

# Summary Plan Description

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Prepared for

**Waco, Inc. 401(k) Retirement &  
Savings Plan**

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## INTRODUCTION

Waco, Inc. has restated the Waco, Inc. 401(k) Retirement & Savings Plan to help you and other employees save for retirement.

Your Employer has restated the Plan by signing a complex legal agreement - the Plan document - which contains all of the provisions that the Internal Revenue Service (IRS) requires. The Plan document must follow certain federal laws and regulations that apply to retirement plans. The Plan document may change when new or revised laws or regulations take effect. Your Employer also has the right to modify certain features of the Plan from time to time. You will be notified of changes affecting your rights under the Plan.

This summary plan description (SPD) summarizes the important features of the Plan document, including your benefits and obligations under the Plan. If you want more detailed information regarding certain plan features or have questions about the information contained in this SPD, you should contact your Plan Administrator. You may also examine a copy of the plan document by making arrangements with your Plan Administrator. Certain terms in the SPD have a special meaning when used in the Plan. These terms are capitalized throughout the SPD and are defined in more detail in the DEFINITIONS section of the SPD. If there are any inconsistencies between this SPD and the Plan document, the Plan document will be followed.

Your Employer has amended and restated the Waco, Inc. 401(k) Retirement & Savings Plan, which was originally adopted 05/01/1989. The effective date of this amended Plan is 2/1/2015.

Although the Plan is generally effective 2/1/2015, you can never defer on Compensation that you receive before your pre-tax Deferral election.

## TABLE OF CONTENTS

### ELIGIBILITY

What requirements do I have to meet before I am eligible to contribute to the Plan?

What requirements do I have to meet before I am eligible for any Matching Contributions my Employer makes to the Plan?

What requirements do I have to meet before I am eligible for any Profit Sharing Contributions my Employer makes to the Plan?

Can I lose my eligibility?

### CONTRIBUTIONS (& VESTING)

What amount can I contribute to the Plan?

How do I start making contributions?

What if I don't make a specific election to contribute some of my Compensation into the Plan?

Can I change my contribution rate or stop making Deferrals after I start participating in the Plan?

What if I contribute too much to the Plan?

If I make Plan contributions, will my Employer match any of those contributions?

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Will my Employer make Profit Sharing Contributions to the Plan?  
Will my Employer make a top-heavy contribution to the Plan on my behalf?  
If I have money in other retirement plans, can I combine them with my dollars under this Plan?  
Are there any limits on how much can be contributed for me?  
Will contributions be made for me if I am called to military service?  
Will I be able to keep my employer contributions if I terminate employment?  
What happens to my nonvested percentage if I terminate employment?

#### INVESTING YOUR PLAN ACCOUNT

What investments are permitted?  
Who is responsible for selecting the investments for my account under the Plan?  
How frequently can I change my investment elections?  
What if my account contains publicly traded employer stock?

#### WITHDRAWING MONEY FROM THE PLAN (& LOANS)

Can I withdraw from the Plan while I am still employed?  
What money is available once I terminate my employment?  
How do I request a distribution?  
If I am married, does my spouse have to approve my distributions from the Plan?  
How will my money be distributed to me if I request a distribution from the Plan?  
Do any penalties or restrictions apply to my distribution?  
Can I take a loan from the Plan?  
How do I apply for a loan?  
What if I don't repay my loan?  
Will I ever be required to take my money out of the Plan?  
What if I die before receiving all of my money from the Plan?  
What happens to my benefits if I die?  
What if the Plan is terminated?

#### ADMINISTRATIVE INFORMATION & RIGHTS UNDER ERISA

Who established the Plan?  
Who is responsible for the day-to-day operations of the Plan?  
Who pays the expenses associated with operating the Plan?  
Does my Employer have the right to change the Plan?  
Does participation in the Plan provide any legal rights regarding my employment?  
Can creditors or other individuals request a distribution from my Plan balance?  
How do I file a claim?  
What if my claim is denied, in whole or in part?  
May I appeal the decision of my Plan Administrator?  
If I need to take legal action with respect to the Plan, who is the agent for service of legal process?

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If the Plan terminates, does the federal government insure my benefits under the Plan?  
What are my legal rights and protections with respect to the Plan?

## DEFINITIONS

## ELIGIBILITY

### **What requirements do I have to meet before I am eligible to contribute to the Plan?**

#### Deferrals

##### *Eligibility Requirements*

You must reach age 18 before you are eligible to defer a portion of your pay to the Plan as Deferrals.

After completing 1 year of service with the Employer you will become eligible to defer a portion of your pay to the Plan as Deferrals.

You will be credited with a year of service if you work 1000 hours during your initial eligibility measuring period. Your initial eligibility measuring period will be the 12-month period beginning with your hire date. If you do not satisfy the hours requirements during that first measuring period, you will be credited with a year of service if you work 1000 hours during the Plan Year.

You will be able to defer a portion of your pay into the Plan as Deferrals on the first day of the month on or after the day you have met all the age and service requirements.

### **What requirements do I have to meet before I am eligible for any Matching Contributions my Employer makes to the Plan?**

#### Matching Contributions

##### *Eligibility Requirements*

You must reach age 18 before you are eligible to receive Matching Contributions.

After completing 1 year of service with the Employer you will be eligible to receive Matching Contributions.

You will be credited with a year of service if you work 1000 hours during your initial eligibility measuring period. Your initial eligibility measuring period will be the 12-month period beginning with your hire date. If you do not satisfy the hours requirements during that first measuring period, you will be credited with a year of service if you work 1000 hours during the Plan Year.

You will be eligible to participate in the Plan and to receive Matching Contributions on the first day of the month on or after the day you have met all the age and service requirements.

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**What requirements do I have to meet before I am eligible for any Profit Sharing Contributions my Employer makes to the Plan?**

Profit Sharing Contributions

*Eligibility Requirements*

You must reach age 18 before you are eligible to receive Profit Sharing Contributions.

After completing 1 year of service with the Employer you will be eligible to receive Profit Sharing Contributions.

You will be credited with a year of service if you work 1000 hours during your initial eligibility measuring period. Your initial eligibility measuring period will be the 12-month period beginning with your hire date. If you do not satisfy the hours requirements during that first measuring period, you will be credited with a year of service if you work 1000 hours during the Plan Year.

You will be eligible to participate in the Plan and to receive Profit Sharing Contributions on the first day of the month on or after the day you have met all the age and service requirements.

**Can I lose my eligibility?**

Once you satisfy the eligibility requirements and enter the Plan, you will continue to participate while you are still employed by the Employer, even if you have a break in eligibility service. A break in eligibility service occurs if you do not work at least 500 hours.

If you had not yet satisfied the eligibility requirements and had a break in eligibility service, periods before your break in service will not be taken into account and you will have to satisfy the eligibility requirements following your break in service.

Periods during which you have a break in eligibility service will not count against you if you were absent because you were pregnant, had a child or adopted a child, were serving in the military, or provided service during a national emergency and reemployment is protected under federal or state law, and you return to employment within the time required by law.

After you satisfy the eligibility requirements and enter the Plan, if you terminate employment and are later rehired, you will be eligible to participate in the Plan immediately.

## **CONTRIBUTIONS (& VESTING)**

**What amount can I contribute to the Plan?**

Deferrals

You will be able to contribute a portion of your Compensation as a pre-tax Deferral once you have met the eligibility requirements and enter the Plan. The maximum dollar amount that you can contribute to the Plan each year is \$18,000 (for 2016) and includes contributions you make to other deferral plans. (for example, other 401(k) plans, salary deferral SEP plans and 403(b) tax-sheltered annuity plans). This amount will increase as the cost of living increases. Your Plan Administrator may

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further limit the amount that you can contribute to the Plan to help the Plan satisfy certain nondiscrimination requirements. Your Plan Administrator will notify you if you are a Highly Compensated Employee and are subject to any additional limits. Deferrals (and the related earnings) are always fully vested and cannot be forfeited. So if you were to leave your Employer, you would be entitled to the full Deferral balance (plus earnings).

The amount of your Compensation that you decide to defer into the Plan as a pre-tax Deferral will be contributed on a pre-tax basis. That means that, unlike the compensation that you actually receive, the pre-tax contribution (and all of the earnings accumulated while it is invested in the Plan) will not be taxed at the time it is paid by your Employer. Instead, it will be taxable to you when you withdraw it from the Plan. These contributions will reduce your taxable income each year you make a contribution but will be treated as compensation for Social Security taxes.

EXAMPLE: Assume your Compensation is \$25,000 per year. You decide to contribute five percent (5%) of your Compensation into the Plan. Your Employer will pay you \$23,750 as gross taxable income and will deposit \$1,250 (5%) into the Plan. You will not pay taxes on the \$1,250 (plus earnings on the \$1,250) until you withdraw it from the Plan.

#### Catch-up Contributions

If you are eligible to make Deferrals and you turn age 50 before the end of any calendar year, you may defer up to an extra \$6,000 each year (for 2016) into the Plan as a pre-tax contribution once you meet certain Plan limits. The maximum catch-up amount may increase as the cost of living increases.

These catch-up contributions will be eligible for Matching Contributions from your Employer. Catch-up contributions (and the related earnings) are considered Deferrals and are always fully vested. So if you were to leave your Employer, you would be entitled to the full catch-up balance (plus earnings).

#### **How do I start making contributions?**

To begin contributing a portion of your Compensation into the Plan, you must follow the procedures established by your Plan Administrator.

#### **What if I don't make a specific election to contribute some of my Compensation into the Plan?**

You are not required to contribute a portion of your Compensation into the Plan. If you elect 0% (or you simply fail to follow the procedures established by your Plan Administrator), you will not be enrolled in the Plan as a contributing Participant (i.e., none (0%) of your Compensation will be contributed into the Plan).

#### **Can I change my contribution rate or stop making Deferrals after I start participating in the Plan?**

You may change the amount you are deferring into the Plan or stop making Deferrals altogether at the times determined by your Plan Administrator.

If you decide to stop making Deferrals to the Plan, you may choose to begin deferring again at the times determined by your Plan Administrator.

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**What if I contribute too much to the Plan?**

If you contribute too much to the Plan as a Deferral, you must take the excess amount (plus any earnings on the excess) out of the Plan by 4/15 of the year following the year the money was contributed to the Plan. You must notify your Plan Administrator, in writing, of the excess amount by 3/1 and request that it be removed. The excess amount is taxable to you in the year you contributed it to the Plan. If you do not remove it by the deadline, additional taxes will apply.

If you are a Highly Compensated Employee, the Deferrals that you and all other Highly Compensated Employees contribute to the Plan will be compared with the Deferrals of employees who are not highly compensated. If Deferrals of the Highly Compensated Employees exceed certain limits, a portion of your Deferrals may have to be returned to you. Your Plan Administrator will notify you if you are affected by these rules.

**If I make Plan contributions, will my Employer match any of those contributions?**Matching Contributions

Each year that you contribute a portion of your Compensation into the Plan as an Elective Deferral your Employer may make a contribution to the Plan as a Matching Contribution on your behalf. The amount of the Matching Contribution will be determined each year by your Employer.

**Will my Employer make Profit Sharing Contributions to the Plan?**

The Employer may make Profit Sharing Contributions to the Plan in the years and in the amounts determined each year by the managing body of your Employer.

To qualify to receive a Profit Sharing Contribution, you must satisfy the eligibility requirements for Profit Sharing Contributions and must also work at least 1000 Hours of Service during the Plan Year and be employed on the last day of the Plan Year.

The Hours of Service requirement will not apply, however, if any of the following occur.

- You die.
- You terminate employment after becoming Disabled.
- You terminate employment after reaching Normal Retirement Age.

The last day requirement will not apply, however, if any of the following occur.

- You die.
- You terminate employment after becoming Disabled.
- You terminate employment after reaching Normal Retirement Age.

The Profit Sharing Contribution made by your Employer will be allocated using a pro rata formula. Under this formula your

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Employer's contribution is divided among all eligible Plan Participants based on their Compensation as compared to all eligible Participants' Compensation.

**Will my Employer make a top-heavy contribution to the Plan on my behalf?**

If more than 60 percent of the assets in the Plan are held by Key Employees, your Employer may need to make an additional contribution for Participants who are not Key Employees.

**If I have money in other retirement plans, can I combine them with my dollars under this Plan?**

Rollovers

Your Employer may allow you to roll over dollars you have saved in other retirement arrangements into this Plan even though you have not met the eligibility requirements to participate in the Plan. Your Plan Administrator will provide you with the information to determine whether your prior plan balance is qualified to be rolled into this Plan.

The Plan will accept amounts directly rolled over from the prior plan to this Plan *excluding* Roth Deferrals and *including* Nondeductible Employee Contributions if the prior plan was a:

- qualified retirement plan (e.g., 401(k) plan, profit sharing plan, money purchase pension plan, target benefit plan)
- Traditional IRA (pre-tax dollars only)
- government 457 plan
- 403(b) annuity plan

The Plan will accept amounts indirectly rolled over from the prior plan to this Plan *excluding* Roth Deferrals if the prior plan was a:

- qualified retirement plan (e.g., 401(k) plan, profit sharing plan, money purchase pension plan, target benefit plan)
- Traditional IRA (pre-tax dollars only)
- government 457 plan
- 403(b) annuity plan

Transfers

Your Employer may allow you to transfer dollars you have saved in other retirement arrangements into this Plan (elective transfers). Your Plan Administrator will provide you with the information to determine whether your prior plan balance is eligible to be transferred.

Rollover and Transfer contributions are always 100 percent vested and nonforfeitable.

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**Are there any limits on how much can be contributed for me?**

In addition to the Deferral limit described previously, you may not have total contributions of more than \$53,000 (for 2016) or an amount more than 100% of your Compensation, whichever is less, allocated to the Plan for your benefit each year. The \$53,000 limit will be increased as the cost of living increases.

**Will contributions be made for me if I am called to military service?**

If you are reemployed by your Employer after completing military service, you may be entitled to receive certain make-up contributions from your Employer.

Since the Plan permits Deferrals, you may also have the option of making up missed employee contributions and receiving a Matching Contribution on these contributions.

If you are reemployed after military service, contact your Plan Administrator for more information about your options under the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994.

**Will I be able to keep my employer contributions if I terminate employment?**

Profit Sharing Contributions and Matching Contributions are subject to a vesting schedule and could be forfeited if you terminate your employment. You will earn the right to a greater portion of your Profit Sharing and Matching Contributions the longer you work for your Employer. Generally, all of your years of service with the Employer count toward determining your vested percentage.

You must work at least 1000 hours during each Plan Year to earn a year of vesting service.

If you are on active duty with the uniformed services for a period of more than 30 days, and are unable to return to employment due to death or disability incurred while on active duty, the time you spent on active duty will be taken into account in determining the vested portion of your account.

The following vesting schedule applies to Profit Sharing and Matching Contributions.

YEARS OF VESTING SERVICE	VESTED PERCENTAGE
Less than One	0%
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

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Example: You have worked for your Employer four (4) years and have received Employer Contributions of \$1,000. You terminate employment and request a distribution of your Employer's Contributions. Because you have four (4) years of vesting service, you will receive 60% or \$600.

Although your Employer has adopted a vesting schedule, your balance will become 100 percent vested when:

- you reach Normal Retirement Age
- the Plan is terminated or contributions to the Plan are discontinued
- you die
- you incur a disability

**What happens to my nonvested percentage if I terminate employment?**

If you terminate employment, you will always retain the right to the vested portion of your Plan balance. If you do not take a distribution, the nonvested portion of your Plan balance will be placed in a suspense account and will be restored to you if you are rehired before five one-year breaks in vesting service have occurred. To avoid a break in vesting service, you must work more than 500 hours during any Plan Year.

If you decide to take a distribution of the entire vested portion of your balance, your nonvested portion will be forfeited and may be used to pay the Plan's administrative expenses. Forfeitures may also be used to reduce future employer contributions to the Plan.

If you are rehired before five one-year breaks in vesting service occur, your forfeited amount will be restored if you repay to the Plan the full amount of your distribution.

## **INVESTING YOUR PLAN ACCOUNT**

**What investments are permitted?**

Your Plan Administrator (or someone appointed by your Employer) will select a list of investments that will be available under the Plan. The list of Plan investments may change from time to time as your Plan Administrator considers appropriate investment alternatives.

You may invest in any investments that are administratively feasible for the Plan to hold. Contact your Plan Administrator if you are not certain whether a particular investment is permitted under the Plan. You should carefully review the prospectus or other available information before making your investment selections.

Life insurance investments will not be available under the Plan.

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**Who is responsible for selecting the investments for my account under the Plan?**

Your Plan Administrator will permit you to select the investments for your entire account under the Plan. Your Plan Administrator will establish administrative procedures that you must follow to select your investments. Contact your Plan Administrator if you are not certain whether a particular investment is permitted under the Plan. If you do not select investments for your Plan account, the Plan Administrator will determine how your account will be invested.

Your Employer intends to operate this Plan in compliance with the requirements for Participant investment direction in Section 404(c) of the Employee Retirement Income Security Act (ERISA), and Title 29 of the Code of Federal Regulations Section 2550.404c-1. This means that your Plan Administrator and others in charge of the Plan will not be responsible for any losses that result from investment instructions given by you or your beneficiary.

**How frequently can I change my investment elections?**

You may change your investment selections at times designated by your Plan Administrator.

**What if my account contains publicly traded employer stock?**

If your account contains publicly traded employer stock, you are able to change your investments in employer stock held within your account. This rule allows you to invest your account in a broader range of investments that are offered by your Employer, which may help you to increase your earnings and/or lessen your risk. If the Plan previously placed restrictions on selling the employer stock held in your account, please review the Notice of Right to Diversify Employer Securities you previously received or ask your Plan Administrator for a copy if you did not receive one. If you have additional questions, please ask your Plan Administrator for more information.

**WITHDRAWING MONEY FROM THE PLAN (& LOANS)**

The Plan may contain assets that are subject to additional restrictions or requirements (e.g., if you have Plan assets that are transferred from a money purchase pension plan) or are not specifically addressed in this section. Please contact your Plan Administrator for information regarding these assets.

**Can I withdraw from the Plan while I am still employed?**In-Service Distributions

You may take a distribution at any time from the following accounts within your Plan.

- Rollover contributions

You may take a distribution from your transfer contributions at the same time your Profit Sharing Contributions are available for withdrawal.

You may take a distribution of your pre-tax Deferrals while you are still employed but only after you reach age 59.5.

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You may take a distribution of your pre-tax Deferrals while you are still employed but only after you reach Normal Retirement Age. (Note: you will not be able to take a distribution of your pre-tax Deferrals until age 59.5 if Normal Retirement Age is younger than age 59.5.)

You may take a distribution from the Deferrals, Matching Contributions, and/or Profit Sharing Contributions in your Plan account if you become Disabled.

You may take a distribution of Matching Contributions at the times listed below, even if you are still employed by the Employer.

- When you reach age 59.5
- When you reach Normal Retirement Age

You may take a distribution of Profit Sharing Contributions at the times listed below, even if you are still employed by the Employer.

- When you reach age 59.5
- When you reach Normal Retirement Age

If you are eligible to receive an in-service withdrawal of Matching Contributions and Profit Sharing Contributions, you may take unlimited in-service withdrawals while you are still employed by your Employer.

If you are on active duty in the uniformed services for a period of more than 30 days, you may take a distribution of your Deferrals from the Plan without severing from employment with your Employer. But, if you choose to take distributions under this provision, you will not be permitted to make Deferrals to the Plan during the six-month period beginning on the date of the distribution.

You may be able to take a penalty-free distribution from your Deferrals if you were called to active military duty after September 11, 2001. In order to qualify for these penalty-free distributions, you must have been ordered or called to active duty for a period of at least 180 days (or for an indefinite period), and your distribution must have been taken after you were called to duty and before your active duty ended.

#### Hardship

If you have a financial hardship, you may take a distribution from your

- pre-tax Deferrals
- Matching Contributions

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- Profit Sharing Contributions

The types of expenses that qualify for a hardship distribution include

- unreimbursed medical expenses for you, your spouse, or your dependents;
- payment to purchase your principal residence;
- post-secondary tuition and education-related expenses for you, your spouse, or your dependents;
- payments to prevent eviction from your principal residence;
- funeral expenses for your parent, your spouse, or your dependents;
- payments to repair your principal residence that would qualify for a casualty loss deduction.

Before you take a hardship distribution, you must take all other distributions and all nontaxable loans available to you under the Plan. If you take a hardship distribution of Deferrals, you will not be eligible to make Deferrals for the next six months. If you are under age 59.5, the amount you take out of the Plan as a hardship distribution will be subject to a 10 percent penalty tax.

**What money is available once I terminate my employment?**

Once you are no longer working for your Employer, you may take a distribution of the vested portion of all of the following types of contributions to the Plan.

- Deferrals
- Matching Contributions and/or Profit Sharing Contributions
- Rollover contributions
- Transfer contributions

**How do I request a distribution?**

You must follow the procedures established by your Plan Administrator.

If you are taking a hardship distribution, you must provide verification that you have a hardship event that qualifies for a Plan distribution.

If you die, become Disabled, or reach Normal Retirement Age and you qualify for and request a distribution, your distribution will be made as soon as administratively feasible after the date you (or your beneficiary in the case of your death) request it.

If you terminate employment and you qualify for and request a distribution, your distribution will be made as soon as

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administratively feasible after the date you (or your beneficiary in the case of your death) request it.

**If I am married, does my spouse have to approve my distributions from the Plan?**

Generally, you are not required to get consent from your spouse in order to take a distribution or loan from the Plan.

**How will my money be distributed to me if I request a distribution from the Plan?**

You may choose from the following options for your distribution.

- Lump sum
- Partial payments (payments of a portion of your account that are not regularly scheduled)

**Do any penalties or restrictions apply to my distribution?**

Generally, if you take a distribution from the Plan before you are age 59.5, a 10 percent early distribution penalty will apply to the taxable portion of your distribution. There are some exceptions to the 10 percent penalty. Your tax adviser can assist you in determining whether you qualify for a penalty exception.

If your distribution is eligible to be rolled over and you choose to take the distribution rather than roll over the amount, 20 percent of the distribution must be withheld and remitted to the IRS as a credit toward the taxes you will owe on the distribution amount.

EXAMPLE: You request a \$10,000 distribution from your account balance. If the amount is eligible to be rolled over to another plan, but you choose not to roll it over, you will receive \$8,000 and \$2,000 will be remitted to the IRS.

If you have made Roth Deferrals into the Plan, each distribution will consist of a portion of your Roth Deferrals and a portion of the earnings attributable to the Roth Deferrals (which have not been taxed). The earnings will be included in income and generally subject to the 10% early distribution penalty unless you are eligible to take a qualified Roth distribution. You may take a qualified Roth distribution only if at least five years have passed since you first began making Roth Deferrals and you take the distribution because you reach age 59½, you become Disabled, or you die and the payment is being made to your beneficiary.

**Can I take a loan from the Plan?**

Although the Plan is designed primarily to help you save for retirement, you may take a loan from the Plan as outlined below.

You will be permitted to have only one loan outstanding at any time and the maximum loan amount available to you will be \$50,000 (reduced by the highest outstanding loan balance in the previous 12 months) or one-half of your vested account balance in the Plan (reduced by the current outstanding loan balance, if any), whichever is less.

No loans will be issued for less than \$1000.

You will not be permitted to take loans from your

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- Roth Deferrals

You will be able to take a loan from only those accounts invested in mutual funds.

The effective date of the loan program is 05/01/1989.

**How do I apply for a loan?**

To apply for a loan you must complete and submit the loan application provided (or approved) by your loan administrator and pay any applicable loan fees. Your loan administrator is the Plan Administrator. You can contact your loan administrator at 5450 Lewis Road, Sandston, VA 23150.

Your loan administrator will administer the loan program and will consider the vested portion of your account when reviewing your loan request. The interest rate for your loan will be computed using the prime rate (as specified in the Wall Street Journal) plus 1%.

**What if I don't repay my loan?**

You will be required to repay the loan amount (plus interest) to the Plan. If you default on the loan, you will be taxed on the amount of the outstanding loan balance and will generally be subject to a 10 percent penalty if you are under age 59.5. In addition, your Plan Administrator has the right to foreclose its security interest in the portion of your vested account under the Plan that you pledged as security for the loan, when an event allowing a Plan distribution occurs. The following events will cause a loan default:

- Not repaying your loan as required in your loan agreement
- Breaching any of your obligations under your loan agreement
- Terminating employment

If you fail to make your scheduled loan payments you will have until the end of the calendar quarter following the calendar quarter in which the default occurred to make up the missed payments and avoid a loan default.

If you terminate employment while you have a loan, you must repay the loan immediately to avoid a loan default.

**Will I ever be required to take my money out of the Plan?**

How long you can leave your money in the Plan depends on the amount you have in the Plan and whether you are still employed.

Balance of \$1,000 or less

If your vested balance at the time you terminate from employment is \$1,000 or less, you must take it out of the Plan when you terminate employment. If you do not tell your Plan Administrator what to do with your account in the Plan (e.g., roll it over to

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an individual retirement arrangement (IRA)), your Plan Administrator will distribute your Plan account as a lump sum.

Balance between \$1,000 and \$5,000

If your vested account balance is between \$1,000 and \$5,000, you must take it out of the Plan when you terminate employment or your Plan Administrator will roll it over to an IRA that is established for you.

The amount distributed and rolled over into an IRA by the Plan Administrator (and not authorized by you) will be invested in a product designed to preserve principal and to provide a reasonable rate of return and liquidity. The IRA provider that receives the rollover may charge fees and expenses for maintaining the IRA, and these fees and expenses may be assessed directly against the assets of the IRA or billed directly to you. You will be provided more information regarding the IRA provider if you become subject to this provision. For more information concerning the rollover procedures, the IRA provider, and the fees and expenses relating to the IRA, please contact your Plan Administrator, whose address and telephone number are found in the ADMINISTRATIVE INFORMATION AND RIGHTS UNDER ERISA section of this document.

Balance greater than \$5,000

If your vested account balance is greater than \$5,000, even if you terminate service, you are not required to take a distribution from the Plan until the required minimum distribution rules apply to you. However, if your Employer chooses, your balance may be immediately distributed to you if you have separated from service and reached the later of age 62 or Normal Retirement Age.

Rollover contributions will be included in determining your balance for these purposes.

Required Minimum Distributions

When you reach age 70.5 and separate from service, you will need to begin taking a portion of your balance out of the Plan each year. If you are a five percent owner of the Employer, you will need to begin taking payments at age 70.5 even if you are still employed.

**What if I die before receiving all of my money from the Plan?**

If you die before taking all of your assets from the Plan, the remaining balance will be paid to your designated beneficiary. If you do not name a beneficiary and you are married, your spouse will be your beneficiary. If you do not name a beneficiary and you are not married, your remaining balance in the Plan will be paid to your estate.

To designate your beneficiary, you must follow the procedures established by your Plan Administrator. If you are married and decide to name someone other than your spouse as your beneficiary, your spouse must consent in writing to your designation. It is important to review your designation from time to time and update it if your circumstances change (e.g., if you divorce, or a named beneficiary dies).

**What happens to my benefits if I die?**

Your beneficiary will generally have the same options regarding the form of the distribution that are available to you as a Participant. Your spouse beneficiary may also have the option of rolling over a distribution into an IRA in their own name.

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If you die after you start taking your required distributions, your beneficiary must continue taking distributions from the Plan at least annually. If you die before you start taking your required distributions, your beneficiaries may have the option of (1) taking annual payments beginning the year following your death (or the year you would have reached age 70.5, if your spouse is your beneficiary), or (2) depleting the entire balance of the account by the end of the year in which the fifth anniversary of your death occurs. Beneficiaries that choose this option do not have to take annual payments, provided they take the entire amount by the end of that fifth year.

The Plan will permit your beneficiaries to take a payment of their portion of the individual account or directly roll over their portion of the individual account to an inherited individual retirement arrangement (IRA). If rolled over, such a distribution must otherwise qualify as a distribution that is eligible for rollover.

Effective beginning 2009, if you are a beneficiary using the five-year rule for distributions of your benefits, 2009 does not count toward determining the end of the five-year period. For example, if the Participant died in 2008, you will have until December 31, 2014, instead of December 31, 2013, to deplete your account under the Plan.

**What if the Plan is terminated?**

If the Plan is terminated, you will be required to take your entire account balance from the Plan.

## **ADMINISTRATIVE INFORMATION & RIGHTS UNDER ERISA**

**Who established the Plan?**

The official name of the Plan is Waco, Inc. 401(k) Retirement & Savings Plan. The Employer who adopted the Plan is:

Waco, Inc.  
5450 Lewis Road  
Sandston, VA 23150  
804-222-8440

Federal Tax Identification Number: 54-0720555  
Fiscal Year End: 12/31

Your Employer has assigned Number 004 to the Plan.

Additional Employers that share common ownership with your Employer may also adopt the Plan. You may obtain a complete list of other Employers adopting the Plan by submitting a written request to your Plan Administrator.

The Plan trustee is:

Ascensus Trust Company  
Trustee  
1655 43rd Street South, Suite 100, Fargo, ND 58103

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701-234-0207

The Plan trustee whose responsibility is limited to ensuring the timely collection and deposit of contributions is:

Daniel M. Walker  
President  
1420 Battery Hill Drive, Richmond, VA 23231  
804-226-3223

The Employer makes the contribution to a trust fund where all assets are held for the benefit of the Participants. The Plan is a 401(k) profit sharing defined contribution plan, which means that contributions to the Plan made on your behalf (and earnings) will be separately accounted for within the plan.

**Who is responsible for the day-to-day operations of the Plan?**

Your Plan Administrator (the Employer) is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Plan Administrator may appoint others to act on its behalf or to perform certain functions.

**Who pays the expenses associated with operating the Plan?**

All reasonable Plan administration expenses, including those involved in retaining necessary professional assistance, may be paid from the assets of the Plan. These expenses may be allocated among you and all other Plan participants or, for expenses directly related to you, paid from your account balance. For example, you may be charged for fees that may be directly related to you including general recordkeeping fees and expenses related to processing your distributions or loans (if applicable), qualified domestic relations orders, and fees related to your ability to direct the investment of your Plan balance, if applicable. Finally, the Employer may, in its discretion, pay any or all of these expenses. For example, the Employer may pay expenses for current employees but may deduct the expenses of former employees directly from their accounts. Your Plan Administrator will provide you with a summary of all Plan expenses and the method of payment of the expenses periodically, as required, and upon request.

**Does my Employer have the right to change the Plan?**

The Plan will be amended from time to time to incorporate changes required by the law and regulations governing retirement plans. Your Employer also has the right to amend the Plan to add new features, to change or eliminate various provisions, or to terminate the plan. An Employer cannot amend the Plan to take away or reduce protected benefits under the Plan. For example, the Employer cannot reduce the vesting percentage that applies to your current balance in the Plan.

**Does participation in the Plan provide any legal rights regarding my employment?**

The Plan does not intend to provide, and does not provide, any additional rights to employment or constitute a contract for employment. The purpose of this SPD is to help you understand how the Plan operates and what benefits are available to you under the Plan. The Plan document is the legal document that controls how the Plan operates and determines any rights granted under the Plan. If there are any inconsistencies between this SPD and the Plan document, the Plan document will be followed.

**Can creditors or other individuals request a distribution from my Plan balance?**

Creditors (other than the IRS) and others generally may not request a distribution from your Plan balance. One exception to this

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rule is that your Plan Administrator may distribute or reallocate your benefits in response to a qualified domestic relations order. A domestic relations order is an order or decree issued by a court that requires you to pay child support or alimony or to give a portion of your Plan account to an ex-spouse or legally separated spouse. Your Plan Administrator will review the order to ensure that it meets certain criteria (is qualified) before any money is paid from your account. You (or your beneficiary) may obtain, at no charge, a copy of the procedures your Plan Administrator will use for reviewing and qualifying a domestic relations order.

### **How do I file a claim?**

To claim a benefit that you are entitled to under the Plan, you must file a written request with your Plan Administrator. The claim must set forth the reasons you believe you are eligible to receive benefits and you must authorize your Plan Administrator to conduct any necessary examinations and take the steps to evaluate your claim.

### **What if my claim is denied, in whole or in part?**

#### Non-Disability Determination

Except as described below, if your claim is denied (in whole or in part), your Plan Administrator will provide you (or your beneficiary) with notice, in writing or in any allowable format, of the Adverse Determination within a reasonable amount of time, but not later than 90 days after the date your claim was filed. The 90-day time period may be extended for up to 90 days if your Plan Administrator determines that an extension is necessary to process your claim due to special circumstances. Your Plan Administrator will notify you, in writing or in any other allowable format, before the end of the initial 90-day period, of the reason(s) for the extension and the date by which a decision is expected to be made regarding your claim.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

Your Plan Administrator will provide you with notice, in writing or in any allowable format, of an Adverse Determination, if applicable. The notification will provide the following:

- i. the specific reason or reasons for the Adverse Determination;
- ii. reference to the specific section of the Plan on which the Adverse Determination is based;
- iii. a description of any additional material or information that you must provide before the claim may continue to be processed and an explanation of why such information is necessary; and
- iv. a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) following a claim denial on review

#### Disability Determination

Except as described below, if your disability claim is denied, (in whole or in part), your Plan Administrator will provide notice,

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in writing or in any allowable format, of the Adverse Determination within a reasonable amount of time, but not later than 45 days after the date your claim was filed. The 45-day time period may be extended for up to 30 days if your Plan Administrator determines that an extension is necessary to process your claim due to special circumstances. Your Plan Administrator will notify you, in writing or in any other allowable format, before the end of the 45-day period, of the reason(s) for the extension and the date by which a decision is expected to be made regarding your claim.

If, before the end of the 30-day extension, your Plan Administrator determines that, due to matters beyond the control of the Plan, a decision regarding your claim cannot be made within the 30-day extension, the period for making the decision may be extended for an additional 30 days, provided that your Plan Administrator notifies you, in writing or in any other allowable format, before the end of the first 30-day extension, of the circumstances requiring the additional extension and the date by which a decision is expected to be made regarding your claim. The notice will specifically explain the standards on which the approval of your claim will be based, the unresolved issues that prevent a decision on your claim, and the additional information needed to resolve those issues. You will have at least 45 days within which to provide the specified information.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

Your Plan Administrator will provide you with notice, in writing or in any allowable format, of an Adverse Determination, if applicable. The notification will provide the following:

- i. the specific reason or reasons for the Adverse Determination;
- ii. reference to the specific section of the Plan on which the Adverse Determination is based;
- iii. a description of any additional material or information that you must provide before the claim may continue to be processed and an explanation of why such information is necessary;
- iv. a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA following a claim denial on review;
- v. if your Plan Administrator used an internal rule or guideline in making the Adverse Determination, either 1) the specific rule or guideline, or 2) a statement that the rule or guideline was relied upon in denying your claim, and that a copy of the rule or guideline will be provided free of charge to you upon request; and
- vi. if the Adverse Determination is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the Adverse Determination, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request

### **May I appeal the decision of my Plan Administrator?**

#### **Non-Disability Determination**

You or your beneficiary will have 60 days from the date you receive the notice of an Adverse Determination within which to

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appeal your Plan Administrator's decision. You may request that the review be in the nature of a hearing and an attorney may represent you.

You may submit written comments, documents, records, and other information relating to your claim. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information pertaining to your claim.

Your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, even if the information was not included originally.

Your Plan Administrator will provide you with notice, in writing or in any allowable format, of the final outcome of your appeal within a reasonable amount of time, but not later than 60 days after the date your request for review was filed. The 60-day time period may be extended for up to 60 days if your Plan Administrator determines that an extension is necessary to process your appeal due to special circumstances. Your Plan Administrator will notify you, in writing or in any allowable format, before the end of the initial 60-day period, of the reason(s) for the extension and the date by which a decision is expected to be made regarding your appeal.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your appeal is filed. If the period of time is extended because you fail to submit information necessary to decide your appeal, the period for approving or denying your appeal will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

In the case of an Adverse Determination, the notification will provide the following:

- i. the specific reason or reasons for the Adverse Determination;
- ii. reference to the specific section of the Plan on which the Adverse Determination is based;
- iii. a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim; and
- iv. a statement describing any additional voluntary appeal procedures offered by the Plan, your right to obtain the information about such procedures, and a statement of your right to bring an action under Section 502(a) of ERISA

Disability Determination

You will have 180 days from the date you receive the notice of an adverse benefit determination within which to appeal your Plan Administrator's decision. You may request that the review be in the nature of a hearing and an attorney may represent you.

You may submit written comments, documents, records, and other information relating to your claim. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information pertaining to your claim.

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Your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, even if the information was not included originally.

Your claim will be reviewed independent of your original claim and will be conducted by a named fiduciary of the Plan other than the individual who denied your original claim or any of his or her employees.

In deciding an appeal of an Adverse Determination that is based in whole or in part on a medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

Your Plan Administrator will provide you with the name(s) of the health care professional(s) who was consulted in connection with your original claim, even if the Adverse Determination was not based on his or her advice. The health care professional consulted for purposes of your appeal will not be the same person or any of his or her employees.

Your Plan Administrator will provide you with notice, in writing or in any allowable format, of the final outcome of your appeal within a reasonable amount of time, but not later than 45 days after the date your request for review was filed. The 45-day period may be extended for up to 45 days if your Plan Administrator determines that an extension is necessary to process your appeal due to special circumstances. Your Plan Administrator will notify you, in writing or in any other allowable format, before the end of the initial 45-day period, of the reason(s) for the extension and the date by which a decision is expected to be made regarding your appeal. Your Plan Administrator will provide you with notice, in writing or in any allowable format, of the final outcome of your claim within a reasonable amount of time, but not later than 60 (45 if the claim is for disability) days after the date your request for review was filed. The 60-day time period may be extended by the Plan if the Plan Administrator determines that an extension is necessary due to matters beyond the control of the Plan. The Plan Administrator will notify you, before the end of the 60-day period, of the reason(s) for the extension and the date the Plan expects to make a decision. Generally, the extension period will end prior to 120 days from the date your request for review was filed.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

In the case of an Adverse Determination, the notification will include:

- i. the specific reason or reasons for the Adverse Determination;
- ii. reference to the specific section of the Plan on which the Adverse Determination is based;
- iii. a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- iv. a statement describing any additional voluntary appeal procedures offered by the Plan, your right to obtain the

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information about such procedures, and a statement of your right to bring an action under Section 502(a) of ERISA;

v. if your Plan Administrator used an internal rule or guideline in making the Adverse Determination, either 1) the specific rule or guideline, or 2) a statement that the rule or guideline was relied upon in making the Adverse Determination and that a copy of the rule or guideline will be provided free of charge to you upon request; and

vi. if the Adverse Determination is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the Adverse Determination, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request

**If I need to take legal action with respect to the Plan, who is the agent for service of legal process?**

The person who can be served with legal papers regarding the Plan is:

Daniel M. Walker  
5450 Lewis Road  
Sandston, VA 23150

Your Plan Administrator and the Plan trustee are also agents for service of legal process.

**If the Plan terminates, does the federal government insure my benefits under the Plan?**

If the Plan terminates, you will become fully vested in your entire balance under the Plan, even though you would not otherwise have a sufficient number of years of vesting service to be 100 percent vested in your balance. You will be entitled to take your entire balance from the Plan following termination.

The Plan is not insured by the Pension Benefit Guaranty Corporation, the government agency that insures certain pension plan benefits upon plan termination.

**What are my legal rights and protections with respect to the Plan?**

As a Participant in this Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to do the following.

**Receive Information About Your Plan and Benefits**

i. Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all Plan documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

ii. Obtain, upon request, in a manner acceptable to the Plan Administrator, to the Plan Administrator, copies of documents governing the operations of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated SPD. The Plan Administrator may charge a reasonable fee for the copies.

iii. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

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iv. Obtain, once a year, a statement of the total pension benefits accrued and the vested pension benefits (if any) or the earliest date on which benefits will become vested. The Plan may require a written request for this statement, but it must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you may take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied, or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay the costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if the court finds your claim is frivolous.

### **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Further, if this Plan is maintained by more than one Employer, you may obtain a complete list of all such Employers by making a written request to your Plan Administrator.

## **DEFINITIONS**

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**Adverse Determination** – An Adverse Determination is a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of your or your beneficiary’s eligibility to participate in the Plan.

**Compensation** – The definition of Compensation under the Plan can differ depending upon the purpose (e.g., allocations, nondiscrimination testing, deductions).

Deferrals

In general, the amount of your earnings from your Employer taken into account under the Plan is all earnings reported to you on Form W-2.

Compensation will include amounts that are not included in your taxable income that were deferred under a cafeteria plan, a 401(k) plan, a salary deferral SEP plan, a 403(b) tax-sheltered annuity plan, a 414(h) government pick-up plan, a 457 deferred compensation plan of a state or local government or tax-exempt employer, or transportation fringe benefits that you receive.

Unless otherwise indicated, if you receive payments from your Employer within two and a half (2.5) months after severing your employment, any regular pay for services you performed prior to severance will be included in Compensation.

If your Employer chooses to provide differential pay to you while you are on active duty with the uniformed services for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

The definition of Compensation used under the Plan has been further adjusted to exclude the following amounts:

- amounts earned before the date you have entered the Plan
- amounts deemed to be compensation that relate to an automatic enrollment cafeteria plan where you fail to provide proof of insurance
- reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation and welfare benefits that you receive
- post-severance payments of unused accrued sick, vacation or other leave that you are entitled to receive
- post-severance payments of amounts received under a nonqualified unfunded deferred compensation program

The measuring period for Compensation will be the Plan Year.

Matching Contributions

In general, the amount of your earnings from your Employer taken into account under the Plan is all earnings reported to you on Form W-2.

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Compensation will include amounts that are not included in your taxable income that were deferred under a cafeteria plan, a 401(k) plan, a salary deferral SEP plan, a 403(b) tax-sheltered annuity plan, a 414(h) government pick-up plan, a 457 deferred compensation plan of a state or local government or tax-exempt employer, or transportation fringe benefits that you receive.

Unless otherwise indicated, if you receive payments from your Employer within two and a half (2.5) months after severing your employment, any regular pay for services you performed prior to severance will be included in Compensation.

If your Employer chooses to provide differential pay to you while you are on active duty with the uniformed services for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

The definition of Compensation used under the Plan has been further adjusted to exclude the following amounts:

- amounts earned before the date you have entered the Plan
- amounts deemed to be compensation that relate to an automatic enrollment cafeteria plan where you fail to provide proof of insurance
- reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation and welfare benefits that you receive
- post-severance payments of unused accrued sick, vacation or other leave that you are entitled to receive
- post-severance payments of amounts received under a nonqualified unfunded deferred compensation program

The measuring period for Compensation will be the Plan Year.

#### Profit Sharing Contributions

In general, the amount of your earnings from your Employer taken into account under the Plan is all earnings reported to you on Form W-2.

Compensation will include amounts that are not included in your taxable income that were deferred under a cafeteria plan, a 401(k) plan, a salary deferral SEP plan, a 403(b) tax-sheltered annuity plan, a 414(h) government pick-up plan, a 457 deferred compensation plan of a state or local government or tax-exempt employer, or transportation fringe benefits that you receive.

Unless otherwise indicated, if you receive payments from your Employer within two and a half (2.5) months after severing your employment, any regular pay for services you performed prior to severance will be included in Compensation.

If your Employer chooses to provide differential pay to you while you are on active duty with the uniformed services for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

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The definition of Compensation used under the Plan has been further adjusted to exclude the following amounts:

- amounts earned before the date you have entered the Plan
- amounts deemed to be compensation that relate to an automatic enrollment cafeteria plan where you fail to provide proof of insurance
- reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation and welfare benefits that you receive
- post-severance payments of unused accrued sick, vacation or other leave that you are entitled to receive
- post-severance payments of amounts received under a nonqualified unfunded deferred compensation program

The measuring period for Compensation will be the Plan Year.

The maximum amount of Compensation that will be taken into account under the Plan is \$265,000 (for 2016). This amount increases as the cost of living rises.

**Deferrals** – Deferrals are the amounts you choose to contribute to the Plan through payroll deduction on a pre-tax basis.

**Disabled** – You will be considered Disabled if you cannot engage in any substantial, gainful activity because of a medically determined physical or mental impairment that is expected to last at least 12 months or result in your death.

**Employer** – The Employer is Waco, Inc. and other businesses sharing common ownership who choose to adopt the Plan. Your Employer will also serve as the Plan Administrator, as defined in ERISA, who is responsible for the day to day operations and decisions regarding the Plan, unless a separate Plan Administrator is appointed for all or some of the plan responsibilities.

**Highly Compensated Employee** – A Highly Compensated Employee is any employee who:

- 1) was a five percent owner at any time during the year or the previous year, or
- 2) for the previous year had Compensation from the Employer greater than \$120,000 (for 2016). The \$120,000 threshold is increased as the cost of living increases.

Additional provisions selected by the Employer may impact the definition of a Highly Compensated Employee. Contact your Plan Administrator for additional details.

**Hours of Service** – Hours of Service, for purposes of determining Plan eligibility, vesting, and eligibility to receive employer contributions, will be based on actual hours for which you are entitled to pay.

**Key Employee** – A Key Employee is any employee who in the determination year is:

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- 1) an officer of the Employer whose annual Compensation is greater than \$170,000 (for 2016);
  - 2) a five percent owner of the Employer; or
  - 3) a one percent owner of the Employer who has Compensation of more than \$150,000.

The \$170,000 threshold for officers increases periodically as the cost of living increases.

**Matching Contribution** – A Matching Contribution is a contribution your Employer may make into the Plan based on the formula in the Plan document and on the amount of Deferrals and/or Nondeductible Employee Contributions you contribute to the Plan.

**Normal Retirement Age** – The Normal Retirement Age for the Plan is age 65.

**Participant** – A Participant is an employee of the Employer who has satisfied the eligibility requirements and entered the Plan.

**Plan** – The Waco, Inc. 401(k) Retirement & Savings Plan is the Plan described in this Summary Plan Description.

**Plan Administrator** – Your Employer is your Plan Administrator and is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Employer may appoint others to act on its behalf or to perform certain functions.

**Plan Year** – The Plan Year is the calendar year.

**Profit Sharing Contribution** – A Profit Sharing Contribution is a contribution your Employer may choose to make each year based on the formula in the Plan document for Participants who meet the Profit Sharing Contribution eligibility requirements. Your eligibility to receive Profit Sharing Contributions does not depend on whether you make Deferrals.

**Tax Year End** – Your Employer's Tax Year End is 12/31.

# Qualified

# LOAN POLICY

Retirement Plan/403(b)

	<p><i>As the Employer offering a plan that allows loans to be taken from the Plan assets, it is your responsibility to set forth the terms of the Plan's loan program.</i></p> <p><b>NOTE:</b> <i>Unless otherwise specified in the Plan's SPD or on this loan policy, options selected for Pre-Tax Elective Deferrals will apply to Qualified Nonelective Contributions, Qualified Matching Contributions, ADP Test Safe Harbor Contributions, QACA ADP Test Safe Harbor Contributions, and Employer Prevailing Wage Contributions designated as Qualified Nonelective Contributions, as applicable. Options selected for Matching Contributions will apply to ACP Test Safe Harbor Contributions and QACA ACP Test Safe Harbor Contributions, as applicable. Distribution options selected for Employer Profit Sharing Contributions will apply to Employer Prevailing Wage Contributions designated as Employer Profit Sharing Contributions, as applicable.</i></p>
<p><b>PLAN LOAN INFORMATION</b></p>	<p>Plan Name: <u>Waco, Inc. 401(k) Retirement &amp; Savings Plan</u></p> <p>Plan Number: <u>004</u> Plan Year End: <u>12/31</u></p>
<p><b>EFFECTIVE DATE</b></p>	<p>The effective date of the Plan loan program is: <u>05/01/1989</u></p>
<p><b>LOAN ADMINISTRATOR</b></p>	<p>The person responsible for administering the loan program is <u>the Plan Administrator</u></p> <p>The loan administrator may be reached at the following address and/or telephone number <u>5450 Lewis Road, Sandston, VA 23150</u></p>
<p><b>LOAN APPLICATION PROCEDURE</b></p>	<p>To apply for a loan under this Plan, an applicant must complete and return to the loan administrator a <i>Loan Application</i>, furnishing all information requested and pay any required loan application processing fees. In addition, they must follow the procedures described below (<i>specify</i>)</p> <hr/>
<p><b>LIMITATIONS ON TYPES OF LOANS</b></p>	<p>Loans from this Plan may be used for the following purposes:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> any</li> <li><input type="checkbox"/> purchase of a principal residence</li> <li><input type="checkbox"/> post-secondary tuition for the Borrower or their immediate family</li> <li><input type="checkbox"/> medical expenses for the Borrower or their immediate family</li> <li><input type="checkbox"/> rent or mortgage payments to prevent eviction from or foreclosure on the Borrower's principal residence</li> <li><input type="checkbox"/> funeral expenses</li> <li><input type="checkbox"/> uninsured damage to principal residence (under Internal Revenue Code Section 165)</li> <li><input type="checkbox"/> other (<i>specify</i>): _____</li> </ul> <p><i>If no option is selected, loans will be allowed for any purpose.</i></p>
<p><b>LIMITATIONS ON LOANS BY MONEY TYPE – SECURITY</b></p>	<p>Unless checked, money types listed below will be allowed to secure a loan:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> pre-tax elective deferrals</li> <li><input type="checkbox"/> Roth elective deferrals</li> <li><input type="checkbox"/> matching contributions</li> <li><input type="checkbox"/> profit-sharing contributions</li> <li><input type="checkbox"/> other (<i>specify (e.g., safe harbor contributions, QNECs, rollovers)</i>): _____</li> </ul>
<p><b>LIMITATIONS ON LOANS BY MONEY TYPE – DISTRIBUTION</b></p>	<p>Unless checked, money types listed below will be available to fund a loan distribution:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> pre-tax elective deferrals</li> <li><input checked="" type="checkbox"/> Roth elective deferrals</li> <li><input type="checkbox"/> matching contributions</li> <li><input type="checkbox"/> profit-sharing contributions</li> <li><input type="checkbox"/> other (<i>specify (e.g., safe harbor contributions, QNECs, rollovers)</i>): _____</li> </ul>
<p><b>LIMITATIONS ON LOANS BY INVESTMENT TYPE</b></p>	<p>Loans from this Plan can be taken from the following investment types:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> all Plan assets</li> <li><input checked="" type="checkbox"/> mutual funds</li> <li><input type="checkbox"/> other (<i>specify (e.g., company stock, brokerage accounts)</i>): _____</li> </ul> <p><i>If no option is selected, loans will be allowed from all Plan assets.</i></p>
<p><b>LOAN APPROVAL STANDARDS</b></p>	<p>Decisions approving or denying loans from this Plan will be based on the following criteria:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> the value of the applicant's vested individual account balance</li> <li><input type="checkbox"/> other (<i>specify</i>): _____</li> </ul> <p><b>NOTE:</b> <i>The loan approval standard selected must not cause loans to be made available on a discriminatory basis. If no option is selected, the loan decision will be based on the value of the vested individual account balance.</i></p>

<b>NUMBER OF LOANS</b>	<p>The maximum number of outstanding loans the Borrower may have at any time is <u>1</u> (specify)  <i>If no number is specified, the maximum number of outstanding loans will be unlimited.</i></p>
<b>LOAN PRINCIPAL LIMITATIONS</b>	<p>Loans from this Plan shall be in a minimum amount of \$ <u>1000</u> (should not exceed \$1,000)<sup>1</sup>  <i>If no amount is specified, the minimum amount will be \$1,000.</i></p> <p>Loan limitations include (select all that apply).</p> <p><input checked="" type="checkbox"/> the maximum amount of all loans outstanding cannot exceed the lesser of one-half of the Borrower's vested individual account balance or \$50,000</p> <p><input type="checkbox"/> other (specify): _____</p> <p><i>If no option is selected, the maximum amount will be the lesser of one-half of the vested individual account balance or \$50,000.</i></p>
<b>INTEREST CALCULATIONS</b>	<p>Interest on loans from this Plan will be computed on the following basis:</p> <p><input type="checkbox"/> prime rate (as specified in the Wall Street Journal)</p> <p><input checked="" type="checkbox"/> prime rate (as specified in the Wall Street Journal) plus <u>1</u> percent</p> <p><input type="checkbox"/> other (specify): _____</p> <p><b>NOTE:</b> <i>The interest rate must be comparable to that charged by commercial lenders in a similar transaction. Any loan renewals are subject to interest rate modification.</i>  <i>If no option is selected, the interest rate will be the prime rate.</i></p>
<b>COLLATERAL PLEDGE</b>	<p>A percentage of the Borrower's vested account balance equal to the amount borrowed divided by their vested individual account balance is pledged as security for repayment of loans under this program.</p> <p><input type="checkbox"/> This plan will allow the Borrower to pledge outside collateral for loan amounts in excess of one half of their vested individual account balances</p>
<b>DEFAULT PROVISIONS</b>	<p>The following are deemed to be acts of default under this Plan loan program.</p> <p><input checked="" type="checkbox"/> Failure to remit payment in a timely manner as required under the loan agreement (required.)</p> <p><input checked="" type="checkbox"/> Breach of any of the Borrower's obligations or duties under the loan agreement (required.)</p> <p><input checked="" type="checkbox"/> Separation from service.</p> <p><input type="checkbox"/> other (specify): _____</p>
<b>CURE PERIOD AFTER DEFAULT DUE TO FAILURE TO REMIT PAYMENTS</b>	<p>Will the Plan allow for a cure period before a loan in default due to a failure to remit payments in a timely manner becomes a deemed distribution?</p> <p><input checked="" type="checkbox"/> Yes the Plan allows for a cure period. The loan will not become a deemed distribution until the end of the quarter following the quarter in which the default occurred.</p> <p><input type="checkbox"/> Yes the Plan allows for a cure period. The loan will not become a deemed distribution until (specify): _____  <i>(cannot be later than the end of the quarter following the quarter in which the default occurred)</i></p> <p><input type="checkbox"/> No the Plan does not allow for a cure period.</p> <p><i>If no option is selected, the loan will become a deemed distribution at the end of the quarter following the quarter in which the default occurred.</i></p>
<b>CURE PERIOD AFTER DEFAULT DUE TO SEPARATION FROM SERVICE</b>	<p>If the Plan defaults loans due to separation from service, will this Plan allow for a cure period before the loan becomes a deemed distribution?</p> <p><input type="checkbox"/> Yes the Plan allows for a cure period after separation from service. The loan will not become a deemed distribution until the end of the quarter following the quarter in which the default occurred.</p> <p><input type="checkbox"/> Yes the loan will not become a deemed distribution until (specify): _____  <i>(cannot be later than the end of the quarter following the quarter in which the default occurred.)</i></p> <p><input checked="" type="checkbox"/> No the Plan does not allow for a cure period after separation from service. The loan must be repaid immediately to avoid a deemed distribution.</p> <p><i>If no option is selected, the loan will become a deemed distribution at the end of the quarter following the quarter in which the default occurred.</i></p> <p><sup>1</sup>The Department of Labor (DOL) has not set the \$1,000 as a hard and fast upper limit for the minimum loan amount. The DOL will determine the suitability of the limit using a facts and circumstances test. The DOL has said that as long as the limit is not above \$1,000 they will assume it meets this test. It is possible that a plan may choose a higher limit but may have a discrimination issue if the plan is ever audited by the DOL.</p>

<b>OFFSET PROVISIONS</b>	<p>When will a loan be offset?</p> <p><input checked="" type="checkbox"/> upon separation from service (<i>only if separation from service is a distribution trigger under the Plan</i>)</p> <p><input type="checkbox"/> upon reaching a triggering event for distribution allowed under the Plan following a deemed distribution</p> <p><input type="checkbox"/> upon a lump sum distribution due following separation from service</p> <p><input type="checkbox"/> upon separation from service following a deemed distribution (<i>only if separation from service is a distribution trigger under the Plan</i>)</p> <p><input type="checkbox"/> other (<i>specify</i>): _____</p> <p><b>NOTE:</b> <i>The Borrower must have reached a distribution trigger under the Plan in order for a loan to be offset. If no option is selected, the Plan will offset loans upon lump sum distribution following separation from service.</i></p>
<b>SUSPENSION PROVISIONS</b>	<p>Will this Plan allow for the suspension of loan payments during a bona fide leave of absence?</p> <p><input checked="" type="checkbox"/> yes, for <u>12</u> months (<i>no more than 12</i>) for a bona fide leave of absence.</p> <p><input checked="" type="checkbox"/> yes, for the entire time the Borrower is on qualified military leave.</p> <p><input type="checkbox"/> no</p> <p><i>If no options are selected, the Plan will allow for suspension of loan payments for 12 months during a bona fide leave of absence and for the entire time the Borrower is on military leave.</i></p>
<b>ROLLOVER PROVISIONS</b>	<p>Will this Plan allow for the rollover of loans?</p> <p><input checked="" type="checkbox"/> yes, this Plan will accept rollovers of loans into the Plan.</p> <p><input checked="" type="checkbox"/> yes, this Plan will allow rollover of loans out of the Plan.</p> <p><input type="checkbox"/> no</p> <p><i>If no options are selected, this Plan will not allow for the rollover of loans.</i></p>
<b>TRANSFER PROVISIONS</b>	<p>Will this Plan allow for the transfer of loans?</p> <p><input checked="" type="checkbox"/> yes, this Plan will accept transfer of loan into the Plan.</p> <p><input checked="" type="checkbox"/> yes, this Plan will allow transfers of loans out of the Plan.</p> <p><input type="checkbox"/> no</p> <p><i>If no options are selected, this Plan will not allow for the transfer of loans.</i></p>
<b>REFINANCE PROVISIONS</b>	<p>Will this Plan allow for the refinancing of loans?</p> <p><input type="checkbox"/> yes</p> <p><input checked="" type="checkbox"/> no</p> <p><i>If no option is selected, this Plan will allow for the refinancing of loans.</i></p>
<b>PAYROLL DEDUCTION REQUIREMENT</b>	<p>Must the Borrower make loan payments on a non-deemed loan thru a payroll deduction arrangement?</p> <p><input checked="" type="checkbox"/> yes</p> <p><input type="checkbox"/> no</p> <p><i>If no option is selected, this Plan will require loan payments to be made thru a payroll deduction arrangement.</i></p>
<b>LOAN REPAYMENT SCHEDULE</b>	<p>How often must loan payments be made?</p> <p><input type="checkbox"/> quarterly</p> <p><input type="checkbox"/> monthly</p> <p><input type="checkbox"/> bi-weekly</p> <p><input type="checkbox"/> weekly</p> <p><input checked="" type="checkbox"/> on a payroll basis</p> <p><input type="checkbox"/> other (<i>specify</i>): _____</p> <p><b>NOTE:</b> <i>Payments must be made at least quarterly. If no option is selected, this Plan will require payments to be made on a payroll basis.</i></p>