

Section 4.03. Trust Income and Principal Distribution

- a) The Trustee shall apply and distribute the net income and principal of each of the shares of the resulting Trust Estate (consisting of Trust "A" and Trust "B"), after giving effect to the section of this Trust Agreement entitled "Special Directives", to the following Beneficiaries in the indicated shares:

| | |
|--------------------|-----|
| ALAN L. HAMILTON | 1/2 |
| SYLVIA L. HAMILTON | 1/2 |

- b) If any of the above Beneficiaries or any other Beneficiary is under the age of 25 years when the distribution is to be made, the Beneficiary's share shall vest in interest indefeasibly, but the Trustee may, in his discretion, continue to hold that share as a separate trust for such period of time as the Trustee deems advisable, but not to extend beyond the 25th birthday of the Beneficiary. In the meantime, the Trustee is to use as much of the income and principal for the education, comfortable support, maintenance and health of the Beneficiary as the Trustee determines is required. When the Beneficiary reaches the age of 25 years, the Trustee shall distribute to that Beneficiary one hundred percent (100%) of the then balance of the principal of his share of the Trust Estate.
- c) If all of the Trustor's Beneficiaries and their children should fail to survive the final distribution of the Trust Estate, all of the Trust Estate not disposed of as hereinabove provided shall be distributed as provided for in this Trust Agreement.

Section 4.04. Principle of Representation

If a Beneficiary of the Trustors should fail to survive to collect his share, that share shall pass to the surviving issue of that deceased Beneficiary per stirpes and with right of representation.

ARTICLE FIVE

Section 5.01. Non-Income Producing Property

During the lives of the Trustors, the Trustee is authorized to retain in the Trust for so long as the Trustee may deem advisable, any property received by the Trustee from the Trustors,

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whether or not such property is of the character permitted by law for the investment of Trust funds.

Section 5.02. Trustee Powers

The Trustee shall have all powers conferred upon a Trustee by law for the orderly administration of the Trust Estate. If any property is distributed outright under the provision of this Trust Agreement to a person who is a minor, distribution may be made under the Texas Uniform Gift to Minors Act ("TUGMA"). The Trustee is further authorized to sign, deliver and/or receive any documents necessary to carry out the powers contained within this Section.

The Trustee of any trust created under this Trust Agreement (including any substitute or successor trustee) will have and be subject to all of the powers, duties and responsibilities granted or imposed by the Texas Trust Code as such Code may provide at the time of administration of the trust, except to the extent that the same are inconsistent with the provisions of this Agreement.

Section 5.03. Specific Powers of Trustee

In addition, the Trustee will have the following specific powers:

- a) Trust Estate - The Trustee may leave invested, any property coming into its hands hereunder in any form of investment, even though the investment may not be of the character of investments permitted by law to trustees, without liability for loss or depreciation in value. The Trustee may sell, exchange or otherwise dispose of and reinvest property which may at any time be a part of the Trust Estate upon such terms and conditions as the Trustee may deem advisable. The Trustee may invest and reinvest the Trust Assets from time to time in any property, real, personal or mixed, including without limitation securities of domestic and foreign corporations and investment trusts or companies, bonds, debentures, preferred stocks, common stocks, mortgages, mortgage participations and interests in common trust funds, all with complete discretion to convert realty into personalty or personalty into realty or otherwise change the character of the Trust Estate, even though such investment (by reason of its character, amount, proportion to the total Trust Estate or otherwise) would not be considered appropriate for a fiduciary apart from this provision and even though such investment caused part or all of the total Trust Estate to be invested in investments of one type or of one business or company.
- b) Holding Property - The Trustee may hold property in the Trustee's name, as Trustee or in the name of a nominee without disclosing the Trust.

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- c) Release of Power - If the Trustee deems it to be in the best interest of the Trust and its Beneficiaries, the Trustee, by written instrument signed by such Trustee, will have the power and authority to release, disclaim or restrict the scope of any power or discretion granted in this Trust Agreement or implied by law.
- d) Agents, Employees - The Trustee may employ one or more agents to perform any act of administration, whether or not discretionary; including attorneys, auditors, investment managers or others, as the Trustee shall deem necessary or advisable. The Trustee may compensate agents and other employees and may delegate to them any and all discretions and powers.
- e) Leases - The Trustee may lease any Trust Assets generally or for oil, gas and mineral development, even though the lease term may extend beyond the term of the trust of which the property is a part. The Trustee may enter into any covenants and agreements relating to the property so leased or any improvements which may then or thereafter be erected on such property.
- f) Common Funds - The Trustee may hold any of the Trust Assets in a common fund with property from other trust estates and to make investments jointly with any other trust, the property of which is included in the common fund.
- g) Securities - With respect to securities held in the Trust Estate, the Trustee may exercise all the rights, powers and privileges of an owner, including, but not limited to, the power to vote, give proxies and to pay assessments and other sums deemed by the Trustee necessary for the protection of the Trust estate; to participate in voting trusts, foreclosures, reorganizations, consolidations, mergers and liquidations and in connection therewith to deposit securities with and transfer title to any protective or other committee under such terms as the Trustee may deem advisable; to exercise or sell stock subscription or conversion rights; and to accept and retain as an investment any securities or other property received through the exercise of any of the foregoing powers, regardless of any limitations elsewhere in this instrument relative to investments by the Trustee.
- h) Purchases from Estate - The Trustee may purchase property of any kind from the executor or administrator of our estates.
- i) Lending - The Trustee may make loans, secured or unsecured, to the executor or administrator of our estates, to any Beneficiary of the Trust or to the Trustee. Further, the Trustee may use Trust Assets to guarantee

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obligations of any income Beneficiary of the Trust (unless such Beneficiary is serving as trustee).

- j) Distributions to or for Beneficiaries - The Trustee may make any distribution contemplated by this Trust Agreement (1) to the Beneficiary, (2) if the Beneficiary is under a legal disability or if the Trustee determines that the Beneficiary is unable to properly manage his affairs, to a person furnishing support, maintenance or education for the Beneficiary or with whom the Beneficiary is residing, for expenditures on the Beneficiary's behalf or (3) if the Beneficiary is a minor, to a Trustee of an existing trust established exclusively for the benefit of such minor, whether created by this Trust Agreement or otherwise or to a custodian for the Beneficiary, as selected by the Trustee, under the Texas Uniform Gifts to Minors Act. Alternatively, the Trustee may apply all or a part of the distribution for the Beneficiary's benefit. Any distribution under this paragraph will be a full discharge of the Trustee with respect thereto. On any partial or final distribution of the Trust Assets, the Trustee may apportion and allocate the assets of the Trust Estate in cash or in kind or partly in cash and partly in kind or in undivided interests in the manner deemed advisable at the discretion of the Trustee and to sell any property deemed necessary by the Trustee to make the distribution. The Trustee may distribute gifts of up to \$10,000.00 per year per donee out of principal or interest.
- k) Insurance - The Trustee may purchase new life insurance, pay the premiums on existing life insurance on the life of any trust Beneficiary, purchase annuities (either commercial or private) from any corporation, trust or individual and procure and pay the premiums on other insurance of the kinds, forms and amounts deemed advisable by the Trustee to protect the Trustee and the Trust Estate.
- l) Borrowing - The Trustee may borrow money from the Trustee and others, secure the repayment thereof by mortgaging or pledging or otherwise encumbering any part or all of the Trust Assets and, in connection with the acquisition of any property, assume a liability or acquire property subject to a liability.
- m) Repairs - The Trustee may make ordinary and extraordinary repairs and alterations to buildings or other Trust Assets.
- n) Reserves - The Trustee may establish such reserves out of income for taxes, assessments, repairs and maintenance as the Trustee considers appropriate.

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- o) Continuation of Business - The Trustee may continue any business or businesses in which we have an interest at the time of our death for so long as the Trustee may, in his sole discretion, consider necessary or desirable, whether or not the business is conducted by us at the time of our death individually, as a partnership or as a corporation wholly owned or controlled by us, with full authority to sell, settle and discontinue any of them when and upon such terms and conditions as the Trustee may, in his sole discretion, consider necessary or desirable.
- p) Retain Property for Personal Use - The Trustee may retain a residence or other property for the personal use of a Beneficiary and to allow a Beneficiary to use or occupy the retained property free of rent and maintenance expenses.
- q) Dealings with Third Parties - The Trustee may deal with any person or entity regardless of the relationship or identity of any Trustee to or with that person or entity and may hold or invest all or any part of the Trust Estate in common or undivided interests with that person or entity.
- r) Partitions, Divisions, Distributions - The Trustee will have the power to make all partitions, divisions and distributions contemplated by this Trust Agreement. Any partitions, divisions or distributions may be made in cash, in kind or partly in cash and partly in kind, in any manner that the Trustee deems appropriate (including composing shares differently). The Trustee may determine the value of any property, which valuation will be binding on all Beneficiaries. No adjustments are required to compensate for any partitions, divisions or distributions having unequal consequences to the Beneficiaries.
- s) Claims, Controversies - The Trustee may maintain and defend any claim or controversy by or against the Trust without the joinder or consent of any Beneficiary. The Trustee may commence or defend at the expense of the Trust any litigation with respect to the Trust or any property of the Trust Estate as the Trustee may deem advisable and may employ, for reasonable compensation, such counsel as the Trustee shall deem advisable for that purpose.
- t) Merger of Trusts - If at any time the Trustee of any trust created hereunder shall also be acting as trustee of any other trust created by trust instrument or by trust declaration for the benefit of the same Beneficiary and upon substantially the same terms and conditions, the Trustee is authorized and empowered, if in the Trustee's discretion such action is in the best interest of the Beneficiary, to transfer and merge all of the assets then held under

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such trust created pursuant to this Trust Agreement to and with such other trust and thereupon to terminate the trust created pursuant to this Trust Agreement. The Trustee is further authorized to accept the assets of any other trust which may be transferred to any trust created hereunder and to administer and distribute such assets and properties so transferred in accordance with the provisions of this Agreement.

- u) Termination of Small Trust - Any Corporate Trustee which is serving as the sole Trustee of any trust or any share thereof may at any time terminate such trust or share if, in the Trustee's sole judgment, the continued management of such trust or share is no longer economical because of the small size of such trust or share and if such action will be deemed to be in the best interest of the Beneficiary. In case of such termination, the Trustee will distribute forthwith the share of the Trust Estate so terminated to the income Beneficiary, per stirpes. Upon such distribution, such trust or share will terminate and the Trustee will not be liable or responsible to any person or persons whomsoever for its action. The Trustee will not be liable for failing or refusing at any time to terminate any trust or a share thereof as authorized by this paragraph.

- v) Power to Determine Income and Principal - Dividends payable in stock of the issuing corporation, stock splits and capital gains will be treated as principal. Except as herein otherwise specifically provided, the Trustee will have full power and authority to determine the manner in which expenses are to be borne and in which receipts are to be credited as between principal and income, to determine what will constitute principal or income and may withhold from income such reserves for depreciation or depletion as the Trustee may deem fair and equitable. In determining such matters the Trustee may give consideration to the provisions of the Texas Trust Code (or its successor statutes) relating to such matters but will not be bound by such provisions.

- w) Generation-Skipping Taxes and Payment - If the Trustee considers any distribution or termination of an interest or power hereunder as a distribution or termination subject to a generation-skipping tax, the Trustee is authorized:
 - 1) To augment any taxable distribution by an amount which the Trustee estimates to be sufficient to pay such tax and charge the same to the particular trust to which the tax related without adjustment of the relative interests of the Beneficiaries;
 - 2) To pay such tax, in the case of a taxable termination, from the particular trust to which the tax relates without adjustment of the

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relative interests of the Beneficiaries. If such tax is imposed in part by reason of the Trust Assets, the Trustee will pay only the portion of such tax attributable to the taxable termination hereunder taking into consideration deductions, exemptions, credits and other factors which the Trustee deems advisable; and

- 3) To postpone final termination of any particular trust and to withhold all or any portion of the Trust Estate until the Trustee is satisfied that the Trustee no longer has any liability to pay any generation-skipping tax with reference to such trust or its termination.

Section 5.04. Special Provision for S Corporation Stock

Notwithstanding what is otherwise provided in this Trust Agreement, if at any time the Trust contains any stock of a corporation which elects or has elected treatment as an "S Corporation" as defined by Section 1361(a)(1) of the Internal Revenue Code (or any corresponding successor statute), such stock will be segregated from the other assets of such trust and treated as a separate trust. The Trustee will further divide the separate trust into shares for each Beneficiary and such shares will be distributed outright or held in trust as herein provided. In addition, all other provisions of this Trust Agreement will apply to each share held in trust (and constituting a separate trust) except that the Trustee will distribute all of the income from each separate trust to its Beneficiary in convenient installments at least annually. It is our intent that each separate trust will be recognized as a "Qualified Subchapter S Trust" (QSST) under Section 1361(d)(2) of the Internal Revenue Code (or any corresponding successor statute). Notwithstanding any provisions of this Trust Agreement to the contrary, the Trustee's powers and discretions with respect to the administration of each separate trust (including methods of accounting, bookkeeping, making distributions and characterizing receipts and expenses) will not be exercised or exercisable except in a manner consistent with allowing each separate trust to be treated as a QSST as above described.

ARTICLE SIX

Section 6.01. Coordination with Trustor's Probate Estate

- a) At any time during the continuance of this Trust including subsequent to the death of either Trustor, the Trustees may, in their sole and uncontrolled discretion, distribute to the deceased Trustor's Probate Estate cash and/or other property as a Beneficiary of the Trust.
- b) All other provisions to the contrary notwithstanding, under no circumstances shall any restricted proceeds, as hereinafter defined, be either directly or indirectly: (i) distributed to or for the benefit of the Trustor's Executors or the Trustor's Probate Estate; or (ii) used to pay any other obligations of the Trustor's Estate. The term "restricted proceeds" means:

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- 1) All qualified plans, individual retirement accounts or similar benefits which are received or receivable by any Trustee hereunder and which are paid solely to a Beneficiary other than the Executor of the Trustor's Gross Estate for Federal Estate Tax purposes; and
- 2) All proceeds of insurance on the Trustor's life which, if paid to a Beneficiary other than the Trustor's Estate, would be exempt from inheritance or similar death taxes under applicable state death tax laws.

Section 6.02. Direction to Minimize Taxes

In the administration of the Trust hereunder, its Fiduciaries shall exercise all available tax related elections, options and choices in such a manner as they, in their sole but reasonable judgement (where appropriate, receiving advice of tax counsel), believe will achieve the overall minimum in total combined present and reasonably anticipated future administrative expenses and taxes of all kinds. This applies not only to such Trust but also to its Beneficiaries to the other Trusts hereunder and their Beneficiaries and to the Trustor's Probate Estate.

Without limitation on the generality of the foregoing direction (which shall to that extent supersede the usual fiduciary duty of impartiality), such Fiduciaries shall not be accountable to any person interested in this Trust or to Trustor's Estate for the manner in which they shall carry out this direction to minimize overall taxes and expenses (including any decision they may make not to incur the expense of a detailed analysis of alternative choices). Even though their decisions in this regard may result in increased taxes or decreased distributions to the Trust, to the Estate or to one or more Beneficiaries, the Fiduciaries shall not be obligated for compensation readjustments or reimbursements which arise by reason of the manner in which the Fiduciaries carry out this direction.

Section 6.03. Judgement and Discretion of Trustee

In the absence of proof of bad faith, all questions of construction or interpretation of any trusts created by this Trust Agreement will be finally and conclusively determined solely by the Trustee, according to his best judgment and without recourse to any court and each determination by the Trustee is binding on the Beneficiaries and prospective Beneficiaries hereunder, both in being and unborn, as well as all other persons, firms or corporations. The Trustee, when exercising any discretionary power relating to the distribution or accumulation of principal or income or to the termination of any trust, will be responsible only for lack of good faith in the exercise of such power. Each determination may be relied upon to the same extent as if it were a final and binding judicial determination. In the event of a conflict between the provisions of this Trust Agreement and those of the Texas Trust Code, the provisions of this Agreement will control.

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ARTICLE SEVEN

Section 7.01. Resolution of Conflict

Any controversy between the Trustee or Trustees and any other Trustee or Trustees or between any other parties to this Trust, including Beneficiaries, involving the construction or application of any of the terms, provisions or conditions of this Trust shall, on the written request of either or any disagreeing party served on the other or others, be submitted to arbitration. The parties to such arbitration shall each appoint one person to hear and determine the dispute and, if they are unable to agree, then the two persons so chosen shall select a third impartial arbitrator whose decision shall be final and conclusive upon both parties. The cost of arbitration shall be borne by the losing party or in such proportion as the arbitrator(s) shall decide. Such arbitration shall comply with the commercial arbitration rules of the American Arbitration Association, 140 West 51st Street, New York, New York, 10200.

Section 7.02. Incontestability

The beneficial provisions of this Trust Agreement are intended to be in lieu of any other rights, claims or interests of whatsoever nature, whether statutory or otherwise, except bona fide pre-death debts, which any Beneficiary hereunder may have in Trustor's Estate or in the properties in trust hereunder. Accordingly, if any Beneficiary hereunder asserts any claim (except a legally enforceable debt), statutory election or other right or interest against or in Trustor's Estate or any properties of this Trust, other than pursuant to the express terms hereof or directly or indirectly contests, disputes or calls into question, before any court, the validity of this Trust Agreement, then:

- a) Such Beneficiary shall thereby absolutely forfeit any and all beneficial interests of whatsoever kind and nature which such Beneficiary or his heirs might otherwise have under this Trust Agreement and the interests of the other Beneficiaries hereunder shall thereupon be appropriately and proportionately increased; and
- b) All of the provisions of this Trust Agreement, to the extent that they confer any benefits, powers or rights whatsoever upon such claiming, electing or contesting Beneficiary, shall thereupon become absolutely void; and
- c) Such claiming, electing or contesting Beneficiary, if then acting as a Trustee hereunder, shall automatically cease to be a Trustee and shall thereafter be ineligible either to select, remove or become a Trustee hereunder.

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Section 7.03. Specific Omissions

Any and all persons and entities, except those persons and entities specifically named herein, have been intentionally omitted from this Trust Agreement. If any person or entity shall successfully challenge any term or condition of this Trust Agreement, then, to that person or entity shall be given the sum of one dollar (\$1.00) in lieu and in place of any other benefit, grant or interest which that person or interest may have in the Trust Estate.

Section 7.04. Benefits Confidential

The Trustors further declare that it is their desire and intent that the provisions of this Trust Agreement are to remain confidential as to all parties. The Trustors direct that only the information concerning the benefits paid to any particular Beneficiary shall be revealed to such individual and that no individual shall have a right to information concerning the benefits being paid to any other Beneficiary.

ARTICLE EIGHT

Section 8.01. Distribution in Kind or Cash

On any division of the assets of the Trust Estate into shares or partial shares and on any final or partial distribution of the assets of the Trust Estate, the Trustee, at his absolute discretion, may divide and distribute undivided interests of such assets or may sell all or any part of such assets and may make divisions or distributions in cash or partly in cash and partly in kind. The decision of the Trustee, either prior to or on any division or distribution of such assets, as to what constitutes a proper division of such assets of the Trust Estate shall be binding on all persons interested in any Trust provided for in this Trust Agreement.

Section 8.02. Spendthrift Provision

Neither the principal nor the income of the Trust shall be liable for the debts of a Beneficiary. Except as otherwise expressly provided in this Agreement, no Beneficiary of any trust shall have any right, power or authority to alienate, encumber or hypothecate his interest in the principal or income of this Trust in any manner, nor shall the interests of any Beneficiary be subject to the claims of his creditors or be liable to attachment, execution or other process of law. The limitations herein shall not restrict the exercise of any power of appointment or the right to disclaim.

Section 8.03. Definition of Children

The terms "child" and "children" as used in this Agreement mean the lawful issue of a Trustor or of the Trustors together. This definition also includes children legally adopted by a Trustor or by the Trustors together.

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