INTERNAL REVENUE SERVICE

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July 30, 2001

X =

EIN:

Plan =

Dear

This is in response to your letter of December 15, 2000 and subsequent correspondence requesting a ruling with respect to X's Deferred Compensation Plan which X intends to be an eligible deferred compensation plan under section 457 of the Internal Revenue Code of 1986 (the Code).

A previous plan had received a favorable private letter ruling from the Internal Revenue Service. The Plan has been amended to comply with the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1987, the Technical and Miscellaneous Revenue Act of 1988, the Revenue Reconciliation Act of 1989, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997 and the General Agreement on Tariffs and Trade.

An employee may become a participant by executing a Participation Agreement. After an election to defer has been made, the deferred compensation contribution shall take effect in the next calendar month.

The Plan provides for a maximum amount that may be deferred by a participant in any taxable year and also provides for a catch-up contribution for amounts deferred for one or more of the participant's last three years ending before he or she attains normal retirement age under the Plan. The amounts that may be deferred are within the limitations set out in section 457 of the Code.

All amounts of compensation deferred pursuant to the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of participants. Property may also be invested in annuity contracts and custodial contracts described in section 401(f).

Trust assets will be invested either by the trustee or in a self-directed account by the participant.

Payments to participants may begin upon separation from service or retirement. Payments to beneficiaries may begin upon a participant's death. All payouts must conform to sections 401(a)(9) and 457(d) of the Code.

The Plan can accept a transfer of compensation previously deferred under another plan of deferred compensation maintained by another employer as an eligible Code section 457 plan. A participant who separates from service with X and accepts employment with another employer that maintains an eligible 457 plan may elect to transfer his or her compensation deferred under the Plan to that other plan if the other plan can accept such transfers and amounts are transferred to a trust described in section 457(g). .

Except pursuant to a Conforming Equitable Distribution Order, participants may not sell, assign, transfer or otherwise convey the right to receive any payments under the Plan or any interest under the plan.

The Plan permits hardship withdrawals of all or any portion of a participant's deferred benefit, limited to an amount reasonably necessary to alleviate the unforeseeable emergency. The Plan also includes a provision permitting a participant to elect an in-service distribution of $5,000 or less from his or her account in certain limited circumstances set forth thereunder and in accordance with section 457(e)(9)(A).

Section 457 of the Code provides rules for the deferral of compensation by an individual participating in an eligible deferred compensation plan (as defined in section 457(b).

Section 457(a) of the Code provides that in the case of a participant in an eligible deferred compensation plan, any amount of compensation deferred under the plan and any income attributable to the amounts so deferred shall be includible in gross income only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary.

Treas. Reg. sec. 1.457-1(b)(2) states that amounts deferred (including amounts previously deferred) under an eligible plan will not be considered made available to the participant solely because the participant is permitted to choose among various investment modes under the plan for the investment of such amounts whether before or after payments have commenced under the plan.

Section 457(g)(1) states that a plan maintained by a State, political subdivision of a State, and any agency or instrumentality of a State or political subdivision of a State shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

Section 457(e)(10) states that a participant shall not be required to include in gross income any portion of the entire amount payable to such participant solely by reason of the transfer of such portion from one eligible deferred compensation plan to another eligible deferred compensation plan.

Based upon the provisions of the Plan summarized above, we conclude as follows:

1. The Plan constitutes an eligible deferred compensation plan as defined in section 457(b) of the Code. All assets and income of the Plan described in section 457(b)(6) of the Code will be held in trust for the exclusive benefit of participants and their beneficiaries.

2. Amounts of compensation deferred pursuant to the Plan, including any income attributable to the deferred compensation, will be includible in the gross income of the recipient only for the taxable year or years in which such amounts are paid or otherwise made available to a participant or beneficiary under the Plan.

3. The trust established with respect to the Plan under section 457(b) is treated under section 457(g) as an organization exempt from taxation under section 501(a).

Except as specifically ruled upon above, no opinion is expressed as to the federal income tax consequences of the Plan under any other provision of the Code. If the Plan is significantly modified, the ruling will not necessarily remain applicable.

This ruling is directed only to X and applies only to the plan and trust submitted on December 15, 2000, as revised by amendments submitted on July 10, 2001. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Temporary or final regulations pertaining to one or more of the issues addressed in this ruling have not yet been adopted. Therefore, this ruling may be modified or revoked if the adopted temporary or final regulations are inconsistent with any conclusions in the ruling. See section 12.04 of Rev. Proc. 2001-1, 2001-1 I.R.B. 1,

46. However, when the criteria in section 12.05 of Rev. Proc. 2000-1 are satisfied , a ruling is not revoked or modified retroactively except in rare or unusual circumstances.

Sincerely yours,
ROBERT D. PATCHELL
Acting Chief, Qualified Plans
Branch Two
Office of the Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government
Entities)

Enclosure
Copy of letter
Copy for section 6110 purposes