**Note 9. Retirement Plans (Continued)**

The Company's matching contributions to the defined contribution plan were approximately $228 thousand, $210 thousand and $182 thousand for the years ended December 31, 2003, 2002 and 2001, respectively.

In May 2003, the Company adopted an unfunded nonqualified supplemental executive retirement plan for named executives. The plan was established to provide retirement benefits in addition to those provided under the Retirement Plan that covers all employees. The following table presents the actuarial information for the plan.

| | 2003 |
|---|---|
| Change in benefit obligation: | *(in thousands)* |
| Benefit obligation, beginning | $ - |
| Service cost | 22 |
| Interest cost | 23 |
| Actuarial loss | 278 |
| Plan adoption | 546 |
| Benefit obligation, ending | $ 869 |
| | |
| Funded status | $(869) |
| Unrecognized net loss | 278 |
| Additional minimum liability | (380) |
| Intangible asset | 380 |
| Unrecognized prior service cost | 521 |
| Accrued benefit cost | $ (70) |
| | |
| Components of net periodic benefit costs: | |
| Service cost | 22 |
| Interest cost | 23 |
| Amortization of prior service costs | 25 |
| Net periodic benefit cost | 70 |

Assumptions used by the Company in the determination of the Supplemental Retirement Plan information consisted of the following at December 31, 2003:

| | 2003 |
|---|---|
| Discount rate | 6.00% |
| Rate of increase in compensation levels | 4.50% |

**Note 10. Stock Incentive Plan**

The Company has a shareholder approved Company Stock Incentive Plan (the "Plan"), providing for the grant of incentive compensation to essentially all employees in the form of stock options. The Plan authorizes grants of options to purchase up to 480,000 shares of common stock over a ten-year period beginning in 1996. The option price for all grants has been at the current market price at the time of the grant. The grants have generally provided that one-half of the options exercisable on each of the first and second anniversaries of the date of grant, with the options expiring five years after they are granted. In 2003, the Company issued grants where the options are vested over a five-year period beginning on the third anniversary date of the grant of the options. The participant may exercise 20% of the total grant after each anniversary date through the eighth year, with the options expiring after ten years.

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions: