

**TRUST AGREEMENT
FOR THE
DANIEL AND KAREN HAWKINS FAMILY TRUST**

Prepared by
Kenneth B. Rodman
Law Offices of Kenneth B. Rodman

Synopsis of Daniel and Karen Hawkins Family Trust

This abbreviated summary is for convenience only and should not be relied upon in interpreting the trust. The trust contains other significant provisions not described in this summary.

Personal Information

Article 1 describes your family situation and property information.

During Your Lifetimes

Article 2 describes your rights during your lifetimes, including the right to add and remove property from the trust, the rights to amend or revoke the trust, and the right to appoint or remove the trustees.

Article 3 describes the administration of the trust during your joint lifetimes, and provides that the trustees must distribute as much income and principal as you direct.

Disposition of Your Estates

Article 4 provides an overview of where the balance of your property goes (after taking into account specific dispositions of tangible personal property).

On the death of the first spouse to die (the "Deceased Spouse"):

- * All separate property of the Surviving Spouse and his or her half of the community property go to the Survivor's Trust.
- * The Deceased Spouse's applicable exclusion amount goes to the Bypass Trust.
- * The balance of the Deceased Spouse's estate goes to the Survivor's Trust.

On the death of the Surviving Spouse:

- * The balance of the Survivor's Trust goes as follows:
 - Ninety-five percent (95%) to the Residuary Trust.
 - Five percent (5%) to any remaining living parents in equal shares upon the death of the surviving spouse outright.
- * The balance of the Bypass Trust goes as follows:
 - Ninety-five percent (95%) to the Residuary Trust.
 - Five percent (5%) to any remaining living parents in equal shares upon the death of the surviving spouse outright.

Article 5 describes the disposition of your tangible personal property upon each of your deaths.

Trusts Created

Article 6 provides the terms of the Survivor's Trust. As during your joint lifetimes, the Trustees must distribute as much of income and principal as the Surviving Spouse directs. The Surviving Spouse also has the right to direct and approve the actions of the Trustees. The Surviving Spouse has the right to direct, by will or by appointment, where the trust property goes upon his or her death. If no direction is given, the property is distributed as provided in Article 4.

Article 7 contains provisions on the administration of the Bypass Trust during the Surviving Spouse's lifetime. The Bypass Trust is created upon the Deceased Spouse's death and is funded with property using your applicable exclusion amount. Income of the Bypass Trust must be distributed to the Surviving Spouse at least annually. Principal may be distributed to the Surviving Spouse as well. Upon the death of the Surviving Spouse, the residue of the Bypass Trust is distributed as provided in Article 4. In addition, the Surviving Spouse may withdraw up to Five Thousand Dollars (\$5,000.00) or five percent (5%) of the principal of the Bypass Trust each year.

Article 8 contains provisions on the administration of the Residuary Trust. All amounts given to your children in trust are governed by the terms of Article 8. The Residuary Trust will be divided into equal trust shares for each child. Each beneficiary will have the right to all income from his or her trust at least annually. Principal distributions may be made at the discretion of the Trustees. Additional distributions of principal will be distributed as follows: 25 percent of the then current principal at age 18, 25 percent of the then current principal at age 20, 25 percent of the then current principal at age 22, and the entire balance of the then current principal at age 30.

Article 9 contains provisions covering the disposition of property if a beneficiary disclaims all or part of the gift left to him or her.

Article 10 contains provisions governing powers of appointment granted under the Trust Agreement.

Payment of Taxes

Article 11 provides instructions for the payment of estate taxes. Estate taxes include all forms of death taxes. Article 11 provides that estate taxes will be apportioned, with certain exceptions. Under apportionment, the persons receiving your property pay their own share of estate taxes. The Trustees are authorized to pay estate taxes imposed on the trust property.

Trustees and Their Powers and Authority

Article 12 covers the appointment of Trustees and successor Trustees. You are the initial Trustees. You have the power to appoint, designate, and remove Trustees during your

lifetimes. If you become unable or unwilling to serve as Trustees, William C. Hawkins will serve as Trustee of each of the trusts established. If William C. Hawkins should fail or become unable or unwilling to serve as Trustee, Dianne Antranikian will serve as Trustee. No bond is required of any Trustee.

Article 13 covers the protection provided to the Trustees and includes Trustee resignation, compensation, right of indemnification and reimbursement, and liability.

Article 14 describes the authority granted to the Trustees.

Article 15 provides a general grant to the Trustees of all powers provided by law and lists specific powers given to the Trustees.

Article 16 covers special discretionary powers of the Trustees.

Other Provisions

Article 17 contains provisions limiting the maximum duration of any trusts created. (Trusts may not continue in perpetuity.)

Article 18 contains "spendthrift" provisions designed to protect a beneficiary's interest in trust income and principal from creditors.

Article 19 contains general provisions.

Article 20 contains definitions of terms used in the document.

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**TRUST AGREEMENT
FOR THE
DANIEL AND KAREN HAWKINS FAMILY TRUST**

We, Daniel T. Hawkins ("Daniel") and Karen R. Hawkins ("Karen"), as Settlers and Trustees, declare that we have entered into this Trust Agreement on October 30, 2007.

The Trustees agree to administer all property added to the trust estate, in trust, under the terms of this Trust Agreement.

The revocable trust initially established under this Trust Agreement shall be known as the Daniel and Karen Hawkins Family Trust. Successor trusts established under this Trust Agreement shall be known by the names designated below in this Trust Agreement or as named by the Trustees. The Trustees may refer to these trusts by reference to the name of the income beneficiaries of these trusts or the tax elections made with respect to these trusts.

**ARTICLE 1
DECLARATIONS**

1.1 Family Information. We are married to each other. We have two (2) children of our marriage, namely, Blake Daniel Hawkins, born January 27, 1993 and Brianna Kristine Hawkins, born May 29, 1997. We have no other living or deceased children.

1.2 Property Information. All the community property we transfer to the Trustees and the proceeds of that property shall remain our community property. All separate property transferred to the Trustees by either of us and the proceeds of that property shall remain that Settlor's separate property.

**ARTICLE 2
RIGHTS RESERVED BY US**

As Settlers, we reserve the following rights under this Trust Agreement.

2.1 Rights as to Community Property and Separate Property. During our joint lifetimes, we shall retain our community rights in our community property as if this trust had not been created. During our joint lifetimes, the Trustees' powers with respect to the community property transferred to this Trust shall be co-extensive with, but not more extensive than, those powers possessed by a husband and wife under Section 1100, et seq., of the California Family Code. However, upon the death of either of us, all the property held in the trust estate, including our community property and separate property, shall be governed by the terms of this Trust Agreement providing for the disposition of our property upon our respective deaths. Notwithstanding any other provisions of this Trust Agreement, neither of us may withdraw the separate property of the other or revoke or amend this Trust Agreement with respect to the other Settlor's separate property. The powers of withdrawal, revocation, and amendment are reserved exclusively to the owner of such separate property.

2.2 Right to Add Property to the Trust Estate. We each reserve the right to transfer additional property to the Trustees during our lifetimes and at our respective deaths. All such property transferred to the Trustees shall be added to the trust estate and administered as provided in this Trust Agreement. The Trustees are authorized and directed to accept the additions to the trust estate. Any other person may transfer property to the Trustees to be added to the trust estate, provided the property is acceptable to us (if living) and the Trustees.

2.3 Right to Withdraw Property from the Trust Estate. We each reserve the right to withdraw at any time all or any portion of our property held in the trust estate. The property described in any notice of withdrawal shall be delivered immediately to us. Upon any withdrawal, the property shall be transferred to us as our community or separate property as if the trust had not been created.

2.4 Right to Amend the Trust Agreement. We, acting together, reserve the right to amend at any time all or any part of this Trust Agreement, without obtaining the consent of or giving notice to any beneficiary.

2.5 Right to Revoke the Trust Agreement. We each reserve the right to revoke at any time all or any part of this Trust Agreement, without obtaining the consent of or giving notice to any beneficiary. If this Trust Agreement is revoked in whole or in part during our joint lifetimes, the Trustees shall immediately deliver to us the entire trust estate or the portion of the trust estate subject to revocation. Upon any such revocation, the property shall be transferred to us as our community or separate property as if the trust had not been created.

2.6 Right to Appoint and Remove Trustees. We, acting together, reserve the right to appoint, designate, and remove trustees.

2.7 Right to Direct and Approve the Trustees' Actions. We, acting together, reserve the right to direct and approve the Trustees' actions, including the Trustees' investment decisions and the use of trust property as collateral for any personal obligations of ours. Our approval of the Trustees' actions shall be binding upon all other beneficiaries.

2.8 Exercise of Our Reserved Rights by the Surviving Spouse. Upon the death of either of us, this Trust Agreement shall become irrevocable, except that the Surviving Spouse shall retain, during his or her lifetime, the rights of withdrawal, amendment, and revocation with respect to the Survivor's Trust and all the provisions of the Trust Agreement relating to the Survivor's Trust. Further, except as otherwise provided in this Trust Agreement, the Surviving Spouse shall retain the right to appoint, designate, and remove Trustees. All the trusts created by this Trust Agreement shall become irrevocable and not subject to amendment upon the death of the Surviving Spouse.

2.9 Exercise of Our Reserved Rights by Others. The rights reserved to us as described above are personal to us and shall not be exercisable on our behalf by any other person.

2.10 Manner of Exercise of Our Reserved Rights. We may exercise the rights reserved to us only by a signed writing delivered to the Trustees. This Trust Agreement may not, however, be revoked or amended by either of us in our respective Wills.

ARTICLE 3 THE SETTLORS' TRUST

The following provisions shall apply to the distribution of the trust estate during our joint lifetimes.

3.1 Distributions of Income and Principal. During our joint lifetimes, the Trustees shall distribute to us from our community property that amount of net income and principal as either of us directs. The Trustees shall distribute to each of us from his or her separate property that amount of net income and principal as the Settlor directs. If either of us is incapacitated, the other spouse shall have the right to exercise the incapacitated spouse's rights to request or direct distributions. Further, if both of us become incapacitated, the Trustees are authorized to distribute to any person whom either of us is then legally obligated to support or who has been receiving support from either of us that amount of net income and principal as the Trustees deem appropriate in their discretion to continue this support. Also, the Trustees are authorized to distribute to us that amount of net income and principal, up to the whole of the trust estate, as the Trustees deem appropriate in the exercise of their discretion, using our accustomed manner of living as a guide and without regard to our other sources of support. Upon distribution, property shall retain its character as our community property or either of our separate property. The Trustees shall exercise this discretion in a liberal manner, and the rights of remainder beneficiaries shall be of no importance. The Trustees shall accumulate and add any undistributed net income to principal.

3.2 Qualification for Government Benefits. We authorize the Trustees to take any actions that the Trustees determine to be appropriate or necessary in connection with our qualification for or receipt of government benefits, including benefits (whether income, medical, disability, or otherwise) from any agency (whether state, federal, or otherwise), such as Social Security, MediCal, Medicare, or supplemental security income/state supplemental programs. In particular, we authorize and direct the Trustees, upon receiving written notice from either of us, the conservator of either of us, or the person holding a Durable Power of Attorney for either of us, to partition all of the community property of the Trust for the purpose of transmuting such community property to be the separate property of either of us. Upon such partition, if one of us is incompetent, the Trustees shall have the authority to award our residence and our other assets to the one of us who is competent and not receiving or seeking to obtain any such government benefits.

3.3 Distribution Upon the Death of the Deceased Spouse. Upon the death of the first Settlor to die (the "Deceased Spouse"), the balance of the trust estate administered under this article in the Settlers' Trust shall be allocated and distributed as provided in Article 4.

ARTICLE 4
ALLOCATION AND DISPOSITION OF THE TRUST ESTATE

Upon our deaths, subject to the payment of, or satisfactory provision being made for, all debts and taxes (including Estate taxes), the following allocations and dispositions of the trust estate shall be made by the Trustees.

4.1 Division of the Trust Estate Upon the Death of the Deceased Spouse. Upon the death of the Deceased Spouse, the Trustees shall divide the remaining trust estate, including any additions to the trust estate resulting from the Deceased Spouse's death, into two separate shares.

- (a) The Trustees shall allocate to the Deceased Spouse's share:
 - (i) Any and all ownership interests in all life insurance policies on the life of the Surviving Spouse (including all contractual rights to receive the proceeds of such policy) owned by the Deceased Spouse as his or her separate property.
 - (ii) The Deceased Spouse's separate property, if any.
 - (iii) The remaining trust estate not allocated to the Surviving Spouse's share.

The Trustees shall allocate the Deceased Spouse's share as provided in Section 4.2.

- (b) The Trustees shall allocate to the Surviving Spouse's share:
 - (i) Any and all ownership interests in all life insurance policies on the life of the Surviving Spouse (including all contractual rights to receive the proceeds of such policy) owned by us as our community property.
 - (ii) The Surviving Spouse's separate property, if any.
 - (iii) The portion of the trust estate determined to represent the Surviving Spouse's interest in our community property held in or received by the trust (not reduced by Estate taxes). The Trustees shall have the discretion to determine how our community property will be divided and allocated. The assets selected shall be valued at the date or dates of allocation.

The Trustees shall administer the property allocated to the Surviving Spouse's share as provided in Article 6.

4.2 Disposition of the Deceased Spouse's Share. Upon the Deceased Spouse's death, the Trustees shall allocate the Deceased Spouse's share of the trust estate, including the

property held in the trust estate at the date of the Deceased Spouse's death and the property transferred to the trust estate by reason of his or her death, as follows:

(a) **Gifts of Tangible Personal Property.** The Trustees shall make distributions of the Deceased Spouse's tangible personal property as provided in Article 5.

(b) **Pecuniary Marital Deduction Formula.**

(i) **The Survivor's Trust.** From the balance of the Deceased Spouse's share of the trust estate, the Trustees shall allocate to the Survivor's Trust the smallest pecuniary amount which, if allowed as a federal estate tax marital deduction, would result in the least possible federal estate tax payable by reason of the Deceased Spouse's death. In determining the pecuniary amount the Trustees shall consider the credit for state death taxes only to the extent those taxes are not incurred or increased by considering them and shall assume that none of the Bypass Trust qualifies for a federal estate tax deduction. The Trustees shall administer the property allocated to the Survivor's Trust as provided in Article 6.

(ii) **The Bypass Trust.** The Trustees shall allocate to the Bypass Trust the balance of the remainder of the Deceased Spouse's share of the trust estate. The Trustees shall administer the property allocated to the Bypass Trust as provided in Article 7.

4.3 Disposition of Survivor's Trust Upon the Death of the Surviving Spouse. Upon the Surviving Spouse's death, the Trustees shall allocate the remaining trust estate of the Survivor's Trust, including the property held in the trust estate at the date of the Surviving Spouse's death and the property transferred to the trust estate by reason of his or her death, as follows:

(a) **Gifts of Tangible Personal Property.** The Trustees shall make distributions of the Surviving Spouse's tangible personal property as provided in Article 5.

(b) **Balance of the Trust Estate.** The balance of the trust estate of the Survivor's Trust shall be allocated as follows:

- (i) Ninety-five percent (95%) to the Residuary Trust. The Trustees shall administer the property allocated to the Residuary Trust as provided in Article 8.
- (ii) Five percent (5%) to any remaining living parents in equal shares upon the death of the surviving spouse outright, provided he survives the Surviving Spouse. If any remaining living parents in equal shares upon the death of the surviving spouse. does not survive the Surviving Spouse, the gift shall lapse and shall not be made.

4.4 Disposition of the Bypass Trust Upon the Death of the Surviving Spouse. Upon the death of the Surviving Spouse, the Trustees shall allocate the remaining trust estate of the Bypass Trust as follows:

- (i) Ninety-five percent (95%) to the Residuary Trust. The Trustees shall administer the property allocated to the Residuary Trust as provided in Article 8.
- (ii) Five percent (5%) to any remaining living parents in equal shares upon the death of the surviving spouse outright, provided he survives the Surviving Spouse. If any remaining living parents in equal shares upon the death of the surviving spouse. does not survive the Surviving Spouse, the gift shall lapse and shall not be made.

4.5 Disposition of Otherwise Undisposed of Property. If at any time before the complete distribution of the trust estate of any trust created under this Trust Agreement, the disposition of all or any portion of that trust estate is not otherwise directed under the provisions of this Trust Agreement, or if all the beneficiaries otherwise described in this Trust Agreement die before the complete distribution of the trust estate, the Trustees shall distribute the remaining trust estate one half to the heirs at law of each of us. The respective identities and shares of these heirs shall be determined at the time of the event as though our deaths occurred simultaneously immediately following the event, and according to the California laws of intestate succession then in effect relating to separate property not acquired from a previously deceased spouse. If, however, after nine months of reasonable search following the occurrence of the event, the Trustees have been unable to identify and locate the heirs of one of us, the remaining trust estate otherwise distributable to those heirs shall instead be distributed to the heirs at law of the other of us as provided in this section. If within that time period the Trustees have been unable to identify and locate any heirs of either of us, the undisposed of property shall be distributed to one or more charitable organizations selected by the Trustees.

4.6 Rules Governing the Allocation of Trust Property. The Trustees shall select a date or dates of allocation or distribution for purposes of satisfying gifts and funding shares. The Trustees may provide for allocations prior to the final determination of federal estate taxes, with the allocations being made upon the information then available to the Trustees. The Trustees may thereafter from time to time adjust properties among the shares or trusts created under this Trust Agreement, when and if it is determined that the allocation should have been made differently.

In allocating property to satisfy gifts and fund shares, the Trustees are authorized to allocate property in appropriate undivided interests. Each gift or share may be satisfied or funded in cash or in kind, or partly in each. Assets allocated in kind shall be deemed to satisfy gifts or fund shares, including all of the marital deduction gift or share, on the basis of their fair market values at the date or dates of allocation or distribution.

ARTICLE 5
GIFTS OF TANGIBLE PERSONAL PROPERTY

Upon our deaths, subject to the payment of, or satisfactory provision being made for, all our debts and taxes (including all Estate taxes), the following distributions shall be made by the Trustees from the trust estate in which the property is held.

5.1 Gifts on Death of Deceased Spouse. Upon the Deceased Spouse's death, the following gifts of tangible personal property shall be made by the Trustees from the trust estate:

All of the Deceased Spouse's interest in his or her tangible personal property, together with any insurance on the property, shall pass in trust to the Trustees of the Survivor's Trust, to be administered under Article 6.

5.2 Gifts on Death of the Surviving Spouse. Upon the death of the Surviving Spouse, the Trustees shall distribute all tangible personal property held in the trust estate to our children who survive the Surviving Spouse, to be divided among them in shares of substantially equal value as they agree. Our children are requested to divide the tangible personal property in accordance with any instructions we or either of us may leave. If our children fail to agree on the division of the tangible personal property, the property shall be divided among them as the Trustees may determine in their discretion. Alternatively, the Trustees may instead sell the property and the net proceeds of sale shall be distributed as part of the trust estate. If none of our children survive the Surviving Spouse, this gift shall lapse and the tangible personal property shall be administered as part of the trust estate. It is anticipated that if our children do not want items of approximately equal value, then the Trustees shall distribute only so much as will result in equal shares for the children based on the child who wants the least items. The balance of the items will then be sold in a way that any child may purchase a desired item, in a manner similar to a public auction.

ARTICLE 6
THE SURVIVOR'S TRUST

Upon the death of the Deceased Spouse, the Surviving Spouse's share of the trust estate shall continue in trust and shall be administered as a separate trust, called the Survivor's Trust, according to the terms of this Trust Agreement, specifically including the following provisions. All references in this Trust Agreement to the "Survivor's Trust" shall be to the trust or trusts established under this article.

6.1 Our Residences. In dividing our community property, the Trustees are authorized to allocate our entire community property interest in our principal residence and other personal residences to the Surviving Spouse's one-half share of our community property to be administered as provided in this article.

6.2 Right to Direct and Approve the Trustees' Actions. The Surviving Spouse reserves the right to direct and approve the actions of the Trustees of the Survivor's Trust, including the Trustees' investment decisions and the use of trust property as collateral for any

personal obligations of the Surviving Spouse. The Surviving Spouse's approval of the Trustees' actions shall be binding upon all other beneficiaries.

6.3 Distributions of Net Income and Principal. During the Surviving Spouse's lifetime, the Trustees shall distribute to him or her from the trust estate of the Survivor's Trust that amount of net income and principal as he or she directs. Also, the Trustees are authorized to distribute to the Surviving Spouse that amount of net income and principal, up to the whole of the trust estate, as the Trustees deem appropriate in the exercise of their discretion, using the Surviving Spouse's accustomed manner of living as a guide and without regard to his or her other sources of support. The Trustees shall exercise this discretion in a liberal manner, and the rights of remainder beneficiaries shall be of no importance. Further, if the Surviving Spouse becomes incapacitated, the Trustees are authorized to distribute to any person whom the Surviving Spouse is then legally obligated to support or who has been receiving support from him or her that amount of net income and principal as the Trustees deem appropriate in their discretion to continue that support.

6.4 General Power of Appointment. The Surviving Spouse shall have a General Power of Appointment over the entire trust estate, including any accrued and undistributed income, administered under this article in the Survivor's Trust. Upon the death of the Surviving Spouse, the Trustees shall distribute all or any part of the property remaining in the Survivor's Trust as the Surviving Spouse may direct by the exercise of such General Power of Appointment.

6.5 Distribution Upon the Death of the Surviving Spouse. The Survivor's Trust shall terminate on the death of the Surviving Spouse. Upon the death of the Surviving Spouse, the Trustees may pay from the remaining trust estate of the Survivor's Trust the expenses of the Surviving Spouse's last illness and funeral. Thereafter, subject to the payment of debts and taxes and the exercise of the General Power of Appointment provided in Section 6.4, the remaining trust estate of the Survivor's Trust shall be allocated and distributed as provided in Article 4.

ARTICLE 7 THE BYPASS TRUST

Upon the Deceased Spouse's death, all trust property subject to the provisions of this article shall be held by the Trustees in trust during the Surviving Spouse's lifetime, and shall be administered as a separate trust, called the Bypass Trust, according to the terms of this Trust Agreement, specifically including the following provisions. All references in this Trust Agreement to the "Bypass Trust" shall be to the trust or trusts established under this article.

7.1 Distributions During the Surviving Spouse's Lifetime. The Trustees shall distribute to the Surviving Spouse all of the net income of the Bypass Trust, at least annually, during his or her lifetime. The Trustees may distribute to the Surviving Spouse all or any portion of the principal of the Bypass Trust for the Surviving Spouse's reasonable health, education, maintenance, and support in his or her accustomed manner of living. In determining the distributions to be made to the Surviving Spouse under these provisions, the Trustees may

take into consideration other income and property available to the Surviving Spouse, including the assets held in the Survivor's Trust.

7.2 Withdrawal Rights. In addition, if the Surviving Spouse is living on December 31st of each year, the Surviving Spouse may direct the Trustees to pay to him or her out of the trust principal an amount (the "Annual Amount") equal to no more than the greater of Five Thousand Dollars (\$5,000.00) or five percent (5%) of the market value of the principal of the Bypass Trust on December 31st of that year. Because neither the Annual Amount nor the Surviving Spouse's entitlement to it can be determined until the end of the year, the Trustees may make payments to the Surviving Spouse during the year as advancements against the Annual Amount, based upon the value of the trust principal at the time of each payment and taking into consideration prior payments. At the end of the year, the total of such advancements will be treated as an asset of the trust in determining the Annual Amount. If the advancements to the Surviving Spouse during the year exceed the Annual Amount, then the Surviving Spouse shall repay that excess to the Trustees. If the Surviving Spouse dies during the year, his or her Executors shall repay to the Trustees all payments made to the Surviving Spouse as advancements against the Annual Amount. The Surviving Spouse's right to payment under this paragraph must be exercised in a written instrument signed by him or her and delivered to the Trustees on or before December 31st of the year of exercise. The right to the Annual Amount will expire on December 31st of each year, and such rights will not be cumulative from year to year.

7.3 Distribution upon the Death of the Surviving Spouse. The Bypass Trust shall terminate upon the death of the Surviving Spouse and the remaining trust estate of the Bypass Trust shall be allocated and distributed as provided in Article 4.

ARTICLE 8 THE RESIDUARY TRUST

All trust property allocated to the Residuary Trust shall be administered as one or more separate trusts, according to the terms of this Trust Agreement, specifically including the following provisions. All references in this Trust Agreement to the "Residuary Trust" shall be to the trust or trusts established under this article.

8.1 Division into Shares. All property in the Residuary Trust and any property added to the Residuary Trust shall be divided, by right of representation, into separate trust shares, one trust share for each of our children then living and, subject to the provisions of any power of appointment which has been exercised pursuant to Section 8.5 by a deceased beneficiary for whom a share previously existed, one trust share collectively for the living issue of any deceased child of ours. Any collective share for the living issue of a deceased child shall be divided (or continue to be divided) among further successor trust shares for those issue by right of representation. Each trust share shall be held in trust as provided in the remaining sections of this article subject, however, to the provisions of any exercised power of appointment. Each trust share shall be a separate trust for all purposes and be named for its current income beneficiary.

8.2 Distributions of Net Income. The Trustees shall distribute to the current beneficiary of each trust the net income of the trust established for him or her in convenient installments, but at least annually, during his or her lifetime or until termination of his or her trust.

8.3 Distributions of Principal. The Trustees may distribute to the current beneficiary of each trust the sums from the principal of the beneficiary's trust, up to the entire trust estate, that the Trustees, in their discretion, determine as reasonably necessary for the beneficiary's health, education, maintenance, and support in his or her accustomed manner of living.

8.4 Additional Distributions of Principal. After a trust has been established under the provisions of this article for a beneficiary, the following provisions shall apply.

When the current beneficiary is or attains the age of 18 years, 25 percent of the then-current principal of the beneficiary's trust shall be distributed to the beneficiary upon his or her written demand to the Trustees. When the current beneficiary is or attains the age of 20 years, 25 percent of the then-current principal of the beneficiary's trust shall be distributed to the beneficiary upon his or her written demand to the Trustees. When the current beneficiary is or attains the age of 22 years, 25 percent of the then-current principal of the beneficiary's trust shall be distributed to the beneficiary upon his or her written demand to the Trustees. When the current beneficiary is or attains the age of 30 years, the entire balance of the then-current principal of the beneficiary's trust shall be distributed to the beneficiary upon his or her written demand to the Trustees and the beneficiary's trust shall terminate. To be effective, any demand must be in writing, signed by the beneficiary, and delivered to the Trustees prior to the beneficiary's death. The Trustees shall notify each beneficiary as to his or her rights to demand distributions of trust property.

If a beneficiary fails to exercise his or her right to demand a distribution, until the time, if ever, that the beneficiary exercises his or her demand right, the trust property otherwise distributable shall remain in trust and continue to be administered according to its terms. Similarly, if a beneficiary is incompetent or incapacitated at the time distribution would be made under this provision, until the beneficiary is no longer incompetent or incapacitated, the beneficiary's trust shall continue and shall be administered as otherwise provided in this Trust Agreement. In all events, on a beneficiary's death, property remaining in the beneficiary's trust shall be allocated to the successor beneficiaries as provided in this article. Notwithstanding the foregoing provisions, the Trustees may distribute to a beneficiary all or any part of the trust property subject to a beneficiary's right to demand distribution even if the beneficiary does not exercise that right.

8.5 Limited Power of Appointment. The current beneficiary of each trust administered under this article shall have a Limited Power of Appointment over the trust estate of his or her trust remaining at his or her death. If the beneficiary dies before receiving full distribution of his or her trust, the Trustees shall distribute all or any part of the property remaining in the current beneficiary's trust as he or she may direct by the exercise of such Limited Power of Appointment.

8.6 Establishment of Trusts for Successor Beneficiaries. Unless otherwise provided in this Trust Agreement, if a current beneficiary (including any successor current beneficiary) dies after a separate trust has been established for him or her, but before receiving full distribution of that trust, the portion of the trust not appointed by the beneficiary pursuant to any power of appointment granted to him or her shall continue in trust for successor beneficiaries to be determined as follows:

(a) **For the beneficiary's issue.** If the current beneficiary's children or other issue survive him or her, the Trustees shall divide the property, by right of representation, into separate trusts for the surviving issue of the deceased beneficiary.

(b) **For the beneficiary's brothers and sisters.** If the current beneficiary dies without surviving issue, the Trustees shall divide the property into separate equal trust shares among his or her surviving brothers and sisters, provided that one equal share shall pass, by right of representation, for the benefit of the surviving issue of any deceased brother or sister.

(c) **For our issue.** If the current beneficiary dies without surviving issue and without any surviving brothers or sisters or surviving issue of deceased brothers or sisters, the property shall be allocated to a separate trust for the beneficiary's nearest then living ancestor who is our issue. If there is no such ancestor, the Trustees shall divide the property, by right of representation, among separate trust shares for the surviving issue of the beneficiary's nearest ancestor who was our issue, and if there are no such issue then living, by right of representation among separate trust shares for our issue who survive the beneficiary.

(d) **For other existing shares.** If the current beneficiary dies without surviving issue and without surviving brothers or sisters or surviving issue of deceased brothers or sisters and none of our issue survives the beneficiary, the whole of the beneficiary's remaining trust shall be added to the remaining trusts established under this article, whether distributed or undistributed, in the proportions in which those trusts participated in the original trust estate. Any addition to a trust that at that time has been wholly distributed shall be distributed to the beneficiary of the trust. If a trust's beneficiary is then deceased, the addition shall be distributed in the manner provided in this Trust Agreement as if the beneficiary had died before becoming entitled to distribution of his or her entire trust. Any addition to a trust that at that time has been partially distributed shall augment proportionately the distributed and undistributed portions of the trust. Any addition to a trust over which a power of appointment has been exercised shall be held in a separate trust or distributed as if the power had not been exercised, unless the instrument exercising the power specifies the manner in which a subsequent addition to the trust shall be distributed.

(e) **For the Surviving Spouse.** If any property remains unallocated under the foregoing provisions, that property shall be allocated to the Trustees of the Bypass Trust, and be administered as a separate trust for the Surviving Spouse's benefit under the provisions of Article 7.

8.7 Administration of Trusts for Successor Beneficiaries. Except as otherwise expressly provided above, each of the trust shares and subdivided trust shares created under the

foregoing provisions for successor beneficiaries shall be administered as separate trusts for the successor beneficiaries under the same provisions as applied to the prior beneficiary's trust.

8.8 Contingent General Power of Appointment over Nonexempt Trust. If the Trustees are administering a GST nonexempt trust for a beneficiary, the following provisions shall apply to such trust:

- (a) If all or any portion of the assets held in the beneficiary's GST nonexempt trust would otherwise be subject to the GST tax, then, notwithstanding anything to the contrary set forth in Section 8.5 and Section 8.6, the Trustees shall distribute the remaining trust estate as the current beneficiary may direct by the exercise of a General Power of Appointment.
- (b) The default provisions set forth in Section 8.6 shall apply to the extent the current beneficiary fails to exercise the General Power of Appointment given to him or her under the provisions of this section.
- (c) The determination of whether all or a portion of the beneficiary's GST nonexempt trust "would otherwise be subject to the GST tax" shall be made by assuming that the Limited Power of Appointment granted to the beneficiary under Section 8.5 has not been exercised.

ARTICLE 9 DISCLAIMERS

9.1 Disclaimers Allowed. In addition to any rights granted by law, any person granted any right, title, interest, benefit, privilege, or power under this Trust Agreement, including the Surviving Spouse, may at any time renounce, release, or disclaim all or any part of that right, title, interest, benefit, privilege, or power, including his or her right, title, and interest in and to trust income or principal. The natural or legal guardians of a minor shall have the authority and power to disclaim the interests of the minor; the conservator of the estate of the person shall have the authority and power to disclaim the interests of the conservatee; the fiduciary of a trust or estate shall have the authority and power to disclaim the interests of the trust or estate; and the youngest adult ancestor of any unborn, unknown, or unascertained issue shall have the power to disclaim the interests of those issue.

9.2 Disclaimers by the Surviving Spouse. The Surviving Spouse shall have the power to disclaim all or any portion of or interest in the Deceased Spouse's property allocable to or otherwise passing to the Survivor's Trust or the Bypass Trust. Notwithstanding any other provision of this Trust Agreement, if the Surviving Spouse effectively disclaims all or any portion of his or her interest in the property in or passing to the Survivor's Trust, the portion of the property or interests so disclaimed shall immediately pass to the Bypass Trust. Similarly, if the Surviving Spouse effectively disclaims all or any portion of his or her interest in the property in or passing to the Bypass Trust, the property or interests so disclaimed shall remain in the Bypass Trust which shall be administered as though the Surviving Spouse had not survived. In

the event that the disclaimer does not extend to the Surviving Spouse's entire interest in the Bypass Trust, then additional Bypass Trusts shall be established, one containing the property disclaimed and the other containing the property not disclaimed.

Finally, notwithstanding any contrary provision in this Trust Agreement, if the Surviving Spouse disclaims any interest in property otherwise passing to him or her or for his or her benefit, the Surviving Spouse shall have no power, as a Trustee or otherwise, to distribute, allocate, or appoint income or principal from such disclaimed property to or for the benefit of any person other than himself or herself, whether by exercising a special power of appointment or the powers of a Trustee. Moreover, the Trustees shall keep a separate account for the property comprising the disclaimed interest and any power of appointment granted the Surviving Spouse over the property distributed to the Bypass Trust shall not apply to such property.

9.3 Effective Disclaimers. To be effective, disclaimers must be in writing, signed by the disclaiming person, and irrevocable. Disclaimers shall be effective only upon delivery to the Trustees or to a court having jurisdiction over the administration of the trust.

ARTICLE 10 POWERS OF APPOINTMENT

The following provisions apply to Powers of Appointment granted under this Trust Agreement:

10.1 Manner of Exercise. A Power of Appointment may be exercised by an acknowledged written instrument delivered to the Trustees during the beneficiary's lifetime or by the provisions of the beneficiary's Will (whether or not admitted to probate), but, in either case, only by specific reference to the power being exercised.

10.2 Permissible Donees--Powers Exercisable by the Surviving Spouse. A General Power of Appointment granted to the Surviving Spouse may be exercised in favor of any person or entity without limitation. A Limited Power of Appointment granted to the Surviving Spouse may be exercised only in favor of our issue.

10.3 Permissible Donees--Powers Exercisable by Descendants. The following provisions shall apply to Powers of Appointment granted to children and grandchildren of ours:

- (a) A General Power of Appointment granted to a child or grandchild (the "holder") may be exercised only in favor of one or more creditors of the holder's estate.
- (b) A Limited Power of Appointment granted to a child or grandchild may be exercised only in favor of the holder's spouse, and our issue.
- (c) In no event, however, may a Limited Power of Appointment be exercised in favor of the holder, the holder's estate, the creditors of the holder, or the creditors of the holder's estate.

10.4 Terms and Conditions of Exercise. Any Power of Appointment granted to a beneficiary may be exercised outright or in further trust, in such shares and on such terms and conditions as the holder may specify.

10.5 Limitation on Appointments in Favor of Spouses of Issue. Notwithstanding the provisions of Section 10.4, no portion of a trust may be appointed outright in favor of a spouse of our issue. Any appointment in favor of a spouse of our issue must be in trust, and the maximum benefits that may be given to such spouse are: (1) the right to income from the trust for his or her lifetime (or a unitrust amount not to exceed five percent (5%) of the net value of the trust assets valued as of the first day of each taxable year of the trust); and (2) the right to receive principal payments as determined by the Trustees for the spouse's proper health, maintenance, support, and education, after taking into consideration the spouse's outside income and resources that are known to the Trustees.

ARTICLE 11 PAYMENT OF ESTATE TAXES

Except as otherwise expressly provided in our respective Wills and this Trust Agreement, any and all Estate taxes imposed on or payable with respect to property included in the deceased Settlor's gross taxable estate, including property in the deceased Settlor's probate estate or held as part of the deceased Settlor's share of the trust estate, shall be apportioned, charged, and paid as set forth below. For these purposes, the trust estate shall include property subject to probate administration passing from a Settlor's probate estate to the trust estate by reason of a Settlor's death.

11.1 General Rule: Estate Taxes Shall Be Prorated. Except as otherwise expressly provided, Estate taxes imposed on property includible in the deceased Settlor's gross taxable estate shall be equitably prorated and apportioned among, charged to, and paid by the persons who receive the property subject to the Estate taxes (including the separate trust estates of the trusts created under this Trust Agreement), as provided in Probate Code §§20100 through 20225 and the applicable provisions of the I.R.C. In accordance with Probate Code §20100(e), the proration shall be based on the federal estate tax value of the property.

11.2 Property Excluded from Apportionment of Estate Taxes. No Estate taxes shall be apportioned to, charged against, or paid from the following property.

(a) **Tangible Personal Property and Specific Gifts.** No Estate taxes shall be apportioned to, charged against, or paid from any tangible personal property or specific gifts made by us under our respective Wills or this Trust Agreement.

(b) **Gifts to Charitable Organizations.** No Estate taxes shall be apportioned to, charged against, or paid from any gift made to a charitable organization that qualifies for a charitable deduction under I.R.C. §2055.

(c) **Marital Deduction Gifts.** No Estate taxes shall be apportioned to, charged against, or paid from any property qualifying for the marital deduction under I.R.C.

§2056.

(d) Other Property Excluded from Apportionment. No Estate taxes shall be apportioned to, charged against, or paid from any other property excluded from the measure of Estate taxes by reason of any exemption, exclusion, or deduction applicable to the property, or because of (i) provisions of our respective Wills or this Trust Agreement that expressly exclude the property from taxation; (ii) the relationship between the deceased Settlor and the beneficiary of the property; or (iii) the character of the property. All such property shall pass free of Estate taxes.

11.3 Property Charged with Incremental Estate Tax. The general rule of proration shall be further modified as set forth below.

(a) QTIP Property. All Estate taxes imposed on QTIP property includible in a Settlor's gross taxable estate under I.R.C. §2044 shall be apportioned to, charged against, and paid from the QTIP property as provided under I.R.C. §2207A. If, however, any QTIP property is exempt from GST tax pursuant to I.R.C. §2631, the QTIP property is relieved of the obligation to pay Estate taxes and the Trustees may determine whether and to what extent to allocate the increment in Estate taxes to the holders or recipients of the QTIP property. Notwithstanding the foregoing, if a reverse QTIP election is made under I.R.C. §2652(a)(3), no Estate taxes shall be charged against or paid from the QTIP property subject to the election.

(b) Property Subject to Power of Appointment. All Estate taxes imposed on property includible in a Settlor's gross taxable estate under I.R.C. §2041 by reason of a general power of appointment held by the deceased Settlor shall be charged to and paid from the property. Further, we direct that the amount of the general power of appointment property equal to the Estate taxes attributable to the value of the property shall be paid to the Trustees, to be held in this trust and used to pay Estate taxes. The amount of Estate taxes attributable to the property shall equal (i) the amount of all Estate taxes imposed on the Settlor's taxable estate (including the value of the general power of appointment property), less (ii) the amount of all Estate taxes that would have been imposed on the Settlor's taxable estate excluding the value of the general power of appointment property.

(c) Property Subject to Life Interest. Any increment in Estate taxes attributable to other property in which a deceased Settlor had a life interest or a term interest that did not end prior to his or her death (including a life estate or life income interest) and which is included in the deceased Settlor's gross taxable estate shall be borne by the holder or recipient of that property.

11.4 Collection of Estate Taxes. As to property included in a Settlor's gross taxable estate, but not in the deceased Settlor's probate estate or in the possession or control of the Trustees, the Trustees are authorized to collect and recover the amount of Estate taxes owed by reason of this property from the persons possessing or receiving the property, which persons shall be charged with and shall pay the Estate taxes as provided in this article. The Trustees and the Executors may petition the probate court for an order prorating Estate taxes pursuant to Probate Code §20120.

11.5 Abatement. Notwithstanding the other provisions of this article, if all other assets are insufficient to pay the Estate taxes, then the Estate taxes shall be apportioned among, charged against, and paid from the property otherwise passing free from Estate taxes in accordance with Probate Code §§20100 through 20225 and applicable federal estate tax laws.

11.6 Reserves. The Trustees may establish reserves from trust income and principal that they consider necessary for the payment of Estate taxes.

11.7 Tax Elections. The Trustees shall have the power, in their discretion, to take any action and to make any election to minimize the tax liabilities of our probate estates, any trust, and the beneficiaries. The Trustees may make those elections and allocations under the tax laws as they deem advisable. The Trustees may, but shall not be required to, allocate the benefits of an election among the various beneficiaries or make adjustments in the rights of any beneficiaries or between the income and principal accounts to compensate for the consequences of any tax election or any investment or administrative decision made by the Trustees that may have had the effect of directly or indirectly preferring one beneficiary or group of beneficiaries over another.

ARTICLE 12 THE APPOINTMENT OF TRUSTEES

The following provisions shall apply to the appointment, designation, and removal of the Trustees of each of the trusts established under this Trust Agreement.

12.1 Our Powers of Appointment, Designation, and Removal. During our joint lifetimes, we shall have the power to appoint, designate, and remove, with or without cause, Trustees and Cotrustees. We may appoint or designate individuals or entities to serve as Trustee. We may appoint or designate Trustees to serve alone, to serve with both or either of us, or to serve with other persons and to serve currently or in the future. We may also prescribe the conditions and terms governing the actions, authority, and duties of the Trustees we appoint or designate. Further, we may designate a series of persons to serve as Trustees following our deaths or following the death, resignation, or inability, failure, or refusal to serve of any Trustee. There shall be no limit on the number of times we may exercise the foregoing powers. The appointments and designations shall be in writing and shall be filed with the current Trustees of the trust. All our appointments and designations shall be revocable and amendable by us unless we provide otherwise. All our appointments and designations shall continue to be effective after our deaths and shall take precedence over the appointments made under any other provisions of this article.

12.2 Initial Trustees. Pursuant to our powers to appoint Trustees, we appoint ourselves as the initial Trustees under this Trust Agreement. If either of us becomes unwilling or unable to serve as Cotrustee, the other of us shall serve alone as sole Trustee.

12.3 Successor Trustees.

(a) The Surviving Spouse's Right to Appoint, Designate, and Remove

Trustees. Upon the death of the Deceased Spouse, the Surviving Spouse shall have the right to exercise the power to appoint, designate, and remove Trustees reserved to us under Section 12.1. The Surviving Spouse may appoint any individual (including himself or herself) or entity to serve as a Trustee of any one or more of the established trusts under this Trust Agreement, and remove that person and appoint and remove successor Trustees. The Surviving Spouse shall have the power to remove any person appointed or designated by both of us to serve as Trustee. The Surviving Spouse shall have no liability for the acts or omissions of any person appointed by him or her to serve as a Trustee. Further, the Surviving Spouse shall have the right to renounce the power granted him or her to appoint and remove Trustees by delivering a written renunciation to the current Trustees of the trust.

(b) Named Successor Trustees. If both of us become unable or unwilling to serve as Trustees, we appoint William C. Hawkins to serve as Trustee of each of the trusts established under this Trust Agreement. If William C. Hawkins should fail or become unable or unwilling to serve as Trustee, we appoint Dianne Antranikian to serve as Trustee of each of the trusts created under this Trust Agreement.

12.4 Filling Vacancies. If a vacancy in a Trustee position is not filled as otherwise provided in this Trust Agreement, a successor Trustee shall be appointed by a majority of the beneficiaries currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees (with the guardian of any minor beneficiary acting on his or her behalf). If the beneficiaries entitled to appoint the successor trustee fail to act, the court having jurisdiction over the trust shall appoint one or more Trustees upon the application of any former Trustee or any trust beneficiary, current or contingent.

12.5 Temporary Incapacity of a Trustee. If, due to illness or other cause, an individual Trustee is temporarily, but not permanently, unable to give prompt and intelligent consideration to the financial and administrative matters affecting the trusts for which he or she serves as Trustee, the other Trustees may, during such temporary incapacity, make any and all decisions regarding the trust estate as though the incapacitated Trustee were not then serving. In determining the temporary incapacity of an individual Trustee, the other Trustees may rely on a certificate or other written statement from a licensed physician who has examined the incapacitated individual Trustee. The other Trustees shall incur no liability whatsoever to any beneficiary as a result of any action taken under this section.

12.6 Removal of Trustees. Following the death of both of us, a majority of the current beneficiaries of any trust currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees, may remove any corporate Trustee (with or without cause). Notwithstanding Section 12.4 any corporate Trustee removed by the majority of the current beneficiaries shall be replaced only with a corporate Trustee. In addition, a majority of the current beneficiaries of any trust currently entitled to receive trust income, or if none, a majority of beneficiaries who are entitled to distribution in the discretion of the Trustees, with the concurrence of a majority of the presumptive remainder beneficiaries of such trust, may remove any individual Trustee of the trust, provided at least one presumptive remainder beneficiary joins in the exercise of this power. The natural or legal guardians of any minor beneficiary shall exercise the vote of such minor beneficiary.

12.7 Effective Dates. Any and all appointments, designations, removals, or revocations affecting a Trustee position shall be made by a written instrument executed by the person entitled to make the appointment, designation, removal, or revocation. The written instrument shall be effective upon its delivery to the current Trustees of the trust affected; provided, however, that the appointment of a successor Trustee or Cotrustee shall become effective only upon the new Trustee's written acceptance of the appointment and the delivery of this written acceptance to the person who appointed him or her, the other Trustees, or the current beneficiaries.

12.8 No Bond. No bond or other security shall be required of any Trustee named in this Trust Agreement or of any Trustee appointed or designated in the manner provided under this Trust Agreement unless the terms of the appointment or designation require a bond. The foregoing provisions shall apply whether the Trustee serves alone or together with one or more other Trustees.

ARTICLE 13 THE PROTECTION PROVIDED THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement.

13.1 Resignation. Each Trustee shall have the right to resign his or her position at any time without the consent of any beneficiary or the approval of any court. A Trustee shall have the right to resign as Trustee of one or more separate trusts created under this Trust Agreement without resigning as Trustee of all separate trusts. A Trustee may resign for any reason by delivering a written resignation signed by him or her to the other currently serving Trustees. The resignation shall be effective according to its terms. But, if the resigning Trustee is the sole Trustee, the resigning Trustee shall continue to be responsible for the trust property until it is delivered to the successor Trustee and shall continue to hold title and custody to the trust assets and administer the trust assets and perform the actions that are reasonably necessary to preserve the trust property and to complete the Trustee's administration of the trust, until a successor Trustee has been appointed and has accepted the position of Trustee.

13.2 Compensation. As to each separate trust, the Trustees shall be entitled to pay themselves a reasonable compensation for the performance of their duties and services rendered as Trustees. A Trustee that is a corporation or partnership shall be entitled to compensation for its services in the amount and at the time specified in its Schedule of Fees and Charges established from time to time by it for the administration of trust accounts of a character similar to this one and in effect when services are rendered. This compensation may be paid without prior court approval. All Trustees shall be reimbursed for reasonable expenses actually and properly incurred by them in the administration of the trusts for which they serve as Trustees.

The Trustees also are authorized to pay to the attorneys and accountants retained by the Trustees to advise them in the administration of the trust those amounts for fees and costs as the Trustees shall determine in their discretion. The Trustees are authorized to pay these fees and costs without first obtaining approval of the trust beneficiaries or the court having jurisdiction

over the trust. These fees and costs shall not be offset against the compensation payable to the Trustees.

A Trustee may waive his or her right to compensation for his or her services to be rendered to the trust estate. The waiver must be in writing and signed by the person in advance of rendering the services for which compensation is being waived. A waiver may be limited in duration or limited to specific services.

13.3 Right of Indemnification and Reimbursement. A Trustee shall be entitled to indemnification and reimbursement from the trust estate of which that person serves as Trustee for any expense, loss, damage, liability, costs, or claim (including, without limitation, attorney's fees and costs of litigation) incurred by the Trustee by reason of any act performed or omitted to be performed by the Trustee, acting in good faith, in the administration of the trust. The Trustee shall be deemed to have acted in good faith on behalf of the trust if the Trustee acted in a manner reasonably believed by the Trustee to be within the scope of his or her authority and in the best interest of the trust and its beneficiaries. Notwithstanding the foregoing, a Trustee shall not be indemnified or reimbursed with respect to any expense, loss, damage, or claim incurred by reason of any breaches of trust, by acts or omissions, committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interests of the beneficiaries.

13.4 Notice to the Trustees. Until the Trustees receive written notice of any birth, marriage, death, or other event affecting the rights of beneficiaries to payments or distributions from the trust, the Trustees shall incur no liability to any persons whose interests may have been affected by that event for payments or distributions made by the Trustees in good faith as though the event had not occurred.

13.5 Disclosure to the Beneficiaries. During our lifetimes, the Trustees shall have no duty to provide any information regarding the trust to anyone other than us. After the Deceased Spouse's death, the Trustees shall have no duty to provide any information regarding the trust or subtrusts created under this Trust Agreement to any one other than the Surviving Spouse, except as required by law. Prior to the death of the Surviving Spouse, the Trustees shall have no duty to disclose to any beneficiary other than the Surviving Spouse the existence of this trust or any information about its terms or administration, except as required by law.

13.6 Reports and Accounts. We hereby waive all statutory requirements, including the requirement under Probate Code §16062(a), that the Trustees of any trust created under this Trust Agreement render a report or account to the beneficiaries of the trust. The Trustees shall not be required to make any current reports or render any annual or other periodic accounts to any trust beneficiary or to any court, whether or not required by statute, except pursuant to court order. The Trustees may take action for the approval of their accounts at the times and before the courts, or without court proceedings, as they determine in the exercise of their discretion. Any Trustees' account may, at the Trustees' option, either be settled pursuant to the provisions of Probate Code §16060 et seq. or by sending the account to all beneficiaries of such trust, at their respective last known addresses by certified mail, return receipt requested. Unless written objections are received by the Trustees within sixty (60) days of mailing such account, the account and all transactions set forth in the account shall be deemed settled and approved. The

Trustees shall pay the costs and expenses of such action, including the compensation and expenses of accountants, attorneys, and guardians, from the principal or income, or both, of the trust as they determine.

13.7 Extent of Liability. We do not want the Trustees to be personally liable for their good faith efforts in administering the trust estate.

(a) In general. A Trustee shall not be personally liable to the trust or its beneficiaries, and shall be held harmless, for any loss, expense, damage, or claim incurred by the Trustee by reason of any act performed or omitted to be performed by the Trustee, acting in good faith, in the administration of the trust. The Trustee shall be deemed to have acted in good faith on behalf of the trust if the Trustee acted in a manner reasonably believed by the Trustee to be within the scope of his or her authority and in the best interest of the trust and its beneficiaries. Further, a Trustee shall not be personally liable for obligations arising from the Trustee's ownership or control of trust property or for torts committed in the course of the Trustee's administration of the trust unless the Trustee is personally at fault. Notwithstanding the foregoing, a Trustee shall be personally liable for his or her breach of trust by acts or omissions, committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interests of the beneficiaries, and as to any profit that the Trustee derives from any breach of trust.

(b) While trust is revocable. During our lifetimes, the Trustees shall follow all written directions given from time to time to them by us or by the person or persons to whom we delegate the right to direct the Trustees. In consenting to and carrying out those directions, the Trustees shall not be liable to any person having a vested or contingent interest in the trust for any act performed or omitted pursuant to those directions. Moreover, the Trustees may follow those directions regardless of any fiduciary obligations to which the directing party may also be subject. These provisions shall be construed consistently with Probate Code §§16001 and 16462.

ARTICLE 14 THE AUTHORITY OF THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement. A successor Trustee shall be vested with all the rights, powers, and authority of an original Trustee.

14.1 Trustee Authority. Except as otherwise expressly provided, all successor Trustees upon commencing to serve as Trustee shall immediately become vested with all the rights, titles, powers (including discretionary powers), and obligations, with like effect as if named as an initial Trustee. Where this Trust Agreement states that the Trustees "shall" perform an act, the Trustees are required to perform that act. Where this Trust Agreement states that the Trustees "may" do an act or Trustees are "authorized" to act, the Trustees are expressly permitted or authorized to do the act described, and their decision to do or not to do the act shall be made in the Trustees' sole discretion in the exercise of their fiduciary powers and duties. The decision of

the Trustees as to all discretionary actions and decisions shall be conclusive and binding on all persons.

14.2 Trustee Discretion. The discretionary powers granted to the Trustees under this Trust Agreement shall be absolute. This means that the Trustees can act arbitrarily, so long as they do not act in bad faith, and that no requirement of reasonableness shall apply to the exercise of their absolute discretion. This does not mean that the Trustees may do as they please, but rather that we want the Trustees to use their own personal, subjective best judgment. For this purpose, we waive the requirement that the Trustees' conduct at all times must satisfy the standard of judgment and care exercised by a reasonable, prudent person. In particular, the decision of the Trustees as to the distributions to be made to beneficiaries under the distribution standards provided in this Trust Agreement shall be conclusive on all persons.

14.3 Limitation on Discretion of a Beneficiary Serving as Trustee. Notwithstanding any other provisions of this Trust Agreement, a Trustee who is also a beneficiary of the trust shall not have, and shall not participate in the exercise of, the power to use, apply, or distribute trust principal for his or her own benefit, except as necessary to provide for his or her health, education, maintenance, and support in his or her accustomed manner of living. Further, a Trustee who is also a beneficiary of the trust shall not participate in the exercise of any power to advance or loan funds to himself or herself or to guarantee or secure any debt of such beneficiary/Trustee.

14.4 Voting. While more than two Trustees are serving, the decision of the majority of the Trustees shall prevail and be binding with respect to all matters affecting the trust estate. If one or more Trustees are excluded or precluded from participating in making a decision with respect to a particular matter, the remaining Trustees acting by majority vote shall make the decision. Any act by or instrument executed by the majority of the Trustees shall constitute the action of the Trustees as if done by all Trustees. Any dissenting or nonconcurring Trustee shall not be liable to any person for the action or failure to act of the other Trustees acting by majority vote.

14.5 Delegation by One Trustee. Each Trustee may at any time, by a signed revocable instrument, delegate to another Trustee the exercise of all or less than all of the powers conferred on a Trustee. Nonetheless, the delegating Trustee shall be liable for the proper exercise of the delegated powers by the other Trustee.

14.6 Delegation by All Trustees. The Trustees may delegate their powers to one or more of the Trustees in a writing signed by all of them. The writing must state the powers delegated to the particular Trustees and provide a date when the delegation will terminate automatically if not previously terminated. Any delegation shall be revocable by any one Trustee in a writing delivered to the delegate. Trustees acting pursuant to a delegation shall have the authority to bind the trust and third persons may rely on their authority to act for the trust. Any act by or instrument executed by Trustees acting pursuant to this delegation shall constitute the action of the Trustees as if done by all Trustees.

14.7 Delegation of Power to Expend. The Trustees may delegate to one or more of the Trustees, for any period, the power to bind the trust in any transaction obligating the trust to expend up to or less than a certain sum of money as specified by the delegating Trustees. The Trustee to whom the power is delegated may be the sole signatory of all checks necessary to accomplish the expenditure. The Trustees may also delegate to a property management company authority to be the sole signatory of all checks written on behalf of the trust relating to real estate owned by the trust or on checks written on behalf of the trust in an amount less than the amount specified by the Trustees.

14.8 Delegation of Investment Authority. The Trustees, acting by majority vote, may delegate to one or more Trustees or to agents (including independent investment advisors, investment counsel or managers, banks, or trust companies) the power and authority to act for the Trustees in the investment and reinvestment of trust assets. The Trustees, acting by majority vote, may also authorize the payment of compensation for investment advisory or management services. The Trustees may delegate to the retained investment counsel the power to instruct the custodian of trust property with respect to all matters affecting the property, and the custodian shall comply with those instructions.

14.9 Agents. The Trustees may act under this Trust Agreement through an agent or attorney-in-fact acting under a power of attorney duly executed by the Trustees.

ARTICLE 15 THE POWERS OF THE TRUSTEES

Subject in all instances to their fiduciary duties and the limitations set forth elsewhere in this Trust Agreement, with regard to the entire trust estate and all trusts established under this Trust Agreement, the Trustees shall have all the powers described below, all powers granted by law (including all the powers set forth in Probate Code §16220 et seq.), and all powers reasonably necessary to carry out their duties as Trustees to administer, manage, protect, and invest the trust estate. The Trustees in their discretion, without court approval, authorization, or supervision, may exercise these powers except as expressly required in this Trust Agreement.

15.1 To Accept Property. The Trustees may accept or receive additions and contributions to the trust estate from either of us or any other person and hold the property in trust under the provisions of this Trust Agreement. If the Trustees receive property from another fiduciary and if the Trustees believe the action to be in the best interests of the trust estate, the Trustees are authorized to waive an accounting from the fiduciary, to approve his or her actions, to consent to his or her proposed actions, and to consent to his or her discharge.

15.2 To Disclaim or Reject Property. The Trustees may renounce or otherwise disclaim all or any part of any interest in property passing to the trust, by gift or bequest, and any right, power, privilege, or discretion granted the Trustees under this Trust Agreement. The Trustees may reject any property or interest in property passing to the trust, including property that by reason of hazardous materials or substance the Trustees determine (after investigation at the expense of the trust) would be detrimental to the trust purpose.

15.3 To Retain Property. The Trustees may retain trust property received at the inception of the trust or at any other time, from either of us or any other person until, in the judgment of the Trustees, disposition or distribution of the property should be made. The property may be retained even though the property is unproductive, is property in which a Trustee is personally interested or in which the Trustee owns an undivided interest personally or as trustee of another trust, or there is known or later discovered to be hazardous materials or substances requiring remedial action pursuant to environmental laws. Notwithstanding Probate Code §§16048 and 16049, the Trustees shall have no duty to dispose of any part of the trust property included in the trust at the time of its creation, or later added to the trust by either of us or another person, that would not be a proper investment for the Trustees to make. The Trustees may, without liability, continue to hold that property. The Trustees may hold trust property in bearer form so that title may pass by delivery, or in the name of any one Trustee or a nominee without indication of any fiduciary capacity by the nominee. The Trustees may keep all or part of the trust property at any place within the United States or abroad.

15.4 To Invest and Reinvest Trust Property. The Trustees may invest and reinvest trust property (including income and principal) in any kind of property, whether real, personal, or mixed, including (1) real property (including leaseholds; royalty interests; interests in mines, oil and gas wells, timberlands, and other wasting assets), (2) intangible personal property (including common and preferred stock and all other kinds of securities (on margin or otherwise); investment company shares, mutual funds, index funds, common trust funds (including any common trust fund under the management of a corporate trustee) and other sole or collective business and investment vehicles; interests in partnerships (whether as a general or limited partner); commodities; governmental obligations of every kind; obligations of corporations or unincorporated associations; and patents, copyrights, trademarks, and other intangible rights), and (3) tangible personal property (including precious metals, works of art, and other collectibles). The Trustees are authorized to establish and maintain brokerage accounts, including margin accounts, for the purpose of purchasing, acquiring, possessing, pledging, hypothecating, selling and otherwise disposing of, and generally dealing in and with any of the foregoing types of investments.

15.5 To Purchase and Sell Trust Property. The Trustees may buy, purchase, acquire, sell, convey, dispose of, exchange, or otherwise transfer any trust property, or any interest in property, for cash or on credit, at public or private sale, with or without notice, and for the prices and upon the terms as the Trustees determine. The Trustees may grant or acquire options and rights of first refusal involving the acquisition or disposition of any trust property.

15.6 To Manage Trust Property. The Trustees may manage, control, divide, develop, improve, repair, exchange, partition, change the character of, or abandon trust property or any interest in trust property. The Trustees may enter into a lease for any purpose as lessor or lessee with or without the option to purchase or renew and for a term within or extending beyond the term of the trust. The Trustees may amend or extend existing leases. The Trustees may also demolish or remove buildings or other improvements on trust property.

15.7 To Borrow Money and Encumber Trust Property. The Trustees may borrow money for any trust purpose from any person upon such terms and conditions as may be

determined by the Trustees, and obligate the trust to make repayment from trust property. We or the Trustees may loan or advance funds to the trust, and the loans or advances together with the interest charged shall be treated as a first lien on the trust estate until repaid. The Trustees may also encumber, mortgage, or pledge trust property for a term within or extending beyond the term of the trust in connection with the exercise of any power vested in the Trustees, or to create restrictions, easements, or other servitudes on trust property.

15.8 Providing Guarantees. The Trustees may guarantee any indebtedness incurred by either of us, or by any entity owned directly or indirectly by either of us or by the trust, as we may direct.

15.9 To Make Loans. The Trustees may loan or advance trust property of any kind (including money) for any trust purpose to any person on terms and conditions as determined by the Trustees, subject to limitations stated in this Trust Agreement. The Trustees may make loans out of trust property to the current beneficiary on terms and conditions that the Trustees determine are fair and reasonable under the circumstances, and guarantee loans to the current beneficiary by encumbrances on trust property.

15.10 To Purchase Liability Insurance. The Trustees may purchase and pay the premiums on policies to insure the property of the trust estate against damage or loss and to insure the Trustees against liability with respect to third persons. The Trustees shall not be liable for any omission to purchase any type or amount of insurance. The premiums shall be a proper expense to be charged against the trust.

15.11 To Pay, Contest, and Settle Claims. The Trustees may pay or contest any claim; settle a claim by or against the trust by compromise, arbitration, or otherwise; and release, in whole or in part, any claim belonging to the trust.

15.12 To Litigate. In accordance with their duties to enforce claims and defend actions as set forth in Probate Code §§16010 and 16011, the Trustees may prosecute or defend actions, claims, or proceedings for the protection of the trust estate and the Trustees in the performance of their duties.

15.13 To Pay and Allocate Trust Expenses. The Trustees may pay taxes and other assessments imposed on the trust estate or trust income; reasonable compensation of the Trustees and of the employees and agents of the trust; and other expenses incurred in the collection, care, management, administration, and protection of the trust estate. In allocating the payment of expenses, the Trustees shall have the power to determine which expenses are chargeable to income or principal or partly to each. The Trustees are authorized, but not directed, to allocate and charge post-death expenses incurred in the administration of the trusts or sub-trusts to post-death income. In particular, all expenses of administration claimed as income tax deductions may be entirely allocated to and charged against post-death income. In making these determinations, the Trustees shall be guided by the principles set forth in the California Uniform Principal and Income Act, but their final determination shall be binding.

15.14 To Hire and Employ Persons. The Trustees may hire and employ persons (including individuals, corporations, partnerships, associations, and other companies), including accountants, attorneys, auditors, investment advisers, appraisers, or other agents or experts, even if they are associated or affiliated with a Trustee, to advise or assist the Trustees in the performance of their duties and obligations. The Trustees may grant discretionary authority to such persons, but may not delegate either the administration of the trust or acts that are not delegable except as expressly provided in this Trust Agreement.

15.15 To Maintain Custody. The Trustees may keep any or all of the trust property at any place in California or elsewhere, within the United States or abroad, or with a depository or custodian at those places. If no bank or trust company is acting as sole or a Cotrustee hereunder, the Trustees are authorized to appoint a bank or trust company as custodian for securities and any other trust assets. Any appointment shall terminate when a bank or trust company begins to serve as sole or as a Cotrustee under this Trust Agreement. The custodian shall keep the deposited property; collect and receive the income and principal; and hold, invest, disburse, or otherwise dispose of the property or its proceeds (specifically including selling and purchasing securities and delivering securities sold and receiving securities purchased) upon the order of the Trustees. The custodian shall not be liable to any person interested in the trust for any action taken pursuant to the order or instructions of the Trustees or their authorized agents.

15.16 To Execute and Deliver Instruments. The Trustees may execute and deliver all documents and instruments (including checks withdrawing or disbursing trust funds, stock powers, deeds and other conveyances, receipts, releases, contracts, and other agreements and transfer documents) which are needed to accomplish or facilitate the exercise of the powers vested in the Trustees, and to disclose the provisions of this Trust Agreement whenever in the Trustees' discretion disclosure is appropriate.

ARTICLE 16 SPECIAL DISCRETIONARY POWERS OF THE TRUSTEES

The following provisions shall apply to each of the trusts established under this Trust Agreement.

16.1 To Make Payments and Distributions. The Trustees shall have the discretion to make any payments or transfers of income or principal or other sums distributable to a beneficiary in any one or more of the following ways. The Trustees shall not be required to supervise or inquire into the application of any funds so paid or applied, and the receipt of the payee shall be full acquittance and discharge of the Trustees. The Trustees may withhold from distribution all or any part of any trust property, so long as the Trustees, exercising their discretion, determine that such property may be subject to conflicting claims, tax deficiencies, or liabilities (contingent or otherwise) properly incurred in the administration of the trust.

- (a) By payment directly to the beneficiary or by deposit in any bank or similar account designated by the beneficiary even if the beneficiary is a minor or under a legal disability, without the intervention of a custodian, guardian, or conservator. Payments may be made directly to minor beneficiaries

who, in the Trustees' judgment, have attained sufficient age and discretion to manage their own funds.

- (b) By payment to the legally appointed guardian or conservator of the beneficiary's person or estate or by payment for the benefit of the beneficiary to any person with whom the beneficiary resides or to any person who has custody of the beneficiary, without the intervention of a guardian or conservator.
- (c) If the beneficiary entitled to distribution is a minor, by transferring the trust property to a custodian for the beneficiary under the California Uniform Transfers to Minors Act, Probate Code §3900 et seq., or a similar law of any other state in which the beneficiary or custodian resides. The custodian shall be named by the Trustees, and may, but need not be, the beneficiary's parent or legal guardian or person already serving as custodian for other property. The Trustees shall provide that the trust property shall be held under the custodianship until the minor reaches a certain age selected by the Trustees, but not past age 25 or the maximum age then allowed under the applicable Uniform Transfers to Minors Act. Alternatively, the Trustees may deposit the payment for the beneficiary in a savings or similar account in the minor's name payable to the minor when he or she reaches age 18, or the Trustees may distribute the share to the Trustees of any other trust maintained for the minor, provided no other person will become entitled to any interest in the funds, and all the accumulated income and principal of the funds will be distributed to the minor when he or she reaches age 18 or, upon the minor's death, to his or her estate.
- (d) By payment to any person or organization furnishing health care, education, maintenance, or support of the beneficiary.
- (e) By making expenditures directly for the benefit of the beneficiary or for the reasonable health, education, maintenance, and support of persons whom the beneficiary has a legal obligation to support.
- (f) By purchasing an annuity contract or other property for the benefit of a beneficiary entitled to receive a distribution.

16.2 To Postpone Distributions. Notwithstanding other provisions of this Trust Agreement, the Trustees shall have the power to postpone the distribution of any fractional portion or part of the principal of any trust estate or of an entire trust estate of any trust created under this Trust Agreement for any person other than either of us if the Trustees determine that there is a compelling reason to postpone the distribution. Compelling reasons shall include, but are not limited to, a serious disability, drug addiction or dependency, a pending divorce, a potential financial difficulty, pending or threatened litigation, a serious tax disadvantage, or similar substantial cause affecting the beneficiary who otherwise would be entitled to the

distribution. In that event, the distribution from or termination of any trust may be postponed, and any postponement may be continued from time to time, up to and including the entire lifetime of the beneficiary. During the postponement, the retained portion or part of the trust estate shall be administered under the same terms as applied immediately prior to the postponement.

16.3 To Invest Trust Assets Together. Each of the trusts and trust shares created under this Trust Agreement shall be a separate trust for trust, accounting, tax, and all other purposes. The Trustees shall keep an account for each trust and may, but shall not be required to, segregate trust assets. Rather, the Trustees may invest together the property of the separate trusts, allotting to each separate trust its proportionate undivided interest in the collective fund. The undivided interest always shall be equal to that trust's proportionate contribution to the mingled assets.

16.4 To Consolidate Trusts. Where the dispositive provisions of each trust or trust share are substantially similar, the Trustees shall have the discretion to combine any trusts or trust shares into one trust because of changed circumstances, litigation among beneficiaries, administrative difficulties, or other reasons suggesting a need for such a combination. A combination must not materially impair the interests of any beneficiaries. Trusts may be combined or consolidated whether created inter vivos or by will, by the same or different trust instruments, by the same or different Settlers, whether the Trustees are the same, and regardless of where the trusts were created or administered. When combining trusts, however, the Trustees shall only combine Exempt Trusts with other Exempt Trusts.

16.5 To Divide Trusts. With respect to all trusts established under this Trust Agreement, the Trustees shall have the discretionary power, exercisable without need of court approval, to divide the trust into two or more separate trusts for any purpose, including, without limitation, any of the following purposes.

- (a) To create one or more separate trusts to hold the qualified and nonqualified portions of any trust where an election has been properly made to qualify a portion but not all of the trust for the federal estate tax marital deduction.
- (b) To create one or more separate trusts that qualify as a qualified S corporation shareholder or as any other type of special trust provided for under the I.R.C.
- (c) To create one or more separate trusts with assets completely exempt from any application of any generation-skipping transfer tax. If the Trustees exercise the election provided by I.R.C. §2652(a)(3) as to any trust, the Trustees are authorized in their discretion to hold the property of the trust in two separate fractional share trusts, one in an amount equal to the Deceased Spouse's GST exemption allocated to the trust and one in an amount equal to the balance of the property of the trust.

- (d) To create one or more separate trusts to accomplish other proper tax planning purposes.
- (e) To create a separate trust as to any share or portion of a trust disclaimed by a beneficiary, and to sever the disclaimed portion to be administered as a separate trust.
- (f) To create a separate trust for each current income beneficiary of a trust or trust share, and to divide any trust along family lines to be administered as separate trusts.
- (g) To create one or more separate trusts because of changed circumstances, litigation among beneficiaries, administrative difficulties, or other reasons suggesting a need for a division.

The allocation of property between or among separate trusts created from a single trust or trust share may be unequal in amount and in the type of assets, and the division may be non-pro rata. The fair market values of the trust property at the date or dates of allocation shall be used in making the allocations. All trusts so established shall be designated and named by the Trustees and the property allocated to the divided trusts shall be held and administered under the same terms and provisions as would have applied to the undivided trust or trust share. With regard to planning for the marital deduction, the QTIP election, the S corporation election, the GST tax inclusion ratio, the reverse QTIP election, or other tax purposes, this power to divide trusts shall be exercised in a manner that complies with the I.R.C. and applicable Treasury regulations.

16.6 To Terminate Trusts. We recognize that circumstances may change so that continuation of a trust provided for in this Trust Agreement may not be in the best interests of its current beneficiary, taking into account all relevant factors, including the costs of administration and tax consequences. Accordingly, after the death of the Surviving Spouse, the Trustees may for any reason terminate any trust created under this Trust Agreement and distribute any remaining trust estate, including principal and undistributed income, to any one or more of the current beneficiaries or the presumptive remainder beneficiaries of the trust in those proportions as the Trustees determine, in a manner that conforms as nearly as possible to our intention. In exercising their discretion to terminate a trust, the Trustees may, but shall have no obligation to, consider the interests of any person other than the current income beneficiary, including any remainder beneficiaries.

If the Trustees determine that the size of a trust does not warrant the cost of continuing that trust or that continued administration of any trust would be impractical for any reason, the Trustees, without further responsibility or liability, may transfer that trust property outright to the person or persons then authorized or entitled to the income from it. If the principal of the trust has a fair market value less than fifty thousand dollars (\$50,000), a decision of the Trustees to distribute the trust shall not be subject to question by anyone.

The existence of spendthrift or similar protective provisions in this Trust Agreement shall not make this section inapplicable. A Trustee may not terminate a trust under this section if the Trustee is a beneficiary of the trust or has a duty of support for the beneficiary of the trust.

16.7 To Permit Use of Personal Residence. The Trustees are authorized to permit us and, following our deaths, the current beneficiary of a trust to occupy rent-free any residence held in the trust and to use the furnishings in the residence. The Trustees shall pay from the trust all taxes, insurance premiums, assessments, costs of repairs, and maintenance for these residences. The Trustees may sell the residence and, in their discretion, acquire other residences from trust property. The Trustees may also permit the guardian of a minor current beneficiary of the trust, along with the guardian's family, to reside rent free with the minor beneficiary in the residence so long as the minor beneficiary is entitled to reside there.

ARTICLE 17

RULE AGAINST PERPETUITIES: MAXIMUM DURATION OF TRUSTS

Notwithstanding any other provision of this Trust Agreement, unless terminated at an earlier date, all trusts created under this Trust Agreement (including any interest created by the exercise of any limited power of appointment granted under this Trust Agreement, other than an appointed trust in which some or all of the appointed interests are allowed a new perpetuities period because of a new power of appointment or withdrawal conferred by the exercise of the original power) shall terminate one day prior to the date that is twenty-one (21) years after the date of death of the last survivor of the class of persons consisting of us, our issue, and the issue of our grandparents living on the Deceased Spouse's date of death, and each natural person who is designated in this Trust Agreement by name as a beneficiary. Any trust created by the exercise of a general power of appointment granted under this Trust Agreement shall terminate as provided in the instrument by which the power is exercised.

Upon termination, the Trustees shall immediately distribute the remaining trust estate of each separate trust to the person or persons who would have been entitled to receive income distributions from the trust estate if it had not been terminated under this provision. If more than one person would have been entitled to receive income distributions, the Trustees shall immediately distribute the property among these persons in the proportions in which income would have been distributed to them. If these proportions are not described in this Trust Agreement, the Trustees shall distribute the property in the proportions they determine in the exercise of their discretion. If no person would have been entitled to receive income distributions, but the income would have been held for possible distribution to one or more persons, the Trustees shall immediately distribute the property among those persons in the proportions in which income could have been distributed to them, or if those proportions cannot be determined from this Trust Agreement, in the proportions as the Trustees determine in the exercise of their discretion. If no person is identified under the foregoing provisions, the remaining trust estate shall be distributed to the presumptive remainder beneficiaries of the remaining trust estate, in proportion to their respective interests, or if none, to those persons and in those shares as determined by the Trustees, in their discretion, taking into account the other terms of this Trust Agreement.

Notwithstanding the foregoing provisions of this article, no trust shall terminate pursuant to the provisions of this article if the trust would otherwise be legally valid and lawfully permitted to continue under applicable state law without the application of the provisions of this article. For purposes of this provision, the state law of the situs of the trust as of the time such determination is to be made shall be the applicable state law.

ARTICLE 18 SPENDTHRIFT PROVISIONS

The following provisions shall apply only as to the separate irrevocable trusts established under this Trust Agreement following the Deceased Spouse's death. These provisions shall not, however, enable the Trustees to withhold any distributions otherwise payable to the Surviving Spouse.

18.1 No Voluntary Transfers of Trust Interests. A beneficiary's interest in trust income or principal shall not be subject to his or her voluntary transfer. Specifically, a beneficiary (including the Surviving Spouse as a beneficiary) may not sell, transfer, assign, alienate, encumber, hypothecate, or otherwise dispose of his or her interest in trust income or principal. This provision does not, however, prohibit a beneficiary from exercising any power of appointment granted under this Trust Agreement or from disclaiming or renouncing at any time all or any part of his or her interest in trust property. Also, a beneficiary may assign the right to receive the actual payment of any sum otherwise distributable to him or her under this Trust Agreement to his or her own revocable living trust. Further, the Trustees may deposit in any account at any financial institution designated in writing by the beneficiary, to his or her credit, income or principal immediately payable to such beneficiary. Notwithstanding the foregoing, a beneficiary may transfer all or any part of his or her interest in the trust to one or more of his or her descendants or siblings.

18.2 No Involuntary Transfers of Trust Interests. A beneficiary's interest in trust income or principal also shall not be subject to involuntary transfer. Specifically, a beneficiary's interest shall not be subject to the beneficiary's liabilities, contracts, debts, or other obligations; to the claims of the beneficiary's creditors or assignees or others; to the enforcement of a money judgment against the beneficiary; or to assignment, attachment, anticipation, levy, execution, garnishment, pledge, claims arising from bankruptcy proceedings, or any other form of legal or equitable levy or lien or legal process or proceedings. Income or principal of any trust created under this Trust Agreement shall not be used to discharge, in whole or in part, (1) the legal obligations of any person to support any beneficiary of the trusts, or (2) the legal obligation of any beneficiary to support any other person, except if required by court order.

ARTICLE 19 GENERAL TRUST PROVISIONS

The following provisions shall apply in all matters of construction and interpretation of this Trust Agreement.

19.1 Rules of Construction. Unless the specific provision or term being construed or the context of the provision or term otherwise requires, and except as otherwise expressly provided in this Trust Agreement, the general provisions and rules of construction and interpretation set forth in the Probate Code and in this article and the definitions set forth in Article 20 (Definitions) shall govern the construction and interpretation of this Trust Agreement. Where the provisions and rules of construction or definitions set forth in the Probate Code and in this article and Article 20 conflict, the provisions and rules and definitions set forth in this article and Article 20 shall govern. As to any questions of construction or interpretation of this Trust Agreement, the construction or interpretation that would favor the Surviving Spouse and our children, in that order, shall be adopted or applied.

19.2 Governing Law. This Trust Agreement has been executed in California, and its validity and construction, including the determination of all rights of the beneficiaries, shall be governed by the laws of California regardless of where the trusts are administered. Further, except as otherwise provided in this section, the trusts established under this Trust Agreement shall be administered in California regardless of where the Trustees or beneficiaries reside, and all matters and questions related to their administration shall be governed by the laws of California. Notwithstanding the foregoing, with the consent of a majority in percentage interest of all the beneficiaries of the trust then entitled to trust income (whether discretionary or not), the Trustees may transfer the situs of a trust established under this Trust Agreement to another state of the United States as they determine to be in the best interests of the trust beneficiaries. After any change of situs for a trust, the laws of the state of the new situs shall govern the administration of the transferred trust, but the validity of this Trust Agreement and its construction shall continue to be governed by the laws of California.

19.3 Successors in Interest. This Trust Agreement shall be binding upon our heirs, executors, successors, and assigns, the Trustees and the successor Trustees, and all the beneficiaries and interested persons under this Trust Agreement.

19.4 Court Supervision. Under California law the California courts have jurisdiction to consider petitions concerning each trust created by this Trust Agreement. We intend that the provisions of Probate Code §17000 et seq. shall be applicable to the trusts established under this Trust Agreement.

19.5 References to Statutes. Whenever a reference is made to any portion of the Internal Revenue Code, the Probate Code, or to any other law, the statutory reference shall be construed to refer to the statutory section mentioned, related successor or substitute sections, and corresponding provisions of any subsequent law, including all amendments and additions.

19.6 Gender, Tense, and Numbers. Unless the context clearly requires another construction, the masculine, feminine, and neuter genders shall each include the others as appropriate; the present tense shall include the past and future tenses, and the future tense shall include the present tense; and the singular number shall include the plural, and the plural shall include the singular.

19.7 Effect of Headings. Article, section, and paragraph numbers and headings, as well as titles, used in this Trust Agreement are used for convenience of reference only and shall not be considered in the construction or interpretation of this Trust Agreement. They are not intended to have any legal effect or to affect the scope, meaning, or intent of the provisions of this Trust Agreement.

19.8 Severability. If any part, clause, or provision of this Trust Agreement, or the application of any part, clause, or provision of this Trust Agreement to any person or circumstances, is held to be void, invalid, unenforceable, or inoperative, this invalidity shall not affect any other parts, clauses, or provisions or applications of this Trust Agreement that can be given effect without the invalid provision or application. The remaining provisions of this Trust Agreement shall be effective and fully operative as though the part, clause, or provision had not been contained in this Trust Agreement. To this end, the provisions of this Trust Agreement are severable.

ARTICLE 20 DEFINITIONS

The following definitions shall apply in all matters of construction and interpretation of this Trust Agreement.

20.1 Administer. The term "administer" means to hold, manage, administer, allocate, and distribute.

20.2 Agent. The term "agent" means (1) an individual's attorney-in-fact acting under a power of attorney, to the extent the power of attorney specifically authorizes the attorney-in-fact to take the proposed actions, or (2) an individual's court-appointed conservator or guardian, to the extent the conservator or guardian has obtained, from the court that appointed the agent as conservator or guardian, approval of its proposed actions at a hearing for which the Trustees received timely notice.

20.3 Beneficiary. The terms "beneficiary" or "beneficiaries" mean a person to whom a donative transfer of property or a distribution from a trust is or could be made or that person's successor in interest, and shall include an heir, devisee, legatee, a person with any interest in a trust, and any person entitled to enforce a charitable trust, as provided in Probate Code §24. "Income beneficiary" means a person currently entitled to receive distributions of net income from a trust or to whom distributions could be made by the Trustees in the exercise of their discretion.

20.4 Charitable Organization. The term "charitable organization" means an organization or trust described in I.R.C. §170(c), §2055(a), and §2522(a) to which contributions or bequests are deductible for both federal income and estate tax purposes.

20.5 Child, Parent, and Issue. The term "child" means any individual entitled to take as a child under the Probate Code by intestate succession from the parent whose relationship is involved. References to "child" or "children" mean descendants in the first degree of the

parent designated. A child of ours shall include a child born or adopted after the execution of our respective Wills and this Trust Agreement. The term "parent" means any individual entitled to take as a parent under the Probate Code by intestate succession from the child whose relation is involved. The terms "issue" or "descendants" of a person means all the person's lineal descendants of all generations, with the relationship of parent and child at each generation being determined by the definitions of parent and child. The term "grandchild" includes only a child of a child of the person referred to.

(a) Limitations as to Adopted Children. The terms "child," "children," "issue," and "descendant" shall include "adopted children." The term "adopted children" means all persons adopted by someone other than us only if the person was adopted before reaching the age of eighteen (18), or lived in the home of the adopting parent before reaching the age of eighteen (18) if not actually adopted before that time. Anyone that we jointly adopt shall be included as a child of ours regardless of the adopted person's age at the time of the adoption. An adopted child and the adopted child's issue shall be considered issue of the adopting parent or parents and of anyone who is by blood or adoption an ancestor of the adopting parent or of either of the adopting parents.

(b) Limitations as to Stepchildren and Foster Children. The terms "child," "children," "issue," and "descendants" shall not include a foster child or a stepchild, even if a parent-child relationship existed between the foster parent and the foster child or between the stepparent and the stepchild.

20.6 Deceased Spouse; Surviving Spouse. The term "Deceased Spouse" means the first of us to die. The term "Surviving Spouse" means the one of us who survives the other. If we die under circumstances where it cannot be established whether or not one of us survived the other, then it shall be conclusively presumed that each of us survived the other for purposes of administering our respective shares of the trust estate, and we direct that this Trust Agreement be so construed.

20.7 Distribute. The term "distribute" means to pay directly to, or apply for the benefit of, the designated beneficiary, donee, or transferee or that person's agent.

20.8 Education. The term "education" shall include, but not be limited to, elementary, primary, secondary, college, graduate, postgraduate, and professional study or schooling, and vocational training, as well as instruction in drama, music, art, science, computers, and other subjects taught before or after a regular school day. Payments for education shall include tuition, books, supplies, tutors, and the beneficiary's reasonable related living and travel expenses, including clothing, room and board, and a reasonable living allowance.

20.9 Estate Taxes. The term "Estate taxes" means all estate, inheritance, transfer, succession, legacy, death, and other similar taxes, including any interest or penalties on these taxes, that may be imposed by reason of a Settlor's death. "Estate taxes" excludes any income tax, generation-skipping transfer tax, excise tax, and other similar taxes.

20.10 Executors. The term "Executors" means an executor, administrator, administrator with the will annexed, special administrator, personal representative, or a person who performs substantially the same function under the law of another jurisdiction governing the person's status, including all successors or persons holding the office temporarily. If, however, there is no Executor serving within the United States, the term means the Trustees of this trust for purposes of the property held in the trust estate, as provided in I.R.C. §2203. The terms "Executor" and "Executors" each include both the singular and the plural.

20.11 Expenses of Estate Administration. The term "expenses of estate administration" means those expenses incurred following the death of either of us by that spouse's estate or by the Trustees of the trust that are deductible (whether or not so deducted) for estate tax purposes pursuant to I.R.C. §2053. Such expenses shall include attorney's, appraiser's, and accountant's fees and all expenses incurred in determining the amount of any Estate tax.

20.12 Federal Estate Tax Value. The term "federal estate tax value" means the value of property included in the deceased Settlor's gross estate, valued either as of the deceased Settlor's date of death or the alternate valuation date, as finally determined for federal estate tax purposes. The federal estate tax value of any property acquired after the deceased Settlor's death shall be deemed to be its adjusted basis at the time of its acquisition as finally determined for federal income tax purposes. References to "adjusted gross estate" shall mean the deceased Settlor's gross estate as finally determined for federal estate tax purposes, but excluding property includible in the deceased Settlor's gross estate pursuant to I.R.C. §2044 and subtracting allowable deductions under I.R.C. §2053 and §2054.

20.13 Generation-Skipping Transfer Tax. The terms "generation-skipping transfer tax" or "GST tax" refer to the federal generation-skipping transfer tax imposed by Chapter 13 of the I.R.C. The term "GST exemption" refers to the exemption provided in I.R.C. §2631(a). "Unused GST exemption" means the amount of a person's GST exemption that is then remaining available for allocation to property or a trust as to which the person is the transferor. A "GST exempt trust" is a trust that has an inclusion ratio of zero for purposes of the GST tax. A "GST nonexempt trust" is a trust that has an inclusion ratio of greater than zero for purposes of the GST tax. The terms "GST reverse QTIP election" or "reverse QTIP election" refer to the election provided for qualified terminable interest property under I.R.C. §2652(a)(3) to treat all of a QTIP trust as if, for purposes of the GST tax, the QTIP election had not been made.

20.14 Gifts. The term "gifts" mean devises, legacies, bequests, and all other types of donative transfers, inter vivos and testamentary.

20.15 Guardian. The term "guardian" means the court-appointed guardian of the person or estate of a minor person. The term "natural guardian" means the child's parents.

20.16 Health. The term "health" refers to all matters related to the health of the designated person, including medical, dental, hospital, and nursing expenses and expenses of home care and therapy incurred for the person's benefit.

20.17 Heirs at Law. The terms "heirs at law" or "heirs" mean the persons determined according to the California laws of intestate succession then in effect relating to separate property not acquired from a previously deceased spouse.

20.18 Incapacity. The term "incapacity" when used with respect to any person appointed to serve or serving as Trustee shall have the following meaning. A person shall be considered to be incapacitated, and unable to serve or continue to serve as a Trustee, if the person is under a legal disability or by reason of illness or mental or physical disability is or would be unable to give prompt and intelligent consideration to the financial and administrative matters affecting the trust or trusts for which he or she serves as Trustee. The determination of a person's inability at any time shall be made by either (1) the person's primary physician, or (2) an order of a court appointing a conservator for that person.

20.19 Interested Person. The term "interested person" includes (1) an heir, devisee, child, spouse, creditor, beneficiary, and any other person having a property right in or claim against the trust estate; (2) any person having priority for appointment as a fiduciary under this Trust Agreement; and (3) a fiduciary representing an interested person.

20.20 Internal Revenue Code. The term "Internal Revenue Code" or "I.R.C." means the United States Internal Revenue Code of 1986, as amended from time to time, and corresponding provisions of any subsequent federal internal revenue law.

20.21 Investment Counsel. The term "investment counsel" means reputable, professional, independent, and disinterested investment counsel that is (1) currently managing at least five other accounts of equal or larger size, (2) compensated for services on a fee basis, but not on any percentage of the price of assets purchased or sold, and (3) not personally or financially interested in the sale or purchase of assets to or by the trust. The term "discretionary investment counsel" means investment counsel that has been given the authority to manage the investment of all or any portion of the trust estate with full discretion to act without seeking the approval of the Trustees as to individual transactions.

20.22 Marital Deduction. The term "marital deduction" means the federal estate tax deduction allowed for transfers to or for a spouse under the provisions of I.R.C. §2056 or the federal gift tax deduction allowed for transfers under I.R.C. §2523. The term "marital deduction gift" means a transfer of property that is intended to qualify for the marital deduction.

20.23 May and Shall. Wherever used in this Trust Agreement, the term "may" is discretionary and means the Executors or Trustees are authorized, at their option, to take or not take an action as they determine, in their sole discretion. The term "shall" is mandatory and means that the Executors or Trustees must take the designated action.

20.24 Probate Code. The term "Probate Code" means the California Probate Code, as amended from time to time, and corresponding provisions of any subsequent California laws.

20.25 Property. The term "property" means anything that may be the subject of ownership and includes real and personal property, tangible and intangible property, and any interest in such property.

- (a) The term "real property" (including any residence) includes the land (including all easements appurtenant to the land), all buildings and improvements on the land, all policies of insurance on the land and buildings and improvements on the land, and all oil, gas, mineral, and similar interests. A gift of real property, including any gift of a residence, shall be made subject to any and all liens, mortgages, deeds of trust, or other encumbrances on the property or secured by the property, whether or not recorded in the official county records.
- (b) The term "tangible personal property" includes clothing, jewelry, and other personal effects; household furniture, furnishings, equipment, and appliances (including rugs, linen, and other household decorations); china, silverware, glassware, crystal, and other household items of use and decoration; books, pictures, precious metals, works of art (including paintings, sculptures, and works on paper), antiques, stamp and coin collections, wine, and other collectibles; automobiles, boats, other vehicles, and accessories to vehicles; and other items of domestic, household, or personal use. "Tangible personal property" shall not include ordinary currency, cash, or bullion or property primarily held for investment purposes, such as investment funds, or any property held for use in a trade or business. "Tangible personal property" also shall not include any works of art, antiques, or collections of tangible personal property having a fair market value (or an aggregate fair market value in the case of any collection) greater than ten thousand dollars (\$10,000).
- (c) The term "intangible property" includes common and preferred stock and all other kinds of securities (on margin or otherwise); investment company shares, mutual funds, index funds, common trust funds (including any common trust fund under the management of a corporate trustee) and other sole or collective business and investment vehicles; interests in partnerships (whether as a general or limited partner); commodities; governmental obligations of every kind; obligations of corporations or unincorporated associations; and patents, copyrights, trademarks, and other intangible rights, such as rights in literary or musical properties, rights in works of art, contract rights, publishing rights, and rights to a deceased personality's name, voice, signature, photograph, or likeness.

20.26 QTIP Property. The term "QTIP property" means "qualified terminable interest property" as defined in I.R.C. §2056(b)(7). The term "QTIP election" means an election under I.R.C. §2056(b)(7) to treat all of the property allocated to a trust or all of a trust as QTIP property. A "QTIP trust" means a trust with respect to which a valid QTIP election has been made.

20.27 Residence. The term "residence" means that dwelling or dwellings, as the case may be, in which either of us normally lived prior to either of our deaths. The term "residence" includes the fixtures, exterior planting, built-in appliances, and other items that in the ordinary

course of the sale and purchase of the dwellings would remain in or be regarded as part of the dwellings.

20.28 Residue. The term "residue" means the property remaining after the payment of all expenses of administration and debts and the distribution of all specific gifts and tangible personal property, and before the payment of Estate taxes. Estate taxes shall be handled separately, and shall be paid and charged as specifically provided in this Trust Agreement.

20.29 Right of Representation. The term "right of representation" means that the property shall be distributed, divided, or taken in the manner provided in Section 246 of the Probate Code. Unless otherwise specified, distributions or allocations of property to or among children or issue, and among successor beneficiaries, shall in all cases be made in the manner provided in Section 246 of the Probate Code.

20.30 Share. The term "share" means a beneficiary's proportional interest as determined by the provisions of this Trust Agreement in the principal and accumulated income of the trusts established under this Trust Agreement.

20.31 Survivorship. The term "survive" or "survivorship" means to live for at least thirty (30) days past the designated event. No beneficiary shall be considered to have survived a Settlor's death, the death of a prior beneficiary, or the event terminating any trust (and be entitled to any trust funds) unless the beneficiary survives for at least thirty (30) days after the event. Any beneficiary required to survive any other person, who fails to survive the other person by thirty (30) days, shall be deemed to have predeceased that person. If it cannot be established whether a beneficiary has survived by thirty (30) days, the beneficiary shall be deemed to have failed to survive for the required time. Except as otherwise expressly provided, any gift or bequest to any person made contingent upon the survivorship of that person shall lapse and shall not be made if the conditions of survivorship stated in this section or elsewhere in this Trust Agreement are not met. The lapsed gifts or bequests shall pass instead as part of the residue of the trust from which the gifts or bequests were directed to be made. The foregoing provisions shall not apply, however, to the Surviving Spouse.

20.32 Trust Estate. The term "trust estate" means property transferred to the Trustees, in trust, to be administered under the terms of this Trust Agreement, including the property transferred to the Trustees upon the establishment of the trusts and following our respective deaths, and all the income from and appreciation in the property transferred to the Trustees. As a matter of convenience, all property at any time subject to this Trust Agreement is collectively referred to as the "trust estate."

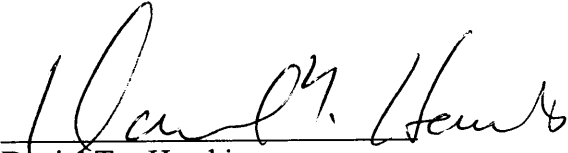
20.33 Trustees. The terms "Trustee" or "Trustees" mean the persons who are serving from time to time as the Trustees or Cotrustees under this Trust Agreement, including each initial, additional, or successor Trustee, whether or not appointed or confirmed by any court. Unless otherwise expressly provided, all references in this Trust Agreement to the "Trustees" shall include all Trustees. The terms "Trustee" and "Trustees" each include both the singular and the plural. The term "corporate Trustee" means a corporation, a bank, a trust company, or other entity that is authorized by law to serve as a professional Trustee. The term "Independent

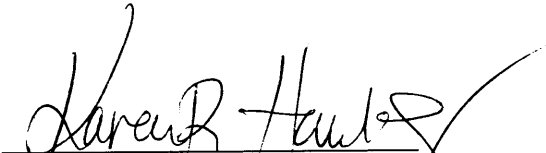
Trustee" means a Trustee who is not any of the following: (1) a beneficiary of the trust for which he or she is serving as Trustee, (2) a person who has transferred property to such trust or joined in any such transfer; or (3) a person who is a related or subordinate party as to any such beneficiary or grantor. In addition, if a General Power of Appointment held by a beneficiary of a trust may only be exercised with the consent of an Independent Trustee, the term "Independent Trustee" also means a person who does not have a substantial interest in the property subject to the power which interest is adverse to the exercise of the power in favor of the beneficiary, his or her estate, his or her creditors, or the creditors of his or her estate.

ARTICLE 21
RELIANCE ON CERTIFIED COPIES

To the same effect as if it were the original, anyone may rely upon a copy of this Trust Agreement, or any part of this Trust Agreement, certified by a Settlor or Trustee or their legal counsel to be a true and correct copy of all or any part of this Trust Agreement, or of any document required to be filed with or maintained at the office of the Trustees. Anyone may rely upon any statements of fact concerning this trust certified by anyone who appears from an original document, or a certified copy, to be serving as a Trustee under this Trust Agreement, including a certification of trust made pursuant to Probate Code §18100.5.

We have executed this Trust Agreement as of the day and year first written above, at Thousand Oaks, California.


Daniel T. Hawkins


Karen R. Hawkins
Settlors and Trustees

STATE OF CALIFORNIA)

COUNTY OF VENTURA)

On October 30, 2007, before me, Joyce Purvis, Notary Public, personally appeared Daniel T. Hawkins and Karen R. Hawkins, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Joyce D. Purvis

NOTARY PUBLIC

