

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

FUND AMERICAN ENTERPRISES HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

94-2708455
(I.R.S. employer identification no.)

80 South Main Street
Hanover, New Hampshire 03755-2053
(603) 643-1567
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

SOURCE ONE MORTGAGE SERVICES
CORPORATION EMPLOYEE
STOCK OWNERSHIP
AND 401(K) SAVINGS PLAN
(Full title of the plan)

Michael S. Paquette
Vice President and Controller
Fund American Enterprises Holdings, Inc.
80 South Main Street
Hanover, New Hampshire 03755-2053
(603) 643-1567
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1) -----	Amount to be registered(2) -----	Proposed maximum offering price per share (3) -----	Proposed maximum aggregate offering price(3) -----	Amount of registration fee -----
Common Stock, \$1.00 par value	150,000 shares	\$92.375	\$13,856,250	\$4,779.00

(1) Pursuant to Rule 416(c) under the Securities Act of 1933, as amended (the "Securities Act"), this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein (the "Plan").

(2) Includes (i) 80,000 shares held by the Employee Stock Ownership Plan portion of the Plan as of the date hereof, (ii) shares that may be contributed to the ESOP portion of the Plan, or otherwise contributed as, or acquired with, matching contributions, and (iii) shares that may be purchased under the Plan with elective contributions and at the direction of Plan participants.

(3) Pursuant to Rule 457(h)(1) under the Securities Act, the offering price is based upon the average high and low sales prices (\$92.375) of the Common Stock as reported on the New York Stock Exchange on September 24, 1996.

PART II
INFORMATION REQUIRED IN THE REGISTRATION
STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents heretofore filed by Fund American Enterprises Holdings, Inc. (the "Registrant") (Commission file no. 1-8993) or the Source One Mortgage Services Corporation Employee Stock Ownership and 401(k) Savings Plan (the "Plan") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby are incorporated in this Registration Statement by reference: (a) Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K"); (b) Registrant's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996; (c) those portions of Registrant's proxy statement for its Annual Meeting of Shareholders held May 16, 1996 that have been incorporated by reference in Registrant's 1995 Form 10-K; (d) those portions of Registrant's Annual Report to Shareholders for the year ended December 31, 1995 that have been incorporated by reference in Registrant's 1995 Form 10-K; (e) the Plan's Annual Report on Form 11-K for the year ended December 31, 1995; and (f) the description of Registrant's common stock, \$1.00 par value per share, included in Registrant's Registration Statement on Form S-3 dated July 26, 1994, as amended by an amendment to said Form S-3 dated November 7, 1994. All documents subsequently filed by Registrant or the Plan pursuant to Sections 13(a), 14, and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The General Corporation Law ("GCL") of the State of Delaware provides that a Delaware corporation, such as the registrant, may indemnify a director or officer against his or her expenses and judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit or proceeding (other than an action by or in the right of the corporation) involving such person by reason of the fact that such person is or was a director or officer, concerning actions taken in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The GCL also provides that in a derivative action, a Delaware corporation may indemnify its directors and officers against expenses actually and reasonably incurred to the extent that such director or officer acted in good faith and in a manner such director or officer reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made with respect to any claim, issue or matter as to which such director or officer is adjudged to be liable to the corporation unless and only to the extent that the court determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled

to indemnify for such expenses which the court deems proper. The GCL also generally permits the advancement of a director's or officer's expenses, including by means of a mandatory charter or bylaw provision to that effect, in lieu of requiring the authorization of such advancement by the Board of Directors in specific cases.

Article XI of Registrant's Amended and Restated By-Laws contains the indemnification provisions that follow:

ARTICLE XI

Indemnification

54. Indemnification of Directors, Officers, Agents and Employees.

Section 1. Right to Indemnification. The Corporation shall to the fullest extent permitted by applicable law as then in effect, indemnify any person (the "Indemnitee") unless otherwise agreed to by Indemnitee, who was or is involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect.

Section 2. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Section 1 of this Article or incurred by any Indemnitee in connection with any Proceeding referred to in Section 1 of this Article, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 3. Indemnification; Not Exclusive Right. The right of indemnification provided in this Article shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Article shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Article and shall be applicable to Proceedings commenced or continuing after the adoption of this Article, whether arising from acts or omissions occurring before or after such adoption.

Section 4. Advancement of Expenses, Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article:

(a) **Advancement of Expenses.** All reasonable expenses incurred by or on behalf of the indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within twenty (20) business days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law or requested by the Corporation at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article.

(b) **Procedure for Determination of Entitlement to Indemnification.** (i) To obtain indemnification under this Article, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 120 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors or its designee in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), if they constitute a quorum of the Board of Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined) if (x) a Change of Control (as hereinafter defined) shall have occurred and the Indemnitee so requests or (y) a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors, if they constitute a quorum of the Board of Directors, presents the issue of entitlement or indemnification to the stockholders for their determination); or (D) as provided in Section 4(c), below.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object; provided, however, that if a Change of Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(c) **Presumption and Effect of Certain Proceedings.** Except as otherwise expressly provided in this Article, if a Change of Control shall have occurred the Indemnitee shall be presumed to be entitled to indemnification under this Article upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section 4(b)(i), thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section 4(b) to determine entitlement to

indemnification shall not have been appointed or shall not have made a determination within one hundred twenty (120) days after receipt by the Corporation of the request, therefore together with the Supporting Documentation, the Indemnitee shall be deemed to be entitled to indemnification and the Indemnitee shall be entitled to such indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 1, or of any claim, issue or matter therein, by judgement, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Remedies of Indemnitee. (i) In the event that a determination is made pursuant to Section 4(b) that the Indemnitee is not entitled to indemnification under this Article, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) if a Change of Control shall have occurred, in any such judicial proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Article.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 4(b) or (c), that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within fifteen (15) business days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. (Subparagraph (A) and (B) are each referred to hereafter as a "Disqualifying Event"). In the event that (C) advancement of expenses is not timely made pursuant to Section 4(a) or (D) payment of indemnification is not made within fifteen (15) business days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4(b) or (c), the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of Disqualifying Event; provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4(d) that the procedures and presumptions of this Article are not valid, binding and enforceable and

shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article.

(iv) In the event that the Indemnitee, pursuant to this Section 4(d), seeks a judicial adjudication of an award in arbitration to enforce his rights under, or to recover damages for breach of, this Article, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by him if the Indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section 4:

(i) "Change in Control" means a change in control of the Corporation of a nature that would be required to be reported in response to Item 5(f) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such change in control shall be deemed to have occurred if (A) any "person" (as such term is used in Section 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 30% or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds (2/3) of the members of the Board of Directors in office immediately prior to such acquisition; (b) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (C) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Corporation or the Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification under this Article. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article.

Section 5. Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 102(b)(7) of the GCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision may not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the GCL (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) or (iv) for any transaction from which the director derived an improper personal benefit.

Article Eleventh of Registrant's Restated Certificate of Incorporation, as amended, implements the foregoing provision and provides as follows:

Eleventh: (a) To the fullest extent that the General Corporation Law of the State of Delaware (as it exists on the date hereof [March 11, 1994] or as it may hereafter be amended) permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

(b) In addition to any requirements of law and any other provisions herein or in the terms of any class or series of capital stock having preference over the common stock of the Corporation as to dividends or upon liquidation (and notwithstanding that a lesser percentage may be specified by law), the affirmative vote of the holders of seventy-five percent (75%) or more of the voting power of the then outstanding voting stock of the Corporation, voting together as a single class, shall be required to amend, alter or repeal any provision of this Article.

Insurance is maintained on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of the registrant out of its foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following exhibits are furnished with this Registration Statement:

Exhibit No. -----	Description -----
(4)(a)	Amended and Restated Certificate of Incorporation of Registrant (filed as Exhibit 3(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (Commission file number 1-8993) and incorporated herein by reference).
(4)(b)	Amended and Restated By-Laws of Registrant as amended to date (filed as Exhibit 3(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 1993 (Commission file number 1-8993) and incorporated herein by reference).
(4)(c)	Source One Mortgage Services Corporation Employee Stock Ownership and 401(k) Savings Plan and Trust Agreement (as amended and restated effective as of October 1, 1996).*
(5)(a)	Opinion and consent of Miller, Canfield, Paddock and Stone, P.L.C.*
(5)(b)	The undersigned registrant hereby undertakes that it will cause the Plan and any amendments thereto to be submitted to the Internal Revenue Service (the "IRS") in a timely manner and will make all changes required by the IRS in order to qualify the Plan under Section 401 of the Internal Revenue Code of 1986, as amended, or any successor thereto.
(23)(a)	Consent of Miller, Canfield, Paddock and Stone, P.L.C. (contained in Exhibit (5)(a)).
(23)(b)	Consents of Ernst & Young LLP.*
(24)	Powers of attorney (contained in the signature pages hereto).*

* Filed herewith.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

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

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

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

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference into the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hanover, State of New Hampshire, on September 25, 1996.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

By /s/ John J. Byrne

John J. Byrne
Chairman, President and
Chief Executive Officer

The Plan. Pursuant to the requirements of the Securities Act of 1933, Source One Mortgage Services Corporation Employee Stock Ownership and 401(k) Savings Plan has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Farmington Hills, State of Michigan, on September 27, 1996.

Source One Mortgage Services Corporation
Employee Stock Ownership and 401(k) Savings Plan

By: /s/ Greg Ghilardi

Greg Ghilardi
Title: Vice President - Human Resources
Source One Mortgage Services
Corporation

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated and on the dates indicated below. By so signing, each of the undersigned, in his capacity as a director or officer, or both, as the case may be, of the registrant, does hereby appoint John J. Byrne, K. Thomas Kemp, Allan L. Waters and Michael S. Paquette, and each of them severally, his true and lawful attorney to execute in his name, place and stead, in his capacity as a director or officer, or both, as the case may be, of the registrant, any and all amendments to this Registration Statement including post-effective amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises as fully, and for all intents and purposes, as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys and each of them.

Signatures -----	Title -----	Date ----
(1) Principal Executive Officer:		
/s/ John J. Byrne ----- John J. Byrne	Chairman, President and Chief Executive Officer	September 25, 1996
(2) Principal Financial Officer and Principal Accounting Officer:		
/s/ Allan L. Waters ----- Allan L. Waters	Senior Vice President and Chief Financial Officer	September 25, 1996
(3) Directors:		
/s/ John J. Byrne ----- John J. Byrne	Director	September 25, 1996
----- Howard L. Clark	Director	
/s/ Howard L. Clark, Jr. ----- Howard L. Clark, Jr.	Director	September 25, 1996
----- Robert P. Cochran	Director	
----- George J. Gillespie III	Director	
/s/ K. Thomas Kemp ----- K. Thomas Kemp	Director	September 25, 1996
/s/ Gordon S. Macklin ----- Gordon S. Macklin	Director	September 25, 1996
/s/ Arthur Zankel ----- Arthur Zankel	Director	September 25, 1996

EXHIBIT INDEX

Exhibit No. -----	Description -----
(4)(c)	Source One Mortgage Services Corporation Employee Stock Ownership and 401(k) Savings Plan and Trust Agreement (as amended and restated effective as of October 1, 1996).*
(5)(a)	Opinion and consent of Miller, Canfield, Paddock and Stone, P.L.C.*
(5)(b)	The undersigned registrant hereby undertakes that it will cause the Plan and any amendments thereto to be submitted to the Internal Revenue Service (the "IRS") in a timely manner and will make all changes required by the IRS in order to qualify the Plan under Section 401 of the Internal Revenue Code of 1986, as amended, or any successor thereto.
(23)(a)	Consent of Miller, Canfield, Paddock and Stone, P.L.C. (contained in Exhibit (5)(a)).
(23)(b)	Consents of Ernst & Young LLP.*
(24)	Powers of attorney (contained in the signature pages hereto).*

* Filed herewith.

SOURCE ONE MORTGAGE SERVICES CORPORATION

EMPLOYEE STOCK OWNERSHIP AND

401(k) SAVINGS PLAN AND TRUST AGREEMENT

(as amended and restated effective as of October 1, 1996)

SOURCE ONE MORTGAGE SERVICES CORPORATION
EMPLOYEE STOCK OWNERSHIP AND
401(K) SAVINGS PLAN AND TRUST AGREEMENT
(AS AMENDED AND RESTATED EFFECTIVE OCTOBER 1, 1996)

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SOURCE ONE MORTGAGE SERVICES CORPORATION
 EMPLOYEE STOCK OWNERSHIP AND
 401(k) SAVINGS PLAN AND TRUST AGREEMENT
 (as amended and restated effective October 1, 1996)

THIS AGREEMENT, made effective the 1st day of October, 1996, by and between Source One Mortgage Services Corporation, a Delaware corporation (herein called the "Company"), and Merrill Lynch Trust Company (herein, with its predecessors and successors, called the "Trustee"),

WITNESSETH THAT WHEREAS --

(A) On or about February 14, 1991, the Company amended its then existing profit-sharing plan, which met the requirements of Section 401(a) of the Internal Revenue Code and qualified as an eligible individual account plan under Section 407(d)(3) of ERISA, by adopting a document captioned "Fireman's Fund Mortgage Corporation Amended Employee Stock Ownership Plan" (herein called the "ESOP");

(B) The Company has amended the ESOP from time to time by adopting the amendments bearing the captions and dates set forth below in this paragraph:

First Amendment to Fireman's Fund Mortgage Corporation Amended Employee Stock Ownership Plan	May 19, 1992
Second Amendment to Source One Mortgage Services Corporation Amended Employee Stock Ownership Plan	November 11, 1993
Third Amendment to Source One Mortgage Services Corporation Amended Employee Stock Ownership Plan	January 1, 1994
Fourth Amendment to Source One Mortgage Services Corporation Amended Employee Stock Ownership Plan	August 23, 1994,

the ESOP as so amended being hereinafter called the "Amended ESOP";

(C) On or about October 21, 1986, the Company and Manufacturers National Bank of Detroit, a predecessor trustee of the ESOP, entered into an agreement captioned "Fireman's Fund Mortgage Corporation Employee Stock Ownership Trust Agreement" (herein called the "Trust Agreement") establishing a trust (herein called the "ESOP Trust") to provide the benefits payable under the ESOP;

(D) The Company desires to amend and restate the Amended ESOP and the ESOP Trust (i) to add a Code Section 401(k) feature to the Amended ESOP (the Amended ESOP as so amended being herein called the "Plan"), (ii) to continue a single trust (herein called the "Trust") to hold the assets of the ESOP portion of the Plan and the 401(k) portion of the Plan in separate accounts, and (iii) to embody the terms of the Plan and the Trust in a single document; and

(E) The Company intends that the Plan and Trust shall continuously qualify under those provisions of the federal income tax laws relating to qualified plans under Section 401(a) of the Code, that the ESOP portion of the Plan will continuously qualify as an eligible individual account plan under Section 407(d)(3) of ERISA and that the 401(k) portion of the Plan will continuously meet the requirements of Section 401(k) of the Code;

NOW, THEREFORE, in consideration of the premises and of the provisions hereinafter set forth, it is agreed as follows:

1. The Amended ESOP and the Trust Agreement are hereby amended and restated in their entirety to read as set forth in Parts One and Two attached hereto.

2. No benefit provided under the Plan protected by Section 411(d)(6) of the Code and Regulations thereunder shall be eliminated by the adoption of this agreement, and this agreement shall be construed and administered so as to comply with such Code Section and Regulations.

3. This agreement shall be effective as of October 1, 1996.

IN WITNESS WHEREOF, the Company has duly executed this Agreement on the _____ day of _____, 1996.

Signed and delivered
in the presence of:

SOURCE ONE MORTGAGE SERVICES
CORPORATION

By _____

Its _____

Signed and delivered
in the presence of:

MERRILL LYNCH TRUST COMPANY

By _____

Its _____

This Agreement was prepared for execution by and between Merrill Lynch Trust Company (the "Trustee") and Source One Mortgage Services Corporation (the "Company"). However, the Trustee refused to execute this Agreement. Instead, at its request it has entered into a separate Trust Agreement with the Company designating it as trustee of the Plan and setting forth all of the provisions relating to its service as a trustee of the Plan. The Company acknowledges that if there is any conflict between the provisions of the Plan and such separate Trust Agreement the provisions of the separate Trust Agreement control, to the extent such provisions comply with ERISA.

PART ONE

ARTICLE I
DEFINITIONS AND INTERPRETATION

A. Definitions. The following words and phrases, wherever capitalized, shall have the following meanings respectively, unless the context otherwise requires:

(1) "Account" or "account" means and includes a Participant's Company Stock Account, Other Investments Account, Elective Contributions Account, Matching Company Contributions Account, if any, and any additional accounts established for the Participant under this Agreement. "ESOP Account" means and includes a Participant's Company Stock Account and Other Investments Account. "401(k) Account" means and includes a Participant's Elective Contributions Account, Matching Company Contributions Account, if any, and Rollover Account, if any.

(2) "Accrued Benefit" means the balance in a Participant's account separately maintained under Article IV hereof.

(3) "Adjusted Equivalent", wherever applied to a dollar amount, means said amount adjusted for increases in the cost of living in accordance with applicable Treasury Regulations.

(4) "Administrative Parties" means and includes the Company, the Trustee, the Committee and any Insurer.

(5) "Agreement" means this Agreement, as from time to time amended or supplemented.

(6) "Anniversary Date" means the last day of the Plan Year.

(7) "Annual Addition" means the amounts allocated to a Participant's account for any taxable year of the Company (which taxable year also is the Limitation Year) which constitute -

(a) Company contributions to the Trust (including Elective Contributions);

(b) Forfeitures credited to the Participant's account in respect of such taxable year;

(c) Contributions allocated to an individual medical account described in Section 415(l)(2) of the Code which is part of a pension or annuity plan maintained by the Company and amounts described in Section 419A(d)(2) of the Code dealing with separate accounts for key employees, as defined in Section 419(A)(d)(3) of the Code established for post-retirement medical benefits under a welfare benefit fund maintained by the Company; and

- (d) Employee after-tax contributions.

Company Contributions initially allocated to a Participant's Elective Contributions Account or Matching Company Contributions Account and later determined to be an Excess Elective Deferral, Excess Contribution or Excess Matching Contribution do not cease to be Annual Additions even if corrected through distribution or other means.

(8) "Attained Age" of any individual means his chronological age, not the age he was, or will be, on his nearest birthday.

(9) "Beneficiary" means the person so designated by a Participant pursuant to this Agreement, or the person otherwise named as the Participant's beneficiary under (A) or (B) of Article VI.

(10) "Board" means the Board of Directors of the Company.

(11) "Code" means the Internal Revenue Code of 1986, as from time to time amended.

(12) "Committee" means the administrative committee appointed under Article VIII, which shall be the plan administrator as defined in Section 414(g) of the Code, except as otherwise provided in Article VIII(I).

(13) "Company Contributions" means and includes ESOP Contributions, Elective Contributions, Matching Company Contributions, if any, Qualified Nonelective Contributions and Qualified Matching Contributions.

(14) "Company Stock" means shares of common stock, \$1.00 par value, of Fund American Enterprises Holdings, Inc., a Delaware corporation, which is the indirect parent of the Company, as traded on the New York Stock Exchange.

(15) "Company Stock Account" means the account maintained to record the number of shares and fractional shares of Company Stock allocable to a Participant under the ESOP portion of the Plan out of Company Stock contributed to the Trust by the Company, purchased and paid for by the Trust out of the ESOP portion of the Plan, or received by the Trust as a stock dividend on Company Stock held in a Participant's Company Stock Account.

(16) "Compensation" means all compensation as that term is defined in Section 415(c)(3) of the Code. The Compensation of each Participant taken into account under the Plan for any Plan Year beginning before January 1, 1994 shall not exceed the Adjusted Equivalent of \$200,000. In determining the Compensation of a Participant for purposes of this limitation, the rules of section 414(q)(6) of the Code shall apply, except in applying such rules, the term "family" shall include only the spouse of the Participant and any lineal descendants of the Participant who have not attained

age 19 before the close of the Plan Year. If, as a result of the application of such rules such limitation is exceeded, then (except for purposes of determining the portion of compensation up to the integration level if this Plan is integrated with Social Security), the limitation shall be prorated among the affected individuals in the ratio which each such individual's Compensation as determined prior to the application of the limitation bears to the total Compensation of all such individuals as so determined.

"Creditable Compensation," where used with reference to any Participant or Employee, means the total Compensation (as above defined) paid to him by the Company, including overtime and bonuses, if any, plus any amount contributed by the Company pursuant to a salary reduction agreement and which is not includible in the gross income of such individual under Section 125, 402(e)(3) or 403(b) of the Code, but excluding

- (i) Compensation paid in kind, including personal use of a Company car and similar non-cash compensation,
- (ii) Special allowances or reimbursements to cover expenses on behalf of the Company or in the course of employment with the Company (for example, but not by way of limitation, travel and entertainment expenses),
- (iii) Deferred compensation and contributions to or under any other employee retirement, welfare, medical, dental, health, disability or insurance plan or arrangement,
- (iv) Compensation paid under the Source One Mortgage Services Corporation Long Term Incentive Plan, the Source One Mortgage Services Corporation Fund American Stock Appreciation Rights Plan and any Source One Mortgage Services Corporation Fund American Investment Contract, and
- (v) For purposes of the ESOP portion of the Plan only, bonuses and commissions which in the aggregate exceed one-third of the base salary paid in such taxable year to any Participant who in the taxable year in which such bonuses and commissions are earned is a corporate vice president or higher ranking officer of the Company or a vice president of the Company who participates in the Company's Executive Incentive Compensation Plan and is not a Regional Manager of the Company.

The Creditable Compensation of each Participant taken into account under the Plan for any Plan Year beginning before January 1, 1994 shall not exceed the Adjusted Equivalent of \$200,000, subject to the rules of Section 414(q)(6) of the Code applied in

the same manner as in the first paragraph of this subparagraph (16) relating to Compensation.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the Compensation and Creditable Compensation of each Employee taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation and Creditable Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit set forth in this provision.

If Compensation or Creditable Compensation for any prior determination period is taken into account in determining an Employee's benefits accruing in the current Plan Year, the Compensation or Creditable Compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is \$150,000.

(17) "Computation Period" means for purposes of determining eligibility to participate in the Plan an Eligibility Computation Period and for purposes of determining Years of Vesting Service a calendar year.

(18) "Defined Contribution Plan" means a plan described in Section 415(k) of the Code which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account, except as otherwise provided by Section 414(k) of the Code for hybrid plans.

(19) "Disqualified Person" means a disqualified person as defined in Section 4975(e)(2) of the Code.

(20) "Eligibility Computation Period" means with respect to an Employee each consecutive twelve-month period commencing on the

date the Employee first completes an Hour of Service and anniversaries thereof.

(21) "Employee" means an individual who renders services to the Company as a common law employee or officer, i.e., a person whose compensation from the Company is subject to federal income tax withholding, who -

- (a) is not laid off without pay, on unpaid leave of absence, or on active duty in the armed forces of any nation or international body (other than as a member of the inactive reserve of the armed forces of the United States of America while not receiving pay from the Company); and
- (b) is not included in an employee unit covered by a collective bargaining agreement (not violated by this Subparagraph (b)) as to which there is evidence that retirement benefits were the subject of good faith bargaining, all within the meaning of Section 410(b)(3)(A) of the Code, except to the extent a collective bargaining agreement provides for coverage under the Plan.

An individual rendering services to the Company purportedly as an independent contractor shall not be treated as an Employee before the Company has acknowledged that it must withhold federal income tax from the individual's compensation.

For purposes of the pension requirements of Section 414(n)(3) of the Code (but not for purposes of eligibility to participate in the Plan) the term Employee shall include leased employees as defined in Section 414(n)(2) of the Code. Under this section of the Code the term leased employee means any person who is not an employee of the Company or a Related Company (in this paragraph any of such Companies being referred to as the "recipient") and who provides services to the recipient if (i) such services are provided pursuant to an agreement between the recipient and any other person (in this paragraph called the "leasing organization"), (ii) such person has performed such services for the recipient (or for the recipient and related persons) on a substantially full-time basis for a period of at least one year, and (iii) such services are performed under primary direction or control by the recipient or for Plan Years beginning before January 1, 1997 such services are of a type historically performed in the business field of the recipient by employees. Contributions or benefits provided by the leasing organization which are attributable to services performed for the recipient shall be treated as provided by the recipient. However, a leased employee shall not be considered an Employee if (i) such employee is covered by a money purchase pension plan providing (aa) a nonintegrated employer contribution rate of at least 10% of compensation, as defined in Section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross

income under Section 125, Section 402(e)(3), Section 402(h) or Section 403(b) of the Code, (bb) immediate participation, and (cc) full and immediate vesting, and (ii) leased employees do not constitute more than 20% of the recipient's nonhighly compensated work force.

(For purposes of meeting the minimum coverage requirements of Section 410(b) of the Code, employee shall mean any employee of the Company or any other employer required to be aggregated with the Company under Sections 414(b), (c), (m), or (o) of the Code.)

(22) "Entry Date" means and includes for purposes of the ESOP portion of the Plan (a) the first day of a Plan Year and (b) the date six months thereafter, and for purposes of the 401(k) portion of the Plan, the beginning of the first payroll period coinciding with or next following (c) October 1, 1996 or (d) the first day of any subsequent calendar quarter.

(23) "ERISA" means the Employee Retirement Income Security Act of 1974 (Public Law 93-406), as from time to time amended.

(24) "ESOP portion of the Plan" and "ESOP portion of the Trust" mean the ESOP Accounts, the ESOP Contributions and the provisions of the Plan and Trust which pertain to such accounts and contributions.

(25) "Excess Contribution" means Excess Contribution as defined in Article IV(G)(2)(c).

(26) "Fiduciary" means and includes the Trustee, Committee members, and any other Person 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,
- (d) Is described as a "fiduciary" in Section 3 of ERISA or is designated to carry out fiduciary responsibilities (other than trustee responsibilities) pursuant to this Agreement.

Notwithstanding the foregoing provisions of this definition, the word "Fiduciary" shall in any particular context not include any Person or category of Persons to the extent excluded by any applicable Regulation. The Committee shall be the "Named

Fiduciary" with respect to control and management of the operation and administration of the Plan. The Investment Committee shall be the "Named Fiduciary" with respect to the acquisition or sale of Company Stock, the selection of the Investment Funds and generally the investment of Plan assets as provided in Article VIII(I-1). The Trustee shall be the "Named Fiduciary" for custody of Plan assets, the investment of said assets other than Company Stock (except where an Investment Manager has been appointed to manage investments), the disbursement of benefits as instructed by the Committee, and the purchase and sale of Company Stock as instructed by the Committee.

(27) "Fixed Account" means an account which has become fixed, Vested, set apart and segregated pursuant to Article IV(P), regardless of whether or not the assets thereof shall be commingled with any other such account or accounts.

(28) "401(k) portion of the Plan" and "401(k) portion of the Trust" mean the 401(k) Accounts and the provisions of the Plan and Trust which pertain to such accounts.

(29) "Highly Compensated Employee" means any Employee of the Company or a Related Company who, during a particular Plan Year or the preceding Plan Year -

- (a) Was at any time a 5-percent owner as defined in Code Section 416(i)(1);
- (b) Received aggregate compensation from the Company or any Related Company in excess of the Adjusted Equivalent of \$75,000;
- (c) Received aggregate compensation from the Company or any Related Company in excess of the Adjusted Equivalent of \$50,000 and was in the top paid group of Employees for the Plan Year; or
- (d) Was at any time an officer of the Company or a Related Company and received compensation greater than 50 percent of the amount in effect under Code Section 415(b)(1)(A) for the Plan Year;

provided that an Employee not described in (b), (c) or (d) above for the preceding Plan Year shall not be treated as being described in (b), (c) or (d) for the current Plan Year unless such person is a member of the group of 100 Employees paid the greatest compensation from the Company or any Related Company during the current Plan Year. At the election of the Company the term "preceding Plan Year" as used above in this Section (A)(29) shall be deemed to mean the calendar year which coincides with the "particular Plan Year" as used above for which the determination of Highly Compensated Employees is being made, provided that if the Company makes this election with respect to this Plan it shall apply to all plans, entities and arrangements of the Company. As

used above in this Article I(A)(29), "compensation" means compensation as described in Code Section 415(c)(3) increased by Elective Contributions and by any other compensation not includible in gross income under Section 125 of the Code; "top paid group" means the group consisting of the top 20-percent of Employees when ranked on the basis of Plan Year compensation; and Employee means Employee as defined in Article I(A)(19) but without regard to (b) of that provision and without restricting such term to employees of the Company.

For purposes of (d) above no more than 50 Employees (or, if lesser, the greater of three Employees or 10% of the Employees) shall be treated as officers. If for any Plan Year no officer of the Company or a Related Company meets the compensation requirements of (d) above, the highest paid officer for such Plan Year shall be treated as a Highly Compensated Employee.

A former Employee who Separated from the Service of the Company or a Related Company prior to the Plan Year for which the determination of Highly Compensated Employees is being made shall be treated as a Highly Compensated Employee if such Employee was a Highly Compensated Employee in the Plan Year of separation or in any Plan Year ending on or after the Employee's 55th birthday.

If an Employee is during a particular Plan Year a family member of a 5-percent owner or of a Highly Compensated Employee who is one of the 10 most highly compensated Employees (ranked on the basis of compensation paid by the Company or any Related Company) during such Plan Year, then such Employee shall not be considered a separate Employee, and any compensation paid to the Employee and any contribution made on his behalf under the Plan shall be treated as paid to (or on behalf of) the 5-percent owner or top-ten compensated Employee. For these purposes, "family member" means the spouse or any lineal ascendant or descendant of such 5-percent owner or top-ten Employee as well as the spouses of such lineal ascendants and descendants.

(30) "Hour of Service" means with respect to an employee of the Company:

- (a) Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the Company during the applicable Computation Period, with such hours being credited to the employee for the Computation Period in which such duties were performed;
- (b) Each hour for which an employee is paid, or entitled to payment, by the Company 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; provided, however that no more than 501 hours of service are required to be credited under this item (b)

to an employee on account of any single continuous period during which the employee performs no duties (whether or not such period occurs in a single Computation Period);

- (c) Each Hour of Service for which he receives credit pursuant to Article V(I), provided that the counting of such hours shall not cause an individual who does not meet the requirements of Article I(A)(19)(a) to become a Participant while temporarily absent for a reason described in Article V(I); and
- (d) Each hour for which back pay irrespective of mitigation of damages, has been either awarded or agreed to by the Company. These hours shall be credited to the employee for the Computation Period or periods to which the award or agreement pertains rather than the Computation Period in which the award, agreement or payment is made.
- (e) Hours shall not be credited under (a), (b) and/or (c) if such hours are credited under (d) of this subparagraph (30).

Also, solely for purposes of determining whether a One-Year Break in Service for eligibility and Vesting purposes has occurred, but not for purposes of determining the number of Years of Service of an Employee or Participant for eligibility or Vesting purposes, nor for any other purpose under the Plan, an Employee or Participant who is absent from work by reason of maternity or paternity shall be deemed to have completed Hours of Service during such absence subject to the following terms and conditions:

- (f) Absence from work by reason of maternity or paternity means and includes any absence (i) by reason of the pregnancy of the individual, (ii) by reason of the birth of a child of the individual, (iii) by reason of the placement of a child of the individual in connection with the adoption of such child by such individual, or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement,
- (g) The number of Hours of Service deemed to have been completed during any such absence (not to exceed 501) shall be the number of Hours of Service which otherwise normally would have been credited to such Employee or Participant but for such absence, or in any case when the Committee is unable to determine such number of hours, eight Hours of Service per day of such absence,
- (h) Hours of Service shall be deemed to have been completed during an absence under this paragraph only in the Computation Period in which the absence begins if an Employee or Participant would be prevented from incurring a One-Year Break in Service in such Computation Period

solely because Hours of Service are deemed to have been completed during such absence, or in any other case in the immediately following Computation Period,

- (i) No Hour of Service shall be deemed to have been completed during an absence under this paragraph unless the Employee or Participant furnishes to the Committee such timely information as the Committee may reasonably require to establish that the absence is for a reason described in (f) above and the number of days of such absence, and
- (j) Nothing in this paragraph shall be deemed to prevent the crediting of Hours of Service for any purpose under the Plan under Article II(D), even though such hours are not required to be credited under (f) through (i) above.

The word Company as used in this paragraph shall be deemed to include any Related Company. The foregoing definition shall be interpreted in accordance with the rules set forth in Department of Labor Regulations Sections 2530.200b-2(b) and 2530.200b-2(c), the contents of which are hereby incorporated herein by reference.

(31) "Investment Manager" means a Fiduciary which has fully complied with the provisions of Section 3(38) of ERISA and has provided the Committee and the Trustee with written acknowledgement that he has done so and is a Fiduciary with respect to the Plan.

(32) "Limitation Year" shall mean the Plan Year unless the Company has designated a different 12 consecutive month period pursuant to a written resolution of its Board of Directors.

(33) "Lump Sum" means one or more payments all made within a single taxable year of the recipient.

(34) "Normal Retirement Age," in respect of any Participant, means his 65th birthday.

(35) "Normal Retirement Benefit" means the benefit payable under Article V(A).

(36) "Normal Retirement Date," in respect of any Participant, means the Anniversary Date coinciding with or next following his Normal Retirement Age.

(37) "One-Year Break in Service" means a Computation Period during which the employee in question has not completed more than 500 Hours of Service.

(38) "Other Investments Account" means the account maintained to record the amount (in dollars and cents) of Trust assets other than shares of Company Stock allocable to a Participant under the ESOP portion of the Plan.

(39) "Participant" means a person who at the time in question is participating in the Plan pursuant to Article II.

(40) "Person" means any individual, corporation or other entity mentioned in Section 3(9) of ERISA.

(41) "Plan Year" means the fiscal year on which the records of the Plan are kept, which shall be the twelve consecutive month period ending on December 31st.

(42) "Regulation" shall be construed as a reference to a regulation, ruling, or other interpretation, validly promulgated by the Department of Treasury or Department of Labor, as the case may be, and in effect at the time in question.

(43) "Related Company" means and includes (i) each organization, whether or not incorporated, which is a service organization and is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) of which the Company is a member, (ii) all corporations which are members of a controlled group of corporations (within the meaning of Section 414(b) of the Code) of which the Company is a member, (iii) each trade or business, whether or not incorporated, which is under common control (within the meaning of Section 414(c) of the Code) with the Company and (iv) any other entity required to be aggregated with the Company pursuant to Regulations under Section 414(o) of the Code; provided that no such corporation, organization, trade or business shall be considered to be a Related Company at any time prior or subsequent to the period of time during which it meets the foregoing definition; provided further that the status of being employed by a Related Company shall only pertain to an individual during the period of time when his employer is a Related Company, and not to any period of time prior or subsequent to its Related Company status, unless this Agreement or an amendment to it shall otherwise expressly provide.

(44) "Rollover Account" means the account established for any Employee who makes a Rollover Contribution to the 401(k) portion of the Trust under Article XI(F) after October 1, 1996 consisting of the Rollover Contribution adjusted for earnings or losses.

(45) "Separation (or Separated) from Service" means separation (or separated) from the service of the Company within the meaning of Section 410(a)(4) of the Code.

(46) "Trust Fund" means and includes any and all property which shall comprise the corpus of the Trust at the inception thereof, together with any contributions thereto and such other property as shall from time to time become subject to the Trust, and any and all property acquired by the Trustee in substitution for any such contributions or other property, and any and all accumulations thereon, increments thereof, and accretions thereto, less amounts paid out or sustained as distributions, expenses, losses or otherwise; provided, further, that Contracts (as

hereafter defined) shall be deemed to be property and included in the Trust Fund, except as otherwise expressly stated in this Agreement.

(47) "Vested" when used with respect to a benefit, right or account hereunder, means a claim obtained by a Participant or his Beneficiary to that part of an immediate or deferred benefit under the Plan (arising from the Participant's service) which is unconditional and legally enforceable against the Trust; but a right to an Accrued Benefit derived from Company contributions shall not fail to meet this definition solely (i) because it is not payable if the Participant dies, or (ii) because the payment of benefits is suspended during the period that the Participant is employed by the Company.

(48) "Year of Eligibility Service" means (i) with respect to a full-time Employee, the period of 12 months ending on the first anniversary of the date on which he first is credited with an Hour of Service and anniversaries thereof, and (ii) with respect to a part-time Employee, an Eligibility Computation Period during which such Employee is credited with at least one thousand (1,000) Hours of Service. For purposes of determining an Employee's Years of Eligibility Service, all periods of employment with the Company or a Related Company, including periods prior to the effective date of the Plan and periods when he does not meet the definition of an Employee, shall be recognized.

(49) "Year of Vesting Service" means with respect to an Employee each calendar year during which such Employee is credited with at least one thousand (1,000) Hours of Service. For purposes of determining an Employee's vested interest in his Account, all periods of employment with an Employer or a Related Company, including periods prior to the Effective Date and periods when he does not meet the definition of an Employee, shall be recognized, except as provided in Article V(C)(2).

(50) Definitions of the following words and phrases are contained in the following provisions, respectively:

Actual Contribution Percentage	Article IV(F)
Actual Deferral Percentage	Article IV(E)
Company	Opening Paragraph
Company Stock Fund	Article IV(S)
Contribution Percentage	Article IV(F)
Deferral Percentage	Article IV(E)
ESOP Account	Article I(A)(1)
ESOP Contribution	Article III(A)
Elective Contribution(s)	Article III(B)
Elective Contributions Account	Article IV(B)
Excess Contribution	Article IV(G)(2)(c)
Excess Elective Deferrals	Article III(B)
Excess Matching Contributions	Article IV(H)(3)
401(k) Account	Article I(A)(1)
Investment Fund	Article IV(J)

Matching Company Contribution	Article III(C)
Matching Company Contributions	
Account	Article IV(C)
Plan	Opening Paragraph
Qualified Matching	
Contributions	Article IV(G)(2)(b)
Qualified Nonelective	
Contributions	Article IV(G)(2)(a)
Re-employment Commencement	
Date	Article V(C)(2)(a)
Required Beginning Date	Article V(D)(2)
Rollover Contribution	Article XI(F)
Top Heavy Plan and Related	
Definitions	Article XIII
Trust	Opening Paragraph
Trustee	Opening Paragraph
Valuation Date	Article IV(P)(1)

B. Governing Law and Rules of Construction. This Agreement shall be governed in all respects, whether as to construction, capacity, validity, performance or otherwise, by applicable Federal law and, to the extent that Federal law is inapplicable, by the laws of the State of Michigan. Wherever reasonably necessary, pronouns of any gender shall be deemed synonymous, as shall singular and plural pronouns. The index to this Agreement and the headings to the Articles and paragraphs of this Agreement are included solely for convenience and shall in no event affect, or be used in connection with, the interpretation of this Agreement. Each provision of this Agreement shall be treated as a severable, to the end that, if any one or more provisions shall be adjudged or declared illegal, invalid or unenforceable, this Agreement shall be interpreted, and shall remain in full force and effect, as though such provision or provisions had never been contained in this Agreement.

C. Power to Interpret. This Agreement shall be interpreted and effectuated to comply with the applicable requirements of ERISA and the Code; and all such applicable requirements are hereby incorporated herein by reference. Any reference in this Agreement to the requirements of ERISA or any section or title thereof shall be construed with due regard to Sections 108, 109 and 110 of ERISA. Subject to the above, the Committee shall have power to construe and interpret this Agreement and all related documents and administrative forms, including but not limited to the power to construe and interpret all provisions of this Agreement and related documents and forms relating to eligibility for benefits and the amount, manner, and time of payment of benefits, any such construction and interpretation by the Committee and any action taken thereon in good faith by any Administrative Party to be final and conclusive upon any affected party. The Committee shall also have power to correct any defect, supply any omission, or reconcile any inconsistency in such manner and to such extent as the Committee shall deem proper to carry out and put into effect this Agreement; and any construction made or other action taken by the

Committee pursuant to this Paragraph (C), if and when communicated in writing to any other Administrative Party or affected party, shall be binding upon such other party and may be relied upon by such other party.

D. Adoption of Plan by Related Companies. Any Related Company may adopt this Agreement and the Plan and Trust for the benefit of its eligible employees by action of its Board of Directors but only with the consent of the Company evidenced by a resolution of its Board of Directors or the written consent of its President or the Committee. Unless the context otherwise requires, at any time while a Related Company has adopted this Agreement (i) the term Company as used herein with respect to any Employee or Participant shall be construed to mean the adopting corporation by which such Employee or Participant is employed, and (ii) whenever the term Company is used in connection with action to be taken in connection with the Plan, or its administration, e.g., in Article X relating to the termination or amendment of the Plan or in Article VIII(A) relating to the appointment of the Committee, the term Company shall mean Company as defined in the opening paragraph of this Agreement. A transfer of employment by a Participant between Related Companies shall not be considered a termination of employment requiring a distribution from the Trust. A Related Company which has adopted this Agreement shall, by doing so, authorize Source One Mortgage Services Corporation to adopt any amendments to this Agreement on behalf of the Related Company without the separate authorization of such Related Company.

ARTICLE II
PARTICIPATION

A. Eligibility. Eligibility to participate in the Plan will be determined as follows:

(1) Each Employee who is a Participant in the ESOP portion of the Plan immediately prior to October 1, 1996, shall continue to be a Participant in the ESOP portion of the Plan, subject to the terms of this Agreement. Each other Employee who has completed at least one Year of Eligibility Service shall become a Participant in the ESOP portion of the Plan automatically on the Entry Date coinciding with or next succeeding the first date when said condition is fulfilled unless he was Separated from Service before such Entry Date and has not been restored to Employee status prior to such date.

(2) Each Employee shall become a Participant in the 401(k) portion of the Plan automatically on the earlier of the Entry Date coinciding with or next following (i) the date on which he has completed one Year of Eligibility Service or (ii) the first Entry Date on which he is employed in a position normally requiring at least 1,000 Hours of Service annually. As a consequence of being or becoming a Participant in the 401(k) portion of the Plan, the Employee shall be eligible to elect as of the Entry Date on which he becomes a Participant, or as of any later January 1, April 1, July 1 or October 1 on which he is a Participant, to reduce his Creditable Compensation and to have the Company make Elective Contributions on his behalf to the Trust in the amount of such reductions in accordance with Article III(B).

B. All Years of Service Counted for Eligibility. For purposes of determining eligibility to participate, all Years of Service with the Company and/or a Related Company shall be counted.

C. Reemployment. A former Participant or Employee shall be subject to the following rules with respect to participation in the Plan upon reemployment:

(1) A former Participant or other former Employee who (i) did not have a Nonforfeitable right to an accrued benefit derived from Company contributions on the date his employment with the Company or a Related Company terminated, (ii) did not complete at least one Year of Eligibility Service on the date his employment terminated, and (iii) subsequently is reemployed by the Company or a Related Company which has adopted the Plan shall become eligible, or again become eligible, to participate in the ESOP portion of the Plan and the 401(k) portion of the Plan upon meeting anew the eligibility requirements of Article II(A)(1) and/or (2) above, as applicable.

(2) A former Participant or other former Employee who (i) had completed at least one Year of Eligibility Service on the date his employment with the Company or a Related Company terminated and

(ii) subsequently is reemployed by the Company or a Related Company which has adopted the Plan again shall become a Participant as soon as administratively feasible after again becoming an Employee.

D. Inactive Participants. Subject to Article IV(P)(1) and (R) with respect to certain Participants, it is agreed as follows:

(1) During any Plan Year in which a Participant does not have at least 1,000 Hours of Service but remains employed by the Company throughout such Plan Year, he shall be deemed an inactive Participant in the ESOP portion of the Plan and as such he shall not share in the allocation of any ESOP Contributions or forfeitures of the same, if any, for such Plan Year under Article IV(A). However, he shall continue to be treated as a Participant in such portion of the Plan for other Plan purposes including the periodic adjustments to accounts of Participants described in Article IV(O)(1), (2), (3) and (5) and he shall continue to be eligible to make Elective Contributions to the Trust under Article II(A)(2). If in any subsequent Plan Year such an inactive Participant in the ESOP portion of the Plan completes at least 1,000 Hours of Service he again shall become an active Participant in the ESOP portion of the Plan.

(2) During any period when a Participant fails to conform to the definition of an Employee because he is covered by a collective bargaining agreement within the meaning of Article I(A)(21)(b) but is still employed by the Company or because he is transferred to employment with a Related Company which has not adopted the Plan for its eligible employees, he shall be deemed an inactive Participant and during such period no Compensation paid to him by the Company shall be taken into account for the purpose of allocating ESOP Contributions or forfeitures of the same under Article IV or otherwise under the Plan. However, he shall continue to be treated as a Participant for other Plan purposes including the periodic adjustments to accounts of Participants described in Article IV(O)(1), (2), (3) and (5). If such an inactive Participant again conforms to the definition of an Employee he subsequently shall be treated as an active Participant for all Plan purposes and Compensation paid to him thereafter by the Company shall be taken into account for the foregoing purposes.

(3) During any period (i) when an election under Article III(B) to reduce the Creditable Compensation which a Participant otherwise would be entitled to receive and to have the Company make Elective Contributions to the Trust on his behalf is not in effect, (ii) when a Participant fails to meet the definition of an Employee because he is covered by a collective bargaining agreement within the meaning of Article I(A)(21)(b), or (iii) when because of a transfer of employment he is employed by a Related Company which has not adopted the Plan, he shall be considered an inactive Participant in the 401(k) portion of the Plan and no Elective Contributions will be allocated to his Elective Contributions Account for such period. However, during such period the Participant shall continue to be treated as a Participant in the

401(k) portion of the Plan for other Plan purposes including the periodic adjustments to accounts of Participants described in Article IV(0)(1), (2), (3) and (5).

ARTICLE III
CONTRIBUTIONS

A. ESOP Contributions. Subject to the limitations of Article III(D) and (E), the Company shall in respect of each taxable year, within the time prescribed by law for filing its federal income tax return for such taxable year (including extensions thereof), contribute to the ESOP portion of the Trust in furtherance of the Plan, in cash or shares of Company Stock, such amount, if any, as may be determined in the discretion of the Company by or in accordance with a resolution of its Board of Directors adopted within the time prescribed by law for filing its federal income tax return for such taxable year, including extensions thereof, any such amounts being herein called "ESOP Contributions."

B. Elective Contributions; Adjusted \$7,000 Limitation; Corrective Distributions. Subject to the limitations of Article III(D) and (E) and Article IV(E), each Participant may elect within a reasonable time (to be specified by the Committee) before any Entry Date, and before any additional regular periodic dates which the Committee may designate and communicate to Participants, on a form to be furnished to him by the Committee, to reduce the Creditable Compensation which otherwise would be paid to him after such Entry Date (or other designated date) and to have the Company make contributions (herein called "Elective Contributions") to the 401(k) portion of the Trust in the amounts of such reductions on his behalf, provided, however, that no Participant may elect to have Elective Contributions (i) made to the 401(k) portion of the Trust on his behalf of less than 1% or more than 14% (in whole percentages) of such Creditable Compensation or (ii) made to the 401(k) portion of the Trust and/or to any other tax qualified plan of the Company on his behalf of more than the Adjusted Equivalent of \$7,000 in any taxable year of the Participant. Such an election, and any election to change the same made pursuant to this Agreement, may be made only with respect to Creditable Compensation which is not currently available to the electing Participant on the Entry Date (or other designated date) as of which the election is made.

Elective Contributions made by means of payroll reductions shall be paid by the Company to the Trustee at the earliest date on which they can reasonably be segregated from the Company's general assets and in no event later than the 15th business day of the month following the month in which (i) the Elective Contributions are received by the Company (in the case of amounts that a Participant pays to the Company) or (ii) such amounts would otherwise have been paid to the Participants in cash (in the case of amounts withheld by the Company from a Participant's Creditable Compensation), plus any extension of such maximum time period obtained by the Company in accordance with applicable U.S. Department of Labor Regulations, except that prior to February 3, 1997 Elective Contributions shall in no event be paid by the

Company to the Trustee later than 90 days after the date on which such amounts otherwise would have been paid to the Participants as Creditable Compensation. Subject to the foregoing, Elective Contributions for a Plan Year shall be made during the Plan Year or within the time prescribed in A. above for making ESOP Contributions for the Plan Year, except that any additional Company Contributions made under Article IV(G)(2) and treated as Elective Contributions for the Plan Year may be made within 12 months following the close of the Plan Year.

A Participant who has elected to have the Company make Elective Contributions to the 401(k) portion of the Trust on his behalf may, as of any Entry Date and as of any additional regular periodic dates as the Committee may determine and communicate to Participants, change the annual dollar amount of such Elective Contributions or the percentage of Creditable Compensation used to determine the amount of such Elective Contributions. Also, at any time, a Participant may elect to terminate his Elective Contributions for the period subsequent to the effective date of the election. All such elections may be made and become effective only in accordance with such reasonable rules as may be established by the Committee. In the event of the termination of Elective Contributions on behalf of a Participant under this paragraph, the Participant shall not be entitled, until a subsequent Entry Date, to again elect that Elective Contributions be made on his behalf.

If the Elective Contributions made to the 401(k) portion of the Trust on behalf of a Participant under the Plan together with any elective deferrals (as defined in Section 402(g)(3) of the Code) under another qualified cash or deferred arrangement as defined in Section 401(k) of the Code, a simplified employee pension as defined in Section 408(k) of the Code, a salary reduction arrangement under Section 403(b) of the Code, a deferred compensation plan under Section 457 of the Code, or a trust described in Section 501(c)(18) of the Code, cumulatively exceed the limitation imposed by Section 402(g) of the Code for the Participant's taxable year, the Participant may, not later than March 1 following the close of such taxable year, notify the Committee in writing of the excess Elective Contributions made to the 401(k) portion of the Trust (in this Agreement called "Excess Elective Deferrals") and request that such Excess Elective Deferrals be paid to the Participant.

In such event the Committee may direct the Trustee to pay such Excess Elective Deferrals plus any income, or less any loss, allocable to the same to the Participant not later than the first April 15 following the close of such taxable year. At the request of the Participant Excess Elective Deferrals for a taxable year of the Participant may be paid to the Participant from the 401(k) portion of the Trust during the taxable year for which they were made if the Committee so directs the Trustee, provided that in such event (i) the Participant designates the payment as an Excess Elective Deferral, (ii) the payment is made after the date on which the Trustee received the Excess Elective Deferral, and (iii) the

Committee designates the payment as a distribution of Excess Elective Deferrals.

Notwithstanding the foregoing, a Participant's Excess Elective Deferrals for the taxable year of the Participant shall be reduced, but not below zero, by any distribution of Excess Contributions made to the Participant pursuant to Article IV(G) for the Plan Year beginning with or within the taxable year of the Participant.

The income or loss allocable to an Excess Elective Deferral paid to a Participant by the Trustee shall be an amount equal to the income or loss of the Participant's Elective Contributions Account for the taxable year of the Participant for which the Excess Elective Deferral was made multiplied by a fraction the numerator of which is the Excess Elective Deferral made on behalf of the Participant for such taxable year and the denominator of which is the Participant's Elective Contributions Account balance as of the beginning of such taxable year plus the Participant's Elective Contributions for such taxable year.

If Elective Contributions for a Participant for any Plan Year exceed the percentage limitation imposed on the same by the first paragraph of this Article III(B) the excess shall be refunded to the Participant in the same manner as Excess Elective deferrals.

C. Matching Company Contributions. Subject to the limitations of Article III(D) and (E) and Article IV(F) and the rights and obligations of the Committee under Article IV(G) and (H) to monitor and make adjustments in certain contributions, the Company may in the discretion of its Board of Directors make Matching Company Contributions for any Plan Year for those Participants who make elective contributions for such Plan Year in such amount, and subject to such limits, if any, as the Board of Directors may determine. A Participant's Elective Contribution for the Plan Year for purposes of this Paragraph (C) means his Elective Contribution remaining after distribution to him of any Excess Elective Deferrals under Article III(B) and any Excess Contributions under Article IV(G)(2)(c) for such Plan Year. The Company shall contribute all such Matching Company Contributions to the 401(k) portion of the Trust for each Plan Year from time to time during such Plan Year, or after the end of such Plan Year but not later than the time prescribed by law for filing its federal income tax return for its taxable year with respect to which the Matching Company Contribution is made, including extensions thereof.

D. Limitations on Company Contributions. The Company Contributions to the Trust for any taxable year of the Company shall not exceed the least of:

(1) The aggregate Company Contributions permitted by Article IV(D) (specifying maximum Annual Additions) as applied to all Participants;

(2) An amount equal to 15% of the aggregate Compensation paid during such taxable year to Employees who are Participants as of the Anniversary Date falling within such taxable year, plus the amount of any unused pre-87 limitation carry forwards available under Section 404(a)(3)(A)(v) of the Code in respect of such taxable year; or

(3) The Company contributions permitted by Article III(E) (pertaining to two or more plans).

E. Two or More Plans. If the Company makes contributions for the taxable year in question, in connection with one or more additional tax qualified plans (including annuity plans) whose participants include one or more Participants in this Plan, the total amount so contributed by the Company for said taxable year, including its contribution for said taxable year under Paragraphs A, B and C of this Article III, shall not exceed the greater of (i) 25% of the Compensation otherwise paid during said taxable year to the participants in said additional plans and the Participants in this Plan or (ii) the amount of Company contributions necessary to satisfy the minimum funding standard provided by Section 412 of the Code for the Plan Year which ends with or within said taxable year (or for any prior Plan Year), all within the meaning of Section 404(a)(7) of the Code; provided that:

(1) If any carry-over deduction is available to the Company for said taxable year from one or more prior taxable years under Section 404(a)(7)(B), the amount thereof shall reduce the limitation set forth in the foregoing portion of this Paragraph (E).

(2) If said limitation (reduced, if appropriate, under (1) above) would otherwise be exceeded, the Company's contribution under this Plan for said taxable year shall be reduced by an amount equal to the excess.

F. Deductibility. All Company Contributions to the Trust are conditioned upon the Plan and Trust being initially tax qualified and upon deductibility under Section 404 of the Code, unless otherwise expressly stated by the Company. Accordingly (unless so stated), if the Plan and Trust are submitted to the Internal Revenue Service for a determination letter within the time provided by law for filing the Company's federal income tax return for the fiscal year of the Company in which the Plan and Trust were adopted or by such later date as the Secretary of the Treasury may prescribe, and are determined to be not initially tax qualified, or if and to the extent that such a deduction is disallowed within the meaning of Section 403(c)(2) of ERISA, the contribution in question shall be repaid to the Company upon demand (but subject to Paragraph (H) below and, if by reason of disallowance, only to the extent disallowed) within one year after such disallowance or denial of initial qualification. Any Elective Contributions so returned to the Company shall be paid by the Company to the Employees on whose behalf they were made. If any Company

contribution for any taxable year shall exceed the amount deductible for said taxable year under the Code, but shall not be repaid pursuant to the foregoing sentence, the portion not so deductible shall in like amount reduce the contribution required in respect of the subsequent taxable year during which the disallowance or other determination of nondeductibility is made and (to the extent not thereby consumed) any subsequent taxable year or years.

G. Contributions by Mistake. If and to the extent that a Company contribution to the Trust is made as a result of facts and circumstances constituting a good faith mistake of fact, the same shall be repaid to the Company upon demand (but subject to Paragraph (H) below and only to the extent of such mistake) within one year after the payment of the contribution. Any Elective Contributions so returned to the Company shall be paid by the Company to the Employees on whose behalf they were made.

H. Limitation on Repayments. All repayments of Company Contributions under Paragraphs (F) and (G) above shall be subject to the conditions that:

(1) Such repayment shall not include any earnings attributable to that portion of the Company contribution which qualifies for repayment under Paragraphs (F) and (G) above.

(2) There shall be deducted from the amount of such repayment any losses attributable to that portion of the Company Contribution which qualifies for repayment under Paragraphs (F) and (G) above.

(3) If in any event such repayment would result in any Participant's account being reduced to a balance which is less than the balance which would have been in his account had the amount contributed by mistake of fact or in excess of the deductible amount not been contributed, then the amount to be repaid shall be reduced until no Participant's account shall be so reduced by reason of such repayment.

I. No Employee Contributions. No Employee shall make any nondeductible (after-tax) employee contributions to the Trust. This prohibition shall not prevent rollovers or transfers to the Trust permitted under Article XI(F).

ARTICLE IV
ALLOCATION AND ACCOUNTS

A-1. Establishment of ESOP Accounts. The Trustee shall from time to time establish a Company Stock Account and an Other Investments Account for each Participant in the ESOP portion of the Plan and shall thereafter maintain records thereof. Such accounts shall be credited, or debited, annually with shares of Company Stock and with amounts in dollars and cents, respectively, as follows:

(1) Company Stock Account. The Company Stock Account maintained for each Participant will be credited with his allocable share, including fractional shares, of Company Stock purchased by the ESOP portion of the Trust or contributed in kind to the ESOP portion of the Trust by the Company and with any stock dividends on Company Stock held in his Company Stock Account.

(2) Other Investments Account. The Other Investments Account maintained for each Participant will be credited, or debited, with its share of the net income, or net loss, of the ESOP portion of the Trust and with any cash dividends on Company Stock allocated to his Company Stock Account.

A-2. Allocation of ESOP Contributions and Forfeitures. The Company's ESOP Contributions and forfeitures for any taxable year shall, subject to Article II(D) respecting inactive Participants, promptly upon receipt be allocated among the various Participants ESOP Accounts, as of the Anniversary Date falling within such taxable year, as follows:

(1) Each Participant who (i) is employed by the Company on such Anniversary Date (including any individual who first became a Participant as of either Entry Date falling within such taxable year) and (ii) is credited with at least 1000 Hours of Service in such taxable year shall be entitled to an allocation of any ESOP Contributions for such taxable year. The amount of the Company's ESOP Contribution allocated to each Participant's ESOP Account shall be determined by multiplying the aggregate of such contribution by a fraction, the numerator of which is the Participant's Creditable Compensation for such taxable year and the denominator of which is the aggregate Creditable Compensation of all Participants entitled to an allocation of the Company's ESOP Contribution for such taxable year, provided that for purposes of this subparagraph (1) the Creditable Compensation of any Participant who becomes a Participant on the July 1st Entry Date falling within such taxable year shall include only that Creditable Compensation received by the Participant on and after such Entry Date.

(2) Forfeitures occurring or becoming final, as the case may be, during each Plan Year, as provided in Article IV(Q) below (Forfeitures) shall, as of the Anniversary Date falling within such taxable year, be credited to the ESOP Accounts of Participants in

the same proportion as ESOP Contributions are to be credited under (1) above.

B. Elective Contributions Accounts. The Trustee shall establish an account (herein called an "Elective Contributions Account") for each Participant who makes Elective Contributions and shall thereafter maintain a record thereof. Elective Contributions under Article III(B) for any Plan Year shall, subject to the limitations of Paragraphs (D) and (E) of this Article IV, be credited to the Participant's Elective Contributions Account upon receipt by the Trustee not less frequently than monthly and in no event later than as of the Anniversary Date falling within such Plan Year.

C. Matching Company Contributions Accounts. The Trustee shall establish an account (herein called a "Matching Company Contributions Account") for each Participant in respect of whom the Company makes a Matching Company Contribution to the 401(k) portion of the Trust and shall thereafter maintain a record thereof. Matching Company Contributions under Article III (C) for any Plan Year in respect of each Participant shall be credited to the Participant's Matching Company Contributions Account upon receipt by the Trustee and in no event later than as of the Anniversary Date falling within such Plan Year. If a Participant's employment terminates for any reason during the taxable year an amount shall be allocated to his Matching Company Contribution Account only if, and to the extent, required by Article IV(P)(1) (relating to Fixed Accounts).

D. Limitations on Annual Additions to Accounts. Notwithstanding the foregoing provisions of Paragraphs (A-2), (B) and (C) of this Article IV or of Article III, the contributions and other additions with respect to any one Participant for any Limitation Year under all Defined Contribution Plans of the Company, expressed as an Annual Addition to such Participant's Accounts under this Plan and as annual additions (defined similarly to Article I(A)(7)) allocated to such Participant's accounts under all other Defined Contribution Plans of the Company, shall not exceed the lesser of:

(1) The Adjusted Equivalent of \$30,000.00, or, if greater, one-fourth of the defined benefit dollar limitation set forth in Section 415(b)(1) of the Code as in effect for the Plan Year; or

(2) 25% of the Compensation paid to such Participant by the Company in said taxable year;

provided that:

- (a) if the applicable limitation of (1) or (2) above would otherwise be exceeded, the amount allocated to said Participant's Accounts shall be reduced by an amount equal to the excess, and the Company's contributions for said Plan Year shall be reduced to the extent necessary to avoid such excess; provided, however, that if such reduction is not possible or practical in the

circumstances because the Company's contributions for such Plan Year have been made at the time it is discovered that said limitation would otherwise be exceeded and the Committee determines that the excess part of such contribution cannot be returned to the Company without adversely affecting the tax qualified status of the Plan either as a contribution made as a result of a mistake of fact or by reason of its nondeductibility, then if such excess was created as the result of the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation or Creditable Compensation, a reasonable error in determining the amount of Elective Contributions that may be made with respect to any individual under the limits of Section 415 of the Code, or under other limited facts and circumstances which the Commissioner of Internal Revenue finds justify the availability of the rules set forth in the remainder of this Paragraph (D), the portion of such excess, if any, attributable to Excess Elective Deferrals may be distributed to the Participant to the extent such distribution reduces the excess, and any remaining excess shall be held in a suspense account, provided (i) no further Company contributions will be made to the Trust on behalf of the Participants for which such excess exists until they can be allocated to the accounts of such Participants without violating the aforesaid limitation, (ii) investment gains and/or losses and other Trust income are not allocated to such suspense account and (iii) the amounts in such suspense account are allocated to the accounts of Participants for which such excess exists as of each subsequent date on which Company contributions are normally allocated until such suspense account is exhausted. In the event the Plan and Trust are terminated any amount remaining in such suspense account at the time of termination shall be paid to the Company and to the extent any such amount consists of Elective Contributions, the Company shall pay the same to the appropriate Participants.

- (b) if said Participant is also a participant in a Defined Benefit Plan maintained by the Company, the sum of his Defined Benefit Plan Fraction and his Defined Contribution Plan Fraction shall not exceed 1.0 for any taxable year of the Company, except as otherwise permitted by Section 2004(a) of ERISA; provided, however, that if this requirement would otherwise be violated, the Company shall first adjust, freeze or suspend the rate of benefit accrual under any said Defined Benefit Plan and shall then reduce the amount of its contributions (or other components of Annual Additions) to any said Defined Contribution Plan to the extent necessary, whether or not including this Plan, with respect to the Participant in question, so that such violation will not occur.

- (c) for purposes of applying the foregoing provisions of this Paragraph (D), all Defined Benefit Plans (whether or not terminated) of the Company are to be treated as one Defined Benefit Plan, and all Defined Contribution Plans (whether or not terminated) of the Company are to be treated as one Defined Contribution Plan, all within the meaning of (and to the extent necessary to comply with) Section 415 of the Code (including, in particular, subsection (f) thereof) and any applicable Treasury Regulations thereunder.
- (d) for purposes of this Article IV(D) the following terms, wherever capitalized, shall have the following meanings, respectively, unless the context otherwise requires:
- (1) "Defined Benefit Plan" means any plan described in Section 414(j) of the Code (listing tax qualified and similar plans) which is not a Defined Contribution Plan, except as otherwise provided in Section 414(k) of the Code for hybrid plans.
 - (2) "Defined Benefit Plan Fraction" for a Participant for any Plan Year is a fraction -
 - (i) The numerator of which is the projected annual benefit of the Participant under the Company's Defined Benefit Plan (determined as of the close of such Plan Year), and
 - (ii) The denominator of which is the lesser of (A) the product of 1.25, multiplied by the dollar limitation in effect under Section 415(b)(1)(A) of the Code for such Plan Year, or (B) the product of 1.4, multiplied by the amount which may be taken into account under Section 415(b)(1)(B) of the Code with respect to the Participant under such Defined Benefit Plan for such Plan Year.
 - (3) "Defined Contribution Plan" shall have the meaning given to this term in Article I(A)(13).
 - (4) "Defined Contribution Plan Fraction" for a Participant for any Plan Year is a fraction -
 - (i) The numerator of which is the sum of the Annual Additions to the Participant's account as of the close of such Plan Year, and
 - (ii) The denominator of which is the sum of the lesser of the following amounts

determined for such Plan Year and for each prior year of service with the Company and/or a Related Company: (A) the product of 1.25, multiplied by the dollar limitation in effect under Section 415(c)(1)(A) of the Code for such Plan Year and for each prior year of service with the Company and/or a Related Company, or (B) the product of 1.4, multiplied by the amount which may be taken into account under Section 415(c)(1)(B) of the Code with respect to such Participant for such Plan Year.

- (e) The word Company as used above in this Article IV(D) shall be deemed to include any Related Company unless the context otherwise requires so that for purposes Section 415 of the Code all employees of the Company and any Related Company shall be treated as employed by a single employer.

E. Special Limitations on Allocations of Elective Contributions. For each Plan Year beginning on or after October 1, 1996, allocations of Elective Contributions to the Participants' Elective Contribution Accounts shall be limited so that the Actual Deferral Percentage for the group of Participants who are Highly Compensated Employees shall bear a relationship to the Actual Deferral Percentage for the group of all other Participants which meets either of the following tests:

(1) The Actual Deferral Percentage for the group of Participants who are Highly Compensated Employees is not more than the Actual Deferral Percentage for the group of all other Participants multiplied by 1.25, or

(2) The excess of the Actual Deferral Percentage for the group of Participants who are Highly Compensated Employees over the actual Deferral Percentage for the group of all other Participants is not more than 2 percentage points, and the Actual Deferral Percentage for the group of Participants who are Highly Compensated Employees is not more than the Actual Deferral Percentage for the group of all other Participants multiplied by 2.

For purposes of this Paragraph (E), "Actual Deferral Percentage" for each group of Participants referred to above for a Plan Year means the average of the ratios, calculated separately for each Participant in the group, of the amount of Elective Contributions paid to the Trust on behalf of the Participant for the Plan Year, to the Participant's Creditable Compensation paid in that portion of the Plan Year during which he was a Participant. As separately calculated for each Participant, such ratio is referred to as his "Deferral Percentage."

The Deferral Percentage of a Participant for whom no Elective Contribution is made for the Plan Year is zero. The Deferral Percentages of Participants and the Actual Deferral Percentage of each group of Participants shall be calculated to the nearest one hundredth of one percent. For purposes of the tests described in (1) and (2) above Elective Contributions shall include any amounts treated as Elective Contributions under Article IV(G).

For purposes of this Paragraph (E), the following special rules shall apply:

(3) The Deferral Percentage for any Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Contributions allocated to his accounts under this Plan and under one or more other plans or arrangements described in Section 401(k) of the Code that are maintained by the Company or a Related Company shall be determined as if all such Elective Contributions were made under a single plan or arrangement.

(4) For purposes of determining the Deferral Percentage of a Participant who is a five percent owner of the Company or one of the ten most highly paid Highly Compensated Employees, the Elective Contributions and Creditable Compensation of such Participant shall include the Elective Contributions and Creditable Compensation of family members, as defined in Article I(A)(29). Such family members shall be disregarded as separate Participants in determining the Actual Deferral Percentage for the group of Participants who are not Highly Compensated Employees.

(5) The determination and treatment of the Elective Contributions and Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed by Regulation. The Company shall maintain for a reasonable time records sufficient to demonstrate compliance with the Regulations relating to the Actual Deferral Percentage test described above.

F. Special Limitations on Allocations of Matching Company Contributions. For each Plan Year beginning on or after October 1, 1996, allocations of Matching Company Contributions, if any, to Participants' Matching Company Contributions Accounts shall be limited so that the Actual Contribution Percentage for the group of Participants who are Highly Compensated Employees shall bear a relationship to the Actual Contribution Percentage for the group of all other Participants which meets either of the following tests:

(1) The Actual Contribution Percentage for the group of Participants who are Highly Compensated Employees is not more than the Actual Contribution Percentage for the group of all other Participants multiplied by 1.25, or

(2) The excess of the Actual Contribution Percentage for the group of Participants who are Highly Compensated Employees over the Actual Contribution Percentage for the group of all other Participants is not more than 2 percentage points, and the Actual

Contribution Percentage for the group of Participants who are Highly Compensated Employees is not more than the Actual Contribution Percentage for the group of all other Participants multiplied by 2.

For purposes of this Paragraph (F), "Actual Contribution Percentage" for each group of Participants for a Plan Year means the average of the ratios, calculated separately for each Participant in the group, of the amount of Matching Company Contributions paid to the Trust on behalf of each Participant for the Plan Year, to the Participant's Creditable Compensation paid in that portion of the Plan Year during which he was a Participant. As separately calculated for each Participant, such ratio is referred to as his "Contribution Percentage."

The Contribution Percentage of a Participant for whom no Matching Company Contribution is made for the Plan Year is zero. The Contribution Percentages of Participants and the Actual Contribution Percentage of each group of Participants shall be calculated to the nearest one hundredth of one percent. For purposes of the tests described in (1) and (2) above Matching Company Contributions shall include any amounts treated as Matching Company Contributions under Article IV(H).

For purposes of this Paragraph (F), the following special rules shall apply:

(3) The Contribution Percentage for any Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Matching Company Contributions allocated to his accounts under this Plan and under one or more other plans or arrangements described in Section 401(k) of the Code that are maintained by the Company or a Related Company shall be determined as if all such Matching Company Contributions were made under a single plan or arrangement.

(4) For purposes of determining the Contribution Percentage of a Participant who is a five percent owner of the Company or one of the ten most highly paid Highly Compensated Employees, the Matching Company Contributions and Creditable Compensation of such Participant shall include the Matching Company Contributions and Creditable Compensation of family members, as defined in Article I(A)(26). Such family members shall be disregarded as separate Participants in determining the Actual Contribution Percentage for the group of Participants who are not Highly Compensated Employees.

(5) The determination and treatment of the Matching Company Contributions and Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed by Regulation. The Company shall maintain for a reasonable time records sufficient to demonstrate compliance with the Regulations relating to the Actual Contribution Percentage test described above.

G. Adjustments to Prevent Excess Allocations of Elective Contributions. In order to assure that no amounts in excess of the limitations imposed by Paragraph (E) of this Article IV are allocated to the Elective Contributions Account of any Participant who is a Highly Compensated Employee, and in the case of (1) below also to assure that no amounts in excess of the limitations imposed by Article III(D) and (E) and Article IV(D) are exceeded, the following steps shall be taken:

(1) The Committee shall monitor elections made by Participants under Article III(B) and Elective Contributions being made periodically to the Trust pursuant to such elections and may require changes in the elections of Participants, prior to or during any Plan Year, which would reduce the Elective Contributions being made to the Trust on behalf of such Participants and the Matching Company Contributions being made to the Trust on account of such Elective Contributions and/or may reduce or terminate such Elective Contributions and the Matching Company Contributions being made to the Trust on account of such Elective Contributions at any time, in order to assure compliance with any of the limitations referred to above.

(2) If notwithstanding the Committee's efforts to monitor allocations to the Accounts of Participants as required by subparagraph (1) above, the Committee determines after the end of a Plan Year that the allocations of Elective Contributions to the Elective Contribution Accounts of Highly Compensated Employees for such Plan Year exceed the special limitations described in Paragraph (E) above:

(a) The Company may make additional discretionary contributions to the Trust for such Plan Year for allocation to separate accounts of Participants who are not Highly Compensated Employees, or to accounts of all Participants, in amounts which in combination with Elective Contributions (and any Qualified Matching Contributions under (b) below) for such Plan Year are sufficient to cause such special limitations not to be exceeded. Any such contributions (i) shall be allocated to separate accounts of such Participants in proportion to the Creditable Compensation of each paid in that portion of the Plan Year during which he was a Participant, (ii) shall meet the requirements of Regulation 1.401(k)-1(b)(3), and (iii) shall normally be made within the time prescribed by law for filing the Company's federal income tax return for its taxable year with respect to which the discretionary contribution is made, including extensions thereof. Such special accounts shall be fully Vested at all times, shall be subject to the same limitations on distributions which are applicable to Elective Contributions described in Article V(F) and shall be treated as Elective Contributions for purposes of Article IV(E). Contributions made to separate accounts pursuant to this

subparagraph (a) are referred to in this Agreement as "Qualified Nonelective Contributions".

- (b) The Company may treat all or part of the Matching Company Contributions to the Trust for such taxable year, all of which are fully Vested and subject to the limitations of Article V(F), as Elective Contributions. The Company may make additional matching contributions to the Trust for such Plan Year for allocation to separate accounts of Participants for whom Elective Contributions were made to the Trust for such Plan Year and who are not Highly Compensated Employees in amounts which in combination with the Elective Contributions, the Matching Company Contributions treated as Elective Contributions (and any Qualified Nonelective Contributions under (a) above) for such Plan Year are sufficient to cause such special limitations not to be exceeded. Any such additional matching contributions (i) shall be allocated to separate accounts of such Participants in proportion to the Elective Contributions made on behalf of each for the Plan Year, (ii) shall meet the requirements of Regulation 1.401(k)-1(b)(3), and (iii) shall normally be made within the time prescribed by law for filing the Company's federal income tax return for its taxable year with respect to which the matching contribution is made, including extensions thereof. Such special accounts shall be fully Vested at all times and shall be subject to the same limitations on distributions which are applicable to Elective Contributions described in Article V(F) and shall be treated as Elective Contributions for purposes of Article IV(E). Also, the Company may transfer to separate accounts of the kind described above any Discretionary Company Contributions made to the Trust for such Plan Year in which event they shall be treated in the same manner and be subject to the same conditions as additional matching contributions to the Trust under this subparagraph (b). Matching Company Contributions which are fully Vested and subject to the limitations of Article V(F), and contributions made or transferred to separate accounts pursuant to this subparagraph (b) are referred to in this Agreement as "Qualified Matching Contributions".
- (c) The Committee may direct the Trustee to distribute to Participants who are Highly Compensated Employees that portion of the Elective Contributions made to the Trust on their behalf for such Plan Year which exceeds the special limitations of Article IV(E) (in this Agreement called "Excess Contributions") adjusted for earnings or losses. Any Excess Contributions, as so adjusted, to be distributed to Participants shall be designated as Excess Contributions by the Company and be distributed after the close of the Plan Year for which they were made normally within 2 1/2 months after the end of such Plan Year, and

in any event not later than 12 months after the end of such Plan Year. (If such Excess Contributions are distributed after 2 1/2 months after the end of such Plan Year an excise tax is imposed on the Company with respect to the same.)

- (d) The Excess Contribution for the Plan Year, if any, for each Participant who is a Highly Compensated Employee shall be determined and distributed as follows:
- (i) The Deferral Percentage of the Highly Compensated Employee with the highest Deferral Percentage shall be reduced to the extent required to either (A) enable the Plan to satisfy one of the Actual Deferral Percentage tests of Article IV(E), or (B) cause the Highly Compensated Employee's Deferral Percentage to equal the Deferral Percentage of the Highly Compensated Employee with the next highest Deferral Percentage. This process shall be repeated until the Plan satisfies one of the Actual Deferral Percentage tests of Article IV(E). When and if the Deferral Percentages of two or more Highly Compensated Employees to be reduced are the same, such percentages shall be reduced equally and simultaneously.
 - (ii) The Excess Contribution to be distributed to each Highly Compensated Employee whose Deferral Percentage is reduced under (i) above shall be the Elective Contributions made to the Trust for the Plan Year on behalf of the Highly Compensated Employee (determined prior to the application of this subparagraph (d)) minus the amount determined by multiplying the Highly Compensated Employee's Creditable Compensation by his Deferral Percentage (determined after the application of this subparagraph (d)).
- (e) The income or loss allocable to an Excess Contribution distributed to a Highly Compensated Employee under (c) and (d) above by the Trustee shall be an amount equal to the income or loss of the Participant's Elective Contributions Account for the Plan Year for which the Excess Contribution was made multiplied by a fraction the numerator of which is the Excess Contribution made on behalf of the Participant for such Plan Year and the denominator of which is the Participant's Elective Contributions Account balance as of the beginning of such Plan Year plus the Participant's Elective Contributions for such Plan Year.

- (f) If a Participant and one or more of his family members are subject to the family aggregation rules described in Article IV(E) and Code Section 414(q)(6), the allocation and distribution of Excess Contributions in respect of such individuals shall be made in accordance with Regulation 1.401(k)-1(f)(5)(iii).

H. Adjustments to Prevent Excess Allocations of Matching Company Contributions. If notwithstanding the Committee's efforts to monitor allocations to the Accounts of Participants as required by Article IV(G)(1), the Committee determines after the end of a Plan Year that the allocations of Matching Company Contributions to the Matching Company Contribution Accounts of Highly Compensated Employees for such Plan Year exceed the special limitations described in Paragraph (F) above:

(1) The Company may make Qualified Nonelective Contributions to the Trust for such Plan Year for allocation to separate accounts of Participants in the same manner and subject to the same conditions set forth in Article IV(G)(2)(a), which in combination with the Matching Company Contributions (and any additional matching contributions under (2) below) for such Plan Year are sufficient to cause such special limitations not to be exceeded. Also, to cause such special limitations not to be exceeded the Company may transfer to separate accounts of the kind described above any Elective Contributions made to the Trust for such Plan Year provided that Elective Contributions for such Plan Year meet the requirements of Reg. 1.401(m)-1(b)(2).

(2) The Company may make additional matching contributions to the Trust for such Plan Year for allocation to the Matching Company Contributions Accounts of Participants for whom Elective Contributions were made to the Trust for such Plan Year and who are not Highly Compensated Employees in amounts which in combination with the Matching Company Contributions (and any Qualified Nonelective Contributions under (1) above) for such Plan Year are sufficient to cause such special limitations not to be exceeded. Any such contributions shall be allocated to the Matching Company Contributions Accounts of such Participants in proportion to the Matching Company Contributions theretofore made on behalf of each for the Plan Year, and shall normally be made within the time prescribed by law for filing the Company's federal income tax return for its taxable year with respect to which the additional matching contribution is made, including extensions thereof. Such additional matching contributions shall be subject to the same plan rules applicable to Matching Company Contributions and shall be treated as Matching Company Contributions for purposes of Article IV(F).

(3) The Committee may direct the Trustee to distribute to Participants who are Highly Compensated Employees that portion of the Matching Company Contributions made to the Trust on their behalf for such Plan Year which exceeds the special limitations of Paragraph (F) of this Article IV (in this Agreement called "Excess

Matching Contributions") adjusted for earnings or losses. Any Excess Matching Contributions, as so adjusted, to be distributed to Participants shall be designated as Excess Matching Contributions by the Company and be distributed after the close of the Plan Year for which they were made normally within 2 1/2 months after the end of such Plan Year, and in any event not later than 12 months after the end of such Plan Year. (If such Excess Matching Company Contributions are distributed after 2 1/2 months after the end of such Plan Year an excise tax is imposed on the Company with respect to the same.)

(4) The Excess Matching Company Contribution for the Plan Year, if any, for each Participant who is a Highly Compensated Employee shall be determined and, if not reallocated under subparagraph (7) below to the accounts of other Participants, shall be distributed, as follows:

- (a) The Contribution Percentage of the Highly Compensated Employee with the highest Contribution Percentage shall be reduced to the extent required to either (A) enable the Plan to satisfy one of the Actual Contribution Percentage tests of Article IV(F), or (B) cause the Highly Compensated Employee's Contribution Percentage to equal the Contribution Percentage of the Highly Compensated Employee with the next highest Contribution Percentage. This process shall be repeated until the Plan satisfies one of the Actual Contribution Percentage tests of Article IV(F). When and if the Contribution Percentages of two or more Highly Compensated Employees to be reduced are the same, such percentages shall be reduced equally and simultaneously.
- (b) The Excess Matching Company Contribution to be distributed to each Highly Compensated Employee whose Contribution Percentage is reduced under (a) above shall be the Matching Company Contributions made to the Trust on behalf of the Highly Compensated Employee (determined prior to the application of this subparagraph (4)) minus the amount determined by multiplying the Highly Compensated Employee's Creditable Compensation by his Contribution Percentage (determined after the application of this subparagraph (4)).

(5) The income or loss allocable to an Excess Matching Contribution distributed to a Highly Compensated Employee under (3) and (4) above by the Trustee shall be an amount equal to the income or loss of the Participant's Matching Company Contributions Account for the Plan Year for which the Excess Matching Contribution was made multiplied by a fraction the numerator of which is the Excess Matching Company Contributions made on behalf of the Participant for such Plan Year and the denominator of which is the Participant's Matching Company Contributions Account balance as of the beginning of such Plan Year plus the Matching Company Contributions made on behalf of the Participant for such Plan Year.

(6) If a Participant and one or more of his family members are subject to the family aggregation rules described in Article IV(F) and Code Section 414(q)(6), the allocation and distribution of Excess Matching Contributions in respect of such individuals shall be made in accordance with Regulation 1.401(m)-1(e)(5)(iii).

(7) Instead of directing the Trustee to distribute any Excess Matching Company Contributions for the Plan Year to Participants who are Highly Compensated Employees, the Committee may direct the Trustee to allocate such Excess Matching Company Contributions, adjusted for income or loss and determined and allocated as provided in (3) through (6) above, to the Matching Company Contribution Accounts of Participants who are not Highly Compensated Employees and for whom Elective Contributions were made to the Trust for the Plan Year. Such Excess Matching Company Contributions as so adjusted shall be allocated among such accounts in the ratio which each such Participant's Creditable Compensation for the Plan Year bears to the Creditable Compensation of all such Participants for the Plan Year. Any Matching Company Contribution for the Plan Year made to the Trust on account of an Elective Contribution which is determined to be an Excess Elective Deferral under Article III(B) or an Excess Contribution under Article IV(E) and (G) or (i) shall, after adjustment for income or loss, be allocated among the Matching Company Contribution Accounts of such participants in the same manner.

I. Adjustments to Prevent Multiple Use of Alternative Limitation. If multiple use of the alternative limitations described in Articles IV(E)(2) and IV(F)(2), as defined by Regulation 1.401(m)-2, shall occur, such multiple use shall be corrected by reducing the Actual Deferral Percentage of the group of Highly Compensated Employees in the manner described in Article IV(G)(2)(d) and (e). In determining whether multiple use of such alternative limitations has occurred the applicable Actual Deferral Percentages and Actual Contribution Percentages shall be determined after all adjustments made under Article IV(G) and (H). The required reduction shall be treated as an Excess Contribution and shall be allocated and distributed in the same manner described in Article IV(G)(2)(c), (d) and (e).

J. Establishment and Objectives of Investment Funds. Within the context of the Trust Fund, the Trustee at the direction of the Committee shall establish one or more Investment Funds for the investment of Trust Assets comprising the 401(k) portion of the Trust, having such investment objectives as may be ascribed to each such fund by the Investment Committee. Such Investment Funds may consist of the Trust's investment in (i) one or more pooled funds established by the Trustee, if it is a bank or trust company, for the investment of the assets of tax qualified pension and/or profit-sharing plans, (ii) one or more mutual funds, (iii) one or more contracts issued by an insurance company, (iv) a Company Stock fund (herein called the "Company Stock Fund") consisting of shares of Company Stock and short-term money market investments in which funds may be temporarily invested pending investment in shares of

Company Stock and/or in (v) any other investment vehicle suitable for the investment of assets of the Trust Fund and designated by the Investment Committee.

The Committee shall provide information to Participants regarding the Investment Funds available under the Plan, including a description of the investment objectives and types of investments of each such Investment Fund. If a prospectus is required to be issued with respect to any such Investment Fund, the Committee will inform Participants of the availability of such prospectus or, if required by law, arrange to furnish a copy of the prospectus to each Participant.

K-1. Investment of Elective Contributions, Matching Company Contributions and Rollover Contributions. As of the last business day of each calendar quarter, and as of any more frequent intervals designated by the Committee (including intervals as frequently as daily), each Participant shall have the right to designate on an investment election form furnished by the Committee (or by telephone call if permitted by the Committee) in accordance with procedures established by the Committee (or by the Trustee or Plan record keeper with the consent of the Committee) how Elective Contributions, Matching Company Contributions, if any, and Rollover Contributions, if any, hereafter made to the 401(k) portion of the Trust on his behalf are to be allocated among the Investment Funds. The Committee shall either furnish any such investment election forms to the Trustee or shall compile the results of any such elections and direct the Trustee how such contributions for each Participant are to be allocated among such Investment Funds. The Trustee shall as soon as reasonably possible after receipt of each Elective Contribution, Matching Company Contribution or Rollover Contribution made by the Company to the 401(k) portion of the Trust, and not less frequently than monthly, allocate such contribution among the Investment Funds in accordance with such investment elections or instructions. Until a new investment election or instruction (or telephone call if permitted by the Committee) for any Participant is received by the Trustee, the Trustee shall continue to invest Elective Contributions, Matching Company Contributions and Rollover Contributions made for such Participant in the manner designated on the most recently received written (or telephone) investment election or instruction relating to such Participant. If the Trustee shall receive an Elective Contribution, Matching Company Contribution or a Rollover Contribution for a Participant for whom it has not received any investment election or instruction, the Trustee shall invest such contribution in the Investment Fund which most nearly fits the description of a short-term fixed income fund.

Notwithstanding the foregoing, if the Investment Committee so directs the Trustee in writing and advises the Participants in the summary description of the Plan or in another written communication, the amounts allocated to the Matching Company Contribution Accounts of Participants shall be invested in the sole discretion of the Trustee (or the Investment Committee) or an

investment manager appointed pursuant to Article IX(C). Such investments shall be considered to be a separate Investment Fund invested in the discretion of the Trustee (or the Investment Committee).

K-2. Investment of ESOP Contributions. Trust assets comprising the ESOP portion of the Trust shall be invested primarily in Company Stock. Such Trust assets, including ESOP Contributions, may be used to acquire shares of Company Stock from Company shareholders, from former Participants (or Beneficiaries) or from the Company or a Related Company. Trust assets comprising the ESOP portion of the Trust invested in Company Stock shall be held in an investment fund separate from the Company Stock Fund referred to in Article IV(J)(iv) above. Such fund is sometimes referred to herein as the "ESOP Company Stock Fund." The Trustee may also invest Trust assets comprising the ESOP portion of the Trust in savings accounts, certificates of deposit, short-term fixed income funds, high-grade short-term securities including commercial paper, common and preferred stocks, bonds, bank pooled investment funds, mutual funds including a money market fund or other investments desirable for the ESOP portion of the Trust, or may be held in cash. Such investments also shall be held in an investment fund separate from any of the investment funds described in Article IV(J) above. Such fund is sometimes referred to herein as the "ESOP Other Investments Fund." All investments of Trust assets comprising the ESOP portion of the Trust, including all dispositions of Company Stock, shall be made by the Trustee only upon the direction of the Investment Committee, and all purchases of Company Stock shall be made at prices which result in the payment of not more than adequate consideration (as defined in Section 3(18) of ERISA) by the Trustee for such Company Stock. Moreover, all sales of Company Stock made by the Trustee upon the direction of the Investment Committee shall be made at prices which result in the payment to the Trustee of at least adequate consideration (as defined in Section 3(18) of ERISA) for such Company Stock. The Committee may direct that up to 100% of the assets of the ESOP portion of the Trust be invested and held in Company Stock.

No loans to the Trust by, or guaranteed by, a Disqualified Person shall be permitted, nor shall any purchases of Company Stock from a Disqualified Person on an installment basis be permitted.

Notwithstanding the foregoing provisions of this Paragraph K-2 or any other provision of the Plan or Trust Agreement, if Fund American Enterprises Holdings, Inc., the indirect parent of the Company, ceases to be the indirect parent or parent of the Company or if the Investment Committee determines that it is likely that the Company will soon cease to be the indirect or direct parent of the Company, the Investment Committee may direct the Trustee to sell up to 100% of the Company Stock held by the Trust in the ESOP portion of the Trust and to invest the proceeds in other assets authorized in the Plan and Trust Agreement for the investment of assets of the ESOP portion of the Trust, pending amendment or

termination of the ESOP portion of the Plan and Trust by action of the Company's Board of Directors.

L. Participants' Rights to Periodic Reallocation of Elective Contributions, Matching Company Contributions and Rollover Contributions Accounts. As of the last business day of each calendar quarter and as of any more frequent intervals designated by the Committee (including intervals as frequently as daily), each Participant shall be entitled to direct the Trustee in accordance with procedures established by the Committee (or by the Trustee or Plan record keeper with the Committee's consent) to reallocate all or a portion of his Elective Contributions, Matching Company Contributions and Rollover Contributions Accounts so that, as of the date of such reallocation, specified percentages (in multiples to be designated by the Committee) of such Accounts shall be invested in one or more of the Investment Funds. Upon receipt of timely instructions from the Committee (which shall be consistent with the directions of Participants desiring allocation or reallocation) (or upon timely telephone calls from Participants if permitted by the Committee) the Trustee shall, invest or reinvest such portions of the aforesaid Accounts of Participants thus directing allocation or reallocation as will (immediately following such investment or reinvestment) result in the aforesaid Accounts of each such Participant being invested in the Investment Funds substantially in accordance with the directions of each such Participant. However, no transfers between Investment Funds shall be permitted if prohibited by the rules applicable to the particular Investment Fund from or to which a transfer is to be made or by rules adopted by the Committee and communicated to the Participants.

M. Participants' Credit Accounts. The Trustee shall establish and maintain one or more Credit Accounts for each Participant, showing the balance in each of his Accounts in the 401(k) portion of the Plan (and in each of the Investment Funds, if applicable), and for such other purposes as may be useful in the administration of the Trust under this Agreement, and shall cause to be furnished to each Participant at least annually a statement of the Credit Accounts. The fact that Credit Accounts are established and maintained shall not be construed to mean under any circumstances or event that any Participant has title to any specific asset held in trust hereunder.

N. Periodic Revaluation of Investment Funds. As of each Valuation Date the Trustee shall determine as provided in Article IX(H) (Appraisal), or shall cause the organization(s) holding the assets of a particular Investment Fund, such as an insurance company or mutual fund, to determine the net earnings or the net loss of each Investment Fund including net capital gains or losses, if any, for the period ending on such date or since the previous Valuation Date, and shall revalue, or cause to be revalued, each Investment Fund so as to reflect the increase or decrease in the value of the investments of each Investment Fund as compared to the value of such investments as of the previous Valuation Date. To

the extent an Investment Fund is invested in shares or units of participation in a mutual fund or pooled fund maintained by the Trustee, such shares or units of participation shall be valued in the manner they are normally valued by the mutual fund or pooled fund. To the extent an Investment Fund is invested in an annuity or deposit administration contract, including a guaranteed income contract or similar contract issued by an insurance company, it shall be valued in the manner such contract is normally valued by the insurance company.

0. Periodic Adjustments to Accounts. Adjustments shall from time to time be made to each Participant's Accounts as follows:

(1) The Trustee shall debit such Accounts currently in respect of any distributions of benefits therefrom.

(2) Promptly following each revaluation of an Investment Fund pursuant to Paragraph (N) above, the Trustee shall allocate, or shall cause to be allocated, to each 401(k) Account invested in such Investment Fund a portion of the net earnings or net loss of such Investment Fund, including appreciation or depreciation in the value of the assets of such fund, such portion being determined by applying to such net earnings or loss the ratio which the balance of each 401(k) Account in such fund on the immediately preceding Valuation Date bears to the total of the balances of all 401(k) Accounts in such fund on such Valuation Date, but taking into account in a manner determined to be equitable by the Trustee (with the consent of the Committee) any Company Contributions to, or distributions from, such 401(k) Accounts since the immediately preceding Valuation Date. Notwithstanding the foregoing, the Trustee may allocate, or cause to be allocated, to each such 401(k) Account invested in such Investment Fund a portion of the net earnings or net loss of such Investment Fund, periodically and not less frequently than quarterly (and as frequently as daily), on any other basis which in the Trustee's judgment is fair and equitable to Participants and which is based in substance on the sizes of the Accounts invested in such Investment Fund over the period during which such net earnings or net loss in value occurs; provided the Committee consents to such other basis of allocation.

(3) The net income, or loss, of the ESOP portion of the Trust for each Plan Year shall be determined as of each Valuation Date and shall be allocated to the ESOP Accounts of Participants as follows:

(a) Each Participant's shares of the net income or loss of the ESOP portion of the Trust as of each Valuation Date shall be allocated to his Other Investments Account in the ratio which the balance of such Other Investments Account on the preceding Valuation Date (reduced by the amount of any distribution of part of his ESOP Account from his Other Investments Account) bears to the sum of such balances for all Participants as of that date. The net income or loss, includes the increase or decrease in

the fair market value of Trust assets of the ESOP portion of the Trust (other than Company Stock), interest income, dividends and other income or expenses, attributable to Trust assets of the ESOP portion of the Trust (other than allocated Company Stock) since the preceding Valuation Date.

- (b) Any cash dividends received on shares of Company Stock allocated to Participants' Company Stock Accounts shall be allocated to their respective Other Investments Accounts. Any stock dividends received on Company Stock shall be credited to the Company Stock Account to which such Company Stock was allocated.
- (c) Rights to purchase Company Stock received by the Trustee with respect to a Participant's Company Stock Account shall be allocated in like manner as a dividend. After such allocation, the Committee shall determine with respect to each such Participant's Other Investments Account the maximum number of rights and fractions thereof which can be exercised by the use of the available cash therein; and shall instruct the Trustee to (and the Trustee shall) sell and exercise rights accordingly. The Company Stock thus purchased shall be allocated among the Participants' Company Stock Accounts in accordance with the rights therein which were exercised. Rights for the purchase of other than Company Stock received by the Trustee with respect to Company Stock in a Participant's Company Stock Account shall be sold and the proceeds allocated in like manner as a cash dividend.
- (d) In the event of a merger, reorganization or recapitalization in which Company Stock in the ESOP portion of the Trust is exchanged for other stock or securities, the Trustee shall effect such exchange with respect to all Company Stock in the ESOP portion of the Trust and the Committee shall allocate the stock and securities received in such exchange among the Participants' Company Stock Accounts in proportion to the number of shares and fractions of a share of Company Stock allocated or allocable to said accounts at the time of such exchange. Thereafter, such stock or securities shall be deemed to be Company Stock for all purposes of this Plan, except as the Committee may otherwise determine. Any fractional share or fractional unit received in such exchange shall be handled in like manner as a fractional share in a stock dividend.

(4) As of each Anniversary Date, the Trustee shall credit each ESOP Account in the same proportion as ESOP Contributions are to be credited under Article IV (A-2) above, with respect to any forfeitures occurring or becoming final, as the case may be, since

the previous Anniversary Date, as provided in Paragraph (Q) below (Forfeitures).

(5) Expenses and compensation of the Trustee and Committee may be charged to the Accounts of Participants as provided in Article XI(P).

P. Fixed Accounts. Upon the termination of a Participant's employment with the Company, whether due to his retirement, death, disability or other cause whatsoever, he shall cease to be a Participant for purposes of Article III and, except for benefits payable or distributable under this Agreement, shall cease to have any further right, title or interest in the Plan and Trust; provided, further, that -

(1) Such Participant's Accounts, except to the extent his ESOP Account and Matching Company Contributions Account may be forfeited, shall become fixed and Vested at their balances as close as administratively feasible to the Valuation Date coinciding with or next following the date of such termination. "Valuation Date" shall mean the last day of each calendar quarter or other date occurring regularly more frequently than quarterly (including daily) designated by the Committee and communicated to the Participants in writing. If such termination shall be by reason of his death, disability (as defined in Article VI(D)) or if he shall retire under the Source One Mortgage Services Corporation Retirement Plan on or after his early or normal retirement date as defined in such plan, his ESOP Account shall participate in the allocation of ESOP Contributions and forfeitures under Paragraphs (A-2) and (O)(4) of this Article IV as of the Anniversary Date coinciding with or next following his termination to the same extent as if he were still a Participant. Payment or the start of payments under Article V of the amount of such ESOP Contribution and forfeitures so allocated to the Participant's ESOP Account shall be made or shall occur as soon as administratively feasible after such allocation. Notwithstanding the foregoing, if the Valuation Date described above is subsequent to the Participant's Required Beginning Date then such Valuation Date shall be the Valuation Date immediately preceding the Participant's Required Beginning Date.

(2) In determining the balance of any Account under (1) above, there shall be included any Company Contributions and other items which have been or should be credited or debited to such Account as of the Valuation Date or prior thereto. Thereafter, no further credits or debits shall be made to said Account, except as provided in (1) above and except for:

- (a) Distributions therefrom,
- (b) Special expenses chargeable thereto under Article XI(P)(2)(b),
- (c) Matters mentioned in Subparagraphs (3) below, and

- (d) Any Elective Contributions and Matching Company Contributions made to the Trust with respect to the Participant after the Valuation Date.

(3) If prior to the termination of the Participant's employment the Trustee was investing any of his 401(k) Accounts in accordance with the Participant's instructions, the Trustee shall continue to invest such Accounts in accordance with such instructions for as long as administratively feasible prior to the time such Accounts are paid to the Participant.

Q. Forfeitures. With respect to all or any portion of a Participant's ESOP Account and Matching Company Contributions Account which are subject to forfeiture under Article V(C) below (Early Retirement; Vesting Schedule, etc.)

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(1) With respect to the ESOP Account, or portion thereof, of a Participant which is forfeited under Article V(C) below (Early Retirement; Vesting Schedule, etc.) or any other provision of this Agreement, on the date such Account or portion thereof is forfeited under Article V(C)(4), but (i) in the case of a Participant who consents to, and receives, the immediate payment of the Vested portion of his ESOP Account pursuant to Article V(E), as of the last day of the Plan Year in which the Participant's employment terminates, and (ii) in the case of a Participant who does not so consent to, and does not receive, the immediate payment of the Vested portion of his ESOP Account, as of the last day of the Plan Year in which the nonvested portion of such Account is forfeited, such forfeited amount shall be credited to other ESOP Accounts, as provided by Article IV(A-2) above (Allocation of ESOP Contributions and Forfeitures). If the Participant is not vested in any part of his ESOP Account, he shall be deemed to have elected to receive the Vested part of his ESOP Account, namely, zero, in a Lump Sum upon termination of his employment.

(2) Matching Company Contributions forfeited under Article V(C) shall be treated in the same manner as forfeited ESOP Contributions under (1) above as if the terms Matching Company Contributions and Matching Company Contributions Accounts were substituted for the terms ESOP Contributions and ESOP Accounts, except that instead of allocating such forfeited Matching Company Contributions to the Matching Company Contribution Accounts of other Participants such forfeited amounts shall be applied to reduce Matching Company Contributions otherwise authorized to be made to the Trust for the Plan Year in which the forfeiture occurred or for the next following Plan Year or Plan Years and pending such application shall be held in a suspense account in the 401(k) portion of the Trust.

R. Accounting for Allocations. The Committee shall establish accounting procedures for the purpose of making the allocations to Participants' Accounts provided for in this Article IV. The Committee shall maintain adequate records of the cost basis of Company Stock allocated to any Participant's Company Stock Account

and to the extent feasible the Participant's 401(k) Account. From time to time, the Committee may modify its accounting procedures for the purposes of achieving equitable and nondiscriminatory allocations among the Accounts of Participants, in accordance with the provisions of this Article IV and the applicable requirements of the Code and ERISA.

S. Company Stock Fund. The Company Stock Fund, subject to the next following paragraph, shall be invested by the Trustee solely in Company Stock purchased by the Trustee in the open market or by private purchase from Fund American Enterprises Holdings, Inc. or others at the fair market value of such stock at the time of purchase as determined by the Trustee pursuant to Article IX(H). Company Stock may also be acquired within the Plan for the accounts of active Participants from the accounts of Participants who elect, or whose Beneficiaries elect, pursuant to Article V(J) or VI(C-1), to receive cash distributions from the Plan instead of shares of Company Stock allocated to their Company Stock Accounts or 401(k) accounts. All such acquisitions shall be at the fair market value of such shares at the close of the day of the transaction as determined by the Trustee pursuant to Article IX(H). In acquiring shares of Company Stock for the accounts of active Participants the Trustee may net purchases, including internal acquisitions of the kind described above, against sales of Company Stock. There shall be no percentage limitation on the portion of the 401(k) portion of the Trust which the Trustee may invest or hold in Company Stock. However, no Participant may direct that any portion of his Elective Contributions Account or Rollover Account be invested in the Company Stock Fund before the effective date of the registration of the Company Stock to be held in the Company Stock Fund with the U.S. Securities and Exchange Commission.

Dividends, interest and other distributions received by the Trustee in respect of each Investment Fund, including the Company Stock Fund, shall be reinvested in the same Investment Fund. However, pending reinvestment, any such dividends, interest and other distributions in respect of the Company Stock Fund shall be invested by the Trustee in short-term fixed income investments, which may include units of participation in a short term fixed income fund maintained by the Trustee or a short term fixed income mutual fund.

ARTICLE V
RETIREMENT BENEFITS AND VESTING

A. Normal Retirement. A Participant may retire from the employment of the Company at his Normal Retirement Date, whereupon the Trustee shall as promptly as administratively feasible arrange to make benefits available to the Participant as follows:

- (1) Except as provided in (3)-(5) below, the balance of the Participant's Fixed Account shall be paid in a Lump Sum.
- (2) In no event shall the Participant's Account be paid, or commence to be paid, later than his Required Beginning Date.

(3) If the Participant shall so specify in a written election delivered to the Company not later than 30 days after his retirement, the balance of the Participant's ESOP Account shall be paid in regular installments over a period not exceeding the lesser of (i) fifteen (15) years or (ii) the life expectancy of the Participant or the joint life expectancy of such Participant and his designated Beneficiary, which installments shall not be directed at a rate of less than \$1200 per year nor payable more frequently than monthly, provided however, that the amount to be distributed each year, commencing with the year in which the Participant's Required Beginning Date falls, must be at least an amount equal to the quotient obtained by dividing the entire interest of the Participant under the ESOP portion of the Plan at the time the distribution is made (expressed in either dollars or units) by the life expectancy of the Participant and his designated Beneficiary (whichever is applicable); and provided, further, that payments in regular installments under this subparagraph (3) may not be elected by a Participant who elects under Article V(J) to receive his Vested ESOP Account in shares of Company Stock.

(4) For purposes of paragraph (3) above life expectancy shall be computed by use of the return multiples included in Section 1.72-9 of the Income Tax Regulations or such other applicable successor regulations which may be issued by the Internal Revenue Service. For purposes of paragraph (3) above, the Participant's life expectancy, and the joint life and last survivor life expectancies of the Participant and his designated Beneficiary, if such designated Beneficiary is the Participant's spouse, may be recalculated from time to time but not more frequently than annually, but the life expectancy of a designated Beneficiary other than the Participant's spouse may not be recalculated.

(5) If the installments required by paragraph (3) above are payable to the Participant and a designated Beneficiary who is not the Participant's spouse, the payments to be made to the Participant on or after the Participant's Required Beginning Date must satisfy the incidental benefits requirements of Section 401(a)(9) of the Code and the Regulations thereunder.

(6) If a distribution is one to which Sections 401(a)(11) and 417 of the Code do not apply, such distribution may be made or may commence less than 30 days after the notice required under Section 1.411(a)-11(c) of the Regulations is given, provided that:

- (a) the Committee clearly informs the Participant that the Participant has a right for a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and
- (b) the Participant, after receiving the notice, affirmatively elects a distribution.

Notwithstanding the foregoing, a Participant's Normal Retirement Date under the Plan shall not be construed as a mandatory retirement date.

B. Late Retirement. If a Participant shall continue in the Company's employ beyond his Normal Retirement Date (in which event he shall remain a Participant in the Plan for all purposes), no retirement benefits shall be payable to him under this Agreement until his actual retirement, at which time the same steps shall be taken as in the case of normal retirement, provided that in no event shall such benefits be paid or commence to be paid later than the Required Beginning Date or other deadline specified in Article V(D).

C. Early Retirement; Vesting Schedule for ESOP Contributions and Matching Company Contributions; Full Vesting of Elective Contributions. Upon retirement of a Participant prior to his Normal Retirement Date, the Trustee shall as promptly as possible (but subject to Article V(E)) arrange to make benefits available to the Participant (except as otherwise provided in Article X(A)) in the same manner and form as at normal retirement; provided, however, that the Participant shall not have the right to elect that his ESOP Account be paid in installments as provided in Article V(A)(3) unless he retires under the Source One Mortgage Services Corporation Retirement Plan on or after his early retirement date (as defined in such plan), and provided, further, that -

(1) Such Participant shall be entitled only to a percentage of the balance in his ESOP Account and his Matching Company Contributions Account based upon the number of his Years of Service, as follows:

Years of Service -----	Percentage Vesting in ESOP and Matching Company Contribution Accounts -----
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less than 3	0%
3 but less than 4	20%
4 but less than 5	40%
5 but less than 6	60%
6 but less than 7	80%
7 or more	100%

(2) In computing a Participant's period of service for purposes of (1) above, he shall be credited with one Year of Service for each Plan Year, i.e., the vesting Computation Period, during which he has completed at least 1,000 Hours of Service with the Company (regardless of whether or not he was a Participant at such time) except that the following shall not be counted:

- (a) For purposes of determining his Vested percentage in such account following a break in service, Years of Service during vesting Computation Periods prior to a One-Year Break in Service shall not be counted unless and until the Employee completes 1,000 Hours of Service during the 12 consecutive month period beginning on the date he first completes one Hour of Service (his "Re-employment Commencement Date") or during any subsequent 12 consecutive month period beginning on an anniversary of his Re-employment Commencement Date; and
- (b) In the case of a Participant or other Employee who does not have a Vested right to an Accrued Benefit derived from Company Contributions, i.e., who is not Vested in any part of his account balances under the Plan derived from ESOP Contributions and Matching Company Contributions, Years of Service prior to a period of consecutive One-Year Breaks in Service shall not be counted if the number of consecutive One-Year Breaks in Service in such period equals or exceeds five (excluding from the number of Years of Service before such period any Years of Service not required to be counted hereunder by reason of any prior break in service);

provided, further, that Years of Service after five or more consecutive One-Year Breaks in Service shall not be counted for purposes of determining the Vested percentages under (1) above of the Participant's Accrued Benefit derived from ESOP Contributions and Matching Company Contributions which accrued before such five or more consecutive One-Year Breaks in Service.

(3) If a Participant's eligibility Computation Period overlaps two vesting Computation Periods and he completed 1,000 Hours of Service during such eligibility Computation Period but failed to complete 1,000 Hours of Service in either of the overlapped vesting Computation Periods, then the Year of Service completed for eligibility to participate shall be deemed a Year of

Service for the vesting Computation Period during which such eligibility Computation Period ended.

(4) The portion of such Participant's ESOP Account to which he is not entitled under (1) above, if any, shall be forfeited and allocated among the other ESOP Accounts pursuant to Article IV(Q) (Forfeitures). If a Participant who is partially Vested in his ESOP Account has a balance in both his Company Stock Account and his Other Investments Account, shares of Company Stock in his Company Stock Account may be forfeited only after the balance in his Other Investments Account is forfeited, and if his Company Stock Account should include shares of more than one class of Company Stock the same proportion of each class shall be forfeited. The portion of such Participant's Matching Company Contributions Account to which he is not entitled under (1) above, if any, shall be forfeited and applied to reduce Matching Company Contributions pursuant to Article VI(Q)(2). If, following a distribution of the Vested portion of a partially Vested Participant's Account, he is re-employed by the Company in circumstances where he has not sustained five consecutive One-Year Breaks in Service, then, following such re-employment, the portion of the Participant's Account which was forfeited will be restored to its amount on the date of distribution if the Participant repays to the Trust the full amount of the distribution attributable to ESOP Contributions and Matching Company Contributions before the earlier of 5 years after the first date on which the Participant is re-employed by the Company, or the date the Participant incurs 5 consecutive One-Year Breaks in Service following the date of the distribution. If a Participant who was not Vested in any part of his ESOP Contributions Account and Matching Company Contributions Account and was deemed to have received a distribution pursuant to Article IV(Q) and the Participant is re-employed by the Company in circumstances where he has not sustained five consecutive One-Year Breaks in Service, upon the reemployment of such Participant, the forfeited Account balances of the Participant will be restored to their amounts on the date of such deemed distribution. The funds to be used to restore such account shall first be obtained out of forfeitures of ESOP Contributions and Matching Company Contributions, if any, and next out of ESOP Contributions and Matching Company Contributions to the Trust, for such Plan Year or succeeding Plan Years.

(5) Notwithstanding the foregoing provisions of this Paragraph (C), if a Participant is discharged for participating in any fraud, theft, dishonesty or embezzlement towards or involving the Company or other Related Company at a time when the Participant has accumulated less than five (5) Years of Service, he shall not be entitled to any part of his ESOP Account, which shall be forfeited and allocated among the ESOP Accounts of the other Participants pursuant to Article IV(Q) (Forfeitures); provided, however, that this subparagraph (5) shall not apply to any discharge from employment occurring in any Plan Year in, or after, which the Plan becomes a Top-Heavy plan as described in Article XIII.

(6) Notwithstanding the foregoing provisions, a Participant's ESOP Account and Matching Company Contributions Account shall be fully Vested at his Normal Retirement Age.

(7) A Participant's Elective Contributions Account shall at all times be fully and immediately Vested.

D. Deadline for Payment of Benefits; Required Beginning Date. The following deadlines shall apply to the payment, or commencement of payment, of any benefits under the Plan:

(1) Unless the Participant shall otherwise elect, the payment of benefits under the Plan to the Participant shall be made or begin not later than the 60th day after the close of the Plan Year in which occurs the latest of the following:

- (a) The date on which he attains the earlier of age 65 or Normal Retirement Age;
- (b) The tenth anniversary of the year in which he commenced participation in the Plan; or
- (c) The termination of his service with the Company.

If the Participant under another provision of this Agreement may elect to defer the payment, or commencement of payment, of benefits under the Plan beyond the latest of the foregoing dates, such election shall be subject to (2) below and to the distribution rules of Article V(A), must be submitted to the Committee in writing, signed by the Participant, and must describe the benefit and the date on which payment of such benefit shall be made or shall commence.

(2) Any benefits payable under the Plan to a Participant shall be paid, or shall begin to be paid, not later than April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2 or (ii) the Participant's employment terminates, whichever is later, except in the case of a Participant who is a 5-percent owner (as defined in Code Section 416)(ii) above shall not apply. However, prior to January 1, 1997 any benefits payable under the Plan to a Participant who attains age 70-1/2 after 1988 shall be paid, or shall begin to be paid, not later than April 1, of the calendar year following the calendar year in which the Participant attains age 70-1/2. In the Plan the date by which any such benefits must be paid, or begin to be paid, as specified above in this paragraph, is called the "Required Beginning Date".

E. Cash-Outs. Notwithstanding anything in this Article V or in Article VI to the contrary, if at the time of a Participant's death or other termination of employment the present value of any Accrued Benefit payable to or with respect to him under the Plan, i.e., the Vested portion of his Fixed Account derived from ESOP Contributions and 401(k) Contributions, does not exceed, or at the time of any prior distribution did not exceed, \$3,500, such benefit shall be

paid to his Beneficiary or to him in a Lump Sum. If a Participant's employment terminates before his Normal Retirement Date for any reason other than his death and such Accrued Benefit exceeds, or at the time of any prior distribution exceeded, \$3,500, the Participant shall have the right to elect in writing delivered to the Committee to defer payment of such Accrued Benefit (subject to adjustment for profits or losses and fees and expenses as provided in Article IV(0)(5) to the Participant's Normal Retirement Date. The failure of such a Participant to elect either an immediate Lump Sum, or an immediate Lump Sum of his 401(k) Account and installments of his ESOP Account as permitted by Article V(C) and Article V(A)(1) and (3), shall be deemed an election by the Participant to defer payment of any such Accrued Benefit to his Normal Retirement Date as provided above. If payment of the Participant's Accrued Benefit is so deferred, such Accrued Benefit shall be paid to the Participant as soon as administratively feasible in a Lump Sum after the Valuation Date coinciding with or next following the earlier of (i) the Participant's Normal Retirement Date or (ii) receipt by the Committee of the Participant's written election to receive a distribution from the Plan prior to his Normal Retirement Date.

F. Limitations on Payment of Benefits Derived from Elective Contributions and Matching Company Contributions. In no event shall any distribution from a Participant's account which is attributable to Elective Contributions or Matching Company Contributions (other than a hardship distribution under Article VI(E)) be made earlier than: (1) the Participant's retirement, death, disability, separation from service, or attainment of age 59-1/2; (2) the termination of the Plan and Trust pursuant to Article X without establishment of a successor plan; (3) the date of sale by the Company of substantially all of its assets to a corporation in whose employment the Participant continues; or (4) the date of sale by the Company of a subsidiary in whose employment the Participant continues.

G. Termination of Employment by Reason of Dissolution. Subject to Paragraph (F) above, if a Participant's employment shall terminate by reason of complete or partial liquidation or dissolution of the Company, then such Participant shall be deemed to have retired under Article V(A), (B) or (C), as the case may be, except that, for purposes of said Paragraph (C) (Early Retirement; etc.), his percentage Vesting in his ESOP Account and Matching Company Contribution Account shall be 100%.

H. Termination of Employment in Other Circumstances. Subject to Paragraph (F) above, if a Participant's employment shall terminate for any reason not covered by Article V(G) (Dissolution) or Article VI(A) (Death, etc.) or (D) (Disability), he shall be deemed to have retired and shall be entitled to only such benefits as are provided by Article V(A), (B) or (C), as the case may be.

I. Temporary Absences. Any substantial absence from active employment with the Company other than during vacation, holidays

and non-business hours shall constitute a termination of employment for purposes of the Plan except as follows:

(1) If the Participant or other Employee shall be absent from active employment with the Company for a period not exceeding one year on account of (i) illness, (ii) mental or physical disability, (iii) leave of absence granted by the Company in accordance with uniform and nondiscriminatory rules so that all employees in similar circumstances are treated alike, (iv) temporary layoff or (v) jury duty, his employment with the Company or participation in the Plan, as the case may be, shall not be deemed to have terminated solely on account of such absence and during such absence he shall be provisionally credited with Hours of Service at the same weekly rate (not exceeding 37-1/2 hours per week and not exceeding 501 hours per Plan Year) he was being credited with Hours of Service at the time such absence commenced; provided, however, that if he does not resume active employment within thirty (30) days from the expiration of such illness, disability, leave of absence or jury duty, or if he fails promptly to report for work upon being recalled from such layoff, his employment or participation, as the case may be, shall be deemed to have terminated on the date when such absence commenced, provided, further that his Valuation Date shall be the Valuation Date coinciding with or preceding the expiration of such thirty (30) day period.

(2) If the Participant or other Employee shall leave the active employment of the Company for the purpose of becoming (and thereupon becomes) a member of the Armed Forces of the United States, his employment with the Company or participation in the Plan, as the case may be, shall not be deemed to have terminated solely on account of such absence and during such absence he shall be credited with Hours of Service at the same weekly rate (not exceeding 37-1/2 hours per week) he was being credited with Hours of Service at the time such absence commenced; provided, however, that if he does not resume active employment within ninety (90) days after his first eligibility for release or discharge from said Armed Forces, his employment or participation, as the case may be, shall be deemed to have terminated on the date when such absence commenced, provided, further that his Valuation Date shall be the Valuation Date coinciding with or preceding the expiration of such ninety (90) day period.

(3) During any period when a Participant or other Employee is not in fact actively employed by the Company, he shall not be regarded as receiving any Compensation except such as the Company may actually pay to him during such period.

(4) If contributions or other credit or debit items shall be allocated to a Participant's account due to the provisions of Subparagraph (1) above and it shall later be determined that such Participant's employment should be deemed to have theretofore terminated, then the Trustee upon notification thereof shall treat

such allocations as erroneous and shall reasonably endeavor to undo the effects thereof.

(5) If the Participant timely resumes active employment (or reports for work) as contemplated by (1) or (2) above but his resumed employment is terminated (other than by death, permanent and total disability, normal or late retirement, or complete or partial dissolution or liquidation of the Company) prior to his having been in the Company's continuous employ for a period at least equal to the lesser of (a) six (6) months or (b) the period from the commencement of the absence in question to the resumption of his active employment, then his employment or participation, as the case may be, shall be deemed to have terminated on the date when such absence commenced.

(6) The foregoing provisions of this Paragraph (i) shall not prevent the Company and the Participant or other employee in question from mutually determining in writing that his status as an employee or Participant, as the case may be, shall terminate (or have terminated) at any designated time, either with or without cause.

(7) The foregoing provisions of this Paragraph (i) are subject to any contrary requirements, more favorable to the Participant or other employee in question, contained in Article II(A) or Article V(C).

J. Manner of Payment of Benefits From ESOP Portion of Plan and From Company Stock Fund; Company Stock or Cash. The benefits payable to a Participant (or to a Beneficiary under Article VI) under the ESOP portion of the Plan and from the Company Stock Fund (which is one of the Investment Funds in the 401(k) portion of the Plan) shall be payable in the following manner:

(1) All benefits payable under the Plan to a Participant or Beneficiary from the Participant's Other Investment Account or from any 401(k) Account other than the Company Stock Account shall be paid in cash. However, the Participant or Beneficiary shall be entitled to elect in accordance with (2) below and any rules and procedures which the Committee may adopt to receive all or any portion of his Vested Company Stock Account and all or any portion of his Vested 401(k) Account which is invested in the Company Stock Fund either in cash or in shares of Company Stock plus cash for any fractional share of Company Stock.

(2) If pursuant to (1) above the Participant elects to receive any portion of his Vested or partially Vested 401(k) Account which is invested in the Company Stock Fund, in cash rather than in shares of Company Stock, the Trustee shall, as soon as administratively feasible after the applicable Valuation Date, sell such portion of the Vested shares of Company Stock in such accounts and pay the proceeds to the Participant in accordance with Article V(A), (B) or (C), or in accordance with Article V(E), whichever applies. If pursuant to (1) above the Participant elects to

receive any portion of his Vested or partially Vested Company Stock Account and all or any portion of his Vested or partially Vested 401(k) Account which is invested in the Company Stock Fund, in shares of Company Stock rather than in cash, the Trustee shall distribute such shares to the Participant in accordance with Article V(A), (B) or (C), or in accordance with Article V(E), whichever applies. In the event of the Participant's death similar procedures shall be followed with respect to the Participant's Beneficiary depending upon the Beneficiary's election under Article VI(C-1).

(3) Any ESOP contributions and forfeitures allocated to the ESOP Account of a Participant under Article IV(P)(1) for the Plan Year in which a Participant's employment terminates by reason of the Participant's death, permanent disability or retirement under the Source One Mortgage Services Corporation Retirement Plan after payment to the Participant (or Beneficiary) has been made or has commenced under Article V(A), (B) or (C) shall, as provided in Article IV(P), be paid (or shall commence to be paid) to the Participant (or Beneficiary) as soon as administratively feasible after the Anniversary Date as of which they are allocated. Any such payments shall be made in cash and not in shares of Company Stock.

ARTICLE VI
OTHER BENEFITS

A. Death, Spousal Consent to Designation Required if Spouse is not Beneficiary. Upon the death of a Participant irrespective of whether his employment has theretofore terminated, the Trustee shall arrange as promptly as possible to pay the entire balance of such Participant's Fixed Account in a Lump Sum (reduced by any portion of the Participant's account applied pursuant to Article VI(F)(4) to pay the balance of any loan from the Trust to the Participant outstanding at the time of the Participant's death) to his surviving spouse (who, subject to the following provisions of this sentence, shall be deemed the Participant's designated Beneficiary), or if there is no surviving spouse, or the surviving spouse has consented in writing to the designation of another specific Beneficiary by the Participant, to the Participant's designated Beneficiary, subject, however, to Article VI (B) and (C) below. Any such written consent by the Participant's spouse shall acknowledge the effect of the consent and be witnessed by a representative of the Plan or a notary public. A representative of the Plan shall include any member of the Committee or any other person designated by the Committee for this purpose. No designation by a married Participant of a Beneficiary other than the Participant's spouse or method of payment shall be changed without the written consent of the spouse unless the written consent of the spouse to the first designation expressly permits further designations by the Participant without any requirement of further consent by the spouse. No such written consent of the spouse of a Participant need be obtained if it is established to the satisfaction of the Committee that such spouse cannot be located or that such other circumstances as may be described in Treasury Regulations promulgated under Section 417(a)(2)(B) of the Code exist.

B. Designation of Beneficiary and Method of Distribution. Subject to Paragraphs (A) (requiring spousal consent if a person other than the Participant's spouse is to be designated as a Beneficiary) and (C) (imposing certain restrictions on distributions from the Plan on account of the death of the Participant) of this Article VI, a Participant shall have the right from time to time to file with the Committee a written designation of Beneficiary under the Plan, which designation may from time to time be amended or revoked. Upon receipt of any such designation or notice, the Committee shall inform the Trustee, who shall (subject to Paragraphs (A) and (C) of this Article VI) in turn take any and all steps reasonably necessary to make the same effective; provided, however, -

(1) No designation of Beneficiary, and no amendment or revocation thereof, shall become effective if filed after such Participant's death, unless the Committee and Trustee shall determine such designation, amendment or revocation to be valid.

(2) A Participant shall not have the right, unless the Committee shall otherwise consent, to designate as a Beneficiary anyone except his estate, his dependents, individuals who are the natural objects of his bounty, or a trust or trusts for the principal benefit of one or more such dependents or Persons.

(3) In the absence of an effective designation of Beneficiary, or if the Beneficiary designated shall not survive the Participant, then said death benefits shall be paid to the individual in (or paid in equal shares, per stirpes and not per capita, to the individuals in) the first of the following classes of successive preference Beneficiaries (deemed to have been designated as such by the Participant) in which there shall be an individual surviving such Participant:

- (a) His spouse,
- (b) His children,
- (c) His parents, or
- (d) His brothers and sisters and issue thereof.

(4) In determining who are "children" for purposes of (3) above, adopted individuals shall be treated as if they are the natural offspring of their adoptive parents, rather than their natural parents.

(5) If any individual who would be entitled to receive death benefits (either under (3) above or because designated by the Participant as a Beneficiary) shall be a minor or adjudged mentally incompetent, the Committee may in its discretion direct the Trustee to pay all or part of the death benefits otherwise distributable in accordance with Article XI(0). If and to the extent that there shall be no surviving Beneficiary under (3) above, or effectively designated by the Participant, the Participant's estate shall be deemed to be the Beneficiary.

C. Required Distributions. Upon the death of a Participant the distribution of his interest under the Plan, i.e., the entire balance of his Fixed Account shall be made in a Lump Sum as soon as administratively feasible after the Valuation Date falling on or next following the Participant's death.

C-1. Manner of Payment; Company Stock or Cash. Any benefits payable under the ESOP portion of the Plan and from the Company Stock Fund on account of the death of a Participant shall be payable in cash and/or in shares of Company Stock in accordance with the rules set forth in Article V(J) (Manner of Payment of Benefits from ESOP portion of Plan and from Company Stock Fund; Company Stock or Cash). All other benefits payable on account of the death of a Participant shall be payable in cash.

D. Disability. If, notwithstanding Article V(I) (Temporary Absences), a Participant's employment shall terminate on account of his permanent disability, mental or physical, evidenced by the certificate of a physician satisfactory to the Committee then the entire balance of his Fixed Account shall be paid in a Lump Sum (subject to the same restrictions set forth in Paragraph (2) of Article V(A)), except the entire balance of his ESOP account shall be paid in a Lump Sum or in regular annual or more frequent installments, subject to the restrictions set forth in paragraphs (2) and (3) of Article V, whichever the Participant shall elect in writing delivered to the Committee.

E. Hardship Distributions; Distributions After Age 59-1/2. Subject to the application of uniform rules consistently applied, the Committee may upon the written request of a Participant direct the Trustee to distribute funds to such Participant from his Elective Contributions Account (but not amounts treated as Elective Contributions or income allocable thereto), in a Lump Sum, as follows:

- (1) Any such distribution from the Participant's Elective Contributions Account shall be subject to the following requirements:
 - (a) No such distribution shall be made unless the Committee determines that the distribution will be made on account of an immediate and heavy financial need of the Participant and is necessary to satisfy such financial need.
 - (b) A distribution will be deemed to be made on account of an immediate and heavy financial need only if the distribution is on account of:
 - (i) Medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Code Section 152 or necessary for these individuals to obtain medical care described in Code Section 213(d));
 - (ii) Purchase (excluding mortgage payments) of a principal residence for the Participant;
 - (iii) Payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his or her spouse, children or dependents;
 - (iv) The need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence;

- (v) Any other immediate and heavy financial need of the Participant designated as such for purposes of Section 401(k) of the Code in a revenue ruling, notice, or other document of general applicability published by the U.S. Treasury Department; or
- (c) A distribution will be deemed necessary to satisfy an immediate and heavy financial need of a Participant if all of the following requirements are satisfied:
 - (i) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant. The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution.
 - (ii) The Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under this Plan and all other plans maintained by the Company,
 - (iii) All other plans maintained by the Company which cover the Participant provide that the Participant's elective contributions and employee contributions, if any, will be suspended for at least 12 months after receipt of the hardship distribution under the Plan, and
 - (iv) All other plans maintained by the Company which cover the Participant provide that the Participant may not make elective contributions for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Section 402(g) of the Code for such taxable year less the amount of the Participant's elective contributions (to this Plan and such other plans) for the taxable year of the hardship distribution.

If a Participant receives a hardship distribution under this Plan the Participant's Elective Contributions to this Plan will be suspended for 12 months after receipt of the distribution and he may not make Elective Contributions to this Plan (and to any other plan of the Company) for his taxable year immediately following the taxable year of the

distribution in excess of the applicable limit under Section 402(g) of the Code for such taxable year less the amount of his Elective Contributions to this Plan (and his elective contributions to any other plan of the Company) for the taxable year of the hardship distribution. A Participant will not fail to be treated as an eligible employee for purposes of the coverage and discrimination requirements of Regulation Section 1.401(k)-1(b) merely because he is suspended from making elective contributions or employee contributions under the above requirements.

- (d) No such distribution shall exceed the Participant's Elective Contributions credited to his Elective Contributions Account. Earnings on the Participant's aggregate Elective Contributions shall not be distributed under this Article VI(E)(2).

(2) Notwithstanding the foregoing provisions of this Paragraph (E), the Trustee may distribute up to 100% of the funds from the Participant's Elective Contributions Account under the Plan to such Participant in a Lump Sum while the Participant is still employed by the Company, provided the Participant has attained age 59-1/2 and requests such distribution in writing.

F. Loans. Subject to the application of uniform rules consistently applied, the Committee may upon the written request of a Participant, which shall be treated as an election by the Participant to segregate and separately direct the investment of a portion of his account under Article IX(0), direct the Trustee to make a loan or loans to such Participant first from any Rollover Contribution, then from his Elective Contributions Account as follows:

(1) The aggregate amount of such loan or loans to a Participant shall not exceed the lesser of -

- (a) \$50,000 reduced by the excess, if any, of (i) the highest outstanding balance of loans from the Trust during the one-year period ending on the day before the date on which the loan is made, over (ii) the outstanding balance of loans from the Trust on the date on which the loan is made; or
- (b) 50% of the amount which would be the Vested balance of his 401(k) Account if he were to retire or otherwise terminate his employment with the Company at the time of the loan.

(2) No such loan shall be made unless the Committee shall determine that there is a reasonable expectation of its repayment as and when due, otherwise than under (4) below.

(3) The Committee shall determine the amount, terms and conditions of any such loan; provided that each such loan must by its terms be repayable in substantially equal payments of principal and interest not less frequently than quarterly within five years from the date of the loan, bear interest at a reasonable rate, be adequately secured, and, if made to a so-called "disqualified person", meet the other requirements of Section 4975(d)(1) of the Code. Notwithstanding the limitation on the term of a loan set forth in this subparagraph, the Committee may agree to a loan term in excess of five years provided that the loan is used to acquire a dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as the principal residence of the Participant.

(4) No payment out of the Trust shall be made to or in respect of such Participant or his Beneficiary (except under Paragraph (E) or this Paragraph (F)) unless and until all unpaid loans to such Participant have been satisfied in full, and if any loan to a Participant has not been satisfied in full at the time such Participant or the Participant's Beneficiary is to receive a payment out of the Trust, the Trustee may apply a sufficient part of the Participant's account in satisfaction of any unpaid part of such loan. No part of a Participant's Elective Contributions Account shall be applied in satisfaction of the unpaid part of a loan to the Participant prior to the earlier of an event entitling the Participant or the Participant's Beneficiary to the payment of his Elective Contributions Account or the Participant's attainment of age 59 1/2.

(5) The aggregate of all loans to a Participant under this Plan and under all other tax qualified Plans of the Company or any Related Company shall not exceed the amount stated in (1)(a) above.

(6) If the Company is or should become an electing small business (S) corporation, no such loan shall be made to any shareholder-employee of the Company in any taxable year of the Company in which it is an S corporation. For purposes of this paragraph a shareholder-employee means an employee or officer of the Company who owns, or is considered as owning within the meaning of Section 318(a)(1) of the Code, on any day during the taxable year of the Company, more than 5% of its outstanding capital stock.

(7) The Committee shall, before directing the Trustee to make any loan under this Paragraph (F), adopt rules relating to loans consistent with this Paragraph (F) and in compliance with the applicable provisions of the Code and ERISA.

ARTICLE VII
[RESERVED]

VII-1

PART TWO

ARTICLE VIII
COMMITTEE AND INVESTMENT COMMITTEE

A. Composition of Committee. Subject to Article IX, the Plan may, but need not, be administered by a Committee of one or more employees (or other individuals familiar with the affairs and personnel of the Company), who shall be appointed by, and hold office at the pleasure of, the Board of Directors of the Company. Vacancies in the Committee resulting from death, resignation, removal or otherwise shall be promptly filled by the Board, but the Committee may exercise its powers and authority notwithstanding the existence of vacancies.

B. Removal and Resignation. A member of the Committee may resign at any time upon not less than ten days' written notice to the Board, specifying the effective date of resignation. A member may be removed or appointed by the Board for any reason or for no reason and at any meeting of the Board, whether or not called for that purpose.

C. Quorum. The Committee shall act by a majority of its members at the time in office, and such action may be taken either by vote at a meeting or in writing without a meeting. A member of the Committee shall not vote or act on any matter relating solely to himself.

D. Officers. The Committee may by such majority action appoint from among its number a Chairman to preside at its meetings and a Secretary, who need not be a member, to keep records of its meetings and activities and to perform such other duties and functions as the Committee may prescribe. It may in like manner designate any one or more of its members or its Secretary to execute any instrument or document upon its behalf, and the action of such person shall have the same force and effect as if taken by the entire Committee. In the event of such authorization, the Committee shall in writing notify the other Administrative Parties thereof, and such parties shall be entitled to rely upon such notification until the Committee shall give written notification to the contrary.

E. Records and Reports. The Committee shall exercise such authority and responsibility as it deems appropriate in order to comply with ERISA, the Code, the Securities Exchange Act of 1934, and governmental regulations issued thereunder relating to reporting and disclosure, including the furnishing of information to Participants and Beneficiaries and the filing of information and reports with the Internal Revenue Service and the Department of Labor.

F. Powers and Duties. The Committee shall control and manage the operation and administration of the Plan and shall have any and all

powers, authority and duties which shall be necessary and proper to enable it to carry out its obligations under this Agreement, including by way of illustration and not limitation, the power and duty:

(1) To construe and interpret the Plan as provided in Article I(C), decide all questions of eligibility, determine the amount, manner and time of payment of any benefits hereunder, and direct the Trustee with respect to the amount, manner and time of payment of such benefits;

(2) To prescribe procedures to be followed by Participants or Beneficiaries filing applications to participate, elections, designation of beneficiary forms, applications for benefits, if any, and any other forms required or desirable under the Plan;

(3) To prepare and distribute, in such manner as the Committee determines to be appropriate, information explaining the Plan;

(4) To receive from the Company and from Participants such information as shall be necessary for the proper administration of the Plan;

(5) To furnish the Company, upon request, such annual reports with respect to the administration of the Plan as are reasonable and appropriate;

(6) To receive and review the periodic valuation of accounts made by the Trustee;

(7) To receive, review and keep on file (as it deems convenient and proper) reports of account allocations and benefit payments by the Trustee and reports of disbursements for expenses directed by the Committee;

(8) To appoint or employ individuals to assist in the administration of the Plan and any other agents it deems advisable, including legal, accounting, appraisal, and benefit consultant counsel and to delegate any of its administrative duties to other employees of the Company or any other Related Company, including employees in the Company's, or any other Related Company's, personnel department.

G. Rules and Regulations. The Committee may adopt such rules and regulations as it deems necessary, desirable or appropriate in connection with the administration of the Plan including, but not limited to, rules and regulations relating to loans and hardship distributions. All rules and regulations of the Committee shall be uniformly and consistently applied to all Participants in similar circumstances. When making a determination or calculation, the Committee shall be entitled to rely upon information furnished by a Participant or Beneficiary, the Company, any Related Company, legal counsel for the Company, or the Trustee.

H. Claims Procedure. If any Participant or Beneficiary shall claim benefits for which the Committee has determined he is ineligible, or shall dispute the amount or timing of benefits determined by the Committee to be payable hereunder, he shall be entitled to make a claim for benefits pursuant to this Paragraph (H). All claims for benefits under this Agreement, whether made by a Participant or Beneficiary, shall be in writing addressed and delivered to the Committee, or any member thereof, at the Company's main office, shall contain the claimant's name, mailing address, and telephone number, if any, and shall identify the claim in a manner reasonably calculated to make the claim understandable to the Committee. If the claim is defective in any foregoing respect, the Committee may at any time within ten days after said delivery give the claimant not less than ten days' written notice specifying the defect or defects and the deadline for correction. A claim shall be deemed to be effectively made when and if it is timely corrected in writing (addressed and delivered as aforesaid), or when it is timely and correctly prepared and delivered in the first place, or when it (or a revision thereof) is timely delivered as aforesaid if the Committee does not give written notice of any defect therein within ten days after said delivery. It is further agreed:

(1) If a claim is (or is deemed to be) effectively made, the Committee, shall within 60 days thereafter notify the claimant in writing whether the claim has been granted or has been denied in whole or in part. Such notice shall be written in a manner calculated to be understood by the claimant, shall make specific reference to the Plan, and, if adverse in whole or in part, shall set forth:

- (a) The specific reason or reasons for the denial;
- (b) A description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and
- (c) An explanation of the claim review procedure set forth in (3) and (4) below.

(2) If within said 60 days the claim has not been granted, it shall be deemed to have been denied for purposes of the claim review procedure set forth in (3) below, even if notice of denial has not been given under (1) above.

(3) Upon denial of a claim in whole or in part, the claimant or his duly authorized representative shall have 60 days within which to file with the Committee or any member thereof a written request for a review of such denial, whereupon -

- (a) The Committee shall as promptly as is practicable, but not later than 60 days after receipt of such request, schedule a hearing to review said claim.

- (b) The claimant or his duly authorized representative shall, pending and/or at said hearing, be permitted at all reasonable hours to review the pertinent documents and also be entitled to submit issues and comments in writing.

(4) The hearing mentioned in (3) above shall be held at the Company's main office during normal business hours, unless a different time and/or place are mutually agreed upon. It shall be attended by at least a majority of the Committee. A decision on the claim shall be rendered thereat or as soon as possible thereafter, but in no event later than 120 days after the Committee's receipt of the written request for review; shall be in writing and include specific reasons; shall be written in a manner calculated to be understood by the claimant; and shall contain specific reference to the pertinent Plan provisions on which the decision is based.

I. No Separate Committee. Notwithstanding the foregoing provisions of this Article VIII -

(1) If and while the one or more Persons comprising the Committee and Trustee are identical, the separation in this Agreement of the responsibilities, rights, powers, authority, and functions of the Committee and Trustee respectively shall be disregarded; said Persons shall act and serve in both said capacities combined; and they need not furnish information, directions, instructions or notices, or make reports or demands, by themselves in one such capacity to themselves in the other such capacity.

(2) If and while there is no Committee, either because none is designated or no one or more Persons are at the time in question actively serving as members thereof, the responsibilities, rights, powers, authority, and functions of the Committee shall be vested in the Company; and the Company and Committee need not furnish information, directions, instructions or notices, or make reports or demands, one to the other.

(3) Whoever performs the functions of the Committee shall be the Plan Administrator as defined in ERISA.

J. Investment Committee. The Board shall appoint an Investment Committee of one or more individuals to select, deselect and monitor the performance of, the Investment Funds and to direct the Trustee as to the acquisition and disposition of shares of Company Stock. The Investment Committee shall have such powers as are necessary, desirable and/or appropriate to enable it to carry out its duties. The rules applicable to the Committee in Article VIII(), (B), (C) and (D) also shall apply to the Investment Committee.

K. Indemnification. The Company shall indemnify each member of the Committee and the Investment Committee against any personal

liability or expense in connection with serving as a Committee member except for his own gross negligence, willful misconduct or bad faith. The Company may obtain and maintain in effect fiduciary liability insurance covering each member of the Committee and the Investment Committee in amounts as determined by the Company to be sufficient to cover any liability or costs which could arise from their serving as members of the Committee and the Investment Committee. Such indemnification and/or insurance shall also apply to any individual serving as Trustee or co-Trustee but not to a corporate trustee.

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ARTICLE IX
TRUSTEE AND OTHER FIDUCIARIES

A. Bonding. Every Fiduciary shall be bonded to the extent (1) required by Section 412 of ERISA or applicable Labor Regulations or (2) directed by the Company.

B. Protective Provisions for Fiduciaries. To the extent permitted by ERISA, it is agreed:

(1) No Fiduciary shall be liable with respect to a breach of fiduciary duty if such breach was committed before he became a Fiduciary or after he ceased to be a Fiduciary.

(2) Notwithstanding any other provisions of this Agreement -

(a) Any Fiduciary may, but need not, purchase insurance from and for his own account to cover liability arising under or with respect to the Plan.

(b) The Company may, but need not, purchase insurance to cover potential liability of one or more Persons who serve in a fiduciary capacity with respect to the Plan.

(c) Upon first obtaining the written consent of the Company, any Trustee may use assets of the Trust to purchase insurance for itself and/or one or more other Fiduciaries and/or the Trust to cover liability or losses occurring by reason of the act or omission of itself and/or one or more other Fiduciaries, if such insurance permits recourse by the insurer against such Trustee and/or one or more other Fiduciaries in question in the case of its or their breach of a fiduciary obligation.

(3) Any Fiduciary may, by written instrument, allocate and delegate to others any of such Fiduciary's powers, duties or responsibilities, terminable upon such notice as such Fiduciary deems prudent. Any person or entity may serve in more than one fiduciary capacity with respect to the Plan. A Fiduciary's responsibility shall be limited to performance of those duties conferred upon such Fiduciary by or pursuant to the Plan, and, subject to Section 405 and 410 of ERISA, no Fiduciary shall be responsible for the acts or omissions of any other Fiduciaries.

C. Management and Control of Assets; Consultants and Investment Managers. To the extent permitted by Section 402(c) of ERISA:

(1) Any Fiduciary may employ one or more Persons to render advice with regard to any responsibility which such Fiduciary has under this Agreement.

(2) At the direction of the Committee, the Trustee shall invest and reinvest ESOP Contributions primarily in Company Stock,

in accordance with the terms of this Agreement. The Committee shall assume the responsibility and liability for the prudence of investment in Company Stock directed by it under this subparagraph (C)(2). Except as hereinafter otherwise provided, the Trustee shall be the Fiduciary with respect to the investment, management and control of the Trust Fund, with full discretion in the exercise of such investment, management and control; provided, however, that this subparagraph (C)(2) shall not apply to Trust assets which consist of Contracts issued by an Insurer qualified to do business in Michigan nor to any Trust assets held by such Insurer; nor shall it apply if the Plan is exempt from such requirements by reason of Section 403(b)(4) of ERISA and applicable Labor Regulations.

(3) The Company may, by resolution of its Board of Directors, assume from the Trustee and transfer to the Committee or an Investment Manager the authority and duty to direct the investment and management of all or a portion of the Trust Fund; and, if such authority and duty have been transferred to the Committee, the Committee, by appropriate action, may appoint an Investment Manager to direct the investment and management of all or a portion of the Trust Fund, provided that:

- (a) A copy of any such Board resolution or Committee action shall be delivered to the Trustee whereupon the Committee or the Investment Manager, as the case may be, shall be the Fiduciary with respect to the investment and management of the Trust Fund (or designated portion thereof) and the Trustee shall have no responsibility therefor.
- (b) Any transfer of investment and management to the Committee or to an Investment Manager may be revoked upon receipt by the Trustee of a written notice to that effect by the Company through its Board of Directors or the Committee, as the case may be.
- (c) The appointment, selection and retention of a qualified Investment Manager shall be solely the responsibility of the Company or the Committee, as the case may be.

(4) During such period or periods of time, if any, as the Committee or any Investment Manager is authorized to direct the investment and management of all or a part of the Trust Fund:

- (a) The Trustee is authorized and entitled to rely upon the fact that said Investment Manager is at all times a qualified Investment Manager, as defined in Section 3(38) of ERISA, until such time as the Trustee has received a written notice from the Company or Committee to the contrary, as well as to rely upon the fact that said Investment Manager is authorized to direct the investment and management of the Trust Fund until such time as the Company or Committee, as the case may be, shall notify the Trustee in writing that another Investment Manager

has been appointed in the place and stead of the Investment Manager named or, in the alternative, that the Investment Manager named has been removed and the responsibility for the investment and management of the Trust Fund has been assumed by the Committee or has been transferred back to the Trustee, as the case may be.

- (b) The Trustee shall not be liable or responsible for losses or unfavorable results arising from the Trustee's compliance with proper directions of the Committee which are made in accordance with this Agreement and which are not contrary to the provisions of any applicable Federal or State statute regulating such investment and management of the assets of an employee benefit trust.
- (c) The Trustee shall not be liable or responsible in any way for any losses or other unfavorable results arising from the Trustee's compliance with investment or management directions received by the Trustee from the Investment Manager.
- (d) All directions concerning investments made by the Committee or the Investment Manager shall be signed by such person or persons, acting on behalf of the Committee or the Investment Manager, as the case may be, as may be duly authorized in writing; provided, however, that the transmission to the Trustee of such directions by photostatic teletransmission with duplicate or facsimile signature or signatures shall be considered a delivery in writing of the aforesaid directions until the Trustee is notified in writing by the Committee that the use of such devices with duplicate or facsimile signatures is no longer authorized.
- (e) The Trustee shall, as promptly as possible, comply with any written directions given by the Committee or an Investment Manager hereunder and, where such directions are given by photostatic teletransmission with facsimile signature or signatures, the Trustee shall be entitled to presume that any directions so given are fully authorized.
- (f) The Trustee shall not be liable for its failure to invest any or all of the Trust Fund in the absence of such written directions.
- (g) The Trustee shall have no obligation to determine the existence of any conversion, redemption, exchange, subscription or other right relating to any of said securities purchased, of which notice was given prior to the purchase of such securities, and shall have no obligation to exercise any such right unless the Trustee is informed of the existence of the right and is instructed to exercise such right, in writing, by the

Committee or the Investment Manager, as the case may be, within a reasonable time prior to the expiration of such right.

- (h) Neither the Committee nor any Investment Manager referred to above shall direct the purchase, sale or retention of any assets of the Trust Fund if such directions are not in compliance with the applicable provisions of ERISA and any Regulations issued thereunder.

D. Participant-Directed Investments. If, while, and to the extent that a Participant exercises control with the meaning of Section 404(c) of ERISA over the assets in his 401(k) Account by an election under Article IV(K-1) or (L), such Participant shall not be deemed to be a Fiduciary by reason of such exercise; and no Person who is otherwise a Fiduciary shall be liable under Title I, Subtitle B, Part 4, of ERISA (or comparable provisions of this Agreement) for any loss, or by reason of any breach, which results from such Participant's exercise of control.

E. Prohibited Transactions, Etc. Notwithstanding any other provision of this Agreement -

(1) Except as authorized by applicable Regulations, no Fiduciary may maintain the indicia of ownership of any assets of the Trust outside the jurisdiction of the district courts of the United States.

(2) A Fiduciary shall not knowingly and willfully cause the Trust to engage in a transaction which violates Section 406 or 407 of ERISA or which is taxable under Section 4975 of the Code.

F. General Duties of Trustee. In addition to all its other duties and responsibilities under this Article IX and other provisions of this Agreement, the Trustee shall -

(1) Receive, collect, hold, safeguard, administer and retain, temporarily or permanently, the cash and other property originally or at any time comprising all or part of the Trust Fund, together with such income, rents, issues and profits as shall from time to time be produced thereby or arise therefrom.

(2) Make such payments and distributions, and take such further action, as shall be proper to effectuate benefits under the Plan and to carry out this Agreement.

(3) Maintain complete records and accounts of the Trust, including those which the Company or Committee may direct, and the Company or Committee may examine the same at all reasonable times during business hours.

(4) Render such periodic accountings and reports, including but not limited to those hereafter described in this Article IX, as the Company or Committee may reasonably require.

(5) Carry out the proper directions and instructions of the Committee and, insofar as may be proper under this Agreement, make determinations, participate in consultations and conferences, and give or withhold approvals and consents.

G. General Powers of Trustee. Except as otherwise expressly provided in this Agreement or required by law, the Trustee is authorized and empowered -

(1) To sell, exchange, transfer, assign, lease, pledge, mortgage or otherwise encumber or dispose of, publicly or privately, any real or personal property at any time included in the Trust Fund as and when, for such (if any) price and consideration, on credit or otherwise, with or without security, and upon such other terms and conditions as the Trustee shall deem proper.

(2) To invest and reinvest all or part of the Trust Fund, in such amounts, proportions and investments, including but not limited to bonds, notes, debentures, mortgages, equipment trust certificates, investment trust certificates, preferred or common stocks, mutual funds or other property, real or personal, either within or without the State of Michigan, as the Trustee may deem proper or the Committee shall direct.

(3) To hold cash uninvested, or on deposit with any bank, savings and loan association or trust company, in such amount as the Trustee shall deem proper, for the purpose of defraying anticipated expenses of (and benefits out of) the Trust. At any time the Trustee is a bank or trust company the authority herein conferred shall extend to deposits with the Trustee.

(4) To pay, perform, defend, collect, maintain, sue on, modify, settle, compromise, release, abandon or otherwise adjust or dispose of any claims or demands in favor of or against the Trust Fund or any Participant's account.

(5) To vote or not vote any stock or securities in person, through designees or by proxy (but with respect to Company Stock, only as provided in Article IX(S)).

(6) To hold or register any stock, securities or other property in the name of any Trustee or nominee or unregistered or in such form that title shall pass by delivery, provided that the records of the Trustee shall always indicate the fiduciary nature of such ownership.

(7) To exercise, not exercise, sell or otherwise dispose of any conversion or subscription right, or other right or option, and to make any payments incidental thereto.

(8) To oppose, consent to or participate in any voting trust, pooling agreement, foreclosure, reorganization, consolidation, merger, liquidation, refinancing, or sale of assets, of or with

respect to any corporation or other organization, including the Company (subject to Article IX(S) through (W)), and in connection therewith to deposit stock, securities or other property with, and transfer title to, any protective committee or other Person whatsoever.

(9) To pay calls, assessments and other charges which the Trustee shall deem proper.

(10) To borrow and lend money in such circumstances and upon such terms and conditions, with or without security, as the Trustee shall deem proper and, further, to borrow from any lender (including the Company or the Trustee) solely for the purpose of financing the acquisition of Company Stock, giving its note as Trustee with such reasonable interest and security for the loan as may be appropriate or necessary, provided that any such borrowing shall comply with the provisions of Article IX(R).

(11) To make or not make any provision for amortization or a sinking fund with respect to any security which is received at a value or purchased at a price in excess of par or of the amount payable on its call, redemption, maturity or liquidation.

(12) Subject to Article IX(E)(1), to keep all or part of the Trust Fund at any place or places, and to hold and administer the Trust Fund in one or more common trust funds or other consolidated funds, in which the various accounts may have undivided interests, and without distinction between income and corpus.

(13) To retain as an investment any stock, securities or other property received through the exercise of any foregoing powers and authority.

(14) To make, execute and deliver any and all agreements, instruments and documents whatsoever, including but not limited to those incidental to the foregoing powers and authority, and to make the same binding and enforceable beyond the duration of the Trust.

(15) To buy, sell and trade in option contracts and 'short' sales for cash, and for such purpose the Trustee may maintain and operate cash accounts with brokers, and may deliver and pledge any securities held or purchased by the Trustee with such brokers both as security for loans and advances made to the Trustee and to ensure the Trustee's ability to deliver stock against short options provided that all such purchases, sales and trades shall be made on one or more designated national securities exchanges whose plans regulating such transactions have been declared effective pursuant to the Securities Exchange Act of 1934, such as the Chicago Board Options Exchange, Incorporated.

(16) To do any and all additional acts and things which the Trustee shall be authorized to do under the laws of the State of Michigan or of any other jurisdiction in which it may act or which

the Trustee in its discretion shall deem proper to carry out this Agreement, to the end that the Trustee shall have and may exercise all the powers and authority of an absolute owner, except as the Committee shall otherwise direct; and no Person dealing with the Trustee shall be bound to see to the application of any money or other property paid, delivered or transferred to the Trustee or to inquire into the validity or propriety of any transaction whatsoever.

(17) As directed by the Committee, to invest any reinvest the assets of the ESOP portion of the Plan and the assets of the Company Stock Fund primarily in Company Stock in accordance with this Agreement.

(18) In the event that the Committee directs the Trustee to dispose of any Company Stock held as Trust assets, under circumstances which require registration and/or qualification of the securities under applicable Federal or state securities laws, then the Company, at its own expense, will take, or cause to be taken, any and all such actions as may be necessary or appropriate to effect such registration and/or qualification.

H. Appraisal. As of each Anniversary Date and Valuation Date, and as of such other dates as the Company or Committee may reasonably direct, the Trustee shall determine the fair market value of the assets comprising the Trust Fund, including the assets of each Investment Fund, established within the context of the Trust Fund by appraising such assets as follows, except as otherwise required by ERISA:

(1) Stocks and securities which are listed or reported on any national exchange shall be valued on the basis of their closing prices on such exchange on the appraisal date or, if there were no reported sales on such exchange on the appraisal date, then at their bid prices at the close of market.

(2) Stocks and securities not susceptible of valuation under (4), but which are traded over-the-counter, shall be valued on the basis of their closing prices on the market on the appraisal date or, if there were no reported sales over-the-counter on the appraisal date, then at their bid prices at the close of market.

(3) Stocks and securities not susceptible of valuation under (4) or (5), but which would be susceptible of valuation as of a date not more than seven (7) days prior to the appraisal date, shall be valued as of such prior date as near as possible to the appraisal date.

(4) For purposes of (2), (3), and (4) above, information contained in any newspaper of general circulation or any standard financial periodical, or furnished by any national securities exchange or by any broker who is a member of any national securities exchange, as the case may be, may be fully relied upon

by the Trustee in the absence of actual knowledge or advice to the contrary.

(5) property not subject to valuation by the foregoing methods shall be valued at its fair market value in accordance with written directions given to the Trustee by the Committee (except as otherwise provided in Article XII).

(6) There shall be excluded from the assets valued under this Paragraph (H), if appraisal is being made as of an Anniversary Date, the amount of the Company's contribution which is allocable to the Participants' accounts as of said date.

(7) Valuations determined by appraisal under this Paragraph (H) shall be binding and conclusive upon each and every Person beneficially interested in the Trust, but shall not be binding upon the Company or Committee unless incorporated in an accounting under Paragraph (i) below.

(8) Upon completion of an appraisal, the Trustee shall file copies thereof with the Committee and the Company.

(9) Notwithstanding the foregoing, any assets of the Trust Fund or any Investment Fund within the context of the Trust Fund consisting of units of participation in any pooled fund established and maintained by the Trustee under any trust instrument establishing a pooled fund or funds for the investment of the assets of pension and profit-sharing plans of various employers for which the Trustee acts as trustee shall be valued in accordance with the terms of such trust instrument.

I. Periodic Accounting. Within 60 days after such Anniversary Date, and at such other times as the Company or Committee may reasonably direct or as ERISA may require, the Trustee shall prepare and deliver to the Company and Committee an accounting of the administration of the Trust, which accounting shall include a description of all assets then comprising the Trust Fund and shall be in such further detail as the Company or Committee may reasonably request. Within 90 days after receiving such accounting, the Company and Committee, respectively, shall notify the Trustee in writing whether or not such accounting is approved; and unless so disapproved, it shall be deemed to be approved. It is in addition agreed:

(1) Either the Company or the Committee or both may require the Trustee to furnish such other or additional information with respect to the administration of the Trust as may be reasonably necessary or desirable prior to determining upon the approval thereof; and in such event the aforesaid 90-day period shall be tolled until such information is received by the party requesting it.

(2) If the Company or Committee shall notify the Trustee that the aforesaid accounting is not approved, an audit or opinion shall

thereupon be made by an independent public accountant or accountants chosen by the Company or Committee, as the case may be. Upon completion of such audit or opinion, any errors in the accounting shall be corrected, and the corrected accounting shall be deemed to be approved by the Company and Committee.

(3) The approval by the Company and Committee of the accounting or corrected accounting shall constitute an account stated between the Company, Committee, Trustee, all Participants, all Beneficiaries, and any other Persons having any interest in the Trust or Plan.

(4) Nothing in this Paragraph (i) shall prevent the Trustee from having an accounting settled and allowed by, or being required by the Company or Committee to account in, a court of competent jurisdiction.

(5) The foregoing provisions of this Paragraph (i) are subject to the provisions of ERISA.

J. Protective Provisions for Trustee. The Trustee accepts the Trust solely upon the terms and conditions of this Agreement, and no duties or responsibilities not expressly set forth herein or in ERISA shall be implied or imposed. It is further agreed:

(1) The Trustee shall have no duty to ascertain whether any directions or instructions of the Company or Committee are in accordance with this Agreement, nor to see to the application of any payment made pursuant to such directions or instructions.

(2) Any benefit or other payment under the Plan shall be made only if and when the Trustee has sufficient assets of the Trust Fund available for the purpose intended.

(3) In the event of any dispute as to the Persons to whom payment of any money or delivery of any other property shall be made by the Trustee, the Trustee may withhold such payment or delivery in whole or part until such dispute shall be settled to the satisfaction of the Trustee or determined by a court of competent jurisdiction.

(4) The Trustee may withhold all or such part of any distribution as the Trustee in its discretion may deem proper to protect the Trustee and the Trust Fund against any liability or claim or account of any estate, inheritance, income or other tax whatsoever, and with all or any part of any such distribution so withheld may discharge any such liability. Any part of any such distribution so withheld by the Trustee that may be determined by the Trustee to be in excess of any such liability shall upon such determination by the Trustee be distributed forthwith to the Person from whom it was withheld.

(5) The Trustee shall not be obligated to institute any action or proceedings for the collection of money or other property

due the Trust, or in defense of any claim against the Trust or any portion of the Trust Fund, unless the Trustee shall first have been indemnified to its satisfaction for all costs, expenses, attorney fees and liabilities to which the Trustee might become subject.

K. Provisions Pertaining to Co-Trustees. During any period of time when the Trustee shall consist of two or more Persons (whether individuals, corporations or otherwise), the following provisions shall apply:

(1) Except as otherwise provided in the foregoing provisions of this Article IX -

- (a) Each such Person shall use reasonable care to prevent a co-Trustee from committing a breach; and
- (b) Such Persons shall jointly manage and control the Trust assets, except that this item (b) shall not preclude any agreement, and the co-Trustees are hereby authorized to agree (in a written document executed by all co-Trustees) to allocate specific responsibilities, obligations or duties among themselves, in which event a co-Trustee to whom certain responsibilities, obligations or duties have not been allocated shall not be liable by reason of this item (b), either individually or as a Trustee, for any loss resulting to the Trust arising from acts or omissions on the part of another co-Trustee to whom such responsibilities, obligations or duties have been allocated.

(2) Nothing in (1) above shall limit any liability that a Fiduciary may have under Part 4 of Title I of ERISA.

(3) The Trustee shall act by a majority of such Persons at the time in office, and such action may be taken either by vote at a meeting or in writing without a meeting.

(4) Said Persons serving as co-Trustees may unanimously designate any one or more co-Trustees to execute any instrument or document on behalf of all, including but not limited to the signing or endorsement of any check and the signing of any applications for Contracts, and the action of such designated co-Trustee shall have the same force and effect as if taken by all the co-Trustees. In the event of such authorization, all the co-Trustees shall in writing notify the other Administrative Parties thereof, and such parties shall be entitled to rely upon such notifications until one or more co-Trustees shall give written notification to the contrary.

L. Removal and Resignation of Trustee. Any sole or co-Trustee may resign at any time upon not less than 60 days written notice to the Board of Directors of the Company specifying the effective date of resignation. Any sole or co-Trustee may be removed by the Board with or without cause, but only upon not less than 60 days' written

notice to such sole or co-Trustee specifying the effective date of removal and enclosing a copy of the resolution of the Board. No such removal shall become effective until all sums due to such sole or co-Trustee under this Agreement have been paid. The Trustee and the Committee may waive any of the provisions of this Paragraph by mutual agreement in writing.

M. Successor Trustees. The lack of a Trustee due to resignation, removal or otherwise shall not terminate the Trust. The Company shall promptly appoint one or more successor Trustees. In the absence of any other Trustee, the Committee shall act and serve as an interim Trustee. Each and every estate, title, right, power, authority, discretion, duty and obligation conferred upon the Trustee by this Agreement shall devolve upon, and be exercised and performed by, such successor Trustees, including the Committee or any remaining Trustee.

N. Settlement of Accounts upon Resignation or Removal of Trustee. In the event of the resignation or removal of a sole or co-Trustee, such sole or co-Trustee shall have the right to a settlement of its accounts at the expense of the Trust, which accounting shall be made as provided in Paragraph (i) above. Upon completion of such accounting and payment to the outgoing sole or co-Trustee of its compensation and expenses, including court costs and legal fees, such sole or co-Trustee or its legal representative shall promptly assign, transfer and deliver unto the remaining or successor Trustee (or in the absence thereof, to the Committee) the Trust Fund and all records and data (or copies thereof) pertaining to the Plan and Trust.

O. Segregated Accounts. Except as provided in Article IV(K-1), no Participant shall be permitted to segregate and/or separately direct the investment of his account under the Plan and any reference to segregated accounts elsewhere in this Agreement shall be disregarded.

P. Investments in Common Trust Funds. Notwithstanding any other provisions of this Agreement, all or any part of the assets of the Trust may be invested in any collective investment trust; provided that such collective investment trust is exempted under the Code or regulations or rulings issued by the Internal Revenue Service and is then maintained by the Trustee. The provisions of the document governing any such collective investment trust, as amended from time to time, shall govern any investment therein and are hereby made a part of this Agreement.

Q. Voting Rights of Investment Committee with respect to Company Stock. The Investment Committee shall have the right to direct the Trustee as to the manner in which voting rights appurtenant to Company Stock held by the Trustee, whether or not allocated to the Company Stock Accounts or 401(k) Accounts of Participants, are to be exercised in each matter brought before an annual or special stockholders meeting of the Company and on each matter as to which shareholder authorization of corporate action is solicited by

written consent. Before each such meeting or solicitation, the Company shall cause to be furnished to each member of the Investment Committee a copy of the proxy, other information or solicitation material furnished to other stockholders, together with a form requesting directions on how the shares of Company Stock held by the Trustee shall be voted on each such matter. Upon timely receipt of such directions the Trustee shall on each such matter vote as directed the number of shares held by the Trustee and covered by such instructions. If the Investment Committee fails to give the Trustee timely instructions as to how to vote any Company Stock, the Trustee shall not vote such Company Stock.

R. Rights on Tender or Exchange Offer for Company Stock. Each present or former Participant (or, in the event of his death, his Beneficiary) shall have the right, to the extent of the number of shares of Company Stock allocated to his Company Stock Account and 401(k) Account, to instruct the Trustee in writing as to the manner in which to respond to a tender or exchange offer with respect to such shares of Company Stock. The Committee shall use its best efforts timely to distribute or cause to be distributed to each present or former Participant (or Beneficiary thereof) such information as will be distributed to stockholders of the Company in connection with any such tender offer or exchange offer. Upon timely receipt of such instructions, the Trustee shall respond as instructed with respect to shares of such Company Stock. The instructions received by the Trustee from Participants shall be held by the Trustee in confidence and shall not be divulged or released to any person, including officers or employees of the Company or any Related Company. If the Trustee does not receive timely instruction from a Participant (or Beneficiary) as to the manner in which to respond to such a tender or exchange offer, such Participant (or Beneficiary) shall be deemed to have instructed the Trustee not to tender or exchange the shares allocated to his Company Stock Account and 401(k) Account, and the Trustee shall not tender or exchange any such shares.

If pursuant to instructions from any Participant or Beneficiary (each in this paragraph being referred to as a "Tendering Participant") given pursuant to this Paragraph R the Trustee tenders shares of Company Stock in the Tendering Participant's Company Stock Account and 401(k) Account, if any, and receives cash for these shares, the Tendering Participant's (i) Company Stock Account shall be reduced by the number of shares in his Company Stock Account which were sold, his Other Investments Account shall be increased by the amount of cash received, and the proceeds of the sale if they consist of cash shall be invested in investments other than Company Stock authorized for the ESOP portion of the Trust and (ii) the portion of the Participant's 401(k) Account, if any, invested in the Company Stock Fund shall be reduced by the number of shares in the Company Stock Fund portion of his 401(k) Account which were sold, and the proceeds of the sale if they consist of cash shall be invested in any one or more of the Other Investment Funds as directed by the Participant. If the Trustee receives property other than cash for any tendered shares

of Company Stock, the Tendering Participant's (i) Company Stock Account shall be reduced by the number of shares sold, the property received shall be retained in a separate fund to be established by the Trustee pending a decision by the Trustee of its disposition, and the Tendering Participant shall be credited with his allocable share of such special fund and any successor investments and (ii) the portion of the Participant's 401(k) Account, if any, invested in the Company Stock Fund shall be reduced by the number of shares in the Company Stock Fund portion of his 401(k) Account which were sold, the property received shall be retained in a separate Investment Fund in the 401(k) portion of the Trust pending a decision by the Trustee of its disposition, and the Tendering Participant shall be credited with his allocable share of such separate Investment Fund.

Notwithstanding the foregoing provisions of this Paragraph R, no Participant or Beneficiary shall have the right under this Paragraph R to instruct the Trustee as to the manner in which to respond to a tender or exchange offer made by any Related Company, and the Trustee shall tender or exchange any shares of Company Stock held by the Trust in response to such a tender or exchange offer only if so directed by the Investment Committee, which, in so directing, shall act solely in accordance with the principles set forth in Section 404(a) of ERISA.

The Trustee shall tender or exchange unallocated shares of Company Stock only if so directed by the Investment Committee, which, in so directing, shall act solely in accordance with the principles set forth in Section 404(a) of ERISA.

ARTICLE X
TERMINATION, AMENDMENT AND SUSPENSION

A. Termination, Etc.; Assumption of Plan. It is the present intention of the Company permanently to maintain the Plan and continue to make contributions under Article III(A); provided, however, that subject to Article XI(E) -

(1) The Company reserves the right at any time to revoke this Agreement, terminate the Plan, or terminate or suspend its liability to make further contributions to the Trust, but no such action shall become effective until the Company shall notify the Committee and Trustee.

(2) The Plan shall automatically terminate, and likewise the Company's liability to make contributions to the Trust, upon the Company's legal dissolution, or upon its adjudication as bankrupt or insolvent, or upon its making a general assignment for the benefit of creditors, or upon a receiver being appointed for its assets, or upon its merger or consolidation with or into any other corporation or corporations, or upon a complete discontinuance of contributions under the Plan within the meaning of Section 411(d)(3) of the Code.

(3) Termination of the Plan may be forestalled if and to the extent that any successor corporation, or any corporation or business entity employing a majority of the then Participants, shall expressly assume the Plan and the Company's liability to make contributions. Such assumption shall be expressed in a written agreement between the Company and such corporation or business entity, pursuant to proper resolution of the latter's Board of Directors or other governing body, but shall not be effective unless copies of such agreement and resolution shall be filed with the Trustee prior to termination. Such agreement shall provide for assumption of the Plan and the liability to make contributions, with respect to all Participants employed by such corporation or business entity, and such corporation or business entity shall thereupon be substituted pro tanto in the place and stead of the Company. With respect to any then Participants who are not taken over as employees of such corporation or business entity, the Plan shall be deemed to terminate, and Paragraph (B) below shall be invoked.

(4) In the event of any termination or suspension under (1) or (2) above, the Company and the Trustee shall give prompt notice thereof to the Internal Revenue Service, if, and to the extent required by the Code or ERISA; and, subject to Paragraph (B) below, each Participant's account shall be Vested to the extent required by Article XI(E)(2).

(5) The Company may cause a termination referred to above to apply to the ESOP portion of the Plan or the 401(k) portion of the Plan or to the entire Plan.

B. Liquidation of Trust. In the event of termination of the Plan, after each such account has been appropriately adjusted to cover any expenses of distribution and final liquidation costs, the Trustee shall pay the balance of such account to the Participant (or, if deceased, his Beneficiary) in an immediate Lump Sum, provided that, at the time the Trust is terminated the Company does not maintain any other defined contribution plan (other than an employee stock ownership plan as defined in Section 4975(e)(7) of the Code), and the consent of the Participant or his Beneficiary to such immediate Lump Sum distribution shall not be required.

Alternatively, if so directed by the Committee, the Trustee shall continue the 401(k) portion of the Plan and Trust and/or the ESOP portion of the Plan and Trust in existence as "frozen" Plans and Trusts (without receiving any additional Company contributions and without admitting any additional Participants) and shall pay the balances of the accounts of Participants to them at such times as they are entitled to receive the same under this Agreement, i.e., at retirement, death, other termination of employment. In such event the frozen Plan and Trust shall be operated and maintained so that they continue to meet the qualification requirements of Section 401(a) of the Code, including the minimum coverage requirements of Section 410(b) of the Code to the extent such requirements apply to a frozen Plan.

C. Termination of Trust. Notwithstanding termination of the Plan, the Trust shall terminate when and if, but not until, the Trust Fund shall be entirely paid out and distributed in accordance with this Agreement.

D. Amendment. Subject to Article XI(E) (Nonforfeitability, etc.) the Company reserves the right at any time and from time to time to amend this Agreement, without the consent of any Participant or Beneficiary, in any manner which the Company deems to be proper, whether or not (1) for reasons of business necessity or (2) for the purpose of causing the Plan and Trust to be tax qualified or to continue to be tax qualified. No such amendment, except upon written consent, shall increase the duties or liabilities of the Trustee or Committee, or diminish their compensation, or deprive any Participant or Beneficiary of any then Vested equitable interest in the Trust; provided, however, that such amendment may be retroactive to the extent necessary to take full advantage of Section 401(b) of the Code if such amendment is adopted for the purpose of causing the Plan and Trust to be tax qualified or to continue to be tax qualified with respect to any taxable year of the Company and is adopted and effective within the time limit specified in Article III(A) with respect to making contributions for such taxable year or within such longer period permitted under applicable Regulations. Notwithstanding anything herein to the contrary, any provisions of Article IV relating to allocations to ESOP Accounts shall not be amended more than once every six months other than to comport with changes in the Code, ERISA or the rules thereunder.

ARTICLE XI
MISCELLANEOUS

A. Persons Prohibited from Serving as Fiduciaries, Etc. No person shall serve as a Committee member, Fiduciary, officer, Trustee, custodian, counsel, agent or employee of the Trust, or as a consultant to the Trust or in any other capacity, if prohibited so to do by Section 411 of ERISA.

B. Information Required by ERISA. If some or all of the information necessary to enable the Committee to comply with the requirements of Title I of ERISA is maintained by -

(1) An insurance carrier or other organization (normally the Insurer) which provides some or all of the benefits under the Plan, or holds assets of the Plan in a separate account,

(2) A bank or similar institution (normally a corporate Trustee) which holds some or all of the assets of the Plan in a common or collective trust or a separate trust or custodial account, or

(3) A Plan sponsor (normally the Company) as defined in Section 3(16)(B) of ERISA,

such carrier, organization, bank, institution or sponsor shall transmit and certify the accuracy of such information to the Committee within 120 days after the end of the Plan Year (or such other date as may be prescribed by applicable Labor Regulations).

C. Retention of Records for Six Years. Every Person (such as the Trustee, Committee, Insurer, Company or an accountant) who is subject to a requirement to file any description or report or to certify any information therefor under Title I of ERISA (whether or not expressly required to do so by this Agreement), or who would be subject to such a requirement but for an exemption or simplified reporting requirement under Section 104(a)(2) or (3) of ERISA, shall maintain records on matters of which disclosure is required which will provide in sufficient detail the necessary basic information and data from which the documents thus required may be verified, explained or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions, and shall keep such records available for examination for a period of not less than six (6) years after the filing date of the documents based on the information which they contain, or six (6) years after the date on which such documents would have been filed but for the aforesaid exemption or simplified reporting requirement.

D. No Reversion. The assets of the Trust shall never inure to the benefit of the Company and shall be held for the exclusive purposes of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering

the Plan; and except as otherwise provided in Article III(F) and (G), the Company shall not be entitled to receive or recover any part of its contributions to the Trust or the earnings thereof.

E. Nonforfeitability, Etc. In compliance with ERISA and the Code, it is agreed:

(1) A Participant's right to his normal retirement benefits under Article V(A) shall be Vested upon his attaining his Normal Retirement Age.

(2) Upon termination or partial termination of the Plan, or the complete discontinuance of contributions by the Company under the Plan, the rights of all Participants to Accrued Benefits as of such time (i.e., those accrued to the date of such event), to the extent then funded or credited, shall be Vested, except as otherwise required or permitted by applicable Regulations (e.g., Regulation Section 1.411(d)- 2(a)) mentioned in Section 411(d)(3) of the Code.

(3) The Accrued Benefit of a Participant shall never be decreased by an amendment of the Plan, except an amendment described in Section 412(c)(8) of the Code and Section 302(c)(8) of ERISA. An amendment which has the effect of eliminating an optional form of benefit with respect to benefits attributable to service before the amendment shall be treated as decreasing the Accrued Benefit of a Participant except as otherwise provided by Treasury Regulations.

(4) The vesting schedule in Article V(C) and any other vesting provision of this Agreement based thereon shall not be amended unless -

(a) The Vested percentage of the Accrued Benefit derived from the ESOP Contributions and Matching Company Contributions (determined as of the later of the date such amendment is adopted, or the date such amendment becomes effective) of any Participant is at least equal to such Vested percentage computed without regard to such amendment; and

(b) Each Participant with at least three Years of Service is permitted within a period beginning no later than the date such amendment is adopted, an election complying with the requirements of Regulation Section 1.411(a)-8T(b) to have his aforesaid Vested percentage computed without regard to such amendment.

(5) In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, within the meaning of Section 401(a)(12) of the Code, each Participant shall (if the Plan then terminates) receive a benefit immediately after

the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

(6) A Participant's Elective Contributions Account shall be fully and immediately vested at all times.

F. Rollovers; Direct Transfers; Certain Transfers Prohibited. Subject to Subparagraphs (3) and (4) of this Paragraph (F), but notwithstanding any contrary provisions of this Agreement, including but not limited to Articles V, VI and X, but only as and to the extent contemplated by Section 402(a)(5), (6) or (7), 403(a)(4), 408(d)(3) or 409(b)(3) of the Code, a Participant shall be entitled -

(1) Subject to the last paragraph of Subparagraph (2) below (prohibiting certain transfers to this Plan), to transfer (or cause to be transferred) to the Trust to be held as part of his account (i) the redemption proceeds of a retirement bond and/or (ii) all or part of the cash and other property or the proceeds of the same received by him in one or more distributions together constituting a Lump Sum distribution from or under another tax qualified trust or tax qualified plan or an employee annuity or custodial account and/or (iii) an amount paid or distributed out of an individual retirement account or individual retirement annuity or retirement bond consisting of a prior rollover contribution from a tax qualified trust or annuity plan; provided, however, that no such transfer will be permitted unless the Committee determines that such transfer will meet the applicable requirements of the Plan and will not adversely affect the tax qualified status of the Plan; and/or

(2) Upon at least 60 days' written notice to the Committee, to cause his entire account to the extent that it has Vested to be transferred in whole or in part on his behalf (or to him for retransfer), in the form of cash or other property or the proceeds of the same (in one or more distributions which, together with any distributions retained by him, constitute a Lump Sum distribution), to an individual retirement account, an individual retirement annuity (other than an endowment contract), a tax qualified trust, or an annuity plan.

The amount so transferred to or from the Trust is herein called a "Rollover Contribution." Any Rollover Contribution to the Trust, together with the earnings thereon, shall be fully Vested but need not be segregated from the remainder of the Participant's account unless the Trustee otherwise elects or the Participant or Committee otherwise directs. In the case of a transfer described in (2) above, made to the Participant for retransfer, he shall not retransfer the portion described in Section 402(e)(4)(D)(i) of the Code (constituting in effect his own nondeductible employee contributions).

A Participant also shall be entitled to directly transfer to the Trust any amount described in Subparagraph (1)(ii) above, provided the tax qualified plan referred to in said Subparagraph (1)(i) permits such transfer, and to directly transfer to another tax qualified plan which provides for the acceptance of direct transfers any amount described in Subparagraph (2) above; provided, however, that no such direct transfer to or from this Plan will be permitted unless the Committee makes the same determination with respect to such transfer as it must make under Subparagraph (1) above with respect to a Rollover Contribution. For purposes of this Paragraph (F), Participant shall include an Employee who is expected to become a Participant upon completion of the age and service requirements of Article II(A)(2) of this Agreement.

Notwithstanding the foregoing provisions of this Paragraph (F), there shall not be transferred to this Plan, nor shall this Plan accept, a transfer of assets from (i) a tax qualified defined benefit plan, (ii) a tax qualified Defined Contribution Plan which is subject to the funding standards of Section 412 of the Code, including a target benefit plan, or (iii) any other plan to which clause (iii) of Section 401(a)(11)(B) of the Code applies with respect to a Participant, which transfer would cause this Plan to be a "direct or indirect transferee" of such a plan with respect to a Participant within the meaning of such term as defined in Section 401(a)(11)(B)(iii) of the Code. Moreover, no transfer or rollover shall be made to the ESOP portion of the Plan.

(3) This Subparagraph (3) and Subparagraph (4) below apply to distributions made on or after January 1, 1993. Notwithstanding any provision of this Agreement to the contrary that would otherwise limit a distributee's election under this Subparagraph (3), a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(4) Definitions.

(i) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net

unrealized appreciation with respect to employer securities).

(ii) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

(iii) Distributee: A distributee includes 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 Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(iv) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

G. Spendthrift Provision. It is the intention and purpose of the parties to this Agreement to place the absolute title to the Trust Fund in the Trustee alone, with power and authority to pay out the same only as provided in this Agreement. Accordingly, the benefits provided by this Agreement may not be assigned or alienated, within the meaning of Section 206(d)(1) of ERISA and Section 401(a)(13) of the Code, except as provided in Paragraph (H) below.

H. Exceptions to Spendthrift Provision. It is agreed that:

(1) Paragraph (G) above shall not apply to a loan made under Article VI(F) to a Participant or Beneficiary if such loan is secured by the Participant's Accrued Vested Benefit (within the meaning of Section 401(a)(13) of the Code) and by reason of Section 4975(d) of the Code is exempt from the tax on prohibited transactions imposed by Section 4975 of the Code.

(2) Paragraph (G) above shall apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, except that effective January 1, 1985 said Paragraph (G) shall not apply if the order is determined by the Committee to be a qualified domestic relations order (as defined in Section 414(p) of the Code), and shall not apply to any domestic relations order entered before January 1, 1985 if the Trust commenced to pay benefits pursuant to such order on or prior to such date, or if the Trust

had not then commenced to pay any such benefits the Committee determines that such order is valid and compliance with same will not violate any provision of the Code or adversely affect the tax qualified status of the Plan. Notwithstanding any restrictions in this Agreement regarding the payment of benefits prior to the date on which a Participant terminates employment with the Company, a qualified domestic relations order may provide for payment of benefits to any "alternate payee" (as defined in Section 414(p)(8) of the Code) on any date subsequent to the entry of such order and subsequent to a determination by the Committee that such order is a "qualified domestic relations order" pursuant to Section 414(p) of the Code, whether or not such payment would be made prior to the Participant's "earliest retirement age" (as defined in Section 414(p)(4)(B) of the Code). If a qualified domestic relations order so provides, the Trustee shall pay benefits to the alternate payee from the vested portion of a Participant's Account as required by the qualified domestic relations order.

(3) If a Participant shall so direct the Committee or Trustee in writing, amounts may be withheld out of his benefits under the Plan (not in excess of 10% of any benefit payment) to pay for his chargeable portion of group medical, hospital, accident or life insurance premiums and other group programs, not necessarily related to insurance, maintained by the Company for the convenience or welfare of all or part of its active or retired Employees.

I. Execution of Instruments. Except as in this Agreement otherwise expressly provided, any instrument or document to be delivered or furnished by the Company shall be sufficiently executed if executed in the name of the Company by any officer or officers thereof; or, where furnished or delivered by the Committee, if executed in the name of the Committee by any member thereof; or where furnished or delivered by the Trustee, if executed as follows:

(1) If the Trustee consists of two or more Persons, if executed in the Trustee's name by any such Person, and

(2) In the case of any corporate Trustee (whether or not the sole Trustee), if executed as Trustee in the name of such corporation by any officer or officers thereof;

provided, further, that any Administrative Party shall be fully protected in relying upon any instrument or document so executed; and execution as aforesaid shall create a strong presumption that any signature so affixed is duly authorized and that any information contained in such instrument or document is true and correct.

J. Successors, Etc. This Agreement shall be binding upon, and inure to the benefit of, the Company and (subject to Article X(A)) its successors, the Trustee and its successors, the Committee as from time to time constituted, and the Participants and Beneficiaries, their heirs, personal representatives, successors,

and assigns, all in accordance with and subject to the terms of this Agreement.

K. [Reserved]

L. Miscellaneous Protective Provisions. It is further agreed, that, except as otherwise provided in this Agreement or ERISA -

(1) Any Administrative Party may request and rely upon an opinion of counsel, who may or may not be counsel for the Company, and shall be fully protected for any action taken, suffered or omitted in good faith reliance upon such opinion.

(2) No recourse under this Agreement, or for any action or nonaction hereunder, or for any loss or diminution of the Trust Fund, or for any payment or nonpayment of benefits, or for any other reason whatsoever relating to the Plan, shall be had by any Person whomsoever against any individual in his capacity as stockholder, officer, director or employee of the Company, past, present or future.

(3) Where the establishment of any fact is in question, any Administrative Party may in its discretion accept as evidence thereof any properly executed instrument or document furnished by any other Administrative Party or such other evidence as may seem reasonable in the circumstances.

M. No Duress or Retaliation Against Participants, Etc. No Participant or Beneficiary shall be discharged, fined, suspended, expelled, disciplined, or discriminated against for exercising any right to which he is entitled under this Agreement, ERISA, or the federal Welfare and Pension Plan Disclosure Act, or for the purpose of interfering with the attainment of any right to which such Participant may become entitled thereunder; nor shall any Participant or Beneficiary (through the use of fraud, force, violence, or threat of such use) be restrained, coerced, or intimidated (nor shall there be any attempt so to do) for the purpose of interfering with or preventing the exercise of any right to which he is or may become entitled under this Agreement, ERISA, or said Disclosure Act; nor shall any Person be discharged, fined, suspended, expelled, or discriminated against because he has given information or has testified or is about to testify in any inquiry or proceeding relating to ERISA or said Disclosure Act.

N. Record Keeping, Investigations, Etc. The Company and each Fiduciary, Committee member, and other appropriate Person shall maintain such books and records pertaining to the Plan and Trust, make them available for inspection, file such information, and submit to such investigations as are properly required by the Secretary of Labor or his delegate pursuant to Section 504 or 505 of ERISA.

O. Distributions to Minors and Incompetent or Missing Individuals. If any individual to whom benefits shall be

distributable under the Plan shall be a minor, adjudged mentally incompetent or cannot reasonably be located, the Committee may direct the Trustee to distribute such benefits by one or more of the following methods, to be determined by the Committee: (1) directly to such minor or incompetent individual; (2) to the guardian of such individual; (3) to another Person for the use or benefit of such individual; (4) by the Trustee or Committee, or their agents, expending, or arranging for the expenditure of, such benefits for the education, health or maintenance of such individual; or (5) to a bank account established on behalf of such individual. Except as to (4) above, neither the Committee nor Trustee shall be required to see to the application of any such distributions. Distributions made pursuant to this Paragraph (O) shall operate as a complete discharge of the Trustee, the Committee and the Trust Fund. Also, if the Committee determines after reasonable efforts to locate an individual who is entitled to a distribution of all or part of an account balance under the Plan that such individual cannot be located, the amount payable to such individual may, if the Committee so determines, be forfeited as of the Anniversary Date falling within the Plan Year of such determination and be allocated among the accounts of the Participants in the same manner as a forfeiture under Article IV(Q)(1). However, in such event if the individual entitled to a distribution of the forfeited amount subsequently makes a claim for the same, it shall be reinstated out of forfeitures, if any, for the Plan Year in which the claim is made and/or an additional contribution to the Trust by the Company for such Plan Year and shall be paid to such individual in accordance with the Plan.

P. Expenses and Compensation. Subject to Article IX -

(1) Members of the Committee shall serve without compensation, but the Trustee shall be paid compensation in such amount and manner as may from time to time be mutually agreed between the Trustee and the Company.

(2) The expenses of the Trustee and Committee, including but not limited to legal fees and the Trustee's compensation, shall be paid by the Company:

- (a) Although it is intended that expenses shall be paid by the Company, the Trust Fund guarantees that they shall in all events be paid in full when due, and a lien for such payment is hereby impressed upon the Trust Fund; provided that no individual Trustee who already receives full-time pay from the Company shall receive from the Trust Fund any compensation for his services as Trustee, excepting reimbursement of expenses properly and actually incurred.
- (b) Notwithstanding any provision to the contrary, any expenses which the Trustee or Committee may incur

with special reference to any Participant or his account (including any Fixed Account) shall first be charged against such account to the extent that the same is sufficient for such purpose. Any balance of said special expenses shall then be charged to the Company or the Trust Fund pursuant to (a) above but shall if possible be later reimbursed to the Company or the Trust Fund out of future credits to such Participant's account.

Q. No Warranty of Company Stock Value or Dividends. Neither the Company nor any Related Company nor the Trustee nor the Committee nor the Investment Committee warrants or represents in any way to any Participant or Beneficiary that the value of Company Stock will increase or will not decrease or that dividends will continue to be paid on Company Stock, either at all or at any particular level. Each Participant assumes all risks in connection with changes in the value of Company Stock and all risks that dividends may not be paid or continued, either at all or at any particular level.

ARTICLE XII
INSURANCE PROVISIONS

A. No Life Insurance. No portion of the Trust Fund shall be invested in life insurance policies, and any reference to life insurance policies or contracts elsewhere in this Agreement shall be disregarded.

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ARTICLE XIII
TOP-HEAVY RULES

A. Application; Top-Heavy Status. Notwithstanding any other provision of the Plan to the contrary, the provisions of Article XIII(B) shall apply for any Plan Year beginning after December 31, 1983 in which the Plan is determined to be Top-Heavy as of the Determination Date, in accordance with the following:

(1) Required Aggregation of Plans. If the Company and any Related Companies maintain one or more tax qualified plans in addition to this Plan, then there shall be aggregated for purposes of this Article XIII(A) those of such plans -

- (a) in which a Key Employee is a participant, and
- (b) which enable any plan in which a Key Employee is a participant to meet the nondiscrimination requirements of Section 401(a)(4) of the Code or the minimum participation standards of Section 410 of the Code.

All such plans shall be referred to in this Article XIII as the "Required Aggregation Group". There also must be aggregated with the aforesaid plans and considered as included in the Required Aggregation Group any other tax qualified plan which was maintained by the Company or a Related Company within the five Plan Years ending on the Determination Date and would be part of the Required Aggregation Group for the Plan Year but for the fact that such plan terminated before the Determination Date.

(2) Permissive Aggregation of Plans. If the Company and any one or more Related Companies maintain one or more tax qualified plans in addition to this Plan and any other plan or plans in the Required Aggregation Group then there may be aggregated with this Plan, or with the plans in the Required Aggregation Group, any of such additional plans which, when so aggregated, continue to meet the requirements of Sections 401(a)(4) and 410 of the Code (the "Permissive Aggregation Group"). There also may be aggregated with the aforesaid plans and considered as included in the Permissive Aggregation Group any other tax qualified plan which was maintained by the Company or a Related Company within the five Plan Years ending on the Determination Date and could be part of the Permissive Aggregation Group for the Plan Year but for the fact that such plan terminated before the Determination Date.

(3) Key Employees. Key Employees shall mean and include all employees and former employees (and the beneficiaries of all employees and former employees) who are or were one or more of the following during the five Plan Years ending on the Determination Date:

- (a) officers of the Company or any Related Company having annual compensation greater than 50 percent

of the Adjusted Equivalent of the amount in effect under Section 415(b)(1)(A) of the Code for such Plan Year, provided that no more than 50 employees (or if lesser, the greater of (i) three or (ii) 10% of the employees) shall be treated as officers, and provided that employees described in Section 414(q)(8) of the Code shall be excluded;

- (b) one of the ten employees owning (or considered as owning within the meaning of Section 318 of the Code) both more than a one-half percent interest and the largest interests in the Company and any Related Company, as further defined in Section 416(i)(1)(A)(ii) of the Code and the Treasury Regulations thereunder, having annual compensation greater than the Adjusted Equivalent of \$30,000, provided that if two or more employees own the same interest, the employee having greater annual Compensation shall be treated as owning the greater interest;
- (c) five percent owners of the Company; or
- (d) one percent owners of the Company having annual compensation from the Company and any Related Company of more than \$150,000 per year.

For purposes of (a), (b) and (d) above, compensation means Creditable Compensation as that term is defined in Article I(A)(16). For purposes of (c) and (d) above, "owner" shall have the same meaning as in Section 416(i)(1)(B) of the Code. Also, for purposes of determining ownership in the Company under (b), (c) and (d) above, the aggregation rules of subsections (b), (c) and (m) of Section 414 of the Code shall not apply.

An employee who is identified as a Key Employee under more than one category shall nevertheless be counted as one Key Employee. A Non- Key Employee who is also the beneficiary of a Key Employee shall be counted as a Key Employee, but only the Accrued Benefit attributable to the Key Employee shall be counted in determining Top-Heavy status.

(4) Accrued Benefits. For purposes of this Article XIII(A), Accrued Benefits for all defined benefit plans required or permitted to be aggregated under (1) and (2) above shall mean the Actuarial Equivalent (which shall be the same for all plans being aggregated) of the Accrued Benefit determined as of the actuarial valuation date preceding or coinciding with the Determination Date. If there is no method of computing Accrued Benefits that uniformly applies for all such plans, then solely for the purposes of this Article XIII(A), the Accrued Benefit of an employee other than a Key Employee shall be determined as if his benefits accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

For all defined contribution plans required or permitted to be so aggregated, Accrued Benefits shall mean the balance in the employer and employee contribution accounts (excluding amounts attributable to deductible employee contributions) as of the Determination Date, and shall for all plans include:

- (a) distributions to any employee during the five Plan Years ending on the Determination Date;
- (b) unrelated rollovers (rollovers during the five Plan Years ending on the Determination Date which were initiated by the employee and transferred to a plan maintained by an employer other than the Company or any Related Company) made from this Plan, (or made to this Plan prior to December 31, 1983); and
- (c) related rollovers (rollovers to this Plan which were either not initiated by the employee or were made from another tax qualified plan maintained by the Company or any Related Company).

(5) Top-Heavy Determination. There shall be computed, as of the Determination Date, the sum of all Accrued Benefits for all Key Employees and the sum of all Accrued Benefits for all employees. Such computation shall be made separately for each plan required or permitted to be aggregated with this Plan, as of the determination date (as defined in each such plan) which falls within the calendar year in which the Determination Date falls. If the following ratio --

the sum of all Accrued Benefits for all Key Employees
the sum of all Accrued Benefits for all Employees

for this Plan if it is the only tax qualified plan maintained by the Company and any Related Company, or for all plans in any Required Aggregation Group, is greater than sixty percent (60%), then this Plan and all plans in any Required Aggregation Group is (are) Top-Heavy, effective on the first day of the Plan Year. If such ratio for all tax qualified plans in any Permissive Aggregation Group is 60% or less, then neither this Plan (nor any other plan in such Permissive Aggregation Group) is (are) Top-Heavy for the Plan Year. For purposes of the foregoing computation, there shall be excluded the Accrued Benefits of:

- (a) former Key Employees, i.e., persons who were Key Employees but who have not fulfilled the definition of Key Employee at any time during the five Plan Years ending on the Determination Date), and
- (b) former employees who have not performed any service for the Company or a Related Company during the five Plan Years ending on the Determination Date.

B. Effect of Top-Heavy Status.

(1) Minimum Contribution. For any Plan Year in which the Plan is Top-Heavy the following shall apply:

- (a) The amount of Company Contributions and forfeitures allocated pursuant to Article IV to the account of each Participant who is a Non-Key Employee shall not, when expressed as a percentage of such Participant's Compensation for such Plan Year, be less than the lesser of:

- (i) three percent (3%), or
(ii) the percentage for the Key Employee for whom such percentage is the highest

minus the amount of Company (or Related Company) contributions plus forfeitures allocated to such Participant's account(s) under any other tax qualified Defined Contribution Plan(s) maintained by the Company or by a Related Company, if any. Notwithstanding the foregoing, neither Matching Company Contributions nor Elective Contributions allocated to the accounts of Non-Key Employees shall be treated as Company Contributions for purposes of meeting the above minimum contribution requirement. However, Elective Contributions allocated to the Accounts of Key Employees shall be treated as Company Contributions for purposes of meeting the above minimum contribution requirement.

Subparagraph (ii) above shall not apply in any Plan Year in which this Plan is required to be aggregated with a tax qualified defined benefit plan in order to enable such plan to meet the requirements of Sections 401(a)(4) or 410 of the Code.

- (b) For purposes of this paragraph (1) --

- (i) The minimum allocations under this paragraph shall be made to the account of each active and inactive Participant who is a Non-Key Employee who has not Separated from Service as of the Anniversary Date falling within such Plan Year; and
(ii) This and any other tax qualified Defined Contribution Plan(s) maintained by the Company or by a Related Company shall be treated as a single plan.

(2) Vesting. Commencing with the first day of the first Plan Year in which the plan is Top-Heavy, Article V(C) (1) shall be amended to read as follows:

"(1) such Participant shall be entitled only to a percentage of the balance in his ESOP Account and the balance of his Matching Company Contributions Account based upon the number of his full Years of Service, as follows:

Full Years of Service -----	Percentage Vesting -----
less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

The foregoing vesting schedule shall apply to all Plan Years after the Plan first becomes Top-Heavy, whether or not the Plan is Top-Heavy for that Plan Year. Such vesting schedule shall not apply to any Participant who fails to perform an Hour of Service for his Employer on or after the day the Plan first becomes Top-Heavy.

(3) Section 415 Fraction Reduced to 1.0 if Plan Becomes Super Top-Heavy. For any Plan Year in which the plan is Top-Heavy, the figure 1.0 shall replace the figure 1.25 in the definitions of Defined Benefit Plan Fraction and Defined Contribution Plan Fraction in Article IV(A)(3)(d) (and in Section 415(e)(2)(B) and (3)(B) of the Code), except for Plan Years as to which the Plan is not Super Top-Heavy. For purposes of this subparagraph (b), a plan is "Super Top-Heavy" if (and only if) it fails the ninety percent test mentioned in Section 416(h)(2)(B) of the Code, i.e., if (and only if) it would meet the "Top-Heavy" definition in Article XIII(A)(5) above if the phrase "sixty percent" therein were replaced by "ninety percent" wherever it appears.

C. Definitions. For purposes of this Article XIII, the following definitions apply:

(1) "Determination Date" means the last day of the preceding Plan Year or, for the first Plan Year, the last day of such Plan Year.

(2) "Non-Key Employee" means any employee who is not a Key Employee and his or her beneficiary.

[Miller, Canfield, Paddock and Stone, P.L.C. Letterhead]

September 27, 1996

Fund American Enterprises Holdings, Inc.
80 South Main Street
Hanover, New Hampshire 03755-2053

Gentlemen:

With respect to the registration statement on Form S-8 (the "Registration Statement") being filed today with the Securities and Exchange Commission (the "Commission") by Fund American Enterprises Holdings, Inc., a Delaware corporation (the "Company"), for the purpose of registering under the Securities Act of 1933, as amended (the "Act"), an indeterminate amount of interests in the Source One Mortgage Services Corporation Employee Stock Ownership and 401(K) Savings Plan (the "Plan") and 150,000 shares of the common stock, \$1.00 par value, of the Company (the "Registered Shares"), which may consist of shares already issued or newly issued shares, we, as your counsel, have examined such certificates, instruments, and documents and have reviewed such questions of law as we have considered necessary or appropriate for the purposes of this opinion, and, on the basis of such examination and review, we advise you that, in our opinion:

1. The Registered Shares have been legally authorized.

2. Those Registered Shares held in the Plan prior to the date hereof are validly issued, fully paid, and nonassessable.

3. When the Registration Statement has become effective and any newly issued Registered Shares have been acquired at the election of a participant in accordance with the Plan and paid for, said newly issued Registered Shares will be validly issued, fully paid, and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement on Form S-8 of Fund American Enterprises Holdings, Inc., to be filed on September 30, 1996, pertaining to the Source One Mortgage Services Corporation Employee Stock Ownership and 401 (k) Plan of our reports dated February 13, 1996, with respect to the consolidated financial statements of Fund American Enterprises Holdings, Inc., incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1995 and the related financial statement schedules included therein, filed with the Securities and Exchange Commission.

Ernst & Young LLP

New York, New York
September 26, 1996

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement on Form S-8 of Fund American Enterprises Holdings, Inc. pertaining to the Source One Mortgage Services Corporation Employee Stock Ownership and 401(k) Plan of our report dated May 31, 1996, with respect to the financial statements and schedules of the Source One Mortgage Services Corporation Employee Stock Ownership Plan included in its Annual Report (Form 11-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

Ernst & Young LLP

Detroit, Michigan
September 26, 1996