

SUMMARY PLAN DESCRIPTION

OF THE

WACO, INC. CAFETERIA PLAN

Waco, Inc. (the "Company") has a cafeteria plan (the "Plan") administered by the Company. Waco, Inc. is located at 5450 Lewis Road, Sandston, Virginia 23150. The Plan enables each employee eligible to participate in the Plan to receive his or her regular pay or to apply a portion of his or her pay on a pre-tax basis toward his or her share of benefits provided under the Plan. The employer identification number of the Company is 54-0720555 and the Plan number is 502. Legal process may be served on the President of the Company.

Any employee who normally works at least 30 hours per week, who has attained age 18 and who has been employed by the Company for 60 days will be eligible to participate in the Plan. An employee will become a participant on the first day of the month following the later of (a) the effective date (January 1, 2003) or (b) the first day of the next month after he or she becomes eligible to participate. However, no employee who is a more than two percent (2%) shareholder in the Company shall participate in the Plan.

Each employee participating in the Plan may elect to receive his or her regular pay or to reduce his or her pay and have the Company contribute to the Waco, Inc. Cafeteria Plan in an amount equal to his or her pay reduction to cover the cost of his or her share of health insurance coverage. The Company will pay the balance (if any) of the cost of such health insurance coverage available to and elected by the employee.

Prior to the commencement of each plan year (January 1, 2003 and January 1 of each succeeding year) or other period of coverage, the Company, as Plan Administrator (the "Plan Administrator") will provide you with a written election form. The election will go into effect on the first day of the plan year or other period of coverage. However, the election for your first period of participation will go into effect when you are eligible to participate. If you wish to reduce your pay and have the amount used to pay benefits provided under the Plan, you must so specify on the election form and agree to a reduction in your pay. The amount of reduction in your pay for the plan year or other period of coverage will be used to provide the benefits you elect. Each election form must be completed and returned to the Plan Administrator on or before the date specified by the Plan Administrator. This date shall be no later than the beginning of the first pay period for which the income reduction agreement will apply. If you elected health insurance coverage and fail to return a completed election form to the Plan Administrator on or before the specified due date for any subsequent plan year or other period of coverage, the Administrator will treat you as if you made the same election as was in effect just prior to the end of the preceding plan year or other period of coverage.

Elections made under the Plan (or deemed to be made as described above) will be

irrevocable for the plan year or other period of coverage, subject to a change in your family status. This means that, unless your family status changes, you will lose any amounts left unused at the end of the plan year or other period of coverage. You may revoke a benefit election for the balance of a plan year or other period of coverage and file a new election only if both the revocation and the new election are due to a change in your family status, changes in cost or availability of benefits and certain other events allowed in rules and regulations of the Internal Revenue Service. Examples of changes in family status are marriage, divorce, death of your spouse or child, birth or adoption of a child and termination or commencement of employment of your spouse. Examples of changes in cost or availability of benefits include increases or decreases in health insurance premiums, availability of a new or significantly improved health insurance coverage option and changes in cost or availability of health insurance benefits that you elected. Other events include, but are not limited to, eligibility for special health insurance enrollment under the Health Insurance Portability and Accountability Act, eligibility for continuation coverage under COBRA, eligibility or loss of eligibility for Medicare or Medicaid, taking Family and Medical Leave Act leave and certain court ordered coverage for children of divorced parents. If you have any questions about whether a particular event would allow you to change your election, you should consult the Plan Administrator. The Plan Administrator will prescribe the effective date of any new election. This date will not be earlier than the first pay period beginning after the election form is completed and returned to the Plan Administrator.

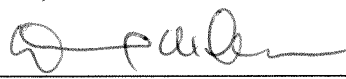
Elections made under the Plan will automatically terminate on the date on which you cease to be a Participant in the Plan. If you again become a Participant, you may not make a new election until the beginning of the next Plan Year or other period of coverage. Coverage or benefits under the employer's other benefit plans, however, will continue to the extent provided by the plans.

Termination

The Company intends to maintain the Plan indefinitely. However, the Company may terminate the Plan at any time.

This is a non-technical summary of some of the important features of the Plan. The actual plan documents will be used by the Plan Administrator in determining all claims. If you will contact the Plan Administrator, he will make all plan documents available for inspection.

WACO, INC.

By 

Its PRESIDENT

Dated as of the 1st day of January 2003
Telephone Number: (804)222-8440