

**LSI STAFFING 401(k) PLAN
SALARY REDUCTION AGREEMENT**

Participant's Name: _____ Date of Hire: _____

Social Security Number: _____ Date of Birth: _____

To the Plan Administrator of the LSI Staffing 401(k) Plan ("Plan"): In accordance with the provisions of the Plan, I hereby enter into this Salary Reduction Agreement ("Agreement") with _____ ("Employer").

Reduction Amount. Effective _____, 20__, the Employer will reduce my Compensation by:

Pre-Tax	Roth After-Tax	Combined Total
<input type="checkbox"/> _____%	<input type="checkbox"/> _____%	<input type="checkbox"/> _____% [Maximum of 75%]
<input type="checkbox"/> ZERO %. I do not want to contribute any part of my compensation into the Plan.		

Important Notes

- (1) **"402(g) Limitation."** The reduction in your salary for any calendar year may not exceed the "402(g) limitation" for that year. The 402(g) limitation for 2006 is \$15,000. Beginning in 2007, the limitation will be adjusted for inflation.
- (2) **"Catch up" Contributions.** If you will be age 50 or over by the last day of the calendar year, you may elect to contribute additional amounts (called "catch up" contributions) to the plan. The maximum amount of a "catch up" contribution is limited by the Internal Revenue Code. For 2006, the maximum "catch up" contribution you can make is \$5,000. Beginning in 2007, the limit will be adjusted for the cost-of-living.

In executing this agreement, I understand and agree as follows:

- (1) **Frequency.** For each payroll period, the Employer will deduct an amount from my Compensation equal to the amount by which I have elected to reduce my Compensation in this Agreement.
- (2) **Employee Contributions / Compensation.** The Employer will contribute to the Plan on my behalf the amount by which I have reduced my Compensation under this Agreement (my "contributions"). "Compensation" means the total compensation paid to me for services rendered to the Employer, excluding reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits.
- (3) **Taxes.** Pre-Tax deferral contributions are not subject to income tax until distributed from the Plan. Roth After-Tax contributions are subject to income tax when they are contributed, but will not be subject to income tax when they are distributed from the Plan. Both Pre-Tax and Roth After-Tax contributions are subject to FICA taxes (Social Security and Medicare) at the time they are contributed.
- (4) **Revocation / Modification.** This Agreement remains in effect until I revoke or modify it. I may revoke or modify this Agreement as of the first day of any Plan Year quarter by filing a new Agreement with the Plan Administrator. A revocation or modification will not affect any contributions that have already been contributed to the Plan. My contributions cannot be changed from Pre-Tax to Roth After-Tax, or from Roth After-Tax to Pre-Tax, once they have been withheld from my compensation.
- (5) **Vesting.** I am 100% vested in my contributions. The Plan Administrator will credit my contributions to either a Deferral Contributions Account or a Roth Contributions Account established under the Trust for my benefit. I understand my contributions are subject to gain or loss in accordance with my investment direction.
- (6) **Summary Plan Description.** A more complete explanation of Plan provisions affecting my salary reduction election is provided in the Summary Plan Description.
- (7) **Duty to Review Pay Records.** I understand I have a duty to review my pay records (pay stub, etc.) to confirm the Employer properly has implemented my salary reduction election. Furthermore, I have a duty to inform the Plan Administrator if I discover any discrepancy between my pay records and this Salary Reduction Agreement. I understand that my failure to report any discrepancy may result in a loss of or reduction in my ability to contribute.
- (8) **Safe Harbor Matching Contribution.** The Employer will provide a safe harbor matching contribution. The safe harbor matching contribution will equal 100% of my contributions not exceeding 3% of my Compensation for the Plan Year plus 50% of my contributions in excess of 3% but not in excess of 5% of my Compensation.

Participant Signature

Date

Accepted:

Employer Name: _____

Date

By: _____

Please return this form to the Plan Administrator