

Form 5500-SF

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Short Form Annual Return/Report of Small Employee Benefit Plan

This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 07/01/2010 and ending 06/30/2011

- A** This return/report is for: single-employer plan multiple-employer plan (not multiemployer) one-participant plan
- B** This return/report is for: first return/report final return/report
- an amended return/report short plan year return/report (less than 12 months)
- C** Check box if filing under: Form 5558 automatic extension DFVC program
- special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan U.S. DIGITAL CORP. CASH BALANCE PENSION PLAN		1b Three-digit plan number (PN) ▶ 002
		1c Effective date of plan 07/01/2007
2a Plan sponsor's name and address (employer, if for single-employer plan) U.S. DIGITAL CORPORATION 1400 NE 136TH AVE VANCOUVER, WA 98684-0993		2b Employer Identification Number (EIN) 33-0127603
		2c Plan sponsor's telephone number 360-260-2468
		2d Business code (see instructions) 334500
3a Plan administrator's name and address (if same as Plan sponsor, enter "Same") U.S. DIGITAL CORPORATION 1400 NE 136TH AVE VANCOUVER, WA 98684-0993		3b Administrator's EIN 33-0127603
		3c Administrator's telephone number 360-260-2468
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report. Sponsor's name		4b EIN
		4c PN
5a Total number of participants at the beginning of the plan year	5a	71
b Total number of participants at the end of the plan year	5b	76
c Total number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	5c	
6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	335962	372560
b Total plan liabilities	7b	0	0
c Net plan assets (subtract line 7b from line 7a)	7c	335962	372560
8 Income, Expenses, and Transfers for this Plan Year		(a) Amount	(b) Total
a Contributions received or receivable from:			
(1) Employers	8a(1)	16655	
(2) Participants	8a(2)	0	
(3) Others (including rollovers)	8a(3)	0	
b Other income (loss)	8b	21149	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		37804
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	0	
e Certain deemed and/or corrective distributions (see instructions)	8e	0	
f Administrative service providers (salaries, fees, commissions)	8f	0	
g Other expenses	8g	1206	
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		1206
i Net income (loss) (subtract line 8h from line 8c)	8i		36598
j Transfers to (from) the plan (see instructions)	8j	0	

Part IV Plan Characteristics

- 9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1B 1C 1G 1I
- b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

		Yes	No	Amount
10 During the plan year:				
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X	
c Was the plan covered by a fidelity bond?	10c	X		280000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X	
f Has the plan failed to provide any benefit when due under the plan?	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i			

Part VI Pension Funding Compliance

- 11** Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500))
- Yes No
- 12** Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? ..
- Yes No
- (If "Yes," complete 12a or 12b, 12c, 12d, and 12e below, as applicable.)
- a** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____
- If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.**
- | | | |
|--|------------|--|
| b Enter the minimum required contribution for this plan year | 12b | |
| c Enter the amount contributed by the employer to the plan for this plan year | 12c | |
| d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount) | 12d | |
- e** Will the minimum funding amount reported on line 12d be met by the funding deadline?
- Yes No N/A

Part VII Plan Terminations and Transfers of Assets

- 13a** Has a resolution to terminate the plan been adopted during the plan year or any prior year?
- Yes No
- If "Yes," enter the amount of any plan assets that reverted to the employer this year
- 13a** 0
- b** Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?
- Yes No
- c** If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	02/28/2012	ROBYN NEUBAUM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

**SCHEDULE SB
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 07/01/2010 and ending 06/30/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan U.S. DIGITAL CORP. CASH BALANCE PENSION PLAN		B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF U.S. DIGITAL CORPORATION		D Employer Identification Number (EIN) 33-0127603	
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B		F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500	

Part I Basic Information

1 Enter the valuation date:	Month <u>07</u> Day <u>01</u> Year <u>2010</u>
2 Assets:	
a Market value	2a 335962
b Actuarial value	2b 335962
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 0 0
b For terminated vested participants	3b 4 29653
c For active participants:	
(1) Non-vested benefits	3c(1) 0
(2) Vested benefits	3c(2) 315874
(3) Total active	3c(3) 71 315874
d Total	3d 75 345527
4 If the plan is at-risk, check the box and complete items (a) and (b)	<input type="checkbox"/>
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 4.98 %
6 Target normal cost	6 0

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Signature of actuary	Date
	SARA ARK, ASA, EA, MAAA	02/25/2012
	Type or print name of actuary	Date
	INDEPENDENT ACTUARIES, INC.	11-06142
Firm name	Most recent enrollment number	Telephone number (including area code)
15725 SW GREYSTONE COURT, SUITE 102 BEAVERTON, OR 97006-6016	503-520-0848	
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

Part II	Beginning of year carryover and prefunding balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	0	0
10	Interest on item 9 using prior year's actual return of <u>1.34</u> %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Excess contributions (Item 38 from prior year)		0
	b Interest on (a) using prior year's effective rate of <u>6.09</u> %		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	97.23 %
15	Adjusted funding target attainment percentage.....	15	97.23 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	103.66 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls					
18	Contributions made to the plan for the plan year by employer(s) and employees:					
	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
	11/22/2011	14263	0			
	11/29/2011	2392	0			
				Totals ▶	16655	18(c)
				18(b)		0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
	a Contributions allocated toward unpaid minimum required contribution from prior years.....	0
	b Contributions made to avoid restrictions adjusted to valuation date	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	15553
20	Quarterly contributions and liquidity shortfalls:	
	a Did the plan have a "funding shortfall" for the prior year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.05 %	2nd segment: 6.47 %	3rd segment: 6.65 %	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions)	<input checked="" type="checkbox"/> Prescribed - combined	<input type="checkbox"/> Prescribed - separate	<input type="checkbox"/> Substitute	

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	0	
35 Balances used to offset funding requirement	Carryover balance	Prefunding balance	Total balance
			0
36 Additional cash requirement (item 34 minus item 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	15553	
38 Interest-adjusted excess contributions for current year (see instructions).....	38	15553	
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0	
40 Unpaid minimum required contribution for all years	40	0	

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Line 26 – Schedule of Active Participant Data

Distribution of Active Participants

Age	Benefit Service										
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up	Total
Under 25		1									1
25-29		10	4	2							16
30-34		5	6	3	1						15
35-39		1	4	1	1						7
40-44		3	1								4
45-49		6	4	2							12
50-54		2	1	2	1						6
55-59		2	2	1				2			7
60-64			2								2
65-69		1									1
70 & up											0
Total	0	31	24	11	3	0	0	2	0	0	71

Average age 40.2
Average benefit service 6.5

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods Actuarial Method for Minimum Required Contribution

Asset Valuation Method	Fair market value.
Valuation Date	First day of plan year.
Yield Curve Selected	24-month average Segmented Yield Curve.
Lookback Month for Determining Segment Interest Rates	Month containing the valuation date.

Actuarial Assumptions for Minimum Required Contribution

Segment Interest Rates	First Segment: 4.05%
	Second Segment: 6.47%
	Third Segment: 6.65%
Assumed Form of Payment	Lump sum.
Lump Sum Payment Assumptions	Greater result of §417(e) applicable mortality and yield curve segments (above) as described in proposed IRS Regulations, and plan factors applying the appropriate yield curve segment to deferral period.
Assumed Commencement Date	Actives-normal retirement date.
	Terminated-vested – immediately.
Weighted Retirement Age	Age 62. Age is weighted on funding target.

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

**2010 Form 5500 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
(Concluded)**

Mortality

Pre-Retirement

None.

Post-Retirement

See lump sum payment assumptions (above).

Salary Scale

No explicit assumption.

Turnover Rate

No explicit assumption.

Expenses

None.

Future Annual Hours Worked

1,000 or more in each future year.

Changes Since Prior Valuation

None, other than changes in mandated interest and mortality as required under the Pension Protection Act of 2006 (PPA).

**SCHEDULE SB
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 07/01/2010 and ending 06/30/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan U.S. DIGITAL CORP. CASH BALANCE PENSION PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF U.S. DIGITAL CORPORATION	D Employer Identification Number (EIN) 33-0127603	
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B	F Prior year plan size: <input checked="" type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input type="checkbox"/> More than 500	

Part I Basic Information

1 Enter the valuation date: Month <u>07</u> Day <u>01</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a		335962
b Actuarial value	2b		335962
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	0	0
b For terminated vested participants	3b	4	29653
c For active participants:			
(1) Non-vested benefits	3c(1)		0
(2) Vested benefits	3c(2)		315874
(3) Total active	3c(3)	71	315874
d Total	3d	75	345527
4 If the plan is at-risk, check the box and complete items (a) and (b) <input type="checkbox"/>			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		4.98%
6 Target normal cost	6		0

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Sara Ark	
	Signature of actuary	02/25/2012
	Sara Ark, ASA, EA, MAAA	Date
	Type or print name of actuary	1106142
	Independent Actuaries, Inc.	Most recent enrollment number
	Firm name	503-520-0848
	15725 SW Greystone Court, Suite 102	Telephone number (including area code)
	Beaverton OR 97006-6016	
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.05%	2nd segment: 6.47%	3rd segment: 6.65%	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) <input checked="" type="checkbox"/> Prescribed - combined <input type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	0	
35 Balances used to offset funding requirement	Carryover balance	Prefunding balance	Total balance
			0
36 Additional cash requirement (item 34 minus item 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	15553	
38 Interest-adjusted excess contributions for current year (see instructions)	38	15553	
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0	
40 Unpaid minimum required contribution for all years	40	0	

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Part V – Summary of Plan Provisions

1. Effective Date July 1, 2007.

2. Plan Year July 1 through June 30.

3. Plan Eligibility
 - Eligible Employees All employees except those whose retirement benefits are subject to collective bargaining, certain non-resident aliens with no US income, leased employees, and those employees not reported as common law (other than self-employed employees).

 - Requirements Later of attainment of age 21 and completion of 1 year of service.

 - Entry date January 1 or July 1 coinciding with or next following completion of eligibility requirements.

4. Years of Service
 - Eligibility 12-Month period commencing on employee's date of hire during which the employee is credited with at least 1,000 hours; switches to plan year on anniversary of employee's date of hire if employee fails to complete 1,000 hours in first 12-month period.

 - Vesting Plan year during which employee is credited with at least 1,000 hours of service.

 - Benefit Plan year during which the participant is credited with at least 1,000 hours of service, and is a participant.

5. Normal Retirement
 - Eligibility The participant's 62nd birthday.

 - Benefit Hypothetical Account Balance resulting from annual contribution credits and interest credits.

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Part V – Summary of Plan Provisions

(Continued)

- | | |
|-------------------------|---|
| 6. Contribution Credits | Actuarial present value of 9% of IRC 415(b) limit; not to exceed 70% of pay for David M. Madore
Actuarial present value of 9% of IRC 415(b) limit; not to exceed 60% of pay for Donna J. Madore
\$25,000, not to exceed 20% of pay for Robert G. Wood, Jr.
\$ 700 for all other participants |
| | Effective July 1, 2008, there will be no future contribution credits for all participants. |
| 7. Interest Credits | The annual rate of interest on the 30 year Treasury for the month preceding the first day of the plan year. |
| 8. Early Retirement | Not provided. |
| 9. Late Retirement | |
| Eligibility | Defer commencement of benefit beyond normal retirement date. |
| Benefit | Hypothetical Account Balance. |
| 10. Disability Benefit | |
| Eligibility | Total and permanent disability as determined by a physician or approved by the Committee. |
| Benefit | Vested Hypothetical Account Balance. |
| 11. Death Benefit | |
| Eligibility | Death of participant prior to commencement of benefits. |
| Benefit | Vested Hypothetical Account Balance. |
| 12. Termination Benefit | |
| Eligibility | Termination of employment for reasons other than retirement, death, or disability. |

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Part V – Summary of Plan Provisions

(Continued)

Benefit	A percentage of a participant's Hypothetical Account Balance based on the following schedule:	
	<u>Years of Vesting Service</u>	<u>Vested Percent</u>
	Less than 3	0%
	3 or more	100%
13. Compensation		
Limits	\$200,000 as indexed; \$245,000 for plan years beginning in or after 2009.	
Plan	§3401(a) compensation including elective deferrals.	
14. Accrued Benefit	Actuarial equivalent of the Hypothetical Account Balance.	
15. Normal Form of Benefit	Life annuity.	
16. Optional Forms of Benefit	Installments, joint & survivor annuity (50%, 75%, 100%), and lump sum.	
17. Actuarial Equivalent		
Interest	The annual interest rate for the 30 year Treasury securities as specified by the Commissioner for the month preceding the plan year.	
Mortality	Pre-retirement:	None
	Post-retirement:	The 1994 Group Annuity Reserving Table (GAR) projected to 2002 based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates as described in Revenue Ruling 2001-62.
§417(e)	Stability period is plan year; lookback month is first month preceding plan year.	

U.S. Digital Corp. Cash Balance Pension Plan

EIN: 33-01276303 PN: 002

2010 Form 5500 Schedule SB, Part V – Summary of Plan Provisions

(Concluded)

- | | |
|-------------------------------|---|
| 18. Top-Heavy Provisions | In the event the plan becomes top-heavy, certain provisions will apply. Generally, a plan is top-heavy if more than 60% of the total present value of accrued benefit and account balances are held for key employees, as defined in the Internal Revenue Code. |
| Minimum Accrual | Top heavy minimums are provided by contributions to a companion profit sharing plan. |
| Top-Heavy Compensation | Plan compensation averaged over the three consecutive plan years that produce the highest average, excluding compensation in a year during which the plan is not top-heavy. |
| Vesting | The regular vesting schedule meets the minimum requirements. |
| Status | Plan is top-heavy. |
| 19. Changes Since Last Report | None, other than application of increases in statutory limits. |

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2010 Form 5500 Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Average retirement age is weighted on the Funding Target. Weighted average retirement is 62.