS: For Plan Years beginning and before January 1, 1989, Elective Deferrals shall be taken into account in determining the amount of Employer contributions allocated to a Participant under Sections 19.03 and 19.04 above. For Plan Years beginning after December 31, 1988, Elective Deferrals shall not be taken into account in determining the amount of Employer contributions allocated to a Participant under Sections 19.03 and 19.04 above.

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ARTICLE XX

PROVISIONS AFFECTING BENEFITS

20.01 AVAILABILITY OF LOANS: At the written election of the Plan Sponsor, the Plan may offer loans to Participants. In the event of such an election, the terms of this Section 20.01 and the succeeding Sections of this Article XX shall apply. Upon acceptance of an application by a Participant who is an active Employee, the Plan Administrator shall direct the Trustee to make a loan to the Participant from his Plan Accounts (including any Rollover Accounts), subject to the provisions of this Article. In considering a Participant's application for a loan, the Plan Administrator shall base its decision whether to grant a loan on a uniform and non-discriminatory policy, without regard to the race, color, religion, sex, age or national origin of the applicant.

20.02 LOAN ADMINISTRATION: The Employer shall prepare and adopt a written Participant Loan Administration Policy Statement, whose provisions shall be made part of this Plan. The Policy Statement shall set forth:

(a) the identity of the person or persons authorized to administer the loan program;

(b) the procedure for applying for a loan;

(c) the basis on which loans will be approved or denied;

(d) limitations, if any, on the types and amounts of loans offered;

(e) the procedure for determining a reasonable rate of interest;

(f) the types of collateral which may secure a loan; and

(g) the events constituting default and the steps to be taken to preserve plan assets in the event of a default.

20.03 AMOUNT OF LOAN: The amount of any loan to a Participant when added to the outstanding balance of any previous loans made to him pursuant to this Article or under any other qualified plan maintained by the Employer, shall not exceed the lesser of:

(a) Fifty percent (50%) of the vested balance in his Plan Accounts (including any Rollover Accounts); or

(b) $50,000, reduced by the excess (if any) of:

(1) the highest outstanding balance of loans from the plan during the 1-year period ending on the day before the date on which such loan was made, over

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(2) the outstanding balance of loans from the plan on the date on which such loan was made.

20.04 COLLATERAL REQUIREMENTS: Any loan to a Participant shall be secured solely by the balance in his Plan Account (including any Rollover Account). In the event of default on the loan, however foreclosure and attachment of such security shall not occur until a distributable event occurs under the Plan.

20.05 LOAN TERMS: Any loan made to a Participant by the Trustee shall be evidenced by a promissory note of the Participant drawn in favor of the Trust. Such note shall bear a reasonable rate of interest and shall be amortized in level installments payable at least quarterly within a specified period of time not to exceed five (5) years, unless such loan is used to acquire a dwelling unit which, within a reasonable period of time (determined at the time the loan is made), will be used as the principal residence of the Participant or Beneficiary, in which case the specified period of time shall not exceed ten (10) years.

20.06 ACCOUNTING FOR LOANS: Any loan to a Participant pursuant to this Article shall be treated as a directed investment of his Participant Accounts (excluding his Rollover Account). For purposes of allocating the general investment income of the Trust Fund pursuant to Section 6.03, the balance in his Accounts shall be treated as equal to the actual balance in the Accounts minus the outstanding balance of any loans. Furthermore, for purposes of Section 6.03, repayments of principal and interest on such loan shall be treated as deposits to the adjusted balance (determined pursuant to the preceding sentence) of his Participant Accounts.

20.07 EFFECT OF TERMINATION OF EMPLOYMENT OR PLAN: If a Participant terminates employment with the Employer for any reason, the outstanding balance of any loans made to him shall become fully payable no later than ninety (90) days following his termination of employment or, if earlier, on his Annuity Starting Date. In the event of a termination of the Plan, any outstanding loans shall be due and fully payable within ninety (90) days of the effective date of such termination, or the date the Participant or Beneficiary is notified of such termination. If the Participant or Beneficiary has not fully repaid any loan as of the date full payment is due, any unpaid balance shall be deducted from his Vested Accrued Benefit prior to determining the amount of any immediate or deferred benefit payable to the Participant or Beneficiary, his spouse or his Beneficiary and applied toward repayment of the loan.

20.08 SPOUSAL CONSENT: No loan shall be made to a Participant unless the Participant consents to the loan and acknowledges the possible reduction in Plan benefits which would occur in the event of default on the loan. No spousal consent shall be required for any loan as long as no portion of the Participant's Accrued Benefit may be distributed from the Plan in the form of an annuity. If any portion of the Participant's Accrued Benefit may be distributed in the form of an annuity, then no loan shall be made to that Participant unless the Participant and his spouse (if any) consent to such loan and acknowledge the possible reduction in Plan benefits which would occur in the event of default on the loan. Such consent and acknowledgment shall be provided in writing no earlier than ninety (90) days prior to the making of the loan and witnessed by the Plan Administrator (or representative thereof) or a Notary Public. In the event of the renegotiation, extension, renewal or other revision of the loan, a new spousal consent shall be required.

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20.09 ANTI-ALIENATION: Except as specifically provided in Sections 20.04 and 20.10, no benefit which shall be payable out of the Trust Fund to any person (including a Participant, Former Participant or Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void. No benefit shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person, nor shall it be subject to attachment or legal process for or against person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law.

20.10 QUALIFIED DOMESTIC RELATIONS ORDERS: Section 20.09 shall apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant, Former Participant or Beneficiary pursuant to a Domestic Relations Order, unless such Domestic Relations Order is determined to be a Qualified Domestic Relations Order. In the event the Plan, the Trustee, or the Plan Administrator receives a Domestic Relations Order, the Plan Administrator shall promptly notify the Participant, Former Participant or Beneficiary whose benefit is the subject of such order and provide him with the Plan's procedure for determining whether such order is a Qualified Domestic Relations Order. Unless and until said order is set aside, the following provisions shall apply:

(a) The Plan Administrator shall within a reasonable time determine whether the order is a Qualified Domestic Relations Order and shall notify the Participant, Former Participant or Beneficiary whose benefit is the subject of such order, of such determination.

(b) Until the determination is made as required by subsection (a), the Plan Administrator shall establish a separate account in the Plan in the amounts which would have been payable to a person other than as required by this Plan if it had complied with the order.

(c) If, within eighteen (18) months after the receipt of the order by the Trustee or Plan Administrator, the Plan Administrator determines that the order is a Qualified Domestic Relations Order, the Plan Administrator shall direct the Trustee and the Trustee shall pay the segregated amounts plus any other amounts to the Alternative Payee(s) named in such order in accordance with such order.

(d) If, within eighteen (18) months after the receipt of the order by the Trustee or Plan Administrator, the Plan Administrator determines that the order is not a Qualified Domestic Relations Order, the Plan Administrator shall direct the Trustee and the Trustee shall disregard the order and pay in accordance with this Plan amounts required hereunder (including segregated amounts and any interest thereon) to the person to whom the payments would have been made if there had been no such order.

(e) Notwithstanding Subsections (6), (c) and (d) above, if the Trustee or Plan Administrator was a party to the proceedings which issued the order or is otherwise bound by the order and the Trustee or Plan Administrator is ordered by such order to pay in accordance with said order, the Plan Administrator may after notice to the Participant, Former Participant or Beneficiary, direct the Trustee to and the Trustee shall, upon such direction, pay in accordance with said

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order unless the Code or ERISA prohibits such payment.

(f) If, more than eighteen (18) months after the receipt of the order by the Trustee or Plan Administrator, a determination is made that such order is a Qualified Domestic Relations Order, the Plan Administrator shall direct the Trustee and the Trustee shall pay such amounts to the Alternate Payee(s) named in such order in accordance with such order, but only with respect to amounts which are payable after the date such determination is made.

(g) The Plan Administrator shall establish reasonable procedures to determine whether an order received by it or the Trustee is a Qualified Domestic Relations Order and to administer distributions pursuant to said order.

(h) Nothing in this Section 20.10 shall be deemed to allow payment under a Qualified Domestic Relations Order to an Alternate Payee of any benefit prior to the first day of the month following the date the Participant or Former Participant whose benefits are subject to the QDRO terminates employment or attains age fifty (50).

20.11 QDRO DEFINITIONS: For purposes of Section 20.10 the following definitions and rules shall apply:

(a) "ALTERNATE PAYEE" shall mean any spouse, former spouse, child or other dependent of a Participant or Former Participant who is recognized by a Qualified Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under this Plan with respect to such Participant or Former Participant.

(b) "DOMESTIC RELATIONS ORDER" shall mean any judgment, decree, or order (including approval of a property settlement agreement) which:

(1) relates to the provision of child support, alimony payments, or marital property rights to a spouse, child, or other dependent of a Participant or Former Participant and

(2) is made pursuant to a state domestic relations law (including a community property law).

(c) "QUALIFIED DOMESTIC RELATIONS ORDER" shall mean any Domestic Relations Order which meets the following requirements:

(1) Creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable with respect to a Participant or Former Participant under this Plan;

(2) Specifies the name and the last known mailing address (if any) of the Participant or Former Participant and the name and mailing address of each Alternate Payee covered by the order;

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(3) Specifies the amount or percentage of the Participant's or Former Participant's benefits to be paid to each Alternate Payee therein named, or the manner in which such amount or percentage is to be determined;

(4) Specifies the number of payments or period to which such order applies;

(5) Specifies each plan to which such order applies;

(6) Does not require this Plan to provide any type or form of benefit, or any option, not otherwise provided under this Plan;

(7) Does not require this Plan to provide increased benefits (determined on the basis of actuarial value); and

(8) Does not require the payment of benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another judgment, decree, or order previously determined to be a Qualified Domestic Relations Order.

20.12 ADDITIONAL QDRO RULES: The following additional rules shall apply to the determination and application of any Domestic Relations Order.

(a) A Domestic Relations Order shall not be treated as failing to satisfy the requirements of Section 20.11 solely because such Domestic Relations Order requires that payment of benefits be made to an Alternate Payee:

(1) On or after the date on which the Participant or Former Participant attains (or would have attained) his Earliest Retirement Age;

(2) As if the Participant or Former Participant had retired on the date on which such payment is to begin under such order (but taking into account only the Actuarial Equivalent value of the benefits actually accrued and not taking into account the Actuarial Equivalent value of any Employer subsidy for early retirement): or

(3) In any form in which such benefits may be paid under this Plan to the Participant or Former Participant (other than in the form of a joint and survivor annuity with respect to the Alternate Payee and his or her subsequent spouse).

Notwithstanding the foregoing, if the Participant dies before attaining his Earliest Retirement Age, benefits shall be paid to the Alternate Payee only if the order requires survivor benefits to be paid to such Alternate Payee.

(b) A Domestic Relations Order shall not be treated as failing to meet the requirements of Section 20.11(c)(2) merely because the Domestic Relations Order does not specify the current mailing address of the Participant or Former Participant or Alternate Payee, if the

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Plan Administrator has reason to know such address or addresses independently of the Domestic Relations Order.

(c) A Domestic Relations Order shall not be treated as failing to meet the requirements of Section 20.11(c) merely because the Domestic Relations Order provides that survivor benefits required to be paid to a spouse be paid to an Alternate Payee who is a former spouse of the Participant or Former Participant and who was married to such Participant or Former Participant for at least one (1) year.

(d) No Domestic Relations Order entered before January 1, 1985 shall be treated as a Qualified Domestic Relations Order except that:

(1) If the Trust is paying benefits on January 1, 1985 pursuant to a Domestic Relations Order which complies with Section 20.11(c), then such order shall be deemed a Qualified Domestic Relations Order; and

(2) The Plan Administrator may, in its sole discretion, treat any order entered before January 1, 1985 as a Qualified Domestic Relations Order even though such order does not comply with the requirements of
Section 20.11(c).

(e) To the extent provided in any Qualified Domestic Relations Order, the former spouse of a Participant shall be treated as a surviving spouse for purposes of this Plan.

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ARTICLE XXI

MULTIPLE EMPLOYER PROVISIONS

21.01 ADOPTION BY OTHER GIBBONS EMPLOYERS: With the consent of the Sponsoring Employer and by a properly executed document evidencing the intent and will of the adopting Gibbons Employer, any other Gibbons Employer may adopt this Plan and all of the provisions hereof and participate herein and be known as a Participating Employer.

21.02 REQUIREMENTS OF PARTICIPATING GIBBONS EMPLOYERS:

(a) Each Participating Gibbons Employer shall be required to use the Trustee determined by the Plan Sponsor or Plan Administrator.

(b) The Trustee may, but shall not be required to, commingle, hold and invest as one Trust Fund all contributions made by Participating Gibbons Employers, as well as all increments thereof. The assets of the Plan shall, on an ongoing basis, be available to pay benefits to all Participants and Beneficiaries under the Plan without regard to the Participating Gibbons Employer who contributed such assets.

(c) The transfer of any Participant from or to a Gibbons Employer participating in this Plan, whether he is an Employee of the Sponsoring Employer or a Participating Gibbons Employer, shall not affect the Participant's rights under the Plan, and the Participant's Accounts, as well as all accumulated service with the transferor or predecessor, shall continue to his credit.

(d) Any expenses of the Trust and Plan which are to be paid by the Employer or borne by the Trust Fund, including funding of benefits, shall be paid by each Participating Gibbons Employer in the same proportion that the total amount of the Accounts standing to the credit of all Participants employed by such Gibbons Employer bears to the total of the Accounts standing to the credit of all Participants.

21.03 DESIGNATION OF AGENT: Each Participating Gibbons Employer shall be deemed to be a part of this Plan. With respect to all of its relations with the Trustee and Plan Administrator for the purpose of this Plan, each Participating Gibbons Employer shall be deemed to have designated irrevocably the Sponsoring Employer as its agent. Unless the context of the Plan clearly indicates the contrary, the word "Employer" shall be deemed to include each Participating Gibbons Employer as related to its adoption of the Plan.

21.04 EMPLOYEE TRANSFERS: It is anticipated that an Employee may be transferred between Participating Gibbons Employers, and in the event of any transfer, the Employee involved shall carry with him all of his accumulated service and eligibility. No transfer shall effect a termination of employment

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hereunder, and the Participating Gibbons Employer to which the Employee is transferred shall thereupon become obligated hereunder with respect to such Employee in the same manner as was the Participating Gibbons Employer from whom the Employee was transferred.

21.05 AMENDMENT: The Sponsoring Employer may amend this Plan at any time without regard to whether there are Participating Gibbons Employers hereunder. No written action of a Participating Gibbons Employer shall be required to validate an amendment.

21.06 DISCONTINUANCE OF PARTICIPATION: A Participating Gibbons Employer shall be permitted to discontinue or revoke its participation in the Plan. At the time of any discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Trustee. If so directed by the Plan Administrator, the Trustee shall transfer, deliver and assign Contracts and other Fund assets allocable to the Participants of such Participating Gibbons Employer to the new Trustee as shall have been designated by the Participating Gibbons Employer. in the event that it has established a separate pension plan for its Employees. No such transfer shall be made if the result is the elimination or reduction of any Code Section
411(d)(6) protected benefits. If no successor is designated, the Trustee shall retain the assets for the Employees of the Participating Gibbons Employer pursuant to the provisions of the Plan. In no event shall any part of the corpus or income of the Trust as it relates to the Participating Gibbons Employer be used for or diverted for purposes other than for the exclusive benefit of the Employees of the Participating Gibbons Employer.

21.07 ADMINISTRATOR'S AUTHORITY: The Plan Administrator shall have authority to make any and all necessary rules or regulations, binding upon all Participating Gibbons Employers and all Participants, to effectuate the purposes of this Article.

21.08 PARTICIPATING EMPLOYER CONTRIBUTIONS: All contributions made by a Participating Gibbons Employer, as provided for in this Plan, shall be determined separately for each Participating Gibbons Employer, and shall be allocated only among Participants eligible to share who are Employees of the Participating Gibbons Employer making the contribution. The Administrator shall keep separate books and records concerning the affairs of each Participating Gibbons Employer hereunder and as to the accounts and credits of the Employees of each Participating Gibbons Employer. The Trustee may, but need not, register Contracts so as to evidence that a particular Participating Gibbons Employer is the interested Employer hereunder. In the event of an Employee transfer from one Participating Gibbons Employer to another, the employing Employer shall immediately notify the Administrator.

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ARTICLE XXII

MISCELLANEOUS

22.01 PARTICIPANT'S RIGHTS: This plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

22.02 ACTIONS CONSISTENT WITH TERMS OF PLAN: All actions taken by the Employer, Plan Administrator or Trustee with respect to Trust assets shall be in accordance with the terms of the Plan and Trust.

22.03 PERFORMANCE OF DUTIES: All parties to this Plan and Trust, or those claiming any interest hereunder, agree to perform any and all acts and execute any and all documents and papers which are necessary or desirable for carrying out this Plan and Trust or any of its provisions.

22.04 VALIDITY OF PLAN: This Plan shall be construed in a way that is consistent with ERISA and regulations thereunder, the Internal Revenue Code and regulations thereunder, and, to the extent state law has not been preempted by federal law, the laws of the State in which the Plan Sponsor has its principal office. In case any provision of this Plan shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Plan; but the Plan shall be construed and enforced as if such provision had never been included therein.

22.05 LEGAL ACTION: In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee or the Plan Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee or Plan Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

22.06 GENDER AND NUMBER: Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

22.07 UNIFORMITY: All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

22.08 HEADINGS: The headings and subheadings of this Agreement have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

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22.09 RECEIPT AND RELEASE FOR PAYMENTS: Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of this Agreement, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Employer, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or Employer.

22.10 PAYMENTS TO MINORS, INCOMPETENTS: In making a payment to or for the benefit of any minor or incompetent Participant or Beneficiary who, in the opinion of the Plan Administrator, is incapable of properly using, expending, investing, or otherwise disposing such distribution, the Plan Administrator, in his sole, absolute and uncontrolled discretion may, but need not, order the Trustee to make such distribution to a legal or natural guardian or other relative of such minor, or court appointed committee of any incompetent, or to any adult with whom such person temporarily or permanently resides; and any such guardian, committee, relative or other person shall have full authority and discretion to expend such distribution for the use and benefit of such person; and the receipt of such guardian, committee, relative or other person shall be a complete discharge to the Trustee, without any responsibility on its part or the part of the Plan Administrator to see to the application thereof.

22.11 MISSING PERSONS: Notwithstanding any provision in this Plan and Trust to the contrary, if the Plan Administrator is unable to locate any Former Participant who is entitled to benefits under this Plan within three (3) years of the date he becomes entitled to a distribution from the Trust Fund, any amounts being held for his behalf shall be forfeited and used to reduce the Employer's contributions to the Plan and Trust. The Plan Administrator shall proceed with due diligence in attempting to locate any Former Participant. Provided, however, no forfeiture shall occur until the Plan Administrator has mailed the Former Participant a notice of the benefits and the provisions of this section to his last known address, via U.S. Mail postage prepaid, return receipt requested. And, provided further, if the Former Participant is located subsequent to such forfeiture, the forfeited amount shall be reinstated and the Former Participant shall receive a distribution of his Vested Interest in accordance with the provisions of the Plan.

22.12 TRANSFER OF INTEREST: Notwithstanding any other provision contained in this Plan, the Trustee at the direction of the Plan Administrator shall transfer the lump sum amount otherwise payable to a Participant or Former Participant to another trust forming part of a pension, profit sharing, or stock bonus plan maintained by such Participant's new employer and represented by said employer in writing as meeting the requirements of Code Section 401(a) provided that the trust to which such transfers are made permits the transfer to be made.

22.13 PROHIBITION AGAINST DIVERSION OF FUNDS: It shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Former Participants or their Beneficiaries, except as provided in Sections 17.04 and 21.19.

22.14 PERIOD OF THE TRUST: If it shall be determined that the applicable State law requires a

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limitation on the period during which this Trust shall continue, then such Trust shall not continue for a period longer than twenty-one (21) years following the death of the last of those Participants, including future Participants, who are living at the Effective Date hereof. At least one hundred eighty (180) days prior to the end of the twenty-first (21st) year as described in the first sentence of this Section, the Plan Sponsor, the Plan Administrator and the Trustee shall provide for the establishment of a successor Trust and transfer of Plan assets to the Trustee of such successor Trust. If applicable State law places no such limitation, then this Section shall not be operative.

22.15 APPLICABILITY OF PLAN: The provisions of this Plan shall apply only to persons who are or who become Participants in this Plan on or after the Effective Date or with respect to Plan provisions with alternate effective dates, such alternate dates. Except as specifically provided in this Plan, the provisions of the Prior Plan will continue to apply to persons who are Former Participants or who are not employed by a Gibbons Employer on the Effective Date or as applicable, alternate effective dates, unless and until such time as such persons may again become Participants in this Plan.

22.16 MISSTATEMENT OF AGE: If a Participant or Beneficiary mistakes or misrepresents his Age, date of birth or any other material information to the Employer, Plan Administrator or Trustee, the amount, terms and conditions of any benefits payable from the Plan which are attributable to periods prior to the discovery of such misstatement or misrepresentation shall be limited to the lesser (or more restrictive) of: the amount, terms and conditions determined based on the misstated information; or the amount, terms and conditions determined based on the correct information. The Plan Administrator shall have sole and absolute authority for applying the preceding sentence.

22.17 RETURN OF CONTRIBUTIONS TO THE EMPLOYER: Notwithstanding any provision of this Plan to the contrary, if any contribution (or portion thereof) by the Employer to the Trust is made as a result of a mistake of fact, or if any contribution (or part thereof) by the Employer to the Trust Fund that is conditioned upon the deductibility of the contribution by the Employer under the Code is disallowed, whether by agreement within the Internal Revenue Service or by final decision of a court of competent jurisdiction, the Employer may demand repayment of the mistaken or disallowed amount. The Trustee shall return the mistaken or disallowed contribution within one (1) year following the time the mistaken contribution was made or the disallowed contribution was disallowed. Investment earnings attributable to the mistaken or disallowed amount shall not be returned, but any investment losses attributable thereto shall reduce the amount so returned.

22.18 COUNTERPARTS: This Plan and Trust may be executed in any number of counterparts, each of which shall be deemed to be an original, and the counterparts shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the Plan Sponsor has caused this Plan to be executed by its duly authorized representative and the Plan Administrator has accepted the Plan this 30th day of December, 1994.

Gibbons & Reed Company

By:

PLAN ADMINISTRATOR:

Gibbons & Reed Company

By:
Secretary//Treasurer

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FIRST AMENDMENT TO THE

GIBBONS COMPANY PROFIT SHARING
AND RETIREMENT PLAN

This Amendment to the Gibbons Company Profit Sharing and Retirement Plan (the "Plan") is made this 29th day of March, 1995, by Gibbons & Reed Company, the Sponsoring Employer of the Plan, hereinafter referred to as the "Employer."

W I T N E S S E T H:

WHEREAS, the Employer has heretofore adopted the Plan (which plan has been amended and restated in its entirety effective for Plan Years commencing on or after January 1, 1989), and

WHEREAS, the Employer has reserved the right to amend the Plan in whole or in part, and

WHEREAS, the Employer now desires to amend the Plan to conform to changes in IRS Regulations and update the Plan for submission to the IRS;

NOW THEREFORE, in consideration of the foregoing premises and mutual covenants herein contained, the Employer amends the Plan as follows:

1. The following designated Sections of the Plan are amended to read as hereinafter set forth:

2.31 "K-TEST CONTRIBUTION PERCENTAGE" shall mean the ratio (expressed as a percentage) of a Participant's K-Test Contributions for a Plan Year to the Participant's Compensation for the Plan Year. THE K-TEST CONTRIBUTION PERCENTAGE FOR A PARTICIPANT WHO IS A HIGHLY COMPENSATED EMPLOYEE SHALL BE DETERMINED BY COMBINING ALL CASH OR DEFERRED ARRANGEMENTS UNDER WHICH THE HIGHLY COMPENSATED EMPLOYEE IS ELIGIBLE TO PARTICIPATE (OTHER THAN THOSE WHICH MAY NOT BE PERMISSIVELY AGGREGATED) WITH THIS PLAN AS THOUGH THEY WERE A SINGLE ARRANGEMENT. IF A HIGHLY COMPENSATED EMPLOYEE IS ELIGIBLE TO PARTICIPATE IN THIS PLAN AND THE FAMILY AGGREGATION RULES IN SECTION 2.27 APPLY, THEN THE K-TEST CONTRIBUTION PERCENTAGE SHALL BE DETERMINED BY COMBINING THE K-TEST CONTRIBUTIONS AND COMPENSATION OF ALL ELIGIBLE FAMILY MEMBERS. For this purpose, Compensation is defined as in Section 7.01(b) of the Plan. THE K-TEST CONTRIBUTION PERCENTAGE FOR A PARTICIPANT WHO HAS MADE NO ELECTIVE DEFERRAL CONTRIBUTIONS AND WHO IS NOT CREDITED WITH ANY K-TEST CONTRIBUTIONS FOR THE PLAN YEAR SHALL BE ZERO (0).

2.32 "K-TEST CONTRIBUTIONS" shall mean, for any Plan Year, A PARTICIPANT'S ELECTIVE DEFERRALS, PLUS, IF SO ELECTED BY THE EMPLOYER, PART OR ALL OF THE QUALIFIED NON-ELECTIVE CONTRIBUTIONS AND QUALIFIED MATCHING CONTRIBUTIONS ALLOCATED TO THE PARTICIPANT FOR SUCH YEAR, provided that, any Qualified Non-Elective Contributions included as K-Test Contributions shall

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not increase the difference between the K-Test Average Contribution Percentage for Highly Compensated Employees and the K-Test Average Contribution Percentage for Non-Highly Compensated Employees; and, further provided that, no Qualified Non-Elective Contributions or Qualified Matching Contributions included as K-Test Contributions shall be included as M-Test Contributions. IN DETERMINING THE AMOUNT OF A PARTICIPANT'S ELECTIVE DEFERRALS UNDER THIS SECTION THE PLAN ADMINISTRATOR SHALL TAKE INTO ACCOUNT ELECTIVE DEFERRALS MADE BY THE PARTICIPANT UNDER ANY OTHER PLAN WHICH IS AGGREGATED WITH THIS PLAN FOR
PURPOSES OF CODE Section 401(A)(4) OR CODE Section 410(B) (OTHER THAN CODE
Section 410(B)(2)(A)(II)) AND ANY OTHER PLAN SATISFYING CODE Section 401(K)(3)
AND REG. Section 1.401(K)-1(B)(3) WHICH THE EMPLOYER ELECTS TO PERMISSIVELY AGGREGATE WITH THIS PLAN, BY TREATING ALL SUCH PLANS AND THIS PLAN AS A SINGLE PLAN.

2.36 "M-TEST CONTRIBUTION PERCENTAGE" shall mean the ratio (expressed as a percentage) of a Participant's M-Test Contributions for a Plan Year to the Participant's Compensation for the Plan Year. THE M-TEST CONTRIBUTION PERCENTAGE FOR A PARTICIPANT WHO IS A HIGHLY COMPENSATED EMPLOYEE SHALL BE DETERMINED BY COMBINING ALL PLANS SUBJECT TO CODE Section 401(M) UNDER WHICH THE HIGHLY COMPENSATED EMPLOYEE IS ELIGIBLE TO PARTICIPATE (OTHER THAN THOSE WHICH MAY NOT BE PERMISSIVELY AGGREGATED) WITH THIS PLAN AS THOUGH THEY WERE A SINGLE PLAN. IF A HIGHLY COMPENSATED EMPLOYEE IS ELIGIBLE TO PARTICIPATE IN THIS PLAN AND THE FAMILY AGGREGATION RULES IN SECTION 2.27 APPLY, THEN THE M-TEST CONTRIBUTION PERCENTAGE SHALL BE DETERMINED BY COMBINING THE M-TEST CONTRIBUTIONS AND COMPENSATION OF ALL ELIGIBLE FAMILY MEMBERS. For this purpose, Compensation is defined as in Section 7.01(b) of the Plan. THE M-TEST CONTRIBUTION PERCENTAGE FOR A PARTICIPANT WHO HAS MADE NO ELECTIVE DEFERRAL CONTRIBUTIONS AND WHO IS NOT CREDITED WITH ANY M-TEST CONTRIBUTIONS FOR THE PLAN YEAR SHALL BE ZERO (0).

2.37 "M-TEST CONTRIBUTIONS" shall mean for any Plan Year MATCHING CONTRIBUTIONS MADE PURSUANT TO SECTION 5.06 less any of the Participant's Qualified Matching Contributions included as K-Test Contributions, plus, if so elected by the Employer, PART OR ALL OF THE QUALIFIED NON-ELECTIVE CONTRIBUTIONS ALLOCATED TO THE PARTICIPANT FOR SUCH YEAR, provided that, any Qualified Non-Elective Contributions included as M-Test Contributions shall not increase the difference between the M-Test Average Contribution Percentage for Highly Compensated Employees and the M-Test Average Contribution Percentage for Non-Highly Compensated Employees; and, further provided that, NO QUALIFIED NON-ELECTIVE CONTRIBUTIONS INCLUDED AS M-TEST CONTRIBUTIONS SHALL BE INCLUDED AS K-TEST CONTRIBUTIONS. IN DETERMINING THE AMOUNT OF M-TEST CONTRIBUTIONS UNDER THIS SECTION THE PLAN ADMINISTRATOR SHALL TAKE INTO ACCOUNT ALL EMPLOYEE CONTRIBUTIONS MADE BY THE PARTICIPANT AND ALL MATCHING CONTRIBUTIONS MADE BY THE EMPLOYER UNDER ANY

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OTHER PLAN WHICH IS AGGREGATED WITH THIS PLAN FOR PURPOSES OF CODE Section 401(A)(4) OR CODE Section 410(B) (OTHER THAN CODE Section 410(B)(2)(A)(II)) AND ANY OTHER PLAN SATISFYING CODE Section 401(K)(3) AND REG. Section 1.401(K)-1(B)(3) WHICH THE EMPLOYER ELECTS TO PERMISSIVELY AGGREGATE WITH THIS PLAN, BY TREATING ALL SUCH PLANS AND THIS PLAN AS A SINGLE PLAN.

2.44 "PARTICIPANT" shall mean any ELIGIBLE Employee who HAS SATISFIED ALL OF THE AGE AND SERVICE REQUIREMENTS OF SECTION 4.01. SUCH AN EMPLOYEE SHALL BE DEEMED TO BE A PARTICIPANT IN THE PLAN FOR PURPOSES OF ANY APPLICABLE NONDISCRIMINATION TEST, INCLUDING THE K-TEST AND M-TEST DEFINED IN THIS PLAN, WITHOUT REGARD TO WHETHER HE HAS EXECUTED A SALARY REDUCTION AGREEMENT AND AGREED TO HAVE CONTRIBUTIONS MADE TO THIS PLAN THROUGH ELECTIVE DEFERRALS. A PARTICIPANT MAY NEVERTHELESS BE CONSIDERED "ACTIVE" OR "INACTIVE" DEPENDING ON WHETHER HE HAS SIGNED A SALARY REDUCTION AGREEMENT OR WHETHER HE QUALIFIES AS A DAVIS-BACON EMPLOYEE OR SALARIED EMPLOYEE.

2.49 "QUALIFIED MATCHING CONTRIBUTION" shall mean a Matching Contribution with respect to which the requirements of REG. Section 1.401(K)-1(B)(5) AND Code Section Section 401(k)(2)(B) and (C) are met.

2.50 "QUALIFIED NON-ELECTIVE CONTRIBUTION" shall mean any Employer contribution to the Plan other than a Matching Contribution with respect to which the Employee may not elect to have the contribution paid to the Employee in cash instead of being contributed to the Plan and (IF TREATED AS K-TEST CONTRIBUTIONS) THE REQUIREMENTS OF REG. Section 1.401(K)-1(B)(5) AND CODE Section Section 401(K)(2)(B) AND (C) ARE MET OR (IF TREATED AS M-TEST CONTRIBUTIONS) THE REQUIREMENTS OF REG. Section 1.401(M)-1(B)(5) ARE MET.

4.01 AGE AND SERVICE REQUIREMENTS:

(a) Effective July 1, 1993, an Eligible Employee shall SHALL BECOME A PARTICIPANT in this Plan on the first Entry Date coincident with or next following the date on which he satisfies all of the following requirements:

(i) attains the Age of twenty-one (21) years; and

(ii) completes a Year of Eligibility Service; and

(iii) is employed on the Entry Date.

(b) Effective July 1, 1993, an Eligible Employee who is also a

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Davis-Bacon Employee shall SHALL BECOME A PARTICIPANT in this Plan for the purpose of receiving allocations of Employer Davis-Bacon Contributions only, on his Employment Commencement Date or his Re-employment Commencement Date.

(c) Prior to July 1, 1993, but after the Effective Date, only an Eligible Employee who is a Salaried Employee and who on the first Entry Date coincident with or next following the date on which he satisfies all of the following requirements, SHALL BECOME A PARTICIPANT in this Plan:

(i) attains the Age of twenty-one (21) years;

(ii) completes a Year of Eligibility Service; and

(iii) is employed on the Entry Date.

(d) Prior to the Effective Date an Eligible Employee shall participate as provided in the Prior Plan.

(e) An Eligible Employee WHO BECOMES A PARTICIPANT AND WHO ALSO EXECUTES A WRITTEN SALARY REDUCTION AGREEMENT IN THE MANNER SET FORTH IN PROCEDURES ISSUED BY THE PLAN ADMINISTRATOR SHALL BE CONSIDERED TO BE AN ACTIVE PARTICIPANT. Notwithstanding the foregoing, an Eligible Employee who is also a Salaried Employee shall commence participation in the Plan as an active Participant for purposes of allocations of Employer Profit Sharing Contributions only, on the Plan Entry Date coincident with or immediately preceding the date the Salaried Employee satisfies the requirements of Section 4.01(a) or (c), as applicable. An Eligible Employee who is also a Davis-Bacon Employee shall commence participation in the Plan as an active Participant for purposes of allocations of Employer Davis-Bacon Contributions only, upon satisfaction of the requirements of Section 4.01(b). An Employee who was a Participant in the Prior Plan on the day before the Effective Date shall continue as a Participant in this Plan on that date.

4.05 RE-EMPLOYMENT AND COMMENCEMENT OF PARTICIPATION: An Employee who had met the requirements of Section 4.01(a), (b) or (c) but terminated employment prior to his Entry Date SHALL BECOME A PARTICIPANT ON THE DATE HE IS RE-EMPLOYED BY THE EMPLOYER, BUT IN NO EVENT EARLIER THAN THE ENTRY DATE HE WOULD HAVE JOINED HAD HE NOT CEASED EMPLOYMENT. AN EMPLOYEE WHO WAS A PARTICIPANT SHALL AGAIN BECOME A PARTICIPANT ON THE DATE HE IS RE-EMPLOYED BY THE EMPLOYER. THE EMPLOYEE WHO BECOMES A PARTICIPANT MAY IMMEDIATELY ELECT TO EXECUTE A SALARY DEFERRAL AGREEMENT AND COMMENCE ELECTIVE DEFERRALS, IF IT IS EXECUTED WITHIN THE TIME PERIOD SPECIFIED BY THE PLAN ADMINISTRATOR PURSUANT TO A UNIFORM AND NON-DISCRIMINATORY POLICY. IF NOT SO EXECUTED, THE PARTICIPANT MAY ELECT TO

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EXECUTE A SALARY DEFERRAL AGREEMENT AND COMMENCE ELECTIVE DEFERRALS AS OF THE FIRST DAY OF ANY SUBSEQUENT CALENDAR QUARTER THEREAFTER.

5.12 LIMITATIONS ON CONTRIBUTIONS: Notwithstanding any other provisions of this Plan, ALL contributions FOR PLAN YEARS COMMENCING AFTER DECEMBER 31, 1986, shall be subject to the following limitations:

(a) THE TOTAL AMOUNT OF A PARTICIPANT'S ELECTIVE DEFERRALS DURING ANY CALENDAR YEAR SHALL NOT EXCEED SEVEN THOUSAND DOLLARS ($7,000), WHICH AMOUNT SHALL BE INDEXED AT THE SAME TIME AND IN THE SAME MANNER AS THE DOLLAR LIMITATION FOR DEFINED BENEFIT PLANS IN CODE Section 415(B)(1)(A). FOR THIS PURPOSE A PARTICIPANT'S ELECTIVE DEFERRALS TO THIS PLAN PLUS THE PARTICIPANT'S ELECTIVE DEFERRALS PURSUANT TO ANY OTHER CODE
Section 401(K) ARRANGEMENT, ELECTIVE DEFERRALS UNDER A SIMPLIFIED EMPLOYEE PENSION PLAN AND SALARY REDUCTION CONTRIBUTIONS TO A TAX-SHELTERED ANNUITY, IRRESPECTIVE OF WHETHER THE EMPLOYER OR ANY MEMBER OF A CONTROLLED GROUP OR AFFILIATED SERVICE GROUP TO WHICH THE EMPLOYER BELONGS MAINTAINS THE ARRANGEMENT, PLAN OR ANNUITY, SHALL BE AGGREGATED.

5.14 CORRECTION OF EXCESS CONTRIBUTIONS: FOR PLAN YEARS COMMENCING AFTER DECEMBER 31, 1986, the Plan provides the following methods for correcting excess contributions as described in Section 5.13:

. . .

(b) EXCESS K-TEST CONTRIBUTIONS: The Plan Administrator shall direct the Trustee to distribute to a Participant his Excess K-Test Contribution plus income, if any, allocable thereto. Such distribution shall be designated by the Plan Administrator as a distribution of an excess contribution and shall be made after the end of the Plan Year in which the excess contribution arose and within twelve (12) months after the end of such Plan Year.

If the Employer has made a Matching Contribution attributable to any portion of the Participant's Excess K-Test Contribution distributed to the Participant pursuant to the above, the Plan Administrator shall treat such Matching Contribution in the same manner as an Excess M-Test Contribution in accordance with (c) below. FOR PLAN YEARS COMMENCING ON OR AFTER JANUARY 1, 1994, IF THE EMPLOYER HAS MADE A MATCHING CONTRIBUTION ATTRIBUTABLE TO ANY PORTION OF THE PARTICIPANT'S EXCESS K-TEST CONTRIBUTION DISTRIBUTED TO THE PARTICIPANT

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PURSUANT TO THE ABOVE, THE PLAN ADMINISTRATOR SHALL TREAT SUCH MATCHING CONTRIBUTION AS A FORFEITURE. THE FORFEITED AMOUNT SHALL BE USED TO REDUCE THE EMPLOYER'S MATCHING CONTRIBUTION OTHERWISE REQUIRED FOR THE PLAN YEAR OR FOR ANY SUBSEQUENT PLAN YEAR.

6.02 ALLOCATION OF CONTRIBUTIONS: Contributions for any period shall be credited to the Accounts of Participants in the following manner:

. . .

(b) Matching Contributions made pursuant to Section 5.06 shall be allocated on each Annual Valuation Date (and if the Employer makes Matching Contributions on a calendar quarter or other periodic basis, on the last day of each calendar quarter or other period) to each Participant's Account who satisfies the requirements of Section 6.04, in an amount equal to the percentage shown on the table in Section 5.06, but not to exceed two and one-half percent (2.50%) of the Participant's Annual Compensation for the Plan Year. If the Employer makes a Matching Contribution to the Plan at any time during the Plan Year, the two and one-half percent (2.50%) limit of this Section 6.02(b) shall not be determined by reference to Annual Compensation for the Plan Year, but by reference to Compensation (SUBJECT TO THE LIMITATIONS ON ANNUAL COMPENSATION IMPOSED UNDER SECTION 2.07) paid only during the period to which the Matching Contribution relates.

7.01 SPECIAL DEFINITIONS: EFFECTIVE FOR PLAN YEARS COMMENCING AFTER DECEMBER 31, 1986, (UNLESS A DIFFERENT DATE IS PROVIDED HEREIN) THE FOLLOWING TERMS SHALL BE DEFINED FOR PURPOSES OF THIS ARTICLE, AS FOLLOWS:

19.03 TOP-HEAVY MINIMUM REQUIRED ALLOCATION: For any Plan Year in which the Plan is Top-Heavy but not Super Top-Heavy:

(a) . . .

(2) In the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code Section Section 401 and 416(c), the largest percentage of Employer contributions and forfeitures, as a percentage of the first two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of the Key Employee's Top-Heavy Compensation, allocated on behalf of any

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Key Employee for that year. IN CALCULATING THIS PERCENTAGE ALL AMOUNTS CONTRIBUTED BY THE EMPLOYER TO THE KEY EMPLOYEE'S ELECTIVE DEFERRAL ACCOUNT PURSUANT TO A SALARY REDUCTION AGREEMENT SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1993, THE PLAN SHALL SUBSTITUTE THE AMOUNT "ONE HUNDRED FIFTY THOUSAND DOLLARS ($150,000) FOR THE AMOUNT "TWO HUNDRED THOUSAND DOLLARS ($200,000) WHEREVER IT APPEARS IN THIS SECTION. THE ONE HUNDRED FIFTY THOUSAND DOLLAR AMOUNT SHALL BE ADJUSTED EACH PLAN YEAR AS PROVIDED
IN CODE Section 401(A)(17)(B).

19.04 SUPER TOP-HEAVY MINIMUM REQUIRED ALLOCATION: For any Plan
Year in which the Plan is Super Top-Heavy:

(a) . . .

(2) In the case where the Employer has no defined benefit plan which designates this Plan to satisfy Code
Section Section 401 and 416(c), the largest percentage of Employer contributions and forfeitures, as a percentage of the first two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of the Key Employee's Top-Heavy Compensation, allocated on behalf of any Key Employee for that year. IN CALCULATING THIS PERCENTAGE ALL AMOUNTS CONTRIBUTED BY THE EMPLOYER TO THE KEY EMPLOYEE'S ELECTIVE DEFERRAL ACCOUNT PURSUANT TO A SALARY REDUCTION AGREEMENT SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1993, THE PLAN SHALL SUBSTITUTE THE AMOUNT "ONE HUNDRED FIFTY THOUSAND DOLLARS ($150,000)" FOR THE AMOUNT "TWO HUNDRED THOUSAND DOLLARS ($200,000)" WHEREVER IT APPEARS IN THIS SECTION. THE ONE HUNDRED FIFTY THOUSAND DOLLAR AMOUNT SHALL BE ADJUSTED EACH PLAN YEAR AS PROVIDED
IN CODE Section 401(A) (17)(B).

19.06 COMPENSATION LIMITATION: For any Plan Year in which the Plan is Top-Heavy, only the first two hundred thousand dollars ($200,000), (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate), of a Participant's Annual Compensation or Top-Heavy Compensation shall be taken into account for purposes of this Plan. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1993, THE PLAN SHALL SUBSTITUTE THE AMOUNT "ONE HUNDRED FIFTY THOUSAND DOLLARS ($150,000)" FOR THE AMOUNT

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"TWO HUNDRED THOUSAND DOLLARS ($200,000)" WHEREVER IT APPEARS IN THIS SECTION. THE ONE HUNDRED FIFTY THOUSAND DOLLAR AMOUNT SHALL BE ADJUSTED EACH PLAN YEAR
AS PROVIDED IN CODE Section 401(A)(17)(B).

19.09 PARTICIPANT ELECTIVE DEFERRALS: For Plan Years beginning and before January 1, 1989, Elective Deferrals MAY BE TAKEN INTO ACCOUNT IN DETERMINING UNDER SECTIONS 19.03(B) AND 19.04(B) THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE ALLOCATED TO A PARTICIPANT WHO IS A NON-KEY EMPLOYEE. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, ELECTIVE DEFERRALS SHALL NOT BE TAKEN INTO ACCOUNT IN DETERMINING UNDER SECTIONS 19.03(B) AND 19.04(B) THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE ALLOCATED TO A PARTICIPANT WHO IS A NON-KEY EMPLOYEE.

2. Except as otherwise specified in the amendments above, this Amendment shall be effective for Plan Years commencing on or after January 1, 1989, and shall apply to all employees who terminate employment on or after that date.

3. In all other respects the Plan is ratified and approved.

IN WITNESS WHEREOF, the Employer has caused this Amendment to the Plan to be duly executed as of the date and year first above written.

"EMPLOYER"

GIBBONS & REED COMPANY

By:

Its: President

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SECOND AMENDMENT TO THE

GIBBONS COMPANY PROFIT SHARING AND RETIREMENT PLAN

This Second Amendment to the Gibbons Company Profit Sharing and Retirement Plan (the "Plan") is made and entered into this 27th day of April, 1995, by Gibbons & Reed Company, the Sponsoring Employer of the Plan, hereinafter referred to as the "Employer."

W I T N E S S E T H:

WHEREAS, the Employer has heretofore entered into the Plan (which Plan has been restated and amended in its entirety effective for Plan Years commencing on or after January 1, 1989), and

WHEREAS, the Employer has reserved the right to amend the Plan in whole or in part, and

WHEREAS, the Employer desires to amend the Plan to terminate the portion of the Plan which provides benefits to employers working on projects subject to prevailing wage laws ("Davis-Bacon Benefits") and to cease benefit accruals for employees of the Employer who receive Davis-Bacon Benefits under the Plan, and

WHEREAS, the Employer desires to further amend the Plan to cease hardship withdrawals and to cease participant loans,

NOW THEREFORE, in consideration of the foregoing premises the Employer amends the Plan as follows:

1. FOR THE PURPOSE OF TERMINATING THE PORTION OF THE PLAN PROVIDING FOR DAVIS-BACON BENEFITS, THE FOLLOWING SECTIONS OF THE PLAN ARE AMENDED, EFFECTIVE AS OF MAY 31, 1995:

Section 2.02 is amended by adding an additional paragraph at the end thereof to read as follows:

From and after May 31, 1995, no Participant or Employee of Gibbons & Reed Company shall accrue any further Employer Contributions under Section 5.08 (relating to Employer Davis-Bacon Contributions). All amounts in the Davis-Bacon Accounts of Participants under the Gibbons Company Profit Sharing and Retirement Plan shall be determined and calculated as of May 31, 1995, and frozen as of that date. No Participant's Davis-Bacon Account shall be increased by any Employer contributions after May 31, 1995.

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Such Accounts shall increase only through appropriate attribution of earnings (and losses) to the Accounts under Section 6.03.

Section 5.08 is amended by adding an additional sentence at the end thereof to read as follows:

From and after May 31, 1995, the Employer shall make no further Employer Davis-Bacon Contributions under this Section 5.08.

Section 5.10 is amended by adding an additional sentence at the end thereof to read as follows:

From and after May 31, 1995, the Employer shall make no further Employer Davis-Bacon Contributions under this Section 5.10.

Section 6.04(d) is amended by adding an additional sentence at the end thereof to read as follows:

From and after May 31, 1995, no Employee or Participant shall be eligible to receive any Employer Davis-Bacon Contributions under Section 5.08.

2. FOR PURPOSES OF CEASING HARDSHIP WITHDRAWALS AND PARTICIPANT LOANS, THE FOLLOWING SECTIONS OF THE PLAN ARE AMENDED, EFFECTIVE MAY 8, 1995:

Section 8.01(d) is amended by adding an new sentence at the end thereof to read as follows:

From and after May 8, 1995, no Employee or Participant shall be eligible to receive a hardship distribution from the Plan.

Section 20.01 is amended by adding an new sentence at the end thereof to read as follows:

From and after May 8, 1995, the Plan shall not permit or make any Participant Loan.

3. IN ALL OTHER RESPECTS THE PLAN IS RATIFIED AND APPROVED.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Plan to be duly executed as of the date and year first above written.

"EMPLOYER"

GIBBONS & REED COMPANY

By:

Its:

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THIRD AMENDMENT TO
THE
GIBBONS COMPANY
PROFIT SHARING AND RETIREMENT PLAN

This Amendment to the Gibbons Company Profit Sharing and Retirement Plan (the "Plan") is made and entered into this day of 23rd day of June , 1995, by Gibbons & Reed Company, hereinafter referred to as the "Employer."

W I T N E S S E T H:

WHEREAS, the Employer has reserved the right to amend the Plan in whole or in part, and

WHEREAS, the Employer has previously acted as the Plan Sponsor of the Gibbons Company Profit Sharing and Retirement Plan (the "Plan"), in which the Gibbons Company has previously participated as a Participating Employer; and

WHEREAS, the Gibbons Company, the Employer and its affiliated entities have been recently acquired by Granite Construction Incorporated; and

WHEREAS, as a consequence of the acquisition, the Employer, as the current Plan Sponsor, and the Gibbons Company deem it to be in the best interests of the participants in the Plan and effective in promoting better Plan administration to change the Plan Sponsor of the Plan to the Gibbons Company; and

WHEREAS, the Employer, pursuant to Section 16.01 of the Plan, has reserved the right to amend the Plan in whole or in part, including the right to cease acting as Plan Sponsor, and to name the Gibbons Company as the new Plan Sponsor;

NOW THEREFORE, in consideration of the foregoing premises and mutual covenants herein contained, the Employer amends the Plan as follows:

1. Section 1.01 is amended by adding an additional paragraph to read as follows:

Effective July 1, 1995, and for all Plan Years thereafter, the Gibbons Company shall replace Gibbons & Reed Company as the "Plan Sponsor" and "Plan Administrator" of the Plan.

2. Section 2.46 is amended to read as follows:

2.46 "PLAN SPONSOR" shall mean Gibbons & Reed Company. Effective July 1, 1995, "Plan Sponsor" shall mean the Gibbons Company.

3. This Amendment shall be effective commencing July 1, 1995, and for all Plan

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Years thereafter.

4. In all other respects the Plan is ratified and approved.

IN WITNESS WHEREOF, the Employer has caused this Amendment to the Plan to be duly executed as of the date and year first above written.

"EMPLOYER"

GIBBONS & REED COMPANY

By:

Its: David H. Watts, President and CEO

ATTEST:

William E. Barton
Secretary

Acknowledged and accepted by the Gibbons Company this 23rd day of June , 1995.

GIBBONS COMPANY

By:

Its: David H. Watts, President and CEO

Attest:

William E. Barton
Secretary

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FOURTH AMENDMENT TO
THE
GIBBONS COMPANY PROFIT SHARING
AND RETIREMENT PLAN

This Fourth Amendment to the Gibbons Company Profit Sharing and Retirement Plan (the "Plan") is made and entered into this 19th day of December, 1995, by G. G. & R., Inc. (formerly known as the Gibbons Company) ("G.G.&R."), the Sponsoring Employer of the Plan.

W I T N E S S E T H:

WHEREAS, GG&R has heretofore established the Plan (which plan has been amended and restated in its entirety effective for all Plan Years commencing on or after January 1, 1989); and

WHEREAS, GG&R has reserved the right to amend the Plan in whole or in part; and

WHEREAS, GG&R now desires to amend the Plan, for the purpose of ceasing all further Elective Deferrals, Employer Matching Contributions and rollovers to the Plan;

NOW, THEREFORE, in consideration of the foregoing premises GG&R amends the Plan as follows:

1. Section 5.01 is amended by adding a new sub-paragraph (d) at the end thereof to read as follows:

(6) Effective for all payroll periods commencing after December 31, 1995, no Elective Deferral amounts shall be withheld from any Participant's compensation or contributed to the Plan by the Employer for any Participant.

2. Section 5.05 is amended by adding a new sentence at the end thereof to read as follows:

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Effective after December 31, 1995, the Plan shall not accept any rollover contribution from any Participant or Employee, regardless of whether the contribution is an "eligible rollover contribution," as defined in Code Section 401(a) (31).

3. Section 5.06 is amended by adding a new sentence at the end thereof to read as follows:

Effective after all Employer Matching Contributions are made with respect to Elective Deferrals contributed for payroll periods beginning prior to January 1, 1996, no further Employer Matching Contributions shall be made to the Plan.

4. This Amendment shall be effective as of December 1, 1995, and shall apply to the current Plan Year and all Plan Years commencing thereafter.

5. In all other respects the Plan is ratified and approved.

IN WITNESS WHEREOF, GG&R has caused this Amendment to the Plan to be duly executed as of the date and year first above written.

"EMPLOYER"

G. G. & R., Inc.

By:

Its: David H. Watts, President

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FIFTH AMENDMENT TO
THE
GIBBONS COMPANY PROFIT SHARING
AND RETIREMENT PLAN

This Fifth Amendment to the Gibbons Company Profit Sharing and Retirement Plan (the "Plan") is made and entered into this 16th day of July, 1996, by G. G. & R., Inc. ("GG&R"), the Sponsoring Employer of the Plan.

W I T N E S S E T H:

WHEREAS, GG&R has heretofore established the Plan (which plan has been amended and restated in its entirety effective for all Plan Years commencing on or after January 1, 1989);

WHEREAS, GG&R has reserved the right to amend the Plan in whole or in part;

NOW, THEREFORE, in consideration of the foregoing premises GG&R amends the Plan as follows:

1. The second paragraph of Section 5.14(b) is amended to read as follows, effective as of January 1, 1995:

If the Employer has made a Matching Contribution attributable to any portion of the Participant's Excess K-Test Contribution distributed to the Participant pursuant to the above, the Plan Administrator shall treat such Matching Contribution in the same manner as an Excess M-Test Contribution in accordance with (c) below. For the Plan Year commencing on January 1, 1994, if the Employer has made a Matching Contribution attributable to any portion of the Participant's Excess K-Test Contribution distributed to the Participant pursuant to the above, the Plan Administrator shall treat such Matching Contribution as a forfeiture. The forfeited amount shall be used to reduce the Employer's Matching Contribution otherwise required for the Plan Year.

2. Section 11.01(b) is amended by adding a new sub-paragraph at the end thereof

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to read as follows, effective as of January 1, 1996:

Each Participant who was not fully vested in his Employer Matching Contribution Account as of January 1, 1996, shall be fully vested in such Account as of such date.

3. Section 11.01(c) is amended by adding a new sub-paragraph at the end thereof to read as follows, effective as of December 31, 1995:

Each Participant who was not fully vested in his Employer Profit-Sharing Contribution Account as of December 31, 1995, shall be fully vested in such Account as of such date.

4. This Amendment shall apply with respect to the Plan Years specified above, and all Plan Years commencing thereafter.

5. In all other respects the Plan is ratified and approved.

IN WITNESS WHEREOF, GG&R has caused this Amendment to the Plan to be duly executed as of the date and year first above written.

"EMPLOYER"

G. G. & R., Inc.

By:

Its: David H. Watts, President and CEO

By:
Its: William E. Barton, Vice President & CFO

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GRANITE CONSTRUCTION INCORPORATED

KEY MANAGEMENT DEFERRED COMPENSATION PLAN

1. Introduction. The Company hereby establishes the Plan, effective as of January 1, 1996. The purpose of the Plan is to provide deferred compensation to a select group of executive employees of the Company in recognition of their contributions to the Company and its subsidiaries. This document constitutes the written instrument under which the Plan is maintained.

2. Definitions.

(a) "Account" means as to any Participant the separate account established and maintained by the Company in order to reflect his or her interest in the Plan. Each Participant's Account will reflect the allocations and earnings credited (or debited) thereto in accordance with Section 5.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Committee" means the Compensation Committee of the Company's Board of Directors.

(d) "Company" means Granite Construction Incorporated, a Delaware corporation, and any other affiliated entity that is designated from time to time by the board of directors of Granite Construction Incorporated. As to a particular Participant, "Company" refers to the corporate entity which is his or her employer. For purposes of Sections 2(c), 5 and 10, "Company" refers only to Granite Construction Incorporated.

(e) "Compensation" means "compensation" (as defined in the Company's tax-qualified retirement plans) in excess of $150,000 (as indexed under section 401(a)(17) of the Code) but not in excess of $250,000 (as indexed from time to time by the Committee).

(f) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(g) "Participant" means each employee of the Company who is designated as such from time to time by the Committee.

(h) "Plan" means the Granite Construction Incorporated Key Management Deferred Compensation Plan, as set forth in this instrument and as hereafter amended.

(i) "Plan Year" means the calendar year.

3. Eligibility To Participate. The Committee will, from time to time, designate Company employees to be Participants. Each Participant selected by the Committee must belong to a select group of management and highly compensated employees of the Company.

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4. Vesting. Each Participant will always be 100% vested in his or her Account; provided, however, that if a Participant is terminated "for cause" (as such term is defined in the Company's Ethics Policy Statement), the Participant will forfeit all amounts other than his or her own Compensation deferrals.

5. Additions To Accounts.

(a) Participant Compensation Deferrals. Each Participant may annually elect to defer the receipt of a whole percentage (up to 3% or such other percentage as may be determined by the Company's board of directors) of his or her Compensation.

(b) Company Matching Contributions. The Company will annually credit each Participant's Account with an amount equal to a percentage of the Compensation deferred by the Participant under Section 5(a), which percentage will equal the matching contribution percentage determined under the Granite Construction Profit Sharing and 401(k) Plan for such Plan Year.

(c) Discretionary Contributions. Each Plan Year the Company will credit each Participant's Account with an amount equal to a percentage of the Participant's Compensation that is equal to the total discretionary contribution percentage determined by the Company's board of directors with respect to such year for the Granite Construction Profit Sharing and 401(k) Plan and the Granite Construction Employee Stock Ownership Plan.

(d) Hypothetical Investment Experience. For each Plan Year, the balance of each Participant's Account will be credited quarterly with hypothetical earnings equal to one-quarter of the sum of the 30-day average of the Lehman Brothers long term bond index (as published in the Wall Street Journal) determined as of the December 1 of the prior Plan Year, plus 100 basis points, or as determined by the Committee.

6. Deferral Elections. Each Participant must complete a deferral form for each Plan Year with respect to which he or she wishes to defer the receipt of Compensation. To be effective, each such deferral form must satisfy the following rules:

(a) Content And Form Requirements. The deferral form must be signed and dated by the Participant, and must specify the method for distribution of the Participant's Account. A Participant's election to defer Compensation will be irrevocable and cannot be modified or amended by the Participant.

(b) Timing Of Deferral Forms. In general, a Participant's deferral form must be received by the Committee before the beginning of the Plan Year for which the Compensation is payable. However, in the case of Compensation payable with respect to the initial Plan Year, the deferral form must be received by the Committee both (i) within 30 days of the later of the date that the Company adopts the Plan or the date on which the employee is notified of his or her eligibility to participate, and (ii) before the date on which the Compensation subject to the deferral election would otherwise be paid.

7. Distribution Of Accounts.

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(a) Form Of Distributions. Subject to Sections 7(b), 7(f) and 10, each Participant will receive a distribution of the balance of his or her Account in the form specified in the Participant's election form, which may be a lump sum cash payment, or annual installments of substantially equal amounts payable over a period of years certain not to exceed ten.

(b) Rules For Installment Distributions. If, at any time after installment distributions have begun, the amount of any installment would be less than $1,000, the remainder of the Participant's Account will be distributed in a lump sum. The Committee may, in its sole discretion, accelerate the installment distribution of any Account for any reason. Participant Accounts will continue to be credited with hypothetical earnings under Section 5(d) while they are in pay status.

(c) Timing Of Distributions. Subject to Sections 7(f) and 10, the distribution of the balance of a Participant's Account will be made or begin as soon as practicable following the earliest of the following events:

o The Participant's disability, as determined under the Company's Long Term Disability Plan;

o The Participant's "retirement" under the Company's tax-qualified retirement plans; or

o The Participant's death.

(d) Timing Of Distribution To A Beneficiary. If a Participant dies before receiving the distribution of his or her Account, the distribution of such Account to his or her beneficiary will be made as previously elected by the Participant.

(e) Beneficiary Designation. Each Participant must designate a beneficiary to receive a distribution of his or her Account if the Participant dies before it is distributed to him or her. A beneficiary designation form must be signed, dated and delivered to the Committee to become effective. In the absence of a valid or effective beneficiary designation, the Participant's surviving spouse will be his or her beneficiary or, if there is no surviving spouse, the Participant's estate will be his or her beneficiary.

(f) Hardship Distributions. In the event of an unforeseeable emergency, a Participant may apply to the Committee for a distribution of part or all of his or her Account prior to the date that it would otherwise be distributed under this Section 7. If the Committee approves such an application, it will make such distribution as a lump sum cash payment.

8. Withholding. The Company will withhold from any Plan distribution all required federal, state, local and other taxes and any other payroll deductions required. Each Participant agrees as a Condition of participation in the Plan to have withheld annually from his or her salary such amounts as are necessary to satisfy his or her FICA withholding requirements.

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9. Administration. The Plan is administered and interpreted by the Committee. The Committee has delegated to the Company's Vice President and Director of Human Resources its responsibilities under the Plan. The Committee (and its delegatee) have the full and exclusive discretion to interpret and administer the Plan. All actions, interpretations and decisions of the Committee (and its delegatee) are conclusive and binding on all persons, and will be given the maximum possible deference allowed by law. The Company agrees to indemnify and hold harmless the members of the Committee and any employee to whom the Committee delegates any responsibility under the Plan.

10. Amendment Or Termination. The Company reserves the right, in its sole and unlimited discretion, to amend or terminate the Plan at any time, without prior notice to any Participant or beneficiary. Upon Plan termination, the Account of each Participant will be distributed as a lump sum cash payment as soon as practicable, without regard to Section 7 or the Participant's deferral election.

11. Claims Procedure. Any person who believes that he or she is entitled to any payment under the Plan may submit a claim in writing to the Committee. If the claim is denied (either in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice will describe any additional information needed to support the claim. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period.

12. Appeal Procedure. If a claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Committee for a review of the decision denying the claim. The claimant (or representative) then has the right to review pertinent documents and to submit issues and comments in writing. The Committee will provide written notice of its decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant will be given written notice of the reason for the delay.

13. Source Of Payments.

(a) No Plan Assets. Subject to Section 13(b), all payments under the Plan will be paid in cash from the general funds of the Company, no separate fund will be established under the Plan, and the Plan will have no assets. Any right of any person to receive any payment under the Plan is no greater than the right of any other unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to pay benefit payments in the future and is unfunded for purposes of both Title I of ERISA and the Code.

(b) Rabbi Trust. The Company will (i) establish a trust,
(ii) fund such trust in the event that it determines that a "change in control" (as defined in the trust agreement) is imminent, and (iii) arrange to have such trust assume its obligations to pay benefits under the Plan. Any trust created by the Company to assist it in meeting its obligations under the Plan will conform to the terms of the model trust as described in Revenue Ruling 92-64.

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14. Inalienability. A Participant's rights to benefits under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary.

15. Applicable Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the laws of the State of California.

16. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

17. No Employment Rights. Neither the adoption or maintenance of the Plan will be deemed to constitute a contract of employment between the Company and any employee, or to be a consideration for, or an inducement or condition of, any employment. Nothing contained in this Plan will be deemed to give an employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge, with or without cause, any employee at any time.

18. Status Of Plan As ERISA "Top Hat" Plan. The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees and will be administered and construed to effectuate this intent. Accordingly, the Plan is subject to Title I of ERISA, but is exempt from Parts 2, 3 and 4 of such Title.

Execution

IN WITNESS WHEREOF, Granite Construction Incorporated, by its duly authorized officers, has executed the Plan on the date(s) indicated below.

GRANITE CONSTRUCTION INCORPORATED

By: David H. Watts

Its: President

Dated 6-12-96

By: Michael Futch

Its: Vice President

Dated 6-12-96

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GRANITE CONSTRUCTION INCORPORATED

KEY MANAGEMENT DEFERRED INCENTIVE COMPENSATION PLAN

1. Introduction. The Company hereby establishes the Plan, effective as of January 1, 1996. The purpose of the Plan is to provide deferred compensation to a select group of executive employees of the Company in recognition of their contributions to the Company and its subsidiaries. This document constitutes the written instrument under which the Plan is maintained.

2. Definitions.

(a) "Account" means as to any Participant the separate account established and maintained by the Company in order to reflect his or her interest in the Plan. Each Participant's Account will reflect the allocations and earnings credited (or debited) thereto in accordance with Section 5.

(b) "Code" means the Internal Revenue Code of 1986, as amended.

(c) "Committee" means the Compensation Committee of the Company's Board of Directors.

(d) "Company" means Granite Construction Incorporated, a Delaware corporation, and any other affiliated entity that is designated from time to time by the board of directors of Granite Construction Incorporated. As to a particular Participant, "Company" refers to the corporate entity which is his or her employer. For purposes of Sections 2(c) and 10, "Company" refers only to Granite Construction Incorporated.

(e) "Compensation" means the annual cash incentive compensation payable to a Participant.

(f) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(g) "Participant" means each employee of the Company who is designated as such from time to time by the Committee.

(h) "Plan" means the Granite Construction Incorporated Key Management Deferred Incentive Compensation Plan, as set forth in this instrument and as hereafter amended

(i) "Plan Year" means the calendar year.

3. Eligibility To Participate. The Committee will, from time to time, designate Company employees to be Participants. Each Participant selected by the Committee must belong to a select group of management and highly compensated employees of the Company.

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4. Vesting. Each Participant will always be 100% vested in his or her Account; provided, however, that if a Participant is terminated "for cause" (as such term is defined in the Company's Ethics Policy Statement), the Participant will forfeit all amounts other than his or her own Compensation deferrals.

5. Additions To Accounts.

(a) Participant Compensation Deferrals. Each Participant may annually elect to defer the receipt of up to and including 100% of his or her Compensation.

(b) Hypothetical Investment Experience. For each Plan Year, the balance of each Participant's Account will be credited quarterly with hypothetical earnings equal to one-quarter of the sum of the 30-day average of the Lehman Brothers long term bond index (as published in the Wall Street Journal) determined as of the December 1 of the prior Plan Year, plus 100 basis points, or as determined by the Committee.

6. Deferral Elections. Each Participant must complete a deferral form for each Plan Year with respect to which he or she wishes to defer the receipt of Compensation. To be effective, each such deferral form must satisfy the following rules:

(a) Content And Form Requirements. The deferral form must be signed and dated by the Participant, and must specify the payment date and method for distribution of the Participant's Account. Each annual deferral must be for a minimum amount of at least $1,000, and must be for a period of at least five years. A Participant may extend (but not reduce) the length of his or her deferral period for one-year periods, so long as such extensions are made at least 12 months prior to an otherwise scheduled distribution date. A Participant's election to defer Compensation will be irrevocable and cannot be modified or amended by the Participant.

(b) Timing Of Deferral Forms. In general, a Participant's deferral form must be received by the Committee before the beginning of the Plan Year in which the Compensation is payable. However, in the case of Compensation payable with respect to the initial Plan Year, the deferral form must be received by the Committee both (i) within 30 days of the later of the date that the Company adopts the Plan or the date on which the employee is notified of his or her eligibility to participate, and (ii) before the date on which the Compensation subject to the deferral election would otherwise be paid.

7. Distribution Of Accounts.

(a) Form Of Distributions. Subject to Sections 7(b),
7(f) and 10, each Participant will receive a distribution of the balance of his or her Account in the form specified in the Participant's election form, which may be a lump sum cash payment or annual installments of substantially equal amounts payable over a period of years certain not to exceed ten years.

(b) Rules For Installment Distributions. If, at any time after installment distributions have begun, the amount of any installment would be less than $1,000, the remainder of the Participant's Account will be distributed in a lump sum. The Committee

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may, in its sole discretion, accelerate the installment distribution of any Account for any reason. Participant Accounts will continue to be credited with hypothetical earnings under Section 5(b) while they are in pay status.

(c) Timing Of Distributions. Subject to Sections 7(f) and 10, the distribution of the balance of a Participant's Account will be made or begin as soon as practicable following the earliest of the following events:

o Occurrence of the date set forth in the Participant's deferral form;

o The Participant's disability, as determined under the Company's Long Term Disability Plan;

o The Participant's "retirement" under the Company's tax-qualified retirement plans; or

o The Participant's death.

(d) Timing Of Distribution To A Beneficiary. If a Participant dies before receiving the distribution of his or her Account, the distribution of such Account to his or her beneficiary will be made as previously elected by the Participant.

(e) Beneficiary Designation. Each Participant must designate a beneficiary to receive a distribution of his or her Account if the Participant dies before it is distributed to him or her. A beneficiary designation form must be signed, dated and delivered to the Committee to become effective. In the absence of a valid or effective beneficiary designation, the Participant's surviving spouse will be his or her beneficiary or, if there is no surviving spouse, the Participant's estate will be his or her beneficiary.

(f) Hardship Distributions. In the event of an unforeseeable emergency, a Participant may apply to the Committee for a distribution of part or all of his or her Account prior to the date that it would otherwise be distributed under this Section 7. If the Committee approves such an application, it will make such distribution as a lump sum cash payment.

8. Withholding. The Company will withhold from any Plan distribution all required federal, state, local and other taxes and any other payroll deductions required. Each Participant agrees as a condition of participation in the Plan to have withheld annually from his or her salary such amounts as are necessary to satisfy his or her FICA withholding requirements.

9. Administration. The Plan is administered and interpreted by the Committee. The Committee has delegated to the Company's Vice President and Director of Human Resources its delegable responsibilities under the Plan. The Committee (and its delegatee) have the full and exclusive discretion to interpret and administer the Plan. All actions, interpretations and decisions of the Committee (and its delegatee) are conclusive and binding on all persons, and will be given the maximum possible deference allowed by law. The Company agrees to indemnify and hold harmless the members of the Committee and any

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employee to whom the Committee delegates any responsibility under the Plan.

10. Amendment Or Termination. The Company reserves the right, in its sole and unlimited discretion, to amend or terminate the Plan at any time, without prior notice to any Participant or beneficiary. Upon Plan termination, the Account of each Participant will be distributed as a lump sum cash payment as soon as practicable, without regard to Section 7 or the Participant's deferral election.

11. Claims Procedure. Any person who believes that he or she is entitled to any payment under the Plan may submit a claim in writing to the Committee. If the claim is denied (either in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice will describe any additional information needed to support the claim. The denial notice will be provided within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period.

12. Appeal Procedure. If a claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Committee for a review of the decision denying the claim. The claimant (or representative) then has the right to review pertinent documents and to submit issues and comments in writing. The Committee will provide written notice of its decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant will be given written notice of the reason for the delay.

13. Source Of Payments.

(a) No Plan Assets. Subject to Section 13(b), all payments under the Plan will be paid in cash from the general funds of the Company, no separate fund will be established under the Plan, and the Plan will have no assets. Any right of any person to receive any payment under the Plan is no greater than the right of any other unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to pay benefit payments in the future and is unfunded for purposes of both Title I of ERISA and the Code.

(b) Rabbi Trust. The Company will (i) establish a trust,
(ii) fund such trust in the event that it determines that a "change in control" (as defined in the trust agreement) is imminent, and (iii) arrange to have such trust assume its obligations to pay benefits under the Plan. Any trust created by the Company to assist it in meeting its obligations under the Plan will conform to the terms of the model trust as described in Revenue Ruling 92-64.

14. Inalienability. A Participant's rights to benefits under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary.

15. Applicable Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the laws of the State of

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California.

16. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

17. No Employment Rights. Neither the adoption or maintenance of the Plan will be deemed to constitute a contract of employment between the Company and any employee, or to be a consideration for, or an inducement or condition of, any employment. Nothing contained in this Plan will be deemed to give an employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge, with or without cause, an employee at any time.

18. Status Of Plan As ERISA "Top Hat" Plan. The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees and will be administered and construed to effectuate this intent. Accordingly, the Plan is subject to Title I of ERISA, but is exempt from Parts 2, 3 and 4 of such Title.

Execution

IN WITNESS WHEREOF, Granite Construction Incorporated, by its duly authorized officers, has executed the Plan on the date(s) indicated below.

GRANITE CONSTRUCTION INCORPORATED

By:

David H. Watts Its: President

Dated: 6-12-96

By:
Michael Futch Its: Vice President

Dated: 6-12-96

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EXHIBIT 11.1

GRANITE CONSTRUCTION INCORPORATED
COMPUTATION OF NET INCOME PER COMMON AND
COMMON EQUIVALENT SHARE
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEARS ENDED DECEMBER 31,	1996	1995	1994
Weighted average common shares outstanding	18,060	17,770	17,598
Computation of incremental outstanding shares:			
Net effect of dilutive stock options based on treasury stock method	66	50	62
Weighted average common shares outstanding, as adjusted	18,126	17,820	17,660
Net income	$ 27,348	$ 28,542	$ 19,488
Net income per common and common equivalent share	$ 1.51	$ 1.60	$ 1.10

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EXHIBIT NO. 21

LIST OF SUBSIDIARIES OF GRANITE CONSTRUCTION INCORPORATED

Subsidiary	State of Incorporation	Name Under Which Subsidiary Does Business
Granite Construction Company	California	Granite Construction Company
GILC Incorporated	California	GILC Incorporated

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ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF INCOME, AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K, DECEMBER 31, 1996.
MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD END	DEC 31 1996
CASH	38,663
SECURITIES	33,567
RECEIVABLES	124,817
ALLOWANCES	693
INVENTORY	13,493
CURRENT ASSETS	263,805
PP&E	456,891
DEPRECIATION	278,376
TOTAL ASSETS	473,045
CURRENT LIABILITIES	171,263
BONDS	43,602
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	182
OTHER SE	233,423
TOTAL LIABILITY AND EQUITY	473,045
SALES	928,799
TOTAL REVENUES	928,799
CGS	818,144
TOTAL COSTS	889,731
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	4,367
INCOME PRETAX	43,409
INCOME TAX	16,061
INCOME CONTINUING	27,348
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	27,348
EPS PRIMARY	1.51
EPS DILUTED	1.51

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