

CITY CLERK ORIGINAL

C-6669-1
07/12/2011

THE UNITED STATES CONFERENCE OF MAYORS DEFERRED COMPENSATION PROGRAM

PARTICIPANT LOAN ADMINISTRATIVE PROCEDURES

Nationwide Retirement Solutions, Inc. ("NRS"), as Third Party Administrator of the United States Conference of Mayors Deferred Compensation Program, administers your Deferred Compensation Plan for Public Employees ("Plan"). Recently issued proposed regulations under Internal Revenue Code Section 457 provide that eligible governmental 457(b) plans may permit loans to Participants. NRS recommends that you, as Plan Sponsor and/or Employer (hereinafter collectively referred to as "Plan Sponsor"), consult with your own legal advisor in determining whether you wish to add this optional feature to your Plan.

In the event that you decide to offer loans from your Plan to Participants, you will need to return to NRS at **Nationwide Retirement Solutions, PO Box 182797, Columbus, OH 43272-8450 Attn: Loans Administrator** a fully executed original of this document and an original of the enclosed Plan Document Plan Sponsor Signature Page. NRS cannot begin processing Participant loans from your Plan until it receives fully executed originals of both of these documents.

NRS may need from time-to-time to make changes to the administrative procedures set forth herein and in the Plan Document Amendment. In such a case, NRS will provide you with timely notice of such changes as they become necessary.

The following administrative procedures shall govern the making of loans from your Plan:

1. **Loan Administration.** Plan Sponsor delegates to NRS certain administrative duties regarding the administration of loans from the Plan, which are set forth herein and which may be modified by NRS upon timely notice to Plan Sponsor.
2. **Loan Eligibility.** Any Participant in the Plan is eligible to receive a loan from the Plan. Each Participant is entitled to one (1) loan at any time. In addition, a Participant who has defaulted on a previous loan shall not be eligible for another loan from the Plan until all defaulted loans are repaid in full, including accrued interest and fees.
3. **Loan Application and Loan Agreement.** In order to receive a loan from the Plan, an eligible Participant must complete a loan application and return it to NRS. A loan application fee of \$50.00* will be deducted from the Participant's account(s). Before a loan is issued, the Participant must enter into a legally enforceable loan agreement as provided by NRS. If the Plan Sponsor permits loans for the purchase of the Participant's principal residence, the Participant will be required to sign a Primary Residence Certificate form and provide NRS with a copy of the contract or other documents relating to the acquisition of the dwelling unit. If the source for a single loan includes both the Participant's Deferred Compensation and Eligible Rollover Accounts, the Participant will be required to complete a loan application and loan agreement for each account which will be treated as separate and distinct for all purposes herein except that they will be considered a single loan for purposes of Sections 2, 6 and 10 herein.
4. **Loan Repayment/Maximum Loan Term.** Repayment of any loan made to a Participant shall be made in a manner and pursuant to the terms set forth in the loan agreement. The Participant receiving a loan shall be required to furnish the information and authorization necessary to effectuate the foregoing payments prior to the commencement of a loan. The maximum term over which a loan may be repaid is five (5) years (fifteen (15) years if the Plan Sponsor permits loans for the purchase of the Participant's principal residence).

*These fees, rates, and minimums are subject to change by NRS upon reasonable notice to Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.

Participant's employer. Any tax reporting required as a result of the receipt by a Participant of a loan that exceeds the limits imposed by federal regulations shall not be the responsibility of NRS, unless it is determined that such limits were exceeded solely as a result of a loan made through NRS as service provider. Consequently, NRS shall not be required to account for loans made pursuant to a plan other than this Plan or loans made under this Plan that are made by an investment provider other than Nationwide Life Insurance Company.

11. **Suspension of Loan Payments.** NRS may suspend a Participant's obligation to repay any loan under the Plan during the period in which the Participant is performing service in the uniformed services as may be required by law. At the expiration of any suspension of loan payments period, the outstanding loan balance, including any accrued interest and fees, will be re-amortized and the Participant will be required to execute an amended Loan Agreement.

12. **Loan Interest Rate.** The interest rate for any loan shall be established by NRS. These interest rates shall commensurate with interest rates being charged by entities in the business of lending money under similar circumstances. Generally, the rate assumed will be Prime Rate + 1.00%*. The Prime Rate shall be the prime rate published by the Wall Street Journal two weeks prior to the end of the most recent calendar-year quarter. NRS may adjust the loan interest rate for loans to Participants entering active duty in the military services as may be required by law.

13. **Annual Loan Maintenance and Asset Fees.** An annual loan maintenance fee of \$50.00* will also be deducted from the Participant's account until the loan is repaid in full. The amount of the outstanding loan balance will be subject to the maximum Variable Account Annual Expense Fee applicable under the Plan at the time the loan is issued.

14. **Loan Default Fee.** At the time when a default occurs, a \$50.00* loan default fee will be deducted from the Participant's account. This charge will only affect Participants who fail to make a required loan payment.

15. **Loans for the Purchase of a Principal Residence.** All loans issued by the Plan will be general loans to be repaid in five (5) years unless the Plan Sponsor affirmatively elects to offer loans for the purchase of the Participant's principal residence, which may be repaid in fifteen (15) years. Such loans shall be solely secured by the Participant's vested account balance. All administrative procedures set forth herein shall apply to such loans.

If the Plan Sponsor elects to permit loans for the purchase of the Participant's principal residence, please check this box.

The undersigned Plan Sponsor hereby adopts these Participant Loan Administrative Procedures, effective for loans issued on or after the effective date set forth in the Loans to Participants Amendment to Plan Document, and instructs NRS to administer loans made to Plan Participants in accordance with these terms.

The Plan Sponsor acknowledges the following: (i) that the Plan Sponsor has decided to offer loans under the Plan and is instructing NRS to administer loans under the Plan; (ii) that it understands that, as a result of offering loans under the Plan, the Plan Sponsor, its Participants, and/or the Plan could be subject to adverse tax consequences; (iii) that the Plan Sponsor has independently weighed this risk and has determined that offering loans under the Plan is in the best interest of the Plan Sponsor, its Participants, and the Plan; and (iv) NRS shall not be liable for any adverse tax consequences described in (ii), except as specifically stated under paragraph 10 herein, resulting from the Plan Sponsor's decision to offer loans under the Plan.

*These fees, rates, and minimums are subject to change by NRS upon reasonable notice to Plan Sponsor. Loan fees will appear as administrative charges on Participant Statements.



Nationwide® Retirement Solutions

a Nationwide Financial® company

Plan Sponsor Signature Page

My signature below represents that I have the authority of my Employer to act on behalf of the plan. I acknowledge receipt of a copy of the Certificate of Participation and Disclosure Document (Certificate). I understand that the Certificate replaces prior versions. I have read and understand the Certificate and will contact my Nationwide representative if I have any questions or concerns. In addition, my Employer's plan makes the following selections:

- 1. Plan Document** — My Employer's plan has formally adopted the Plan Document, effective January 1, 2011, and directs Nationwide to administer in accordance with its terms. I understand that the Plan Document provides that Nationwide may propose future amendments to this plan and outlines a process by which my Employer may file objections. I acknowledge that any future amendments to this Plan Document, to which my Employer has not objected, will be deemed adopted with my consent and at my direction. I certify that the signature will apply to all plan(s) listed below.

If your Employer does not wish to adopt the Plan Document, please check the box below. A Nationwide representative will contact you to obtain additional information regarding the plan document applicable to your Employer's plan.

I do NOT wish to adopt the Plan Document.

- 2. Nationwide ProAccount** — My Employer agrees to the terms of the Nationwide ProAccount Plan Sponsor Agreement, and the ProAccount service will continue to be made available to plan participants.

If your Employer wishes to terminate the ProAccount service, please check the box below and contact Nationwide at 877-496-1630 to provide additional instructions regarding the effective date of termination for plan participants currently enrolled in ProAccount.

I wish to TERMINATE ProAccount.

Horatio Skeete

Name of authorized signer

6.9.11

Date

HORATIO SKEETE ASSISTANT CITY MGR

Printed name of signer

CITY of GLENDALE, AZ

Entity Name

Entity #

RETURN THIS PAGE VIA FAX WITH YOUR SIGNATURE TO NATIONWIDE AT 1-877-677-4329.

Or, please send this self-addressed signature page via mail.

FOLD



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BUSINESS REPLY MAIL
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POSTAGE WILL BE PAID BY ADDRESSEE

NATIONWIDE RETIREMENT SOLUTIONS
ATTN: CLIENT MANAGEMENT PW-04-12
PO BOX 182797
COLUMBUS OH 43272-4227



FOLD

Plan doc reflects as mandated by following statutes

Pension Protection Act of 2006

The Act makes permanent the retirement-plan and IRA provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), most of which were due to sunset after 2010. Also, the Act makes sweeping changes to the private sector defined benefit system by:

- Imposing tougher funding requirements for well-funded and under-funded plans
- Limiting future benefit increases for poorly funded plans
- Providing benefit accrual safeguards for older participants in cash balance conversions
- Legitimizing cash balance and hybrid defined benefit as viable plan designs going forward.

HEART - Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008

Provides additional benefits to active duty military personnel and their families

- Inclusion of Differential Pay For Retirement Plan Purposes. Differential pay is subject to federal income tax withholding.
- Withdrawal of Elective Deferrals and the 10% Early Distribution Tax
- Plan Death Benefit Requirements
- Increased Benefits
- Rollover of Military Death Gratuities

Worker, Retiree and Employer Recovery Act of 2008

- Waiver of any required minimum distribution (RMD) for 2009

6/1/11

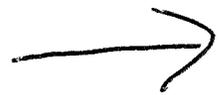
Yoda
Matt

Dabby R
↓
City
Attorney's
Office

IRS der. a prototype plan doc + decreed that the prototype or a plan that incl. the prototype info (but can incl add'l stuff) by 10/31/2011.

Definitions much more detailed. In addition, the law/statutes referenced above had to be built into plan document

If COU chooses to "not adjust" the NW plan docs then COU w/o required to create its own plan doc.
Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA



Discretionary Items

- ① we can choose to not cover/include
contractors
part-time employees
temporaries

For example, Cofly excludes PT employees

- ② unforeseen emergency w/ drawals
- ③ loans against DComp holdings

2011 Restated Plan Document Initiative

457 Governmental Plan & Trust Explanation of Selected Substantive Changes

ARTICLE I

Definitions

Compensation (Section 1.07): Revised compensation definition to address final regulations issued under Section 415 of the Internal Revenue Code (the "I.R.C."). Additionally, incorporated differential wage payments under the definition, which is consistent with the Heroes Earnings Assistance and Relief Tax Act of 2008 (the "HEART Act").

Distributions to Individuals in the Uniformed Services: Made changes consistent with the HEART Act, which allow distributions to certain individuals during periods of uniformed service. (Section 1.28(c)(3)).

ARTICLE III

Deferral Contributions/Limitations

Deferrals After Severance from Employment, Including Sick, Vacation, and Back Pay Under an Eligible Plan: Revisions incorporated to extend the time period during which deferrals may occur after severance from employment under the final regulations issued under Section 415 of the I.R.C. (Section 3.02(c)).

ARTICLE IV

Time and Method of Payment Benefits

Emergency Tax Relief Distributions: New section added which is designed to serve as a catchall provision allowing distributions from the plan if legislation is enacted following emergency or catastrophic events (e.g., hurricanes, floods). Administrator can also establish procedures related to these distributions. (Section 4.01).

Required Minimum Distributions: A plan provision was added to reflect the 2009 waiver period of RMDs under the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"). (Section 4.03(f)(1)).

Eligible Rollover Distributions by a Non- Spousal Beneficiary: A provision was added to the plan reflecting Section 829 of the Pension Protection Act of 2006 ("PPA"), which requires plans to permit direct rollovers by non-spousal beneficiaries to inherited IRAs under certain conditions. (Section 4.07(c)).

Eligible Rollover Distributions to a Roth IRA: Language added to reflect the ability of participants to direct rollovers to a Roth IRA under PPA Section 824. (Section 4.07(d)(2)).

Mandatory Distributions for Small Accounts. A provision has been added to make mandatory distributions of inactive accounts with less than \$1,000. (Section 4.07(d)(4)).

Distribution for Qualified Health Insurance Premiums: New section added pursuant to PPA Section 845 and IRC 402(l), which allows a distribution of \$3,000 per year to “eligible retired public safety officers” to pay for “qualified health insurance premiums” if certain conditions are met. This provision reflects the regulatory requirement that the plan make distributions directly to the qualified health insurance premium coverage provider to qualify. (Section 4.08(a)).

ARTICLE V

Administrative Services Provider Duties

Loans: Loan provisions are incorporated into the plan document, and is no longer a stand alone amendment to the plan. Including this provision does not require plans to offer loans. Plan sponsors wanting to offer loans must complete an administrative procedures document before Nationwide will begin administering loans. This document is available upon request. Plan sponsors who have already completed this step are not required to take any additional action at this time. (Section 5.03).

Procedure When Location of Participant or Beneficiary Unknown: New language added to Plan Document providing distribution procedures when the location of a participant or beneficiary is unknown. (Section 5.12(a)(b)).

ARTICLE VI

Participant Administrative Provisions

Automatic Revocation of Spousal Beneficiary Designation: New section, which automatically revokes designations in favor of a former spouse as beneficiary upon a divorce or dissolution of marriage. Many states already have laws which takes this action with former spouses. (Section 6.01).

ARTICLE VII

Miscellaneous

Use of Plan Assets that Are Not Attributable to an Account: New section, which provides that Plan Sponsor shall direct the Administrator how to use money received by the Plan that is not related to an Account Balance. This would include any settlement money, fee reimbursements, and litigation awards received by the Plan. (Section 7.09)

Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA



Nationwide® Retirement Solutions

On Your Side®

Important Plan Sponsor Documents

As the administrative services provider to your deferred compensation plan, Nationwide is contacting you with this packaged letter to review and acknowledge the federal regulation changes within your current plans. Enclosed in this packet are one or more documents associated with your plan as well as a brief summary below. **Your plan name(s) and number(s) is listed below. If you have multiple plans, please feel free to make copies of the Plan Document as it applies to all of your plans.**

It is requested that you (or a person authorized to make elections for your plan) read through each document, and notify us of your elections by returning the attached Plan Sponsor Signature Page no later than June 30, 2011. **It is required that we receive a response from you concerning these documents as some of the changes are required by law.**

Your Plan Name and Numbers

Entity Name
CITY OF GLENDALE

Entity Number
0035260001

As the Plan Sponsor, what do I need to do?

- Step 1: Read plan documents.
- Step 2: Sign self-addressed signature page.
- Step 3: Return signature page by mail or fax by June 30, 2011.

Documents Enclosed

- **457(b) Governmental Plan Document** (Plan Document) requiring your action
- **Certificate of Participation and Disclosure Document** (Certificate) for your plan's variable annuity (information only)
- **Nationwide ProAccount® Plan Sponsor Agreement** (ProAccount) reminding you that this is available through your Plan

■ Plan Documents

The **457(b) Governmental Plan Document** (Plan Document) is provided to you as a courtesy for use with your Plan. It is intended to comply with all required federal legislation regulations and issued guidance. The purpose of this restated document is to incorporate recent legislative and regulatory changes into the plan. Accepting it will act as a restatement of your plan. Government regulations require that your Plan Document incorporate the required provisions no later than December 31, 2011.

Please indicate your acceptance of this Plan Document as your restated plan effective for plan year beginning on January 1, 2011 on the Plan Sponsor Signature Page provided in this folder. Please contact your Nationwide Representative to discuss other options if you choose not to adopt it.

■ Certificate of Participation and Disclosure Document

The **Certificate of Participation and Disclosure Document** for your plan's variable annuity (Certificate) is provided by our affiliate, Nationwide Life Insurance Company (Nationwide Life). Nationwide Life is the issuer of the group annuity contract used with your plan. The

Certificate contains important information about the operation of the annuity contract including its benefits, trading policies and restrictions, and relationships with mutual funds and other entities. Please read this Certificate carefully and retain it for future reference.

Your signature on the Plan Sponsor Signature Page will act as acknowledgment of your receipt.

■ Nationwide ProAccount® Plan Sponsor Agreement

Nationwide ProAccount ("ProAccount") is a discretionary managed account service for deferred compensation plan participants who desire professional guidance in managing their self-directed deferred compensation plan accounts. Designed to help participants take the guesswork out of making investing decisions, ProAccount offers individualized investment advice using an investment process developed and maintained by an Independent Financial Expert. Plan participants that elect this service are subject to a maximum annual fee of up to 1.00% of their ProAccount assets.

ProAccount is offered by our affiliate, Nationwide Investment Advisors, LLC (NIA), an investment adviser registered with the Securities and Exchange Commission. Please read the enclosed ProAccount Plan Sponsor Agreement, ADV Brochure, and privacy statement for more information about this service.

ProAccount is currently available through your Plan. Please indicate your acceptance of the enclosed ProAccount Plan Sponsor Agreement on the Plan Sponsor Signature Page. If you wish to terminate this service, please contact Nationwide so that we may gather additional information necessary to initiate the termination of investment advisory agreements currently in effect between NIA and your Plan participants.

Your options

1. If you choose to accept the changes to the Plan Document, **please complete the Plan Sponsor Signature Page and return it to Nationwide by June 30, 2011 on behalf of the plan.**
2. If you chose to decline the Plan Document that includes federal regulated changes, please indicate where appropriate on the Plan Sponsor Signature Page and contact your Nationwide Representative to provide us with additional instructions regarding the plan document applicable to your Plan.

If you have questions about this information, please contact your Nationwide representative, or call 1-877- 496-1630 (Plan Sponsor Support Line).

You should also sign the Plan Document and retain it with your other important plan records. You may need to provide them to regulatory agencies including the IRS, or other interested parties. As the sponsor of the Plan you are responsible for maintaining its compliance with all federal and state laws and for reviewing and selecting the products and services offered to the Plan. *You should consult your attorney or tax advisor for specific answers to your questions about the appropriateness of these documents and the products and service offerings for your Plan.*

Nationwide Retirement Solutions, Inc. and Nationwide Life Insurance Company have endorsement relationships with the National Association of Counties, The United States Conference of Mayors, and the International Association of Fire Fighters — Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Nationwide Retirement Solutions, Inc. and its affiliates (Nationwide) offer a variety of investment options to public sector retirement plans through variable annuity contracts, trust or custodial accounts. Nationwide may receive payments from mutual funds or their affiliates in connection with those investment options. For more detail about the payments Nationwide receives, please visit www.nrsforu.com.

Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA. In MI only: Nationwide Investment Svcs. Corporation.

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Plan sponsor use only

NRM-8324AO.1 (01/11)

Plan Document

Plan Documents for Governmental Employers

457 Governmental Plan Document



Nationwide[®]
Retirement Solutions

a Nationwide Financial[®] company

(Name of Employer)

DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

457 GOVERNMENTAL PLAN AND TRUST

Document provided as a courtesy of:



Nationwide[®]
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457 GOVERNMENTAL PLAN AND TRUST

The Employer adopts this 457 Governmental Plan and Trust. The Plan is intended to be an "eligible deferred compensation plan" as defined in Code §457(b) of the Internal Revenue Code of 1986 ("Eligible 457 Plan"). The Plan consists of the provisions set forth in this plan document and is applicable to the Employer and each Employee who elects to participate in the Plan. If the Employer adopts this Plan as a restated Plan in substitution for, and in amendment of, an existing plan, the provisions of this Plan, as a restated Plan, apply solely to an Employee on or after the execution of this Plan. The Plan is effective as to each Employee upon the date he/she becomes a Participant by entering into and filing with the Employer or the Administrative Services Provider a Participation Agreement or an Acknowledgement Form/Card.

ARTICLE I DEFINITIONS

1.01 **"Account"** means the separate Account(s) which the Administrative Services Provider or the Trustee maintains under the Plan for a Participant's Deferred Compensation. The Administrative Services Provider or Trustee may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary's life expectancy.

1.02 **"Accounting Date"** means the last day of the Plan Year.

1.03 **"Acknowledgement Form/Card"** means the application to the Administrative Services Provider to participate in the Plan when the Plan is a Social Security replacement plan.

1.04 **"Administrative Services Provider"** means Nationwide Retirement Solutions, Inc. which acts as the third party administrative services provider appointed by the Employer to carry out nondiscretionary administrative functions for the Plan.

1.05 **"Beneficiary"** means a person who the Plan or a Participant designates and who is or may become entitled to a Participant's Account upon the Participant's death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary's right to (and the Administrative Services Provider's or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.07 **"Compensation"** for purposes of allocating Deferral Contributions means the employee's wages, salaries, fees for professional services, and other amounts received without regard to whether or not an amount is paid in cash for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent amount would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), and 457(b), including an election to defer Compensation under Article III. See Section 1.16 as to Compensation for an Independent Contractor. Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan.

(A) Elective Contributions. Compensation under Section 1.07 includes Elective Contributions. "Elective Contributions" are amounts excludible from the Employee's gross income under Code §§ 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p) or 457, and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code § 457 plan.

(B) Differential wage payments. For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code § 3401(h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

1.08 **"Deferral Contributions"** means Salary Reduction Contributions, Nonelective Contributions and Matching Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.09 **"Deferred Compensation"** means as to a Participant the amount of Deferral Contributions,

457 Governmental Plan and Trust

Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.10 **"Effective Date"** of this Plan is the date indicated on the execution line unless the Code, Treasury regulations, or other applicable guidance provides otherwise.

1.11 **"Employee"** means an individual who provides services for the Employer, as a common law employee of the Employer. See Section 1.16 regarding potential treatment of an Independent Contractor as an Employee.

1.12 **"Employer"** means an employer who adopts this Plan by executing the Plan.

1.13 **"Employer Contribution"** means Nonelective Contributions or Matching Contributions.

1.14 **"Excess Deferrals"** means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.15 **"Includible Compensation"** means, for the Employee's Taxable Year, the Employee's total Compensation within the meaning of Code § 415(c)(3) paid to an Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee's gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Employee's gross income for Federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.16 **"Independent Contractor"** means any individual who performs service for the Employer and who the Employer does not treat as an Employee or a Leased Employee. The Employer may permit Independent Contractors to participate in the Plan. To the extent that the Employer permits Independent Contractor participation, references to Employee in the Plan include Independent Contractors and Compensation means the amounts the Employer pays to the Independent Contractor for services.

1.17 **"Leased Employee"** means an Employee within the meaning of Code § 414(n).

1.18 **"Matching Contribution"** means an Employer fixed or discretionary contribution made or forfeiture allocated on account of Salary Reduction Contributions. The Employer may provide for matching contributions.

1.19 **"Nonelective Contribution"** means an Employer fixed or discretionary contribution not made as a result of a Participation Agreement and which is not a Matching Contribution. The Employer may provide for nonelective contributions.

1.20 **"Normal Retirement Age"** means the age designated by the Participant unless the Employer designates in writing a Normal Retirement Age. The Normal Retirement Age designated by the Participant or Employer shall be no earlier than age 65 or the age at which Participants have the right to retire and receive, under the basic defined benefit pension plan of the Employer (or a money purchase plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. The Normal Retirement Age also shall not exceed age 70½.

Special Rule for Eligible Plans of Qualified Police or Firefighters. A Participant who is a qualified police officer or firefighter as defined under Code §415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age between age 40 and age 70 ½.

1.21 **"Participant"** is an Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and has not received a complete distribution of his/her Account.

1.22 **"Participation Agreement"** means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant's Compensation for contribution to the Participant's Account.

1.23 **"Plan"** means the 457 plan established or continued by the Employer in the form of this Plan and (if applicable) Trust Agreement. All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 **"Plan Entry Date"** means the date on which an Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 **"Plan Year"** means the calendar year.

1.26 **"Rollover Contribution"** means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an

Eligible 457 Plan. A Rollover Contribution includes net income, gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for net income, gain or loss.

1.27 **“Salary Reduction Contribution”** means a contribution the Employer makes to the Plan pursuant to a Participation Agreement.

1.28 **“Service”** means any period of time the Employee is in the employ of the Employer. In the case of an Independent Contractor, Service means any period of time the Independent Contractor performs services for the Employer on an independent contractor basis. An Employee or Independent Contractor terminates Service upon incurring a Severance from Employment.

(A) Qualified Military Service. Service includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant’s employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate make-up Nonelective Contributions and Matching Contributions for such a Participant as required under Code §414(u). The Plan shall apply limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

(B) “Continuous Service” means Service with the Employer during which the Employee does not incur a Severance from Employment.

(C) “Severance from Employment.”

(1) Employee. An Employee has a Severance from Employment when the Employee ceases to be an Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant’s new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) Independent Contractor. An Independent Contractor has a Severance from Employment when the contract(s) under which the Independent Contractor performs services for the Employer expires (or otherwise terminates), unless the Employer anticipates a renewal of the contractual relationship or the Independent Contractor becoming an Employee. The Employer anticipates renewal if it intends to contract for the services provided under the expired contract and neither the Employer nor the Independent Contractor has eliminated the Independent Contractor as a potential provider of such services under the new contract. Further, the Employer intends to contract for services conditioned only upon the Employer’s need for the services provided under the expired contract or the Employer’s availability of funds. Notwithstanding the preceding provisions of this Section 1.28, the Administrative Services Provider will consider an Independent Contractor to have incurred a Severance from Employment: (a) if the Administrative Services Provider or Trustee will not pay any Deferred Compensation to an Independent Contractor who is a Participant before a date which is at least twelve months after the expiration of the Independent Contractor’s contract (or the last to expire of such contracts) to render Services to the Employer; and (b) if before the applicable twelve-month payment date, the Independent Contractor performs Service as an Independent Contractor or as an Employee, the Administrative Services Provider or Trustee will not pay to the Independent Contractor his/her Deferred Compensation on the applicable date.

(3) Uniformed Services. for purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code § 3401(h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual’s consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

1.29 **“State”** means (a) one of the 50 states of the United States or the District of Columbia, or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.30 **“Taxable Year”** means the calendar year or other taxable year of a Participant.

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1.31 **“Transfer”** means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 9.03.

1.32 **“Trust”** means the Trust created under the adopting Employer’s Plan. The Trust created and established under the adopting Employer’s Plan is a separate Trust, independent of the trust of any other Employer adopting this Eligible 457 Plan and is subject to Article VIII.

1.33 **“Trustee”** means the person or persons designated by the Employer to serve in the position of Trustee.

ARTICLE II PARTICIPATION IN PLAN

2.01 **ELIGIBILITY.** Each Employee becomes a Participant in the Plan as soon as he/she completes and files a Participation Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

2.02 **PARTICIPATION UPON RE-EMPLOYMENT.** A Participant who incurs a Severance from Employment will re-enter the Plan as a Participant on the date of his/her re-employment.

2.03 **SPECIAL ELIGIBILITY PROVISIONS FOR PARTICIPANTS IN A PLAN USED AS A SOCIAL SECURITY REPLACEMENT PLAN.** Notwithstanding any provision to the contrary, the provisions of this Section 2.03 will apply if the Employer elects in a written agreement with the Administrative Services Provider to use the Plan as a Social Security replacement plan. If the Plan is used as a Social Security replacement plan, the provisions of Sections 4.05(a) and 5.03 will not apply.

(A) Eligibility to participate for new Employees. A new Employee shall, as a condition of employment participate in the Plan sign and file with the Administrative Services Provider an Acknowledgement Form/Card and thereby consenting to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Contributions to the Participant’s Account must equal at least 7.5% of the Participant’s Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. 31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin immediately thereafter.

(B) Eligibility to participate for current Employees. An Employee who is newly eligible to participate in the Plan shall, prior to becoming eligible to participate in the Plan, sign and file with

the Administrative Services Provider an Acknowledgement Form/Card and thereby consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Allocations to the Participant’s Account must equal at least 7.5% of the Participant’s Compensation or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin no earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Form/Card is filed with the Administrative Services Provider.

(C) Takeover Plans. If the Plan is a restated Plan, an Employee who participated in the predecessor plan shall become a Participant in the Plan upon the Employer’s execution of the enabling documents for this Plan. Allocations to each such Participant’s Account must equal at least 7.5% of the Participant’s Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin immediately thereafter.

ARTICLE III DEFERRAL CONTRIBUTIONS/LIMITATIONS

3.01 AMOUNT.

(A) Contribution Formula. For each Plan Year, the Employer will contribute to the Plan the amount of Deferral Contributions the Employee elects to defer under the Plan.

(B) Return of Contributions. The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer or the Trustee upon written request from the Employer will return the Participant’s contribution, within one year after payment of the contribution.

The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable.

(C) Time of Payment of Contribution. An Employer will deposit Salary Reduction Contributions to the Trust within a period that is not longer than is reasonable for the administration of Participant Accounts. Neither the Administrative Services Provider nor the Trustee is responsible for the delay of deposits of Salary Reduction Contributions caused by the Employer.

3.02 SALARY REDUCTION CONTRIBUTIONS. The Plan does not apply any limitations on Salary Reduction Contributions other than the limitations applicable under the Code.

(A) Deferral from Sick, Vacation and Back Pay. Participants may make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

(B) Application to Leave of Absence and Disability. The Participation Agreement will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation other than imputed compensation or disability benefits.

(C) Post-severance deferrals limited to Post-Severance Compensation. Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

Post-Severance Compensation defined. Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

(1) Regular pay. Post-Severance Compensation includes regular pay after Severance of Employment if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

(2) Leave cashouts. Post-Severance Compensation includes leave cashouts if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) Salary continuation payments for military service Participants. Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by

reason of Qualified Military Service (as described in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service.

Limitation on Post-Severance Compensation. Any payment of Compensation paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

3.03 NORMAL LIMITATION. Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

(a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006) such larger amount as the Commissioner of the Internal Revenue may prescribe), or

(b) 100% of the Participant's Includible Compensation for the Taxable Year.

3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION. For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of:

(a) Twice the dollar amount under Section 3.03 normal limitation, or (b) the underutilized limitation.

(A) Underutilized Limitation. A Participant's underutilized limitation is equal to the sum of: (i) the normal limitation for the Taxable Year, and (ii) the normal limitation for each of the prior Taxable Years of the Participant commencing after 1978 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code § 457(b) limit, less the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contributions.

(B) Multiple 457 Plans. If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

(C) Pre-2002 Coordination. In determining a Participant's underutilized limitation, the

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coordination rule in effect under now repealed Code §457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code § 457(b)(2) as then in effect.

3.05 AGE 50 CATCH-UP CONTRIBUTION. All Employees who are eligible to make Salary Reduction Contributions under this Plan and who have attained age 50 before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of, Code § 414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the plan implementing the required limitations of Code § 457. If, for a Taxable Year, an Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to the greater of the amount determined under Section 3.04 or Section 3.05 catch-up amount plus the Section 3.03 normal limitation.

3.06 CONTRIBUTION ALLOCATION. The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

3.07 ALLOCATION CONDITIONS. The Plan does not impose any allocation conditions.

3.08 ROLLOVER CONTRIBUTIONS. The Plan permits Rollover Contributions.

(A) Operational Administration. The Employer, operationally and on a nondiscriminatory basis, may elect to permit or not to permit Rollover Contributions to this Plan or may elect to limit an eligible Employee's right or a Participant's right to make a Rollover Contribution. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Trust. Before accepting a Rollover Contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Trustee, in its sole discretion, may decline to accept a Rollover Contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust.

(B) Pre-Participation Rollover. If an eligible Employee makes a Rollover Contribution to the Trust prior to satisfying the Plan's eligibility conditions,

the Administrative Services Provider and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, the Trustee will distribute his/her Rollover Contributions Account to the limited Participant in accordance with Article IV.

(C) Separate Accounting. If an Employer permits Rollover Contributions, the Administrative Services Provider must account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contribution Accounts.

3.09 DISTRIBUTION OF EXCESS DEFERRALS. In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09.

The Administrative Services Provider will distribute Excess Deferrals from an Eligible 457 Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

(A) Plan Aggregation. If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

(B) Individual Limitation. If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required, to correct the Excess Deferrals by making a corrective distribution from this Plan.

3.10 DOLLAR LIMITS. The table below shows the applicable dollar amounts described in paragraph 3.03(a) and limitations on age 50 catch-up contributions described in Section 3.05. These amounts are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code § 415(d).

Year	Applicable Dollar Amount	Age 50+ Catch-up Contribution Limitation
2002	\$11,000	\$1,000
2003	\$12,000	\$2,000
2004	\$13,000	\$3,000
2005	\$14,000	\$4,000
2006	\$15,000	\$5,000

ARTICLE IV TIME AND METHOD OF PAYMENT OF BENEFITS

4.01 DISTRIBUTION

RESTRICTIONS. Except as the Plan provides otherwise, the Administrative Services Provider or Trustee may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, the calendar year in which the Participant attains age 70½, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

(A) Distribution of Rollover Contributions. To the extent the Employer permits Rollover Contributions (but not Transfers) to this Plan, a Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT. The Administrative Services Provider, or Trustee at the direction of the Administrative Services Provider, will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct (or direct the Trustee to commence) distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03.

Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than

30 days before the date the Participant first would be eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The Administrative Services Provider may not distribute nor direct the Trustee to distribute the Participant's Account, nor may the Participant elect any distribution his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code § 401(a)(9) or which is not consistent with applicable Treasury regulations.

(A) General Rules.

(1) Precedence. The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) Requirements of Treasury Regulations Incorporated. All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code § 401(a)(9).

(B) Time and Manner of Distribution

(1) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) Death of Participant Before Distribution Begins. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) Spouse Designated Beneficiary. If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(b) Non-Spouse Designated Beneficiary. If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) No Designated Beneficiary. If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by

December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Death of Spouse. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.03(B)(2) other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

(C) Required Minimum Distributions during Participant's Lifetime.

(1) **Amount of Required Minimum Distribution for Each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the

Participant's and spouse's birthdays in the distribution calendar year.

(2) **Lifetime Required Minimum Distributions Continue Through Year of Participant's Death.** Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(D) Required Minimum Distributions after Participant's Death.

(1) **Death On or After Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

(2) **Death before Date Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

(E) Definitions

(1) **Designated Beneficiary.** The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) **Distribution calendar year.** A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the distributions are required to begin under Section 4.03(B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) **Life expectancy.** Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) **Participant's account balance.** The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any Rollover Contributions or Transfers to

the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) **Required beginning date.** A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70½, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) **General 2009 waiver.** The requirements of Code § 401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) **Special rule regarding waiver period.** For purposes of Code § 401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code § 401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code § 401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) **Eligible rollover distributions.** If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code § 401(a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) **Participant may elect.** The Plan will permit an affected Participant to elect whether to receive his/her RMD distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 RMD to the Participant.

4.04 **DEATH BENEFITS.** Upon the death of the Participant, the Administrative Services Provider must pay or direct the Trustee to pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply.

In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code § 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant

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had resumed and then terminated employment on account of death.

4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. Notwithstanding the Section 4.01 distribution restrictions, the Plan permits the following in-service distributions in accordance with this Section.

(A) Unforeseeable Emergency. In the event of a Participant's unforeseeable emergency, the Administrative Services Provider may make a distribution to a Participant who has not incurred a Severance from Employment.

An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from: (1) illness or accident of the Participant, the Participant's Beneficiary, or the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control. The Administrative Services Provider will not pay the Participant or the Beneficiary more than the amount reasonably necessary to satisfy the emergency need, which may include amounts necessary to pay taxes or penalties on the distribution. The Administrative Services Provider will not make payment to the extent the Participant or Beneficiary may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to the extent such liquidation would not cause severe financial hardship.

The Participant's Beneficiary is a person who a Participant designates as a "primary beneficiary" and who is or may become entitled to a Participant's Plan account upon the Participant's death.

A Participant's unforeseeable emergency event includes a severe financial hardship of the participant's primary Beneficiary under the Plan, that would constitute an emergency event if it occurred with respect to the participant's spouse or dependent as defined under Code § 152.

(B) De minimis distribution. A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed \$5,000 (or such other amount as does not exceed the Code § 411(a)(11)(A) dollar amount); (2) the Participant has

not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the Participant has not received a prior distribution under this Section 4.05(B).

(C) Distribution of Rollover Contributions. A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 4.01.

4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs). Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider (and any Trustee) must comply with the terms of a QDRO, as defined in Code § 414(p), which is issued with respect to the Plan.

(A) Time and Method of Payment. This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code § 414(p)) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

(B) QDRO Procedures. Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

(C) Accounting. If any portion of the Participant's Account Balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in accordance with the

QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO.

To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate or may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Administrative Services Provider or Trustee will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

(D) Permissible QDROs. A domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the participant's death.

4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS – GOVERNMENTAL PLAN.

(A) Participant Election. A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a "Participant" includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

(B) Rollover and Withholding Notice. At least 30 days and not more than 180 days prior to the Trustee's distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice").

(C) Non-spouse Beneficiary rollover right. A non-spouse Beneficiary who is a "designated beneficiary" under Code § 401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer

("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(1) Certain requirements not applicable.

Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code § 401(a)(31) (including the automatic rollover provisions of Code § 401(a)(31)(B)), the notice requirements of Code § 402(f) and the mandatory withholding requirements of Code § 3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(2) Trust Beneficiary. If the participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code § 401(a)(9)(E).

(3) Required minimum distributions not eligible for rollover. A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. § 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

(D) Definitions. The following definitions apply to this Section:

(1) Eligible rollover distribution. An eligible rollover distribution is any distribution of all or any portion of a Participant's Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more; (b) any Code § 401(a)(9) required minimum distribution; (c) any unforeseeable emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

(2) **Eligible retirement plan.** An eligible retirement plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a), a qualified plan described in Code § 401(a), an annuity contract (or custodial agreement) described in Code § 403(b), or an eligible deferred compensation plan described in Code § 457(b) and maintained by an Employer described in Code § 457(e)(1)(A), which accepts the Participant's, the Participant's spouse or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code § 408A(b).

(3) **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(4) **Mandatory distribution.** The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than \$1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) **401(a)(31)(B) Effective Date.** The § 401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

4.08 ELECTION TO DEDUCT FROM DISTRIBUTION. For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) **Direct payment.** The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code § 402(l).

(B) Definitions.

(1) **Eligible retired public safety officer.** An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment

of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) **Public safety officer.** A "Public Safety Officer" has the same meaning as in § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3796b(9)(A)).

(3) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

**ARTICLE V
ADMINISTRATIVE SERVICES PROVIDER -
DUTIES**

5.01 **TERM / VACANCY.** The Administrative Services Provider will serve until his/her successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

5.02 **DUTIES.** The Administrative Services Provider will have the following duties:

(a) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;

(b) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;

(c) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;

(d) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;

(e) To furnish the Employer with information which the Employer may require for tax or other purposes;

(f) To make distributions on account of unforeseeable emergency in accordance with the Plan's procedures;

(g) To accept Deferral Contributions, Employer Contributions, and Rollover Contributions;

- (h) To accept Transfers;
- (i) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;
- (j) To comply with any reporting and disclosure rules applicable to the Plan;
- (k) To make loans to Participants if elected by the Employer;
- (l) To appoint agents to act for and in performing its third party administrative services to the Plan; and
- (m) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

5.03 LOANS TO PARTICIPANTS. The Employer may elect to permit the Administrative Services Provider and/or Trustee to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code § 72(p). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 5.03 shall be construed as part of the Plan.

5.04 INDIVIDUAL ACCOUNTS / RECORDS. The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan.

5.05 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

5.06 ALLOCATION OF NET INCOME, GAIN OR LOSS. As of each Accounting Date (and each other valuation date determined under Section 5.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation.

The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's Account subject to an installment distribution, until the Account is fully distributed.

5.07 ACCOUNT CHARGED. The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 9.03 from his/her Account, against the Account of the Participant when made.

5.08 PARTICIPANT DIRECTION OF INVESTMENT. Subject to the terms and conditions required by the Administrative Services Provider and the Trustee, if any, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility.

5.09 VESTING / SUBSTANTIAL RISK OF FORFEITURE. Each Participant's Account will be immediately 100% vested.

5.10 PRESERVATION OF ELIGIBLE PLAN STATUS. The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

5.11 LIMITED LIABILITY. The Employer will not be liable to pay plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. The Employer, the Administrative Services Provider, or the Trustee will not be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

5.12 LOST PARTICIPANTS. If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a "lost Participant"), the Administrative Services Provider will apply the provisions of this Section 5.12.

(A) Attempt to Locate. The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use the IRS letter forwarding program under Rev. Proc. 94-22; (3) use a commercial locator service, the internet or other general search method; (4) use the Social Security Administration or PBGC search program; or (5) use such other methods as the Administrative Services Provider believes prudent.

(B) Failure to Locate. If a lost Participant is not located after 6 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 5.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant's last known address. Neither the Administrative Services Provider nor the Trustee shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

(C) Nonexclusivity and Uniformity. The provisions of this Section 5.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The Administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 5.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant's Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider's ability to establish and the expense of establishing a rollover IRA, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 5.12 and which are associated with the lost Participant's Account.

5.13 PLAN CORRECTION. The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan's status as an "eligible deferred compensation plan" under the Code.

**ARTICLE VI
PARTICIPANT ADMINISTRATIVE
PROVISIONS**

6.01 BENEFICIARY DESIGNATION. A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider or Trustee will pay the Participant's Account (including any life insurance proceeds payable to the Participant's Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant's written

designation of Beneficiary and, upon the Participant's filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant's designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

6.02 NO BENEFICIARY DESIGNATION. If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Administrative Services Provider will pay the Participant's remaining Account to the Participant's estate.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Account, the Trustee will pay the remaining Account to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, and the Beneficiary's designation otherwise complies with the Plan terms. The Administrative Services Provider will direct a Trustee if applicable as to the method and to whom the Trustee will make payment under this Section 6.02.

6.03 PARTICIPATION AGREEMENT.

(A) General. A Participant must elect to make Salary Reduction Contributions on a Participation Agreement form the Administrative Services Provider provides for this purpose. The Participation Agreement must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

(B) Election Timing. A Participation Agreement may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if an Employee is eligible to become a Participant during the Employee's calendar month of hire, the Employee may execute a Participation Agreement on or before the date he/she

becomes an Employee, effective for the month in which he/she becomes an Employee.

(C) Sick, Vacation and Back Pay. If the Employer adopts a policy that permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay, a Participant who will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance; and (ii) the Participant is an Employee in that month.

(D) Modification of Participation Agreement. A Participation Agreement remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement by executing a new Participation Agreement. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Participation Agreement. Filing a new Participation Agreement will revoke all Participation Agreements filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement in any Taxable Year.

6.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER. Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his failure to comply with its request.

6.05 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

6.06 PARTICIPANT OR BENEFICIARY INCAPACITATED. If evidence is submitted to the Administrative Services Provider which supports an opinion that a Participant or Beneficiary entitled to a

Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider or the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider and to the Trustee. The Administrative Services Provider and the Trustee do not have any liability with respect to payments so made and neither the Administrative Services Provider nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

ARTICLE VII MISCELLANEOUS

7.01 NO ASSIGNMENT OR ALIENATION. A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan or Trust and the Administrative Services Provider and the Trustee will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 8.15, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

7.02 EFFECT ON OTHER PLANS. This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

7.03 WORD USAGE. Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

7.04 STATE LAW. The laws of the state of the Employer's principal place of business will determine all questions arising with respect to the provisions of this Prototype Plan, except to the extent Federal law supersedes State law.

7.05 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the

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Administrative Services Provider, the Trustee, any other Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

7.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

7.07 LIMITATIONS ON TRANSFERS AND EXCHANGES. The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where either deems appropriate.

7.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION. The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Service Providers when there are multiple Administrative Service Providers of the Plan.

7.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT. If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate

ARTICLE VIII TRUST PROVISIONS

8.01 APPLICATION. The provisions of this Article VIII apply only if the Employer has not elected to substitute another trust, custodial accounts or annuity contracts in lieu of the Trust established under this Article VIII.

8.02 ACCEPTANCE / HOLDING. The Trustee accepts the Trust created under the Plan and agrees to perform the duties and obligations imposed. The Trustee must hold in trust under this Article VIII, all Deferred Compensation until paid in accordance with the Plan terms.

8.03 RECEIPT OF CONTRIBUTIONS. The Trustee is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Trustee does not have any duty to see that the contributions received comply with the provisions of the Plan.

8.04 FULL INVESTMENT POWERS. The Trustee is authorized and empowered, but not by way of limitation, to exercise and perform the following duties:

(a) To invest any part or all of the Trust in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U. S. Treasury bills, U. S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent person would do under like circumstances. Any investment made or retained by the Trustee in good faith will be proper but must be of a kind constituting a diversification considered by law suitable for trust investments;

(b) To retain in cash so much of the Trust as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust in a bank account at reasonable interest;

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or a bank related to the Trustee within the meaning of Code §414(b)) at a reasonable rate of interest or in a common trust fund as described in Code §584, or in a collective investment fund, the provisions of which the Trust incorporates by this reference, which the Trustee (or its affiliate, as defined in Code §1504) maintains exclusively for the collective investment of money contributed by the bank (or its affiliate) in its capacity as Trustee and which conforms to the rules of the Comptroller of the Currency;

(d) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides;

(e) To credit and distribute the Trust as directed by the Administrative Services Provider of the Plan. The Trustee will not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee will be accountable only to the Administrative Services Provider for any payment or distribution made by it in good faith on the order or direction of the Administrative Services Provider;

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;

(g) To compromise, contest, arbitrate or abandon claims and demands;

(h) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights;

(i) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interest in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders;

(j) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship;

(k) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;

(l) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes a final adjudication;

(m) To file all tax returns required of the Trustee;

(n) To furnish to the Employer and the Administrative Services Provider an annual statement of account showing the condition of the Trust and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts will be conclusive on all persons, including the Employer and the Administrative Services Provider, except as to any act or transaction concerning which the Employer or the Administrative Services Provider files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts; and

(o) To begin, maintain or defend any litigation necessary in connection with the administration of the Trust, except that the Trustee will not be obliged or required to do so unless

8.05 RECORDS AND STATEMENTS. The records of the Trustee pertaining to the Trust will be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing. The Trustee will furnish the Administrative Services Provider whatever information relating to the Trust the Administrative Services Provider considers necessary.

8.06 FEES AND EXPENSES FROM FUND. The Trustee will receive reasonable annual compensation in accordance with its fee schedule as published from time to time. The Trustee will pay from the Trust all fees and expenses the Trustee reasonably incurs in its administration of the Trust, unless the Employer pays the fees and expenses.

8.07 PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

8.08 DISTRIBUTION OF CASH OR PROPERTY. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

8.09 RESIGNATION AND REMOVAL. The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Administrative Services Provider. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days

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following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice.

The Employer may remove a Trustee or a Custodian by giving written notice to the affected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

8.10 SUCCESSOR TRUSTEE.

(A) Appointment. In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee.

(B) Automatic Successor. Any corporation which succeeds to the trust business of the Trustee, or results from any merger or consolidation to which the Trustee is a party, or is the transferee of substantially all the Trustee's assets, will be the successor to the Trustee under this Trust. The successor Trustee will possess all rights, duties and powers under this Trust as if the successor Trustee were the original Trustee. Neither the Trustee nor the successor Trustee need provide notice to any interested person of any transaction resulting in a successor Trustee. The successor Trustee need not file or execute any additional instrument or perform any additional act to become successor Trustee.

8.11 VALUATION OF TRUST. The Trustee will value the Trust as of each Accounting Date to determine the fair market value of the Trust assets. The Trustee will value the Trust on such other date(s) the Administrative Services Provider may direct.

8.12 PARTICIPANT DIRECTION OF INVESTMENT. Consistent with the Administrative Services Provider's policy adopted under Section 5.02(i), the Trustee may consent in writing to permit Participants in the Plan to direct the investment to the Trust assets. The Administrative Services Provider will advise the Trustee of the portion of the Trust credited to each Participant's Account under the Plan, and subject to such Participant direction. As a condition of Participant direction, the Trustee may

impose such conditions, limitations and other provisions as the Trustee may deem appropriate and as are consistent with the Administrative Services Provider's policy. The Trustee will report to the Administrative Services Provider the net income, gain or losses incurred by each Participant directed Account separately from the net income, gain or losses incurred by the general Trust during the Trust Year.

8.13 THIRD PARTY RELIANCE. No person dealing with the Trustee will be obliged to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Trust. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and will not be liable to any person whomsoever in so doing. The certificate of the Trustee that it is acting in accordance with the Trust will be conclusive in favor of any person relying on the certificate.

8.14 INVALIDITY OF ANY TRUST PROVISION. If any clause or provision of this Article VIII proves to be or is adjudged to be invalid or void for any reason, such void or invalid clause or provision will not affect any of the other provisions of this Article VIII and the balance of the Trust provisions will remain operative.

8.15 EXCLUSIVE BENEFIT. The Trustee will hold all the assets of the Trust for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Trustee will use or divert any part of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Trustee and the Trust assets will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Trust created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

8.16 SUBSTITUTION OF CUSTODIAL ACCOUNT OR ANNUITY CONTRACT. The

Employer may elect to use one or more custodial accounts or annuity contracts in lieu of or in addition to the Trust established in this Article VIII. Any such custodial account or annuity contract must satisfy the requirements of Code §457(g)(3) and applicable Treasury regulations.

8.17 GROUP TRUST AUTHORITY. Notwithstanding any contrary provision in this Plan, the Trustee may, unless restricted in writing by the Administrative Services Provider, transfer assets of the plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meets the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for Plan, determined in accordance with generally recognized valuation procedures.

ARTICLE IX AMENDMENT, TERMINATION, TRANSFERS

9.01 AMENDMENT BY EMPLOYER / SPONSOR. The Employer has the right at any time and from time to time:

(a) To amend this Plan and Trust Agreement in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan; and

(b) To amend this Plan and Trust Agreement in any other manner, including deletion, substitution or modification of any Plan or Trust.

The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Trustee or the Administrative Services Provider without the written consent of the affected Trustee or the Administrative Services Provider.

The Employer will accept amendments from the Administrative Services Provider (including adoption of a substitute Plan and Trust) without being required to re-execute the Plan, provided that the

amendments are necessary to continue the Plan as an Eligible 457 Plan.

9.02 TERMINATION / FREEZING OF PLAN. The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider or Trustee shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

9.03 TRANSFERS. The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply with applicable Treasury regulations, and in particular Treas. Reg. §§1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; 1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and 1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 9.03 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's Transfer of any Participant's or Beneficiary's Account under this Section 9.03 completely discharges the Employer, the Administrative Services Provider, the Trustee and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

9.04 PURCHASE OF PERMISSIVE SERVICE CREDIT. A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the Trustee to transfer (as of January 1, 2002, or later) all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d)) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)) under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3).

457 Governmental Plan and Trust

IN WITNESS WHEREOF, the undersigned has executed this Plan and Trust to become effective the ____ day of _____, 20__ for the:

(Plan Name)

By: _____
(signature)

(printed name)

(title/role)

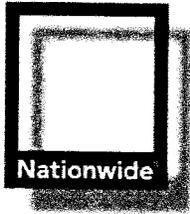
**Variable Annuity
and Plan Program**

Group Flexible Purchase Payment Deferred Variable Annuity and Plan Program



Nationwide[®]
Retirement Solutions

a Nationwide Financial[®] company



GROUP FLEXIBLE PURCHASE PAYMENT DEFERRED VARIABLE ANNUITY AND PLAN PROGRAM DESCRIPTION

Underwritten by

Nationwide Life Insurance Company

One Nationwide Plaza
Columbus, Ohio 43215

INFORMATIONAL BROCHURE & DISCLOSURE DOCUMENT

This Informational Brochure and Disclosure Document ("Brochure") is designed to provide basic information regarding the Group Flexible Purchase Payment Deferred Variable Annuity Contract ("Contract") and Fixed Account Endorsement, if applicable, that provide Contract benefits to the Plan. This Brochure is designed for Plan Participants, Retired Participants, beneficiaries of the Plan, and the Contract Owner.

This Brochure includes basic information about the Contract and benefits under it. Read this Brochure carefully before investing and retain it for future reference. If Contract and Brochure provisions differ, the provisions of the Contract will govern.

Questions regarding this Brochure or requests for additional information should be directed using the contact information below.

Regular Mail	E-Mail	Telephone
[Nationwide Retirement Solutions P.O. Box 182797 Columbus, OH 43218-2797]	[nrsforu@nationwide.com]	[1-877-NRS-FORU (677-3678)]

Before contributing money to the Plan, remember the Contract and this Brochure are not insured by the FDIC, NCUSIF, or any other government agency. Except as otherwise stated in this Brochure, the Investment Options offered under the Contract and this Brochure involve investment risk and may lose value.

The Contract and this Brochure have not been registered with the Securities and Exchange Commission.

Information deemed reliable as of April 30, 2010.

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SPECIAL TERMS USED IN THIS BROCHURE

Brochure - This disclosure document describing the benefits under the Contract. Where required by state law, this Brochure shall also be the Certificate of Participation.

Business Day - Each day the New York Stock Exchange and our home office are open for business or any other day during which there is enough trading of the Sub-Accounts of the Variable Account that the current net asset value of its Units might be materially affected.

Companion Investment Option(s) - Another investment option under the Plan. This may include other investment contracts and options offered by us or by another provider.

Contract - The annuity contract (NRC-0105) and any endorsements or amendments thereto describing the obligations and rights between the Employer and Nationwide.

Contract Owner - The entity identified on the face page of the Contract and the Contract Specifications Page as the Contract Owner; typically, the State, or political subdivision thereof, that establishes and maintains the Plan.

Contract Specifications Page - A page of the Contract that is customized to reflect the specific elections of the Contract Owner and associated charge structures. Changes to Contract elections or charge structures are reflected in updated Contract Specifications Pages sent to the Contract Owner.

Employer - The employer of the Participants that makes contributions to the Plan on the Participants' behalf.

Exchange - The movement of amounts in the Participant Account to a Companion Investment Option under the Plan or from one or more Sub-Accounts of the Variable Account to one or more Sub-Accounts of the Variable Account.

Fixed Account - A funding option that is part of our general account and credits interest rates. If made available by the Contract Owner, Participants may allocate Participant Contributions to the Fixed Account.

Investment Options - the Sub-Accounts of the Variable Account that correspond to the Underlying Investments.

Nationwide - Nationwide Life Insurance Company and its affiliates. References to "we," "our," or "us," will also mean Nationwide Life Insurance Company.

Participant - An employee or independent contractor eligible to participate in the Plan and entitled to benefits under the Plan. In the case of a deceased Participant, Participant refers to a beneficiary of a Participant under the terms of the Plan. The Participant is not the owner of the Contract.

Participant Account - An individual account established for each Participant in the Plan. A Participant Account will record all transactions attributable to the Plan on his or her behalf. This includes, but is not limited to, Participant Contributions, allocations of Participant Contributions to the Variable or Fixed Accounts, Exchanges, Transfers, and investment experience.

Participant Account Value - The present value of the Units attributable to each Participant Account.

Participant Benefit Payments - All payments of benefits that result from a Participant's retirement, termination of employment, or any payment that he or she is entitled to based on the terms of the Plan.

Participant Contributions - The portion of Purchase Payment that is contributed by the Employer to the Plan on behalf of the Participants including deferrals, deposited in the Contract pursuant to the Plan, and allocated by the Participants to the Variable or Fixed Accounts.

Plan - The retirement plan or tax deferred arrangement provided by the Plan Sponsor.

Plan Sponsor – The Sponsor of the Plan for which the Contract is issued, typically a city, county or other political subdivision of a State) that establishes and maintains the Plan and that acts as the Employer of the Participants in the Plan. The Plan Sponsor may delegate responsibilities to another entity or an independent board.

Purchase Payment – New money deposited into the Contract by the Contract Owner. It can include Participant Contributions and Employer Contributions.

Retired Participant – A Participant who has severed employment with the Employer sponsoring the Plan. In the case of a deceased Retired Participant, Retired Participant refers to a beneficiary of a Retired Participant under the terms of the Plan.

SEC - The United States Securities and Exchange Commission or any successor federal authority charged with the regulation of securities.

Sub-Account(s) – The Investment Options in the Variable Account corresponding to Underlying Investments where units are maintained separately.

Transfer - The movement of amounts attributable to a Participant Account to a non-Companion Investment Option.

Underlying Investments - The investment(s) corresponding to a Sub-Account of the Variable Account. These investments, to the extent permitted by law, may include: (1) registered or unregistered mutual funds offered by Nationwide or a third-party; (2) managed separate account options offered by Nationwide or one of its affiliates; or (3) any other investment vehicle Nationwide chooses to offer that is allowed by law and consistent with the investment guidelines of the Variable Account.

Unit - An accounting unit of measure used to calculate the value of the Sub-Account of the Variable Account.

Unit Value - The dollar value attributed to each Unit. This value increases or decreases based on the investment experience of the corresponding Sub-Account.

Variable Account - Our segregated investment account or “separate account” that owns shares or interests in the Underlying Investments and fluctuates in value based on the performance of the Underlying Investments.

DESCRIPTION OF CHARGES AND EXPENSES

Nationwide’s Contracts contain charges and expenses that reduce the value of the Contracts and thus the value of Participants’ Accounts. The charges and expenses listed below are the current maximum charges and expenses Nationwide assesses for this Contract. These charges and expenses are subject to change. The charges and expenses shown in this Brochure are in addition to the charges and expenses assessed by the Underlying Investment, and that are reflected in the value of those investments. The Contract Specifications page(s) issued to the Contract Owner details the Contract’s specific charges and expenses.

The following table describes the maximum possible charges and expenses that will reduce the value of the Contract, and thus the value of the Participant Accounts, periodically during the life of the Contract (not including Underlying Investment fees and expenses). We reserve the right to charge less than the maximum rate.

Recurring Contract Expenses	
Maximum Allowable Variable Account Charge Allowable Under the Contract	2.00% ¹
Maximum Allowable Fixed Account Charge Allowable Under the Contract (Endorsement?)	2.00% ²
Maximum Allowable Contract Maintenance Charge	\$10,000,000
Maximum Allowable Participant Account Charge	\$100
Nationwide FundGuardSM	1.25% ³

The following table describes the charges and expenses assessed at the time various transactions are conducted under the Contract.

Transaction Based Expenses	
Maximum Premium Tax Charge	5% ⁴
Maximum Short-Term Trading Fee (as a percentage of transaction amount)	2%

Variable Account Charge

We assess a charge against each Sub-Account of the Variable Account. The charge is deducted as part of our calculation of each Sub-Account's Unit Value pursuant to the formula in the Contract. The charge is designed to reimburse us for expenses associated with administration, distribution, maintenance and risks assumed in connection with the Contract and this Brochure. We may earn a profit from this charge.

The Variable Account charge may be reduced under two different circumstances.

First, we may provide for reductions in the charge when the value of the Contract reach a certain total dollar value (or "break-point"). For example, if total Plan assets contributed to invested in the Contract reach \$10,000,001 we may decrease the Variable Account charge by 0.05%. Nationwide may not offer break points to every Contract.

Second, we may provide for reductions in the charge based upon the Investment Option in which Participant Contributions are allocated. We may designate "fund tiers" and apply a specific Variable Account charge reduction to all Investment Options in that tier. The Variable Account charge will vary by fund tier, meaning we may assess a different Variable Account charge against one Investment Option than another. Fund tiers are determined at our sole discretion but are commonly identified by expense characteristics that result in cost-savings to Nationwide, including the amount of payments the Underlying Investment providers make to us. Nationwide may not utilize fund tiers in every Contract.

Fixed Account Charge

¹ The Variable Account charge is an annualized rate of total Variable Account charges expressed as a percentage of daily net assets. The Variable Account Charge can range between 0% and 2.00% and may vary by Investment Option.

² If the Fixed Account is an available investment option, we may assess a fee at any time during the term of the Contract. The fee may range between 0% and 2.00% of assets in the Fixed Account option.

³ New FundGuard programs are currently unavailable. If the Nationwide FundGuard was elected, we will assess monthly a maximum annualized rate of 1.25%. Withdrawals from the Contract when FundGuard is elected may be assessed a withdrawal Charge. Refer to the Addendum to this Brochure for details regarding FundGuard programs, including associated charges.

⁴ Nationwide may charge between 0% and 5% of Purchase Payments for premium taxes levied by state or other government entities.

If the Contract Owner has elected to include the Fixed Account, we may assess a Fixed Account charge against the interest credited under the Contract any time during the term of the Contract. The charge is deducted from the interest yield we credit, resulting in a lower overall credited interest rate. We may earn a profit from this charge. Any applicable Fixed Account charge will be assessed on each Business Day. Contract Owners will receive 90-days' advance notice of any changes to the amount of the Fixed Account Charge.

Contract Maintenance Charge

The Contract maintenance charge is a flat-dollar fee assessed under the Contract. We may earn a profit from this charge. Any applicable Contract maintenance charge will either be taken instead of, or in addition to, the Variable Account charge. If we assess this fee, it will be collected on a monthly, quarterly, or annual basis as is negotiated between the Contract Owner and us. The Contract Owner will direct us how to apportion this charge among all Participant Accounts.

Participant Account Charge

The Participant Account charge is a flat-dollar fee we assess against Participant Accounts for administrative expenses incurred in maintaining these account. We may earn a profit from this charge. Any applicable Participant Account charge will either be taken instead of, or in addition to, the Variable Account charge. If we assess this charge, it will be collected on a monthly, quarterly, semi-annual, or annual basis as is negotiated between the Contract Owner and us. The Contract Owner will direct us how to apportion this fee among all Participant Accounts.

Nationwide FundGuardSM

If elected, the FundGuardSM program was added as an optional feature by endorsement to the Contract. Refer to the Addendum to this Brochure and your Contract endorsement for details. New Nationwide FundGuard programs are currently not available.

Expenses of the Underlying Investments

Expenses assessed by the Underlying Investments are in addition to fees and charges assessed by Nationwide and are reflected in the value of the Underlying Investments. Some Underlying Investments may also assess transaction based fees, such as redemption fees. Details concerning each Underlying Investment's fees and expenses are contained in the prospectus or other available disclosure document for such Investment.

Premium Taxes

Nationwide will deduct under the terms of the Contract the amount of any premium taxes levied by a state or other government entity. The method for recouping the amount of such taxes will be determined by Nationwide and in accordance with applicable law.

Short-Term Trading Fees

Some Underlying Investments may assess (or reserve the right to assess) a short-term trading fee in connection with transfers from a Sub-Account that occur within a specified number of days after the date of allocation to the Sub-Account. Please refer to the applicable prospectus or other available disclosure document for the Underlying Investments for specific information about the applicability of short-term trading fees.

Other Expense and Service Charges

The Plan Sponsor may request us to perform additional services for the Plan, provide additional Participant level services, or agree to deduct non-Contract, plan expenses under the Contract. We will determine the amount of charges associated with any additional services we provide and, at the direction of the Plan Sponsor, may deduct these charges from the Value of the Contract. With regard to any additional, non-Contract plan expenses, the

Contract Owner will direct us with regard to how these charges are deducted from the Contract's value, and how they will be applied among all Participant Accounts.

Spread

Nationwide may earn a spread on assets held in the Fixed Account, which is reflected in the crediting rate. The spread represents the difference between what Nationwide earns on investments and what it credits to the Fixed Account as interest.

Important Discussion about Contract Charges and Expenses

Nationwide and certain of its affiliates offer retirement plan products and services to a diverse array of governmental retirement plan clients. Our clients range from very large state retirement plans to the smallest special purpose district plans, and include city, county, and other state and special district plans of all sizes and demographic profile. We actively market our products and services to all of these plan types. Our revenue, expenses and any resulting profit vary widely among plan-types.

Negotiated Pricing. Nationwide including our affiliates does not negotiate charges and expenses with every plan, or with plans having similar characteristics. In many cases, only a standard package of products and services – with charges and expenses that are not negotiated -will be offered, regardless of the economic and demographic characteristics of the Plan. The Contract provides the flexibility to allow us to adjust the price to meet the needs of our varied client base.

Normally, whether Nationwide and its affiliates will negotiate the charges and expenses of any Nationwide product or service is based on one, or a combination, of the following: plan asset levels, number of participants, choice of companion Nationwide products, choice of Investment Options, historical or anticipated continuity of the plan's business with Nationwide, competitive considerations in the market, the overall expense structure of the Plan, and any specific requirements or processes of the plan as determined by the sponsor of the Plan. This category of factors, which largely relates to the economic and demographic characteristics of the plan, are typically and frequently considered but are by no means exclusive of other factors.

General Pricing Considerations. Regardless of whether charges and expenses are negotiated or standard, common factors and business interests have an influence on the price we establish for our products and services. These factors and considerations include, but are not limited to: current and expected profitability; the amount of payments received, or expected to be received, from Underlying Investment providers; expenses we incur, including payments to third parties for endorsement or promotion of products and services offered by Nationwide and its affiliates and commonplace business expenses (e.g., salaries and wages, rents, taxes, legal expenses, computer software, etc.); prevailing economic conditions; competitive considerations; and promotional and licensing activity expenses.

Payments to Third Parties. With respect to promotional and licensing activity, Nationwide incurs significant expense in the form of payments to unaffiliated organizations and associations which exclusively endorse and/or promote Nationwide's products and services. Services provided under these arrangements commonly include use of logos, access to conferences, promotion in various publications, and information concerning product competitiveness. The value of these endorsements can lead to increased sales and asset retention. Greater sales, and more successful asset retention, in turn, lead to economies of scale which, on a long-term basis, ultimately benefit both Nationwide and its public sector clients.

As with any expense, the cost of these relationships is reflected in the charges and expenses, of the contract and their impact is not uniform. In certain cases, a greater proportion of aggregate pricing may be attributable to this expense. Determining the precise correlation (or whether a precise correlation exists) between actual charges and expenses (and the interest rates credited by Nationwide if the fixed account is available), and payments by Nationwide, depends on the particular plan and the particular facts and circumstances associated with that plan and its association with the endorsing and promoting entity. See, the section titled, "Other Information" and visit www.nrsforu.com for additional information concerning our relationships with these third parties. The costs we incur to maintain our exclusive endorsements may have an impact on the long-term value of Participant Accounts.

Investment Options. The menu of Investment Options available through the Contract is selected by the Plan Sponsor. That menu is selected from an array of choices presented by Nationwide. That array is based upon several factors, many of which are detailed in the "Guidelines for the Array of Investment Options" section. For example, Nationwide may give priority for inclusion in the Contract to Investment Options that correspond to Underlying Investments managed by affiliates.. Affiliates manage proprietary investments and receive investment management and other fees from those investments. Those fees are in addition to fees Nationwide receives on the Contract or its affiliates may receive for record-keeping, trust or custodial services being provided. The expenses and other information about the available investment options are contained in their prospectuses or other disclosure documents available at www.nrsforu.com.

Nationwide also has business interests in deciding which Underlying Investment(s) or even which share class of a particular Investment Option, are included in the array of choices available with respect to a Contract. Our business interests include covering our own costs and expenses and achieving a profit. These interests may result in Nationwide choosing to offer a certain investment option or a more expensive share class of a particular investment option in order to ensure receipt of adequate payments from the underlying investment provider. More information about the payments Nationwide receives can be found in the "Other Information" section or at www.nrsforu.com.

Nationwide is committed to providing quality products and services to Plan Sponsors and Participants. As a for-profit business, Nationwide expects to earn a profit, which is reflected in product pricing. Plan Sponsors are encouraged to review the advantages and disadvantages of the product including charges and expenses.

DESCRIPTION OF THE CONTRACT

We issue the Contract to the Contract Owner to provide Investment Options and other benefits in connection with a Plan. Typically, the Plan is a governmental deferred compensation plan receiving favorable tax treatment under section 457(b) of the Internal Revenue Code or a defined contribution plan receiving favorable tax treatment under section 401(a) of the Internal Revenue Code. However, we may issue the Contract in connection with other employer sponsored benefit plans.

This Brochure describes some of the important terms of the Contract between Nationwide and the Contract Owner. You should read the Contract for a full description of its terms. The Contract does not create any contractual rights or obligations between us and the Participants. The Contract is not a trust, and its terms (and Nationwide's performance of its terms) do not create any fiduciary relationship between Nationwide or any of its affiliates and the Contract Owner, the Plan, or any of the Participants. The Plan and its Participants exercise all authority and control respecting the management and disposition of any Plan assets. Nationwide and its affiliates do not and will not act as a fiduciary for the Plan or exercise discretion over assets of the Plan. The only legal relationship is between Nationwide and the Contract Owner, and that relationship is limited to the terms of the Contract.

The Contract Owner or Nationwide may terminate the Contract under certain circumstances and transfer Participant Accounts to a successor that provides Investment Options. Unless otherwise specified in the Contract, termination of the Contract ends all benefits under the Contract.

The Contract is not a part of the Plan. Rights to receive benefits and tax treatment of benefits are not governed by the Contract, but instead are determined by the Plan.

THE VARIABLE ACCOUNT

The Contract may be accompanied by one or more Variable Accounts. Singular references to Variable Account will also include the plural.

A Variable Account is a segregated asset account we established under Ohio law. A Variable Account has its own income, gains, and losses based on its own investment experience. The Variable Account's assets are held separately from our assets and are not chargeable with liabilities incurred in any of our other business. Purchase Payments allocated to the Variable Account are not Plan assets. We are obligated to accept those Purchase

Payments, and to pay benefits, in connection with the Variable Account under the terms of the accompanying Contract only, and do not assume any other legal obligations with respect to those Purchase Payments.

The Variable Account is divided into Sub-Accounts that are referred to here as Investment Options. Each Sub-Account corresponds to a mutual fund or other investment vehicle that is referred to here as an Underlying Investment. The Investment Options made available through the Contract are selected by the Plan Sponsor as described above. The particular Investment Options available through the Contract may change from time to time, and may be added, removed or closed off to future investment.

The Plan Sponsor is responsible for considering and directing any such additions, removals or other changes to the available Investment Options. Nationwide is not responsible for those decisions. Participants will receive advance notice of any such changes.

Guidelines for the Array of Investment Options

The array of Investment Options that Nationwide will make available generally is based upon several factors, many of which are detailed in the investment guidelines established for the contracts by Nationwide. The contract investment guidelines serve as the basis for periodic monitoring (at least annually) of the array of options to determine continued product competitiveness, consistency with the purposes and opportunities presented by Underlying Investments, and Nationwide's business purposes. This evaluation and monitoring does not take into account the needs or interests of any particular Plan, Plan Sponsor, or Participant, and is not performed on behalf of any particular Plan. In some cases where the Contract is offered as part of an endorsed program, the third party endorser may have established guidelines applicable to the array of investment options available as part of the program. In any case, the Plan Sponsor is responsible for determining whether the available Investment Options meets the needs of the Plan both initially, and on an on-going basis. The guidelines are subject to change and may be amended by Nationwide from time to time. They are made available to Contract Owners upon request and as they are amended.

With respect to the array of available Investment Options, Nationwide or its designee (i) periodically reviews the options offered through the Variable Account for diversification of risk/return profiles; (ii) periodically monitors the performance of the Underlying Investment Options; and (iii) may remove, replace or add Underlying Investment Options in accordance with its own business interests. Nationwide or its designee will provide written or electronic notice to the Plan Sponsor of any such removal, replacement or addition. These notices will: (i) explain the proposed changes to the Investment Options; (ii) disclose any resulting changes in the fees paid to Nationwide by the Plan and by the investment option providers; (iii) identify the general effective date of the change; (iv) explain that the Plan Sponsor may reject the change; and (v) state that failure by the Plan Sponsor to object by the date contained in the notice will constitute consent to the proposed change. To the extent the Plan Sponsor provides an objection to the proposed change to Nationwide or its designee within the time frame contained in the notice, Nationwide will not make such change in respect of the Plan. The Plan Sponsor may also terminate the Contract if it no longer meets the needs of the Plan.

Nationwide may implement reasonable procedures, including notices to affected Participants and blackout periods, to accomplish changes to the Investment Options. Generally, Nationwide will provide written notice to the affected Participants at least thirty (30) days prior to implementation of the proposed change.

In its capacity as issuer of the Contract, Nationwide has its own business interests in deciding which Investment Options to offer in the Variable Account, and is expected to and will act in accordance with those business interests. Nationwide does not take into consideration the needs or objectives of any individual Participant or Plan when determining or reviewing the available array of Investment Options. Nationwide may propose proprietary Investment Options (investment options made available through itself or its affiliates) as part of its arrays for selection by the Plan Sponsor.

The Plan Sponsor has the sole and absolute discretion to determine whether the Investment Options are suitable and appropriate for the Plan, and exercises all authority and control over the investment options that should be selected.

THE FIXED ACCOUNT

The Contract may be endorsed to provide for the availability of a Fixed Account as an investment option under the Contract. The Contract Owner elects whether to include the Fixed Account in connection with the Contract. Nationwide generally accepts exchanges and transfers to the Fixed Account, but we reserve the right to discontinue accepting additional Purchase Payments, Exchanges and Transfer allocations to the Fixed Account at any time. Certain restrictions also apply, see "Limitations on Exchanges and Transfers" in this Brochure and refer to the Contract Owner's Contract Specifications Page for more details.

The Fixed Account, if available, is backed by Nationwide's general account. This means any guarantees associated with the Fixed Account are liabilities of the general account and are guaranteed by Nationwide. Assets held in the Fixed Account are subject to the claims-paying ability of Nationwide, are not insured by the FDIC, NCUSIF, or any other governmental agency. The Fixed Account is non-participating – allocations do not share in any surplus of Nationwide.

The Fixed Account is structured with guaranteed annual minimum interest rates and guaranteed quarterly interest rates. The annual minimum guaranteed interest rate is established at the beginning of each calendar year. This guarantee means interest credited through the current calendar year will never be less than this minimum rate. The guaranteed quarterly rate is established at the beginning of each calendar quarter. During the current calendar quarter, interest credited will never be less than this minimum rate.

Nationwide establishes interest rate guarantees for the Fixed Account at our own discretion and based upon a multitude of factors not the least of which is our expectation of profit; *e.g.*, one measure of which is the difference between what we are able to earn on our investments in the general account and the rates we are able to guarantee within our contracts, or spread. Anticipated or required profit levels will change over time and may result in varying and lower rates of return on the Fixed Account which could lower overall return for Participants. Market fluctuations and costs we incur to manage the assets of the general account are some of the other significant factors that influence the amount of interest we can guarantee for any given period of time.

The Plan Sponsor has the discretion and responsibility to determine whether the interest credited in the Fixed Account is appropriate for the Plan, and exercises all authority and control over the decision to include or terminate the Fixed Account if the credited interest is not appropriate.

Payments to Third Parties. With respect to promotional and licensing activity, Nationwide incurs significant expense in the form of fees paid to unaffiliated organizations and associations which exclusively endorse and/or promote Nationwide's products and services. As with any expense, the cost of these relationships is reflected in product and service charges and expenses, and their impact is not uniform. Determining the precise correlation (or whether a precise correlation exists) between the interest rates guaranteed by Nationwide if the Fixed Account is available and payments by Nationwide depends on the particular Plan and the particular facts and circumstances associated with that Plan and its association with the endorsing and promoting entity. See, "Important Discussion about the Impact of Contract Pricing on the Value of Participant Accounts" for additional discussion about how Nationwide prices products. The costs we incur to maintain our exclusive endorsements may have some impact on the long-term value of Participant Accounts, including the long-term value of Purchase Payments to the Fixed Account.

Market Value Adjustment. In the event the Contract is terminated and the Contract Owner requests a lump-sum payment on the effective date of termination, amounts allocated to the Fixed Account (including Fixed Account allocations attributable to Participant Accounts) are subject to a market value adjustment that may reduce the value of the Contract and the Participants' Accounts. More information, including the assumptions used in calculating the market value adjustment, can be found in the "Termination of the Contract" section, and in "Exhibit A".

PARTICIPANT ACCOUNTS

General Information Regarding Participant Accounts

We establish a Participant Account for each Participant under the Plan. A Participant Account records all relevant transactions the Participant makes, or in some cases the Plan makes. Those transactions include Participant Contributions, allocations of those Participant Contributions among the Investment Options, Exchanges and Transfers of money among the Investment Options after the initial allocation, and Participant Benefit Payments.

We may delegate responsibilities regarding maintaining Participant Accounts to one of our third-party affiliates. The Contract Owner may direct us to use another third-party to maintain Participant Accounts. Even if we delegate responsibilities regarding Participant Accounts to a third-party, we will continue to be ultimately responsible for maintaining Participant Accounts.

Calculating the Value of Participant Accounts

Each Business Day, we calculate the value of each Participant Account based on the terms of the Contract. If the Participant Account includes money allocated to Investment Options, the value of each such Sub-Account is determined by multiplying its Unit Value by the number of Units. The number of Units in a Sub-Account is increased by allocations of Participant Contributions and incoming Exchanges and Transfers. The number of Units in a Sub-Account is decreased by outgoing Exchanges and Transfers and the deduction of charges (except the Variable Account Charge, which is included in the calculation of the Unit Value). The combined value of the Sub-Accounts determines the Participant Account Value. If the Contract Owner has elected the Fixed Account, and the Participant Account includes any money allocated to that Fixed Account, any such amounts are added to determine the Participant Account Value.

Exchanges and Transfers

If Participants have allocated money to a Sub-Account, they are permitted Exchanges from that Sub-Account to another or from the Sub-Accounts of the Variable Account to a Companion Investment Option (if applicable). Participants are also permitted Transfers from his or her Participant Account to a non-Companion Investment Option if permitted by the Plan. A Retired Participant is permitted Transfers to a funding successor.

When an Exchange or Transfer occurs, the outgoing dollar value attributable to the requested transaction is divided by the Unit Value as of the Business Day the Exchange or Transfer is effective. The result is the number of Units associated with the outgoing transaction. These Units are then subtracted from the Sub-Account. If an Exchange is being made to another Sub-Account, the incoming dollar value attributable to the requested transaction is divided by the Unit Value as of the Business Day the Exchange is requested. The result is the number of Units associated with the incoming Exchange. These Units are then added to the Sub-Account.

If there is a Fixed Account, and Participants have allocated money to that Fixed Account, Transfers and Exchanges can occur from that Fixed Account to a Variable Account. Those Transfers or Exchanges add or subtract to the value of the Fixed Account on the Business Day the transaction is requested. Exchanges to a Companion Investment Option or Transfers to a non-Companion Investment Option are governed by the terms and conditions of these external investment options.

We may permit Exchanges or Transfers to be performed in more than one manner, such as the telephone, in writing, or over the internet. All Exchange and Transfer requests are subject to rules we establish. Rules covering Exchanges and Transfers are designed to protect Participants and us, and to ensure all transactions are conducted in an orderly fashion consistent with all applicable laws.

Limitations on Exchanges and Transfers

Exchanges and Transfers may be subject to the limitations and/or fees imposed by any of the Underlying Investment Options. Exchanges and Transfers are subject to any rules and regulations imposed by the SEC or any other applicable laws, rules or regulations.

We may refuse, limit or otherwise restrict Exchange and Transfer requests, or take any other reasonable action we deem necessary to protect the Contract Owner, Participants and Retired Participants from short-term trading strategies or other harmful investment practices that have a negative impact on the performance of an Underlying Investment Option.

If the Fixed Account is made available, then outgoing Exchanges and Transfers will be limited depending on elections made by the Contract Owner and reflected on the Contract Specifications Page. We will provide specific information regarding the restrictions applicable to the Fixed Account upon request.

Our failure to take action with regard to any one or more of the restrictions listed above is not a waiver on our part of our right to enforce the restrictions later. A failure to take action on the restrictions in one instance is not a waiver of our right to enforce the restrictions at a later date.

Excessive Trading and Market Timing

As an intermediary for the Underlying Investment Options, Nationwide is in the position of managing excessive trading activity without consistent guidance from the investment options themselves, regulators or legislators. That notwithstanding, it is important to have measures in place designed to limit excessive trading activity.

As a general practice, Nationwide monitors all trading activity. Any Participant identified under Nationwide's monitoring process to be participating in excessive trading will receive a warning letter. If the activity continues, that participant will be restricted to trading by U.S. Mail only. In addition, Nationwide will support managers of the investment options in their investigations of suspected excessive trading activity.

Monitoring

Generally, Nationwide or its designee will limit trade activity to twenty (20) trades within a calendar year. A trade is defined as any exchange, restructure, or series of exchanges in a given day. Also, if a Participant is on pace to exceed this 20 trade limit, Nationwide will require additional trade requests to be submitted in paper form by regular U.S. Mail.

- **If 6 or more trade events occur in one calendar quarter**, the Participant will be notified by U.S. Mail that they have been identified as engaging in potentially harmful trading practices.
- Subsequent to this notification, **if more than 11 trade events occur in 2 consecutive calendar quarters**, all future trade requests will be required to be submitted in paper form by regular U.S. Mail for the remainder of the calendar year.
- **If 20 trade events occur in a calendar year**, all future trade requests will be required to be submitted in paper form by regular U.S. Mail for the remainder of the calendar year.

The policies and procedures identified above are Nationwide's *general* policy for deterring the harmful effects that frequent or short-term trading may have on all investors in an investment option. Nationwide reserves the right to restrict trades made under any Participant Account for which it has been determined that it is necessary for the Participant to remain limited to U.S. mail requested trades, and may also be required to take other immediate actions as required by the managers of the investment option. Certain trades may be excluded from this policy. Common exceptions include trading related asset allocation tools or a managed account service.

Nationwide may make further changes to its trading policy as industry, fund management, regulatory and legislative responses develop. Additionally, Nationwide may be required to implement more restrictive or different procedures immediately and without notice to protect the interests of all plan participants.

Emergencies and Market Closure

Situations may arise where the New York Stock Exchange or other stock exchanges are closed for short or extended periods of time. As a result, transaction activity and requests impacting the Contract and Participant Accounts may

be impossible to perform. If this situation occurs, we will comply with any emergency rules or regulations enacted by the governing authority (normally the SEC).

Participant Benefit Payments

The Plan provides the right for Participants to receive Participant Benefit Payments. In most instances, Retired Participant or Participants who have otherwise severed employment with the Employer are permitted to receive Participant Benefit Payments. There may be other instances or conditions that arise that may permit a Participant to receive payment from his or her Participant Account in the form of a Participant Benefit Payment. Requirements and conditions of such payments are governed by the Plan and subject to the terms of the Contract.

Retirement Income Payment Options

We will make the following payment schedules and annuity options available to Retired Participants. Payment frequencies available under these income payment options are monthly, quarterly, semi-annual and annual. All variable annuity payments are calculated using an assumed investment return of 3.5% or 5.0% depending on an election by the Contract Owner (or by the Participant if permitted by the Plan).

- (1) Payments of a Designated Amount - This payment schedule option represents a systematic liquidation of the Participant Account by taking a specified dollar amount at a determined frequency.
- (2) Payments of a Designated Period - This payment schedule option represents a systematic liquidation of the Participant Account by taking payments over a specific period of time at a determined frequency.
- (3) Life Income - This annuity payment provides the Retired Participant with payment contingent exclusively on his or her continuation of life. Payments are calculated using current annuity purchase rates and methods.
- (4) Life Income with Payment Certain (5, 10, 15 and 20 Years) - This annuity payment option provides the Participant with payment contingent on continuation of his or her life, but with a guarantee that at least a minimum pre-determined duration of payments are received by his or her beneficiaries, regardless of the Participant's mortality. Payments are calculated using our current annuity purchase rates and methods.
- (5) Joint and Last Survivor Life Income - This annuity payment option allows a Participant and another named individual to receive payments guaranteed throughout life and the life of the additional individual named. Payments cease upon the last "survivor's" death. We may also permit Joint and Last Survivor annuities with payment reductions after the first death. Payments are calculated using our current annuity purchase rates and methods.
- (6) Any Other Option - We may make any other payment plans available upon agreement of the Contract Owner and us. Additional annuity payment options we make available will be calculated using our current annuity purchase rates and methods.

TERMINATION OF THE CONTRACT

The Contract may be terminated by the Contract Owner or us at any time. The proceeds of the Contract will be paid within one-hundred twenty days (120) of receipt of the notice to terminate by the non-terminating party (the "effective date of termination"). However, if an Underlying Investment cannot reasonably liquidate amounts on the effective date of termination, we may deliver, in addition to cash, any unliquidated securities held by the Underlying Investment Option that could not reasonably be liquidated.

We will discontinue accepting additional Purchase Payments to the Contract within thirty (30) days following receipt by the non-terminating party of notice to terminate. We may continue to accept Purchase Payments, however, if we reach a mutual agreement to do so with the Contract Owner. After notice of termination is received by the non-terminating party, further liquidations from the Contract will not be permitted.

Until the effective date of termination is reached, we will continue to maintain Participant Accounts and permit Participants to receive any applicable Participant Benefit Payments. Participants will not be able to make any Participant Contributions thirty (30) days after notice of termination is received by the non-terminating party. We may continue to accept Purchase Payments, however, if we reach a mutual agreement to do so with the Contract Owner. We will permit Participants continue to make Exchanges and Transfers, subject to any of the limitations imposed on Participant Accounts prior to termination.

When the effective date of termination is reached, the Contract, including amounts attributable to Participant Accounts, will be transferred to a funding successor. Once the Contract is terminated, our liability with regard to benefits and Participant Accounts and any benefits described in the Contract and this Brochure will end. However, if a Participant has purchased an annuity payment option (assuming one is available under the Contract) we will continue to send annuity payments and be obligated to provide such Participants the guaranteed income stream under the annuity payment option.

If the Contract Owner elected a Fixed Account to offer in conjunction with the Contract, the Fixed Account will be paid in one of the following two ways (depending on election of the Contract Owner).

- (1) Lump-sum Payment. This payment method involves a total liquidation of the Fixed Account, including amounts allocated to Participant Accounts. Participant Accounts will, however, be subject to a market value adjustment if the present value of assets in the Fixed Account are less than the value of the Contract's allocation to the Fixed Account. We determine any market value adjustment (MVA) at our sole discretion, but we do so in a manner consistent with approximation of the present value of assets attributable to the Fixed Account. Exhibit A explains the basic assumptions Nationwide uses to determine the MVA. If the MVA is applied, it will decrease the value of the Fixed Account, which, depending on the action taken by the Contract Owner, may reduce the amount of the Fixed Account allocated to Participant Accounts.

Nationwide calculates the MVA five (5) business days prior to the effective date of termination. An MVA can be avoided if the Contract Owner selects to withdraw the Fixed Account in sixty (60) monthly installments. The MVA is subject to change daily and fluctuates as a result of market conditions and other factors. The MVA calculation is complex and incorporates factors and data that may not be readily available. For example, one factor used in the calculation is the Baa component of the Barclays Capital Credit Index. Consequently, MVA calculations will almost certainly change, and may vary greatly from the MVA ultimately applied to any withdrawal. Consulting any other data to attempt to estimate the MVA is discouraged. At the request of the Contract Owner, Nationwide will provide periodic updates to the MVA calculations or the information used in the calculation.

- (2) Sixty (60) Monthly Installments. This payment method results in the Fixed Account being paid in sixty (60) monthly installments. We may not begin installment payments until the first month of the calendar year following the effective date of termination of the Contract. The amount of each installment is determined by the following:
 - (a) the Fixed Account value on the date before the installment is paid; divided by
 - (b) the number of remaining installments.

We will generally not permit Fixed Account liquidations, including Exchanges or Transfers, in addition to the installment payments described above. Participant Benefit Payments may be permitted.

Recapture of Acquisition Expenses

If Nationwide has provided any additional credits to the initial Purchase Payment that have not been recouped upon termination, Nationwide will deduct any unrecouped expenses associated with such credits from the Withdrawal Value.

OTHER INFORMATION

Legal Proceedings

Nationwide is currently and has been involved in lawsuits common to the industry, which stem from routine business practices associated with administering employee benefit plans. These lawsuits have not impacted our ability to service this Contract or any of our contracts. For more information about the legal proceedings in which we are currently involved, please consult the filings of Nationwide Financial Services, Inc., our parent company, available from the Nationwide Investor Relations website available at <http://www.nationwide.com/investor-relations.jsp>.

Mutual Fund Payments

Nationwide offers a variety of investment options to public sector retirement plans through variable annuity contracts, trust or custodial accounts. Nationwide may receive payments from mutual funds or their affiliates in connection with these investment options. For more detail about the payments Nationwide receives, please visit www.nrsforu.com.

Other Relationships

Nationwide has endorsement relationships with the National Association of Counties, the United States Conference of Mayors, and the International Association of Firefighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Exhibit A
Nationwide's Market Value Adjustment Assumptions

Nationwide's market value adjustment formula assumes that the net cash flow received each calendar quarter had been invested in a 10-year semi-annual coupon bond purchased at par, callable after 5 years at par. The rate on that bond is assumed to be the actual rate earned on investments acquired in that calendar quarter with an average quality of Baa. Therefore, the result is a set of hypothetical assets that reasonably represent the actual portfolio.

The hypothetical assets are assumed to be callable at par after 5 years. That means that if the yield on the hypothetical asset exceeds that current market rate (i.e. market rates have decreased), the bond is assumed to be called at the end of the 5-year call protection period. If the bond is already older than 5 years, it is assumed to be called immediately at par.

The current market rate, against which each hypothetical asset is compared, assumes that any asset that might be sold would have a rating of Baa. The current market rate is assumed to be the Lehman Baa component of the U.S. Credit index rate.

Nationwide determines any market value adjustment by:

1. Calculating the book value of each hypothetical asset. The book value is the:

- accumulation account balance increase (or zero if the balance decreased), **plus**
- the amount reinvested during the quarter from a prior quarter's maturing hypothetical asset, **less**
- any hypothetical asset sales resulting from accumulation account decreases (i.e. net cash outflow) in later quarters. In other words, if a calendar quarter's accumulation account balance decreases more than rollover, the hypothetical assets from prior quarters are liquidated pro-rata until account balance decrease is satisfied.

The sum of the book values for all calendar quarters will equal accumulation account balance on the cash out date.

2. Calculating the market value for each hypothetical asset. This is the present value of the hypothetical asset discounted at the **current market rate** (currently, Barclays Capital Baa). If the present value were calculated at the hypothetical bond's original rate, the present value would equal the book or par value. However, since discounting is done at the current market rate, the current market value results.

3. Calculating the total market value which is the sum of the market values for each hypothetical asset. The market value adjustment is the amount by which the total book value exceeds the total market value. If the total book value is less than the total market value, there will be no market value adjustment.

**ProAccount —
Plan Sponsor
Agreement**

Nationwide[®] Investment Advisors, LLC

Nationwide ProAccount[®]
NIA Plan Sponsor Agreement

Nationwide Financial[®] Privacy Statement
Form ADV Part 2



Nationwide[®]
Retirement Solutions

a Nationwide Financial[®] company

SEC File Number: 801-52664
As of: September 10, 2010

Nationwide Investment Advisors, LLC *
Nationwide ProAccount®
For Nationwide Retirement Solutions
ADV Part II Summary Brochure

Nationwide Investment Advisors, LLC
One Nationwide Plaza
Mail Code 1-12-101
Columbus, Ohio 43215

This brochure provides clients with information about Nationwide Investment Advisors, LLC (NIA) and Nationwide ProAccount® that should be considered before becoming a client of NIA. This information has not been approved or verified by any governmental authority.

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Description of Nationwide ProAccount®

Nationwide Investment Advisors, LLC (“NIA”), a SEC registered investment adviser, offers a discretionary managed account service called Nationwide ProAccount® to retirement plan participants who desire professional guidance in managing their self-directed deferred compensation plan assets. Nationwide ProAccount offers individualized investment advice using an investment process developed and maintained by an Independent Financial Expert (“IFE”), which is designed to address the investment objectives of retirement plan participants. Nationwide ProAccount is offered to participants in governmental deferred compensation plans that utilize retirement services and products offered through Nationwide Retirement Solutions, Inc. (“NRS”) and its affiliates (collectively, the “NRS Retirement Program”). NIA is a wholly owned subsidiary of Nationwide Life Insurance Company and is an affiliate of the NRS Retirement Program and of Nationwide Investment Services Corporation, a broker-dealer that serves as general distributor of the variable insurance products offered through the NRS Retirement Program.

This document provides information about Nationwide ProAccount as required by Part II of Form ADV. Retirement plan sponsors and plan participants who are considering or who sign up for Nationwide ProAccount are provided this document in order to ensure compliance with the Investment Advisers Act of 1940, as amended.

Electing Nationwide ProAccount

Retirement plan participants who enroll in Nationwide ProAccount are hereinafter referred to as “ProAccount Clients.”

Plan sponsors of retirement plans participating in the NRS Retirement Program that desire to make Nationwide ProAccount available to their participants must approve NIA as an authorized provider of investment advice to the plan in accordance with the plan’s investment policy and applicable plan documents. A participant seeking to become a ProAccount Client will enter into an investment advisory agreement with NIA and complete a questionnaire developed by the IFE to help identify his or her risk tolerance, investment horizon, retirement objectives and financial situation, as well as to indicate any reasonable restrictions the participant may wish to place on the management of his or her retirement plan account assets. After NIA has accepted the participant as a ProAccount Client, the IFE will develop an investment portfolio based on the ProAccount Client’s information, and NIA will exercise discretionary authority to allocate and rebalance the ProAccount Client’s assets in accordance with the IFE’s portfolio. NIA’s investment discretion over ProAccount Client assets is limited to implementing the IFE’s investment advice, which NIA does not have authority to modify.

In conjunction with the Nationwide ProAccount service, NIA will contact each ProAccount Client at least annually to determine whether there are any changes to the ProAccount Client's personal or financial situation that may affect the management of his or her retirement plan account. Additionally, ProAccount Clients are responsible for notifying NIA upon the occurrence of any material change that could affect the manner in which their Nationwide ProAccount® assets are invested.

Wilshire Associates Incorporated as IFE

NIA has hired Wilshire Associates Incorporated ("Wilshire") to be the IFE to Nationwide ProAccount. As IFE, Wilshire develops and maintains investment portfolios based on certain investment options available through the plan. In its evaluation of available investment options, Wilshire takes into account the range of asset fees associated with the NRS Retirement Program, but does not consider the specific asset fees charged to each retirement plan.

Wilshire has sole control and discretion over the development and ongoing maintenance of the Nationwide ProAccount portfolios, including periodic rebalancing and changes to asset allocation and fund selection. Wilshire's investment process is designed to take into account the evolving investment needs of retirement plan participants over time, as well as varying tolerances for risk. Each Nationwide ProAccount portfolio will undergo a progression of asset allocation changes over the course of a participant's investment time horizon and in accordance with his or her risk profile (conservative, moderate or aggressive) as identified via the Nationwide ProAccount questionnaire. Wilshire assesses the Nationwide ProAccount portfolios at least quarterly to determine if reallocation or rebalancing is needed. More frequent reallocation or rebalancing may occur as determined by Wilshire.

NIA is responsible for the selection of Wilshire as IFE and the periodic monitoring of its services. NIA may terminate Wilshire and engage the services of a suitable replacement IFE for Nationwide ProAccount (where permitted by law) without notice to affected plan sponsors or ProAccount Clients. However, NIA will notify plan sponsors of any proposed fee changes that may result if Wilshire is replaced.

Wilshire provides its services directly to NIA and does not have a contract with the plan or the ProAccount Client. All fees and expenses charged by Wilshire for its services will be paid by NIA. NIA is solely responsible for implementing the Nationwide ProAccount portfolios in each ProAccount Client's retirement plan account.

Investment Limitations

In its development of portfolios for retirement plan participants, the IFE does not consider self-directed brokerage accounts, individual stocks, guaranteed certificate funds, collective investment funds, Nationwide fixed contracts, or employer-directed monies,

which may otherwise be available through a ProAccount Client's plan or the NRS Retirement Program. There may be additional limitations on the types of investment options the IFE may consider in connection with the offering of Nationwide ProAccount to governmental plans that participate in standard retirement programs offered through Membership Associations. Please see below for additional information regarding these arrangements.

ProAccount Clients must allocate their entire self-directed retirement plan account balance to Nationwide ProAccount®. Once enrolled in the service, ProAccount Clients can no longer make investment allocation changes to their retirement plan accounts. However, they will continue to retain full inquiry access and may still request and be approved for loans (as applicable) and take applicable distributions.

Through its implementation of investment advice generated by an IFE, NIA may provide investment advice or take action that differs from advice given, or the timing and nature of action taken, with respect to other clients' accounts in other programs offered by NIA. NIA does not have any duty, responsibility or liability for retirement plan assets that are not part of the ProAccount Client's retirement plan account being managed through Nationwide ProAccount.

NIA does not take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the accounts of ProAccount Clients.

Nationwide Endorsement Relationships

NRS and Nationwide Life Insurance Company (collectively, "Nationwide") have endorsement relationships with the following industry groups or sponsoring organizations ("Membership Organization"):

National Association of Counties – A national organization that represents county governments in the United States.

United States Conference of Mayors – The official nonpartisan organization of cities with populations of 30,000 or more.

International Association of Fire Fighters – Financial Corporation – A for-profit corporation whose only shareholder is the International Association of Fire Fighters, which represents more than 295,000 professional fire fighters and paramedics.

Nationwide makes payments to Membership Organizations, which are representing the interests of all their members generally in these relationships. Nationwide's payments are in exchange for the Membership Organizations' endorsement of Nationwide's products and services available for retirement plans. Payments to Membership Organizations are not affected by whether a member elects the Nationwide ProAccount

option for its retirement plan. Moreover, NIA is not a party to these endorsement relationships, and Membership Organizations are not engaged by NIA to solicit retirement plan participants as clients for Nationwide ProAccount. Members of these organizations may select Nationwide's products and services if they decide to establish and maintain a retirement plan for their employees, or may select another provider. More information about the endorsement relationships may be found online at www.nrsforu.com.

Nationwide ProAccount Fees and Expenses

ProAccount Fee - ProAccount Clients are charged a maximum annual fee of up to 1.00% of their Nationwide ProAccount assets ("ProAccount Fee"), according to the pricing grid set forth in the applicable Nationwide ProAccount Participant Agreement between NIA and each ProAccount Client. The ProAccount Fee is calculated daily based on the market value of Nationwide ProAccount assets and payable quarterly in arrears. The ProAccount Fee is subject to change, and is in addition to any trustee, custodial or service fees that the retirement plan or participant may incur through the NRS Retirement Program. The ProAccount Fee is negotiable, and NIA may offer certain plans discounted ProAccount Fees or other promotional pricing.

Certain investment options offered through the NRS Retirement Program, including investment options selected by the IFE through Nationwide ProAccount, may charge redemption fees or impose trade restrictions. ProAccount Clients are responsible for the payment of all applicable redemption fees. ProAccount Clients should consult the applicable fund prospectuses or related materials provided by their plans for additional information on trade restrictions and redemption fees.

To the extent permitted by applicable law or regulation, affiliates of NIA may receive the following types of payments from mutual funds selected by the IFE for inclusion in Nationwide ProAccount® portfolios.

- Rule 12b-1 fees, which are deducted from mutual fund assets;
- Sub-transfer agent fees or fees pursuant to administrative service plans adopted by the mutual fund, which may be deducted from mutual fund assets; and
- Payments by a mutual fund's adviser or sub adviser (or its affiliates). Such payments may be derived, in whole or in part, from the advisory fee that is deducted from mutual fund assets and reflected in the mutual fund charges.

The IFE may select mutual funds that are affiliated with Nationwide, in which case certain NIA affiliates also receive compensation from the mutual funds for investment advisory, administrative, transfer agency, distribution, and/or other services. Accordingly, the Nationwide companies may receive more revenue with respect to affiliated mutual funds than unaffiliated mutual funds.

Under Nationwide ProAccount, the IFE is solely responsible for selecting the mutual funds included in the portfolios. The IFE's fees for services provided under Nationwide ProAccount are not related to the mutual funds it selects or otherwise influenced by the revenue NIA or its affiliates may receive from such mutual funds.

Compensation to Nationwide Representatives – Retirement Specialists of NRS that offer Nationwide ProAccount to retirement plan participants are registered as investment adviser representatives of NIA (“NIA Representatives”). NIA Representatives are compensated for offering Nationwide ProAccount and enrolling participants who have selected the service. Compensation may include a base salary and incentives based on the amount of assets under management in Nationwide ProAccount.

Payments by NIA to Service Providers - NIA and/or its affiliates may compensate affiliated and/or unaffiliated third parties for administrative services provided in support of Nationwide ProAccount. Registered Investment Advisors Services, Inc., an affiliate of NIA, receives compensation for providing technology services that facilitate the management of participant accounts through the NRS Retirement Program.

Custody

Nationwide ProAccount assets are held in custody by the applicable custodian to the NRS Retirement Program, which may include affiliates of NIA. The custodian is authorized to deduct any and all ProAccount Fees, when due, from a ProAccount Client's retirement plan account and to remit the appropriate fees to NIA as investment adviser. The custodian may charge a separate custody fee in addition to the Nationwide ProAccount Fee.

ProAccount Clients receive quarterly account statements from the custodian as part of the NRS Retirement Program. Quarterly custodial statements reflect the deduction of ProAccount Fees. In addition, NIA sends quarterly fee notifications to each ProAccount Client.

Except to the extent that ProAccount Fees may be automatically deducted from a ProAccount Client's retirement plan account and paid directly to NIA, NIA will not have custody or possession of, or a proprietary interest in, any ProAccount Client's retirement plan account assets.

Terminating Participation in Nationwide ProAccount

ProAccount Clients may terminate their participation in Nationwide ProAccount with reasonable advance written notice to NIA. NIA is entitled to any outstanding fees due at the time of the termination of the investment advisory relationship. Participation in Nationwide ProAccount® will automatically terminate upon the plan's termination of its relationship with Nationwide ProAccount or the NRS Retirement Program.

Nationwide ProAccount Risks

NIA provides investment management services for other clients and will continue to do so. NIA and its personnel and affiliated companies may give advice or take action in performing duties for other clients, or for their own accounts that differs from advice given to or action taken for ProAccount Clients.

Investments in a ProAccount Client's retirement plan account involve risk and may not always be profitable. Investment return and principal will fluctuate with market conditions and a ProAccount Client may lose money. Past performance of investments is no guarantee of future results. The analysis and advice provided by Wilshire and delivered by NIA depends on a number of factors, including the information provided by a ProAccount Client, various assumptions and estimates and other considerations. As a result, the advice developed and recommendations provided are not guarantees that a ProAccount Client will achieve his or her retirement goals or anticipated performance.

Any investment advice a ProAccount Client receives is for his or her personal benefit and not for the benefit of any other person. The investment advice is only for the assets within a ProAccount Client's retirement plan account and is not applicable to any other assets owned.

To the extent permitted by applicable law or regulation, NIA and/or its affiliated companies may receive compensation from, or in connection with, mutual funds selected by Wilshire for inclusion in Nationwide ProAccount portfolios. In addition, Wilshire may select certain mutual funds for which NIA or an investment advisory affiliate of NIA acts as investment adviser. Wilshire's fees for services provided under Nationwide ProAccount are not related to the mutual funds Wilshire selects for the Nationwide ProAccount portfolios or otherwise influenced by the revenue NIA or its affiliates may receive from such mutual funds.

NIA Investment Process

NIA's Asset Strategies Team (the "Team") is responsible for managing the relationship with Wilshire. NIA's Investment Committee is responsible for overseeing the activities of the Team including its ongoing monitoring of the services provided by Wilshire in developing and maintaining the Nationwide ProAccount portfolios. The Investment Committee meets at least quarterly and will review all aspects of the Nationwide ProAccount portfolios.

Investment Committee Membership

The following individuals are members of the Investment Committee:

Lynnett K. Berger, Chairperson

Born: 10/25/65

Education: Raboud Universiteit, 1987, B.A., MA Economics and Public/Private Business Administration, 1990

Business Background:

Senior Vice President-Chief Investment Officer and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

Chief Investment Officer, Nationwide Funds Group, 6/2009 – Present

Director of Economic and Risk Analysis Lab, M&T Bank, 2007 – 2009

Chief Operating Officer, MTB Investment Advisors, 2003-2007

Senior Product Management, MTB Investment Advisors, 2000-2003

Michael S. Spangler

Born: 3/26/66

Education: Elizabethtown College, 1988, BS, Lehigh University, 1993, MBA

Business Background:

President and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

President, Nationwide Funds Group, 6/2008 – Present

Senior Vice President, Nationwide Financial Services, Inc., Nationwide Life and Annuity Insurance Company and Nationwide Life Insurance Company, June 2008 – Present

Managing Director, Morgan Stanley Investment, 2007-2008

Executive Director, Morgan Stanley Investment, 2004-2006

President, Touchstone Investments, 2004-2004

Vice President, Touchstone Investments, 2002-2004

Stephen T. Grugeon

Born: 10/26/50

Education: University of Baltimore, BS Accounting, 1976

Business Background:

Executive Vice President – Chief Operating Officer and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

Executive Vice President and Chief Operating Officer, Nationwide Funds Group, 5/2007 – Present

Executive Vice President, NWD Investments, 2006-2007

Vice President, NWD Investments, 2003-2006

Chief Operating Officer, Corviant Corporation, 1999-2003

Thomas R. Hickey, Jr.

DOB: 9/18/52

Education: Amherst College, BA, 1974, Suffolk University Law School, JD, 1979

Business Background:

Vice President and Head of Asset Strategies, Nationwide Funds Group, 2009 – Present
Vice President, Product Management, Nationwide Funds Group, 2001-2009
Head of Variable Annuity Plans, Vanguard Group, 1999 – 2000
Vice President, Equity Operations, Guardian Life Insurance Company 1984 – 1999

Timothy M. Rooney

DOB: 12/9/65

Education: Baruch College, BBA, 1988, New York University, MBS, 1994

Business Background:

Associate Vice President, Nationwide Funds Group, Product Management, 9/2009 – Present

Vice President Strategic Initiatives, Sun America Retirement Markets, 2005-2009

Director Strategic Initiatives, Pacific Life, 1998-2005

Michael M. Russo

Born: 8/3/68

Education: Hofstra University International Business, BBA, 1990, Hofstra University, Certificate in Banking 1996, Pace University International Business, MBA 2001

Business Background:

Associate Vice President, Management Strategy, Nationwide Funds Group, 9/2009 - Present

Vice President, Senior Product Research Analyst, Bank of New York Mellon, 2007-2009

Vice President, Manager of Investment Analytics, Bank of New York Mellon, 2004-2007

Peter R. Salvator

Born: 10/25/64

Education: The Ohio State University, 1991, B.S., Business Administration, Accounting

Business Background:

Associate Vice President, Managed Accounts, Retirement Plans, Nationwide Financial 5/2009-Present

President, Nationwide Investment Advisors, LLC, 3/2008 – 6/2009

Sales Director – Nationwide Financial, 2/2002 – 5/2009

Vice President – Fidelity Investments Institutional Services, Co., 2/1999 – 01/2002

Associate Vice President – Guardian Life Insurance, 6/1994 – 1/1999

Harold C. Schafer

Born: 8/23/63

Education: The Ohio State University, B.S. Mathematics, 1986

Business Background:

Associate Vice President, Business Development, Nationwide Financial, 8/2005 – Present

Associate Vice President, Business Development, Advisory Services Program, 7/2003 – Present

Product Officer, Business Development, Advisory Services Program, 6/2002 – Present

Steven C. Toole

Born: 10/10/63

Education: The Ohio State University, B.S., Marketing

Business Background:

Vice President, Business Development, Nationwide Retirement Solutions, 2006 – Present

Case Management Director, Nationwide Retirement Solutions, 1999 – 2006

Sales Support, Division Manager, Nationwide Retirement Solutions, 1997-1999

Code of Ethics

Effective August 31, 2004, the Securities and Exchange Commission (“SEC”) adopted Rule 204A-1. The rule requires SEC registered investment advisers to adopt and implement a Code of Ethics (“Code”) no later than February 1, 2005. Effective January 26, 2005, NIA adopted a Code setting forth standards of conduct expected of its Supervised Persons and Access Persons, as defined in the Code. NIA is committed to reflect the highest standards of professional conduct, ethical behavior and personal integrity.

All Supervised Persons must:

- place the interests of NIA’s clients first at all times and uphold the duties of care, honesty and loyalty
- avoid and disclose any actual or potential conflict of interest with the interests of NIA’s clients, which may arise where NIA or any of its Supervised Persons has reason to favor the interests of any other person or business over the best interest of any client
- conduct all personal securities transactions, including those involving Reportable Securities (as defined in the Code) in a manner consistent with the Code
- maintain the confidentiality of all non-public, sensitive and/or client-related information in accordance with the Code
- adhere to the fundamental standard that they will not take inappropriate advantage of their positions of trust and responsibility
- comply with all applicable Federal Securities Laws

All potential violations of the Code will be reported to the CCO of NIA and may result in appropriate disciplinary actions.

All clients of NIA may request a copy of NIA’s Code by sending a written request to:

Nationwide Investment Advisors, LLC
One Nationwide Plaza, Mail Code 1-12-103
Columbus, Ohio 43215
Attn: Investment Adviser Code of Ethics

Nationwide Investment Advisors, LLC
Nationwide ProAccount - Plan Sponsor Agreement

Plan: _____ (the "Plan")

Plan Sponsor: _____ (the "Plan Sponsor")

The foregoing Plan Sponsor has entered into an administrative agreement whereby Nationwide Retirement Solutions ("NRS") provides administrative and recordkeeping services to the Plan. On behalf of the Plan, the Plan Sponsor desires to appoint Nationwide Investment Advisors, LLC ("NIA"), an Ohio limited liability company, registered as an investment adviser with the Securities and Exchange Commission under the Investment Adviser's Act of 1940 ("Advisers Act") and an affiliate of NRS, as an authorized provider of investment advisory services to participants in the Plan ("Plan Participants") who desire professional guidance in managing their self-directed accounts within the Plan ("Accounts"). NIA's ProAccount program (the "Advice Program") offers individualized investment advice using an investment process developed and maintained by an independent financial expert ("IFE") selected and retained by NIA.

WHEREAS, on behalf of the Plan, the Plan Sponsor hereby approves NIA as an authorized provider of investment advisory services through the Advice Program to those Plan Participants who choose to have their Accounts managed by NIA (collectively, the "Plan's Account");

WHEREAS, the Plan Sponsor hereby authorizes each such Plan Participant's self-direction of their own Account, subject to guidelines imposed by the Plan, and authorizes each Plan Participant to enter into an investment advisory agreement directly with NIA for the management of their account;

WHEREAS, the Plan Sponsor acknowledges that such advisory services are permitted under the documents establishing the Plan ("Plan Documents") and that the investments and investment strategies proposed by NIA through the Advice Program are consistent with the Investment Policy of the Plan; and

WHEREAS, Plan Sponsor acknowledges that NIA and NRS are affiliates and that NRS will provide to NIA certain administrative services in support of the Advice Program;

NOW, THEREFORE, in consideration of the foregoing and the promises, covenants and mutual agreements set forth herein, the adequacy of which is hereby mutually acknowledged, NIA and the Plan Sponsor, each intending to be legally bound, hereby do agree as follows:

I. APPOINTMENT OF INVESTMENT ADVISOR

The Plan Sponsor hereby appoints NIA to exercise discretionary authority to allocate and reallocate Plan Participant Accounts in the manner described in Section II below and NIA hereby accepts this appointment, subject to the terms and conditions of this Agreement. NIA's authority under this Agreement will remain in effect until changed or terminated pursuant to the termination provisions described in this Agreement.

II. ADVICE PROGRAM DESCRIPTION

The Advice Program is a discretionary managed account service offered by NIA for retirement plan participants who desire professional guidance in managing their self-directed retirement plan account. The Advice Program offers individualized investment advice using an investment process developed and maintained by an IFE.

Under the Advice Program, the IFE develops and maintains managed account portfolios ("Portfolios") based on the investment options available in the Plan that are common to the standard investment menus available through the National Association of Counties ("NACo"), the United States Conference of Mayors ("USCM") and the International Association of Fire Fighters ("IAFF") deferred compensation programs ("Advice Program Investments"), which may represent a subset of the overall investment options available through the Plan's Group Flexible Purchase Payment Deferred Variable and Fixed Annuity Contract(s) offered by Nationwide Life Insurance Company ("Nationwide Retirement Program"). The complete listing of Advice Program Investments is found in the Advice Program enrollment materials. In its evaluation of Advice Program Investments for inclusion in the Portfolios, the IFE takes into account the maximum range of asset fees associated with the Nationwide Retirement Program, but does not consider the specific asset fees charged by the Nationwide Retirement Program to the Plan. In addition, the Plan may offer investment options other than Advice Program Investments, including, but not limited to, individual stocks, employer stock, guaranteed certificate funds, and collective investment funds (collectively, "Non-Advice Program Investments"), which will not be considered by the IFE in the development of Portfolios.

In order for Plan Accounts to be eligible for management under the Advice Program, they must be invested in mutual funds or variable insurance sub-accounts at the time the Plan Participant enrolls in the Advice Program. Plan Sponsor hereby acknowledges that any employer-directed assets, restricted assets (including assets invested in the Nationwide Fixed Contract), or assets held in self-directed brokerage accounts are not eligible for the Advice Program and will remain invested in their current manner until further action is taken by the Plan Participant or the Plan.

The IFE is not a party to this Agreement, and there is no contractual relationship between the Plan and the IFE. All fees and expenses charged by the IFE for its services will be paid by NIA. The advice provided to Plan Participants under the Advice Program is limited to the independent advice provided based on the Portfolios created by the IFE, which NIA cannot modify. By signing this Agreement, you agree that NIA has discretion to terminate its relationship with the IFE at any time, without notice to you, and engage the services of a suitable replacement.

By allowing the Advice Program to be offered to the Plan, you are naming NIA as an authorized provider of investment advisory services to those Plan Participants who choose to have their accounts managed by NIA.

III. OBLIGATIONS AND REPRESENTATIONS OF THE PLAN SPONSOR

The Plan Sponsor agrees to notify NIA of any change to the Plan Documents that affects NIA's rights or duties to the Plan or Plan Participants, and acknowledges that such change will bind NIA, as the case may be, only when NIA agrees to it in writing. Plan Sponsor hereby approves

all forms that NIA has developed for use by Plan Participants with respect to the solicitation and enrollment of such participants into the Advice Program.

The Plan Sponsor represents that (1) NIA's investment advisory services are permitted under the Plan Documents; (2) the Plan Sponsor has the authority to enter into this Agreement on behalf of the Plan; and (3) the Plan is operated, and NIA's appointment is, in compliance with all applicable federal and state laws, rules and regulations.

IV. OBLIGATIONS AND REPRESENTATIONS OF NIA

NIA agrees that in performing any of its duties and obligations hereunder, NIA will act in conformity with all terms and provisions of the agreements entered into between NIA and the Plan Participants and any instructions given pursuant thereto or otherwise, and will conform to and comply with the requirements of the Advisers Act and all other applicable federal and state laws, rules and regulations, as each may be amended from time to time.

NIA represents that it is registered as an investment adviser under the Advisers Act or under applicable state law in each state in which it is providing investment advisory services or is otherwise required to be registered and/or notice filed, and each of its representatives are properly registered, licensed and/or qualified to act as such under all applicable federal and state securities statutes and regulations.

NIA does not have any duty, responsibility or liability for Plan assets that are not part of the Plan's Account that NIA manages through the Advice Program. NIA will not be providing investment advice regarding, or have fiduciary responsibility for, the selection and monitoring of investment options available in the Plan.

NIA shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the Advice Program.

V. ADVICE PROGRAM FEES

In consideration of services rendered to Plan Participants, the Plan Sponsor hereby approves, subject to specific approval by each Plan Participant electing to have their Accounts managed by NIA, a participant level Advice Program fee ("Advice Program Fee") as outlined in the following schedule:

Account Balance	Annual Program Fee
The first \$99,999.99	1.00%
The next \$150,000	0.90%
The next \$150,000	0.75%
The next \$100,000	0.60%
Assets of \$500,000 and above	0.50%

The Advice Program Fee is in addition to any trustee, custodial, asset, service, administrative or transactional fees that the Plan Participants or the Plan may incur through the Nationwide

Retirement Program. The Advice Program Fee shall be calculated daily based on the Participant's daily balance and the calculated Advice Program Fee withdrawn quarterly in accordance with each Plan Participant's investment advisory agreement with NIA. The Plan Sponsor hereby consents to the withdrawal of the Advice Program Fee from the applicable Plan Participant Accounts and agrees that it will use its best efforts to facilitate payment of such Advice Program Fee. If this Agreement ends before the end of the applicable calendar quarter, then a pro-rata share of the Advice Program Fee will be withdrawn from the Plan's Account.

To the extent permitted by applicable law or regulation, affiliates of NIA may receive payments from, or in connection with, investment options selected by the IFE which are included in the Portfolios. In addition, the IFE may select certain investment options for which NIA or an investment advisory affiliate acts as investment adviser. The IFE's fees for services provided under the Advice Program are not related to the investment options the IFE selects for the Portfolios or otherwise influenced by the payments NIA or its affiliates may receive from such investment options.

Certain Advice Program Investments may charge a redemption fee or impose a trade restriction on certain transactions. Redemption fees vary in amount and application from investment option to investment option. It is possible that transactions initiated by NIA under the Advice Program may result in the imposition of redemption fees or trade restrictions on one or more investment options held in Plan Participant Accounts. Any redemption fees will be deducted from the Plan Participant's Advice Program Account balance. For further information on redemption fees or trade restrictions, including whether they will be applicable to any of the investment options within your Plan, please consult the individual fund prospectus or other investment option disclosure material.

VI. INDEMNIFICATION, LIMITATION OF LIABILITY, AND RISK ACKNOWLEDGMENT

Each party agrees to hold harmless, defend and indemnify the other party (including its directors, officers, employees, affiliates and agents) from and against any and all claims, liabilities, losses, costs, damages or expenses (including, without limitation, cost of litigation and reasonable attorneys' fees) (collectively, "Losses") arising out of or attributable to the indemnifying party's (i) willful misconduct, bad faith, criminal activity, or gross negligence, (ii) material breach of this Agreement or the material inaccuracy of any representation or warranty provided hereunder, or (iii) violation of any law to which such party is subject.

Plan Sponsor, on behalf of the Plan, agrees to hold harmless, defend and indemnify NIA (including its directors, officers, employees, affiliates and agents) from and against any and all Losses arising out of or attributable to NIA's following directions or carrying out instructions, or using obsolete, inaccurate or incomplete information, given or furnished by the Plan or its agents.

A party that seeks indemnification under this Section VI must promptly give the indemnifying party written notice of any legal action. But a delay in notice does not relieve an indemnifying party of any liability to an indemnified party, except to the extent the indemnifying party shows that the delay prejudiced the defense of the action. The indemnifying party may participate in

the defense at any time or it may assume the defense by giving notice to the other party. After assuming the defense, the indemnifying party: must select an attorney that is satisfactory to the other party; is not liable to the other party for any later attorney's fees or for any other later expenses that the other party incurs, except for reasonable investigation costs; must not compromise or settle the action without the other party's consent (but the other party must not unreasonably withhold its consent); and is not liable for any compromise or settlement made without its consent. If the indemnifying party fails to participate in or assume the defense within 15 days after receiving notice of the action, the indemnifying party is bound by any determination made in the action or by any compromise or settlement made by the other party

Federal and state securities laws impose liabilities in certain circumstances on persons who act in good faith, and nothing in this Agreement waives or limits any rights either party has under those laws.

Risk Acknowledgment

NIA uses reasonable care, consistent with industry practice, in providing advisory services through the Advice Program. Investments within the Plan, as all investments in securities, involve risk and will not always be profitable. Investment return and principal will fluctuate with market conditions, and Plan Participant Accounts may lose money. Past performance of investments is no guarantee of future results. The analysis and advice provided by the IFE and delivered by NIA depends upon a number of factors, including the information you or the Plan Participants may provide, various assumptions and estimates, and other considerations. As a result, the advice developed and the recommendations provided are not guarantees that Plan Participants will achieve their retirement goals or anticipated performance. The investment advice provided under this Agreement relates only to the Plan Participant Accounts and will not apply to any other assets a Plan Participant may own.

VII. CONFIDENTIALITY

Each party agrees that it will not, without the prior written consent of the other party, at any time during the term of this Agreement or any time thereafter, except as may be required by competent legal authority or as necessary to facilitate the implementation of services hereunder, use or disclose to any person, firm or other legal entity, including any affiliate or other representative of the party, any confidential records, secrets or information related to the other party (collectively, "Confidential Information"). Confidential Information shall include, without limitation, information about the other party's products and services, customer lists, customer or client information, Plan and Plan Participant information, and all other proprietary information used by the party in its business. The parties acknowledge and agree that all Confidential Information that it has acquired, or may acquire, was received, or will be received in confidence. Each party will exercise utmost diligence to protect and guard such Confidential Information.

The Plan Sponsor (1) acknowledges that it is authorized to provide Confidential Information, including but not limited to Plan Participant information, to NIA for the operation of the Advice Program, and the provision of such information does not violate any Plan or company provisions

or policies; and (2) authorizes the sharing of Plan Participant information among NIA and its affiliates as necessary for the operation of the Advice Program.

VIII. TERM OF AGREEMENT

This Agreement shall become effective upon acceptance by NIA, or its designated agent, upon review and receipt in its principal place of business, and such acceptance may be evidenced by internal records maintained by NIA or its designated agent. This Agreement shall continue until terminated by either party upon at least 30 days' advance written notice to the other. This Agreement will terminate immediately if the Plan terminates its participation in the Nationwide Retirement Program. In the event NIA terminates its relationship with the current IFE and has not designated a successor IFE, this Agreement shall automatically terminate upon written notice from NIA. The Plan Sponsor understands that upon termination of this Agreement, the Plan's Account will remain invested in the Advice Program Investments last allocated by NIA until such time as Plan Participants make changes to their individual Accounts.

IX. MISCELLANEOUS

Notices

All notices required to be delivered under this Agreement will be delivered in person or by U.S. first class mail, overnight courier, or facsimile (with a paper copy provided via the U.S. mail), in each case prepaid, to NIA at the address provided below and to the Plan Sponsor at the address provided on the signature page of this Agreement (or to such other addresses as the parties may specify to one another in writing):

Nationwide Investment Advisors, LLC
5100 Rings Road, Mail Stop RR1-06-C5
Columbus, Ohio 43017-1522
Attention: ProAccount
Phone: 888/540-2896
Fax: 614/435-5419

Notices will be deemed given upon dispatch.

Form ADV

The Plan Sponsor acknowledges having received and read NIA's Form ADV, Part II or brochure containing such information ("Form ADV") and Privacy Policy upon entering into this Agreement. The Form ADV is a disclosure document that summarizes the investment advisory services provided by an investment adviser registered with the SEC and/or the states. The Form ADV contains additional information about the Advice Program.

Entire Agreement; Amendment

This Agreement constitutes the entire agreement between the parties hereto with respect to the obligations arising hereunder and supersedes and cancels any prior agreements, representations, warranties or communications, whether oral or written, among the parties hereto relating to the subject matter hereof. This Agreement may be amended by NIA upon 30 days' prior written notice to the Plan Sponsor and may be amended immediately upon notice to the extent required to satisfy federal or state regulatory requirements.

Headings

All Section headings in this Agreement are for convenience of reference only and do not form part of this Agreement. Section headings will not, in any way, affect the meaning or interpretation of this Agreement.

Waiver

No delay by either party in requiring performance by the other shall affect the right of such party to require performance; no waiver by either party of any breach shall be construed as a waiver of any subsequent breach or as a waiver of the provision itself or any other provision.

Survival

All terms and provisions of this Agreement, including without limitation: "Indemnification, Limitation of Liability, and Risk Acknowledgment," "Confidentiality," and Miscellaneous" which should by their nature survive the termination of this Agreement, shall so survive the termination of this Agreement.

Assignment

Neither party may assign this Agreement (within the meaning of the Advisers Act) or assign any of the rights or delegate any of the duties or obligations of this Agreement without the other party's prior consent. Any assignment in violation of this provision shall be void and of no force or effect.

Force Majeure

Neither party shall be liable for failure to perform if the failure results from a cause beyond its control, including, without limitation, fire, electrical, mechanical, or equipment breakdowns, delays by third party providers and/or communications carriers, civil disturbances or disorders, terrorist acts, strikes, acts of government authority or new governmental restrictions, or acts of God.

Severability

Should any provision of this Agreement be held invalid or unenforceable by any court, arbitrator, statute, rule or otherwise, the remaining provisions of this Agreement will not be affected thereby and will continue in full force and effect to the fullest extent practicable.

Governing Law

This Agreement and its enforcement will be governed by and construed in accordance with the laws of the State of Ohio, without regard to the conflicts of law provisions or principles.

Nothing herein will be construed in any manner inconsistent with the Advisers Act or any rule or order of the Securities and Exchange Commission, as applicable.

IN WITNESS WHEREOF, the Plan Sponsor, on behalf of the Plan, has executed this Agreement as of the date set forth below.

Plan: _____

By: (signature) _____ Title: _____

Print Name: _____

Plan Address: _____

Plan Contact/Telephone: _____

Date: _____

ACCEPTED BY NIA:

Nationwide Investment Advisors, LLC

By: _____ Title: _____

Print Name: _____ Date: _____

Nationwide[®] Privacy Statement

Thank you for choosing Nationwide[®]

Our privacy statement explains how we collect, use, share, and protect your personal information. So just how do we protect your privacy? In a nutshell, we respect your right to privacy and promise to treat your personal information responsibly. It's as simple as that. Here's how.

Confidentiality and security

We follow all data security laws. We protect your information by using physical, technical, and procedural safeguards. We limit access to your information to those who need it to do their jobs. Our business partners are legally bound to use your information for permissible purposes.

Collecting and using your personal information

We collect information about you when you ask about or buy one of our products or services. The information comes from your application, business transactions with us, publicly available sources, and consumer reports. Please know that we only use that information to sell, service, or market products to you.

We may collect the following types of information:

- Name, address, and Social Security number
- Assets and income
- Property address and value
- Account and policy information
- Consumer report information
- Family member and beneficiary information
- Public information

Sharing your information for business purposes

We share your information with other Nationwide companies and business partners. When you buy a product, we may share your personal information for everyday business purposes. Some examples include mailing your statements or processing transactions that you request. You cannot opt out of these. We also share your information with your agent or producer. They use your personal information to manage your policy or account. We may also share your personal information as federal and state law requires.

Sharing your information for marketing purposes

We don't sell your information for marketing purposes. We have chosen not to share your personal information with anyone except to service your product. So there's no reason for you to opt out. If we change our policy, we'll tell you and give you the opportunity to opt out before we share your information.

Using your medical information

We sometimes collect medical information. We may use this medical information for a product or service you're interested in, to pay a claim, or to provide a service. We may share this medical information for these business purposes if required or permitted by law. But we won't use it for marketing purposes unless you give us permission.



Nationwide[®]
On Your Side

Accessing your information

You can always ask us for a copy of your personal information. Please call us at one of the phone numbers listed below to access your personal information or for questions about our privacy policy. We have a process that allows you to review your information and for your protection, we will verify your identity first. We can only give access to information that we control. We don't charge a fee for giving you a copy of your information now, but we may charge a small fee in the future.

Individual Annuities and Life and Health Operations 1-866-223-0303

TTY/TTD services 1-800-238-3035

Nationwide Investment Advisors, LLC 614-249-5948

You can change your personal information at MyNationwide.com or by calling your agent or producer. But we can't update information that other companies provide to us. So you'll need to contact these other companies to change and correct your information.

A parting word ...

These are our privacy practices. They apply to all current, joint, and former clients of Nationwide Financial and the affiliates and subsidiaries that offer life insurance, banking services, and investments. This includes the following companies:

Nationwide Life Insurance Company
Nationwide Life and Annuity Insurance Company
Nationwide Retirement Solutions, Inc.
NFS Distributors, Inc.
Pension Associates, Inc.
Nationwide Investment Services Corporation
Nationwide Investment Advisors, LLC
Nationwide Financial Institution Distributors Agency, Inc.
Nationwide Retirement Solutions, Inc. of Arizona
Nationwide Retirement Solutions, Inc. of Ohio
Nationwide Retirement Solutions, Inc. of Texas
Nationwide Retirement Solutions Insurance Agency, Inc.
Nationwide Bank

**Current plan document
that is being replaced —
provided for your reference.**



Nationwide[®]
Retirement Solutions

a Nationwide Financial[®] company



Nationwide[®] Retirement Solutions

On Your Side™

Here is your new Plan Document

As your partner in the Deferred Compensation Program, Nationwide is pleased to present you with the **Amended and Restated 457(b) Governmental Plan Document** (Plan Document). Effective January 1, 2006, we will administer your deferred compensation program in accordance with this Plan Document.

We ask that you:

1. Review the enclosed Plan Document and contact us if you have questions. To help you understand what is new or different, we have prepared an *Explanation of Substantive Changes*, beginning on page 2 of this letter.
2. Please review this document with all appropriate staff and implement this Plan Document no later than December 31, 2005.
3. Retain this document, along with any loan amendments to your previous Plan Document, with your other important papers.

Why has the Plan Document been changed?

On July 11, 2003, the United States Department of Treasury issued final regulations for Internal Revenue Code Section 457. The Internal Revenue Service requires that governmental 457(b) plans conform to the final regulations as of January 1, 2006, and issued model amendments as guidance.

Most of the changes in your new Plan Document have been made to be consistent with the language in the model amendments. Also, a few substantive changes were incorporated to provide your participants with additional flexibility with their deferred compensation accounts, as permitted in the final regulations.

Nationwide has made it easy for your Plan to conform to the final regulations. The enclosed Plan Document not only complies with the final regulations, but also includes modifications that are a result of recent IRS regulations, rulings and guidance.

What else do I need to do?

Nothing! Once you've reviewed and adopted the Plan Document, you're all set.

We appreciate the opportunity to offer this important benefit to your employees.

If you have questions about the new Plan Document or any aspect of your deferred compensation program, please contact your Nationwide representative or call 1-877-NRS-FORU (877-677-3678), option 2.

Plan Document Checklist

- Read the *Explanation of Substantive Changes* along with your new *Plan Document*.
- Implement the *Amended and Restated 457(b) Governmental Plan Document* by December 31, 2005.
- Retain the new Plan Document.

Explanation of Substantive Changes

The IRS issued model amendments incorporating the provisions of Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the final regulations, and other pertinent IRS rulings and related legislation. Although the model amendments are for guidance only and do not have the effect of law, they have been incorporated into your 457(b) governmental Plan to the extent applicable.

The following is a brief description of modifications to the Plan document consistent with the final 457(b) regulations, the 457(b) model amendments, subsequent IRS guidance, proposed regulations, and other pertinent legislation. The specific Plan section is included so that you can refer to the Plan document. The Plan Document will be effective January 1, 2006.

ARTICLE I

Definitions

Account Balance – Account balance is a new term adopted by the IRS in the model amendments. The account balance is defined as the bookkeeping account maintained for each participant in the Plan. Within the account balance are sub-accounts, such as Plan Sponsor contributions, eligible rollover account(s), and plan-to-plan transfers into the Plan. Beneficiaries and alternate payees have separate account balances. [Section 1.01(b)]

Alternate Payee – An alternate payee is a person entitled to receive a benefit through a Domestic Relations Order (DRO). DROs are now a standard feature of your Plan. [Section 1.01 (c)]

Includible Compensation – This Plan adopts the model amendments' definition of includible compensation, to determine 100% of includible compensation contribution limit. Includible compensation is defined as W-2 compensation adjusted for elective deferrals. [Section 1.01 (j)]

Normal Retirement Age – The normal retirement age has not been modified and remains age 65, unless otherwise designated. However, the Plan now includes the special rule for determining normal retirement age applicable to police and firefighters. The final 457 regulations permit qualified police and firefighters to use an earlier normal retirement age, but no earlier than age 40. [Section 1.01 (m)]

Definition of Spouse – The Plan adopts the definition of spouse under the federal Defense of Marriage Act (DOMA), which is a person of the opposite sex who is a husband or wife. [Section 1.01 (u)]

ARTICLE II

Election to Defer Compensation

Deferrals During Leaves of Absence and Disability – Participants on leave of absence and participants who are disabled may continue to make deferrals to the extent that compensation continues to be paid. Disability benefits do not constitute a continuation of compensation. [Section 2.07 and 2.08]

ARTICLE III

Limitations on Amounts Deferred

Aggregation with Other 457(b) Plans – The 2003 final regulations require aggregation of 457(b) governmental plan contributions whether or not the plans are related. If the participant is contributing to an unrelated 457(b) governmental plan as well as to your 457(b) Plan and the contributions cause the participant to exceed the limits, the plans will not lose their tax-favored status. The Plan places the responsibility on the participant to provide participation information to the Plan Sponsor to monitor annual deferral limits. [Section 3.04]

Correction of Excess Deferrals – The model amendments permit the Plan to unilaterally correct excess deferrals during the plan year. Nationwide will distribute the excess deferrals at your direction as soon as administratively practicable. [Section 3.05]

Deferrals from Certain Sick Pay, Vacation Pay, and Back Pay – The proposed regulations recently issued by the IRS regarding Internal Revenue Code, as amended, Section 415 include a proposed amendment to Treasury Regulations 1.457-4(d) regarding deferrals of sick, vacation and back pay for former employees. Such deferrals may be made within 2 ½ months following severance from employment. This applies also to compensation paid to participants who are permanently and totally disabled, and compensation paid to participants relating to qualified military service under IRS Code section 414(u). [Section 3.06]

ARTICLE IV

Plan Sponsor Contributions

Plan Sponsor Contributions – Although not included in the model amendments, the Plan continues to permit the Plan Sponsor to make contributions should it desire to do so. [Section 4.01]

ARTICLE V

Distribution of Benefits

Benefit Distributions under Annuity – The model amendments assume that there is a trust for an eligible 457(b) governmental plan is a trust. However, this Plan permits the use of a trust, custodial agreement and/or an annuity contract.

In-Service Distributions from Eligible Rollover Accounts – IRS Revenue Ruling 2004-12 permits distributions of rollovers to the extent such rollovers are maintained in a sub-account. The Plan maintains separate accounting for rollovers into the Plan making such rollovers eligible for in-service distributions. [Section 5.08]

Unforeseeable Emergency Distributions – The 2003 final regulations permit participants and beneficiaries to take unforeseeable emergency distributions. The model amendments provide that only participants are eligible for unforeseeable emergencies. Presumably this is because beneficiaries are entitled to take distributions at any time. For this reason, the Plan refers only to participants being eligible for unforeseeable emergency distributions; beneficiaries are eligible for distributions at any time. [Section 5.09]

Due to emergency legislation enacted as a result of Hurricanes Katrina, Rita, and Wilma, a provision has been incorporated that permits the Plan to amend its criteria for unforeseeable emergency distributions accordingly without the need to further amend the Plan document.

Voluntary In-Service Distributions – The 457(b) regulations permit distribution of smaller accounts of \$5,000 or less be distributed if there have been no prior voluntary de minimis distributions and no deferrals made in the prior two years. The model amendments assume mandatory de minimis in-service distributions. However, the Plan does not adopt this provision and continues to permit de minimis in-service distributions on a voluntary basis. [Section 5.10]

ARTICLE VI

Eligible Rollovers and Plan-to-Plan Transfers

Sub-Account for Eligible Rollover Contributions – IRS Revenue Ruling 2004-12 permits distributions of rollovers to the extent such rollovers are maintained in a separate account. The Plan maintains separate accounting for rollovers into the Plan and such rollovers are eligible for in-service distributions. [Section 6.01 (b)]

Loans – The model amendments related to loans are not included in the Plan document. Loans continue to be an available feature that may be added on to your Plan. If your Plan currently offers loans, the loan amendment continues to be part of your Plan document and is incorporated in this Plan document accordingly.

ARTICLE VII

Domestic Relations Orders

Domestic Relations Orders – The Plan now includes the acceptance of DROs as a standard Plan feature. The previous DRO amendment has been incorporated into the Plan document. The Administrator will continue to review and process DROs submitted to the Plan. [Sections 7.01-7.05]

ARTICLE IX

Investment of Deferred Amounts

Limitations on Transfers and Exchanges – Although generally the Plan permits participants, beneficiaries, and alternate payees to self-direct its investment selections with minimum limitations, there are some investment options that have restrictions that will be imposed. In addition, the Plan provides for market timing restrictions in accordance with restrictions imposed by a funding provider, the Administrator, and/or a regulatory agency. [Section 9.04]

ARTICLE XII

Miscellaneous

Non-Assignability – 457(b) governmental plan assets remain non-assignable. With certain exceptions, such assets cannot be transferred. However, the model amendments permit the Plan to attach the assets of a participant, beneficiary, or alternate payee to pay a federal income tax levy. Under the Bankruptcy Abuse Protection and Consumer Protection Act of 2005, assets in an eligible 457(b) plan may be exempted from bankruptcy proceedings. [Sections 12.01 and 12.02]

Mistake of Fact Rule – The model amendments extends and adopts the mistake-of-fact rule found in IRS Revenue Ruling 91-4 applicable to ERISA qualified plans. Although not subject to ERISA, 457(b) governmental plans are permitted by the IRS to refund mistaken contributions within one year after the payment of the mistaken contribution. [Section 12.03]

**NATIONWIDE RETIREMENT SOLUTIONS, INC.
DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES**

**AMENDED AND RESTATED 457(b) GOVERNMENTAL PLAN DOCUMENT
Effective January 1, 2006**

The Plan consists of the provisions set forth in this document, and any loan amendments which are incorporated as if fully rewritten herein, and is applicable to each Public Employee who elects to participate in the Plan. The Plan is effective as to each such Public Employee upon the date he becomes a Participant by entering into and filing with the Administrator the Participation Agreement referred to herein.

**ARTICLE I
Definitions**

1.01. The following terms shall, for purposes of this Plan, have the meaning set forth below.

- (a) **ADMINISTRATOR** means Nationwide Retirement Solutions, Inc.
- (b) **ACCOUNT BALANCE** means the bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or losses of the Participant's account (net applicable account expenses and fees) allocable to the Participant. The Account Balance includes any Plan Sponsor contributions under Section 4.01, any Eligible Rollover Accounts(s), any plan-to-plan transfers, and any account established for a Beneficiary after a Participant's death. If a Participant has more than one Designated Beneficiary at the time of the Participant's death, then a separate account shall be established and maintained for each Beneficiary.
- (c) **ALTERNATE PAYEE** means a person entitled to receive a benefit under the Plan through a Domestic Relations Order, as defined in IRC Section 414(p)(8).
- (d) **ANNUAL DEFERRAL** means the amount of Compensation deferred by a Participant during a calendar year of Compensation and any contributions by the Plan Sponsor to the Participant's account.
- (e) **BENEFICIARY** means the person(s) properly designated by a Participant under Section 8.01 Designation of Beneficiary, or, if none, the Participant's estate, which is entitled to receive benefits under the Plan after the death of the Participant.
- (f) **COMPENSATION** means all cash compensation for services to the Plan Sponsor, including salary, wages, fees, commissions, bonuses, and overtime pay that is includible in the Public Employee's gross income for the calendar year, plus amounts that would be cash Compensation for services to the Plan Sponsor includible in the Public Employee's gross income for the calendar year but for a Compensation reduction election under IRC Sections 125, 132(f), 401(k), 403(b), or 457(b), including an election to defer Compensation under Article II Election to Defer Compensation of the Plan.
- (g) **ELIGIBLE RETIREMENT PLAN** means an individual retirement account described in IRC Section 408(a), individual retirement annuity described in IRC Section 408(b), a qualified trust described in IRC Section 401(a), an annuity plan described in IRC Section 403(a) or 403(b), or an eligible governmental plan described in IRC Section 457(b).

- (h) **ELIGIBLE ROLLOVER ACCOUNT** means the separate bookkeeping account(s) maintained by the Administrator within the Plan for a Participant for amounts of eligible rollover contributions under Section 6.01 Eligible Rollover Contributions to the Plan.
- (i) **ELIGIBLE ROLLOVER DISTRIBUTION** means an Eligible Rollover Distribution as defined in IRC Section 402(c)(4), including Eligible Rollover Distributions to a surviving Spouse under IRC Section 402(c)(9).
- (j) **INCLUDIBLE COMPENSATION** means a Public Employee's actual wages in box 1 of Form W-2 for a given year for services performed for the Plan Sponsor, but subject to a maximum of \$200,000 (or such higher maximum as may apply under IRC Section 401(a)(17)) and increased (up to the dollar maximum) by any Compensation reduction election under IRC Sections 125, 132(f), 401(k), 403(b), or 457(b), including an election to defer Compensation under Section 2.02 Election Required for Participation.
- (k) **INDEPENDENT CONTRACTOR** means any person receiving any type of Compensation from the Plan Sponsor or any of its agencies, departments, subdivisions or instrumentalities for which services are rendered pursuant to one or more written or oral contracts, if such a person is not a Public Employee.
- (l) **IRC** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.
- (m) **NORMAL RETIREMENT AGE** means any age that is on or after the earlier of age 65 or the age at which Participants have the right to retire and receive, under the basic defined benefit pension plan of the employer (or a money purchase plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. However, the Normal Retirement Age shall not be later than age 70 ½. Alternatively, a Plan may provide that a Participant is allowed to designate a Normal Retirement Age within these ages. For purposes of the special Section 457 catch-up in Section 3.03 Special Section 457 Catch-up Limitation, an entity sponsoring more than one eligible plan shall not permit a Participant to have more than one Normal Retirement Age under the eligible plans it sponsors.
- Special Rule for Eligible Plans of Qualified Police or Firefighters.** An eligible plan with Participants that include qualified police or firefighters as defined under IRC Section 415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age for such qualified police and firefighters that is earlier than the earliest Normal Retirement Age designated under the general rule above, but in no event may the Normal Retirement Age be earlier than age 40. Alternatively, a Plan may allow a qualified police or firefighter Participant to designate a Normal Retirement Age that is between age 40 and age 70 ½.
- (n) **PARTICIPANT** means an individual who is currently deferring Compensation or who has previously deferred Compensation under the Plan by salary reduction and who has not received a distribution of his entire Account Balance under the Plan. Only individuals who perform services for the Plan Sponsor as a Public Employee or Independent Contractor may defer Compensation under the Plan.

- (o) **PARTICIPATION AGREEMENT** means the application to enroll and participate in the Plan that is completed by the Public Employee and provided to the Administrator. The Participation Agreement form for this purpose shall be provided by the Administrator and will have no effect until it is signed, filed with the Administrator by the Participant, and accepted by the Administrator prior to the Participant's death.
- (p) **PLAN** means the Plan for Public Employees as set forth in this plan document and as it may be amended from time to time.
- (q) **PLAN SPONSOR** means the county, municipality, or other instrumentality of the State, which is an eligible governmental employer pursuant to IRC Section 457(e)(1), for which services are performed by Public Employees, and which participates in this Plan.
- (r) **PLAN YEAR** means the calendar year in which the Plan becomes effective, and each succeeding calendar year during the existence of the Plan.
- (s) **PUBLIC EMPLOYEE** means any person who receives any type of Compensation from the Plan Sponsor for services rendered to the Plan Sponsor (including, but not limited to, elected or appointed officials and salaried employees).
- (t) **SEVERANCE FROM EMPLOYMENT** means the date on which the Participant dies, retires or otherwise has a Severance from Employment with the Plan Sponsor. An Independent Contractor is considered to have a Severance from Employment with the Plan Sponsor upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for the Plan Sponsor if the expiration constitutes a good-faith and complete termination of the contractual relationship. An Independent Contractor shall not be considered Severed from Employment with the Plan Sponsor, and shall not receive any benefits hereunder unless (i) at least 12 months have expired since the date on which the last contract pursuant to which the Independent Contractor provided any services to the Plan Sponsor was terminated, and (ii) the Independent Contractor has performed no services for the Plan Sponsor during the 12-month period referred to herein either as an Independent Contractor or Public Employee.
- (u) **SPOUSE** means a person of the opposite sex who is a husband or wife, as defined under Title 28, Chapter 15, Section 1738 of the United States Code.
- (v) **VALUATION DATE** means each business day/the last day of the calendar month/the last day of the calendar quarter/each December 31.

1.02 **Gender and Plurals.** Whenever used herein, the masculine gender shall include the feminine and the singular shall include the plural unless the provisions of the Plan specifically require a different construction.

ARTICLE II

Election to Defer Compensation

- 2.01 **Eligibility to Participate.** Each Public Employee shall be eligible to participate in the Plan and defer Compensation hereunder immediately upon becoming employed by the Plan Sponsor.
- 2.02 **Election Required for Participation.** A Public Employee may elect to become a Participant by executing a Participation Agreement and consenting to defer a portion of his Compensation by a

reduction of salary of the Annual Deferral amount specified in the Participation Agreement, signing it, and filing it with the Administrator. A Public Employee, by filing the Participation Agreement with the Administrator, agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish a minimum deferral amount, and may change such minimum deferral amounts from time to time. The Participation Agreement shall also include designation of investment specifications and a designation of Beneficiary. Failure of the Participant to properly execute the Participation Agreement will cause any designation of Beneficiary thereon to be invalid. Any Beneficiary election shall remain in effect until the Participant files an executed amendment with the Administrator pursuant to Section 2.05 Amendment of Participation Elections

- 2.03 **Information Provided by the Participant.** Each Public Employee enrolling in the Plan should provide to the Plan Sponsor at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Plan Sponsor to administer the Plan, including, without limitation, whether the Public Employee is a Participant in any other eligible plan under IRC 457(b).
- 2.04 **Commencement of Participation.** A Public Employee shall become a Participant as soon as administratively practicable following the date the Public Employee files a Participation Agreement pursuant to Section 2.02 Election Required for Participation, or is participating as otherwise permitted by law. Such election shall become effective no earlier than the calendar month following the month in which the election is made. However, a new Public Employee may defer Compensation payable in the calendar month during which the Participant first becomes a Public Employee if a Participation Agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Plan Sponsor.
- 2.05 **Amendment of Participation Elections.** Subject to other provisions of the Plan, a Participant may at any time revise his participation election, including changes to his investment direction and changes to his Designated Beneficiary. Changes to the investment direction shall take effect once accepted by the Administrator.
- 2.06 **Amendment of Annual Deferral Election.** A Participant may revoke an election to participate and may amend the amount of Compensation to be deferred by filing with the Administrator a revocation or amendment on a form and in the procedural manner approved by the Administrator. Any amendment which increases or decreases the amount of Annual Deferrals for any pay period shall be effective only if an agreement providing for such an amendment is entered into before the beginning of the month in which the pay period commences. Any revocation or amendment of the Annual Deferrals shall be effective prospectively only. Any amendment of the Annual Deferrals, unless the election specifies a later effective date, shall take effect as of the first day of the next following month or as soon as administratively practicable, if later.
- 2.07 **Leaves of Absence.** Unless a deferral election is otherwise revised, if a Participant is absent from work by leave of absence, Annual Deferrals under the Plan shall continue to the extent that Compensation continues.
- 2.08 **Participant Disability.** A disabled Participant may elect to defer Compensation during any portion of a period of disability to the extent the Participant has actual Compensation (not imputed compensation and not disability benefits) from which to defer to the Plan and has not had a Severance from Employment, as determined by the Plan Sponsor.
- 2.09 **Protection of Persons Who Serve in a Uniformed Service.** A Public Employee whose employment is interrupted by qualified military service under IRC Section 414(u) or who is on a leave of absence for qualified military service under IRC Section 414(u) may elect to make additional

Annual Deferrals upon resumption of employment with the Plan Sponsor equal to the maximum Annual Deferrals that the Public Employee could have elected during that period if the Public Employee's employment with the Plan Sponsor had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Public Employee during the period of the interruption or leave. This right applies for five (5) years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

ARTICLE III

Limitations on Amounts Deferred

3.01 **Basic Annual Limitation.** The maximum amount of the Annual Deferral under the Plan for any calendar year shall not exceed the lesser of (i) the Basic Annual Limitation or (ii) the Participant's Includible Compensation for the calendar year. The Applicable Dollar Amount is the amount established under IRC Section 457(e)(15) applicable as set forth below:

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005:	\$14,000
2006:	\$15,000, adjusted for cost-of-living after 2006 to the extent provided under IRC Section 415(d).

3.02 **Age 50 Catch-up Annual Deferral Contributions.** A Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Annual Deferrals, up to the maximum Age 50 Catch-up Annual Deferrals for the year. The maximum dollar amount of the Age 50 Catch-up Annual Deferrals for a year is as follows:

2002	\$1,000
2003	\$2,000
2004	\$3,000
2005:	\$4,000
2006:	\$5,000, adjusted for cost-of-living after 2006 to the extent provided under the IRC.

3.03 **Special Section 457 Catch-up Limitation.** If the applicable year is one of a Participant's last 3 calendar years ending before the year in which the Participant attains Normal Retirement Age and the amount determined under this Section 3.03 exceeds the amount computed under Sections 3.01 Basic Annual Limitation, and 3.02 Age 50 Catch-up Annual Deferral Contributions, then the Annual Deferral limit under this Section 3.03 shall be the lesser of:

- (a) An amount equal to 2 times the Section 3.01 Basic Annual Limitation for such year; or
- (b) The sum of:
 - (1) An amount equal to (A) the aggregate Section 3.01 Basic Annual Limitation limit for the current year plus each prior calendar year beginning after December 31, 2001 during which the Participant was a Public Employee under the Plan, minus (B) the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

- (2) An amount equal to (A) the aggregate limit referred to in IRC Section 457(b)(2) for each prior calendar year beginning after December 31, 1978 and before January 1, 2002 during which the Participant was a Public Employee, determined without regard to Section 3.02 Age 50 Catch-up Annual Deferral Contributions, and this Section 3.03, minus (B) the aggregate contributions to Pre-2002 Coordination Plans for such years.

However, in no event can the aggregate deferred amounts and contributions be more than the Participant's Compensation for the calendar year.

3.04 **Special Rules.** For purposes of this Article III, the following rules shall apply:

- (a) **Participant Covered By More Than One Eligible Plan.** If the Participant is or has been a Participant in one or more other eligible plans within the meaning of IRC Section 457(b) for a given year, then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Article III. For this purpose, the Plan Sponsor shall take into account any other such eligible plan established by the Plan Sponsor.
- (b) **Pre- Participation Years.** In applying Section 3.03 Special Section 457 Catch-up Limitation, a prior year shall be taken into account only if (i) the Participant was eligible to participate in the Plan during all or a portion of the year and (ii) Compensation deferred, if any, under the Plan during the year was subject to the Basic Annual Limitation described in Section 3.01 or any other plan ceiling required by IRC Section 457(b).
- (c) **Pre-2002 Coordination Years.** For purposes of Section 3.03(b)(2)(B), "Contributions to Pre-2002 Coordination Plans" means any Plan Sponsor contribution, salary reduction or elective contribution under any other eligible IRC Section 457(b) plan, or a salary reduction or elective contribution under any IRC Section 401(k) qualified cash or deferred arrangement, IRC Section 402(h)(1)(B) simplified employee pension (SARSEP), IRC Section 403(b) annuity contract, and IRC Section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in IRC Section 501(c)(18), including plans, arrangements or accounts maintained by the Plan Sponsor or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of Section 3.03(b)(2)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in IRC Section 457(b)(2) for the year.
- (d) **Disregard Excess Deferral.** For purposes of Sections 3.01 Basic Annual Limitation, 3.02 Age 50 Catch-up Annual Deferral Contributions, and 3.03 Special Section 457 Catch-up Limitation, an individual is treated as not having deferred Compensation under the plan for a prior taxable year to the extent Excess Deferrals under the Plan are distributed, as described in Section 3.05. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as a Correction of Excess Deferrals under Section 3.05 for those prior years.

3.05 **Correction of Excess Deferrals.**

- (a) If Annual Deferrals credited to a Participant's Account Balance during the current Plan Year exceed the limitations described above as determined by the Plan Sponsor, the Administrator shall return the excess as directed by the Plan Sponsor as soon as administratively practicable after the Administrator is notified that there is an Excess Deferral.

- (b) If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above as determined by the Plan Sponsor, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan pursuant to IRC Section 457(b) then the Annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed as soon as administratively practicable by the Administrator at the determination and direction of the Plan Sponsor.

3.06 **Deferrals After Severance from Employment, Including Sick, Vacation, and Back Pay Under an Eligible Plan.** A Participant who has not had a Severance from Employment may elect to defer accumulated sick pay, accumulated vacation pay, and back pay under an eligible plan. Such amounts may be deferred for any calendar month only if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is a Public Employee on the date the amounts would otherwise be paid or made available, in accordance with Section 2.02 Election Required for Participation, and Section 2.04 Commencement of Participation.

In addition, to the extent permitted by law, deferrals may be made for former Public Employees with respect to Compensation described in Treasury Regulation Section 1.415(c)-2(e)(3)(ii) (relating to certain Compensation paid within 2 ½ months following Severance from Employment), Compensation described in Treasury Regulation Section 1.415(c)-2(g)(4) (relating to Compensation paid to Participants who are permanently and totally disabled), and Compensation relating to qualified military service under IRC Section 414(u).

ARTICLE IV

Plan Sponsor Contributions

4.01 The Plan Sponsor may contribute to the Plan for Participants. Plan Sponsor contributions shall vest at the time such contributions are made. For purposes of administering Sections 3.01 Basic Annual Limitation, 3.02 Age 50 Catch-up Annual Deferral Contributions, and 3.03 Special Section 457 Catch-up Limitation, Plan Sponsor contributions shall apply toward the maximum deferral limits in the Plan Year that such contributions are made.

ARTICLE V

Distribution of Benefits

5.01 **Benefit Distributions at Retirement or Other Severance from Employment.** Except for In-Service Distributions from Eligible Rollover Accounts under Section 5.08, Unforeseeable Emergency withdrawals under Section 5.09, and Voluntary In-Service Smaller Account Distributions under Section 5.10, or otherwise specifically allowed by the Plan, distributions from the Plan may not be made to a Participant earlier than:

- (a) the calendar year in which the Participant attains age 70 ½; or
- (b) the calendar year in which the Participant retires or otherwise has a Severance from Employment. All irrevocable elections of a benefit commencement date by a Participant or a Beneficiary made prior to January 1, 2002 and defaulted distributions (other than a defaulted distribution to an annuity option) may be voided at the election of the Participant or the Beneficiary.

- 5.02 **Election of Benefit Commencement Date.** A Participant may elect to commence distribution of benefits at any time after retirement or other Severance from Employment, as determined and confirmed by the Plan Sponsor by a notice filed with the Administrator before the date on which benefits are to commence. However, in no event may distribution of benefits commence later than the date described in Section 5.04(b) Required Beginning Date.
- 5.03 **Forms of Distribution – Benefit Payment Options.** Benefits shall be paid in accordance with the payment option elected by the Participant. Payment, method of payment, and settlement options are available as provided by each of the available investment specifications. The Participant shall elect the method of payment based upon the options then available under the Plan, including but not limited to lump sum distributions, periodic payment by fixed amount, periodic payment by fixed time period, partial lump sum payment or purchased annuity. A Participant or Beneficiary who has chosen a payment option, other than the purchased annuity option, shall have the ability to change his payment option subject to any restrictions or limitations imposed by the Plan, the Administrator, an investment option provider, any regulatory agency, or as otherwise required by law.
- 5.04 **Required Minimum Distributions.** All distributions under the Plan must comply with IRC Section 401(a)(9) and the regulations issued thereunder. The provisions of this Section 5.04 will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year. The term Designated Beneficiary as used in this Section 5.04 shall have the meaning set forth in Treasury Regulation Section 1.401(a)(9)-4.
- (a) **Requirements of Treasury Regulations Incorporated into Plan.** All distributions required under this Section 5.04 will be determined and made in accordance with the Treasury Regulations under promulgated under IRC Section 401(a)(9).
- (b) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date, which is to begin no later than April 1 following the calendar year in which the Participant attains age 70 ½ or has a Severance from Employment, whichever is later.
- (c) **Death of Participant before Distributions Begin.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
- (1) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70 ½, if later.
 - (2) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
 - (3) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, and there are no other Designated Beneficiaries, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- (4) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 5.04 will apply as if the surviving Spouse were the Participant.
- (d) **Required Minimum Distributions during Participant's Lifetime.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:
- (1) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (2) if the Participant's sole Designated Beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar years.
- (e) **Death On or After Date Distributions Begin and Participant Survived by Designated Beneficiary.**
- (1) If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's Designated Beneficiary, determined as follows: The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (2) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.
 - (3) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
 - (4) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed, in accordance with Section 8.01 Acceptance of Beneficiary Designation by Administrator, for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(f) **Death before Date Distributions Begin and Participant Survived by Designated Beneficiary.** If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's Designated Beneficiary.

(1) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution, in accordance with Section 8.01 Acceptance of Beneficiary Designation by Administrator, of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(g) **Death of the Surviving Spouse before Distributions to Surviving Spouse are Required to Begin.** If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin, this Section 5.04 will apply as if the surviving Spouse were the Participant.

(h) **Election of Payment Option.** If a Participant or Beneficiary fails to elect a payment option that meets the requirements of IRC Section 401(a)(9), the Administrator will initiate such a distribution. A Participant or Beneficiary who has chosen a payment option, other than an annuity option, shall have the ability to change his or her payment option.

5.05 **Order of Priorities.** This Section 5.05 has been prepared in accordance with Treasury Regulations promulgated under IRC Section 401(c)(9). To the extent there is a conflict between Section 5.04 or this Section 5.05 and the IRC, the provisions of the IRC and applicable Treasury Regulations shall prevail. For any calendar year, a Beneficiary may elect distribution of a greater amount (not to exceed the amount of the remaining Account Balance in lieu of the amount calculated using the formula set forth in Section 5.04.

5.06 **Death Benefit Distributions.** If the Participant dies before the benefits to which he is entitled under the Plan have been paid or exhausted, then the remaining benefits payable under the Plan shall be paid to his Designated Beneficiary. The Beneficiary shall have the right to elect the time and form of distribution of such benefits, subject to the limitations set forth in the Plan.

5.07 **Amount of Account Balance.** Except as provided in Section 5.03 Forms of Distribution, the amount of any payment under this Article V shall be based on the amount of the Account Balance on the preceding Valuation Date.

5.08 **In-Service Distributions from Eligible Rollover Accounts.** If a Participant has an Eligible Rollover Account attributable to eligible rollover contributions to the Plan, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the Eligible Rollover Account.

5.09 **Unforeseeable Emergency Distributions.**

(a) **Distribution.** If the Participant has an Unforeseeable Emergency before retirement or other Severance from Employment, the Participant may elect to receive a lump sum distribution equal to the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section 5.09.

- (b) **Unforeseeable Emergency Defined.** An Unforeseeable Emergency is defined as a severe financial hardship of the Participant resulting from: an illness or accident of the Participant, the Participant's Spouse, or the Participant's dependent (as defined in IRC Section 152(a)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); the need to pay for the funeral expenses of the Participant's Spouse or dependent (as defined in IRC Section 152(a)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, or as otherwise permitted by law. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an Unforeseeable Emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an Unforeseeable Emergency. Except as otherwise specifically provided in this Section 5.09, neither the purchase of a home nor the payment of college tuition is an Unforeseeable Emergency.
- (c) **Unforeseeable Emergency Distribution Standard.** A distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan, or as otherwise permitted by law.
- (d) **Distribution Necessary to Satisfy Emergency Need.** Distributions because of an Unforeseeable Emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

5.10 **Voluntary In-Service Smaller Account Distributions.** A Participant who is an active Public Employee of the Plan Sponsor may request to receive a distribution of the combined total Annual Deferrals under the Plan if the following requirements are met:

- (a) The Participant's total Annual Deferrals in the Account Balance under the Plan does not exceed \$5,000 (or the dollar limit under IRC Section 411(a)(11), if greater); and
- (b) The Participant has not previously received a voluntary in-service smaller account distribution under the Plan; and
- (c) There have been no Annual Deferrals under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

ARTICLE VI

Eligible Rollovers and Plan-to-Plan Transfers

6.01 Eligible Rollover Contributions to the Plan.

- (a) **Incoming Rollover Contributions.** A Participant who is a Public Employee and who is entitled to receive an Eligible Rollover Distribution from another Eligible Retirement Plan may request to have all or a portion of the Eligible Rollover Distribution paid to the Plan, provided,
 - (1) the Eligible Rollover Distribution is made entirely in the form of U.S. dollars, and,

- (2) the Participant demonstrates to the Administrator's satisfaction that the amount is a qualifying Eligible Rollover Distribution under IRC Sections 402(c)(4), 403(a)(4), or 408(d)(3).
- (b) **Definition of Eligible Rollover Distribution.** For purposes of Section 6.01(a) Incoming Rollover Contributions, an Eligible Rollover Distribution means any contribution of all or any portion of a Participant's benefit under another Eligible Retirement Plan to the Plan, except that an Eligible Rollover Distribution does not include:
- (1) any installment payment for a period of 10 years or more,
 - (2) any distribution made as a result of an Unforeseeable Emergency, or
 - (3) For any other distribution, the portion, if any, of the distribution that is a required minimum distribution under IRC Section 401(a)(9).
- (c) **Separate Account for Eligible Rollover Contributions.** The Plan shall establish and maintain for the Participant an Eligible Rollover Account for any Eligible Rollover Distribution paid to the Plan from any Eligible Retirement Plan that is not an eligible governmental plan under IRC Section 457(b). In addition, the Plan shall establish and maintain for the Participant an Eligible Rollover Account for any Eligible Rollover Distribution paid to the Plan from any Eligible Retirement Plan that is an eligible governmental plan under IRC Section 457(b).
- 6.02 **Permissive Rollovers to an Eligible Retirement Plan.** A Participant or the surviving Spouse of a Participant (or a Participant's former Spouse who is the Alternate Payee under a Domestic Relations Order, as defined in IRC Section 414(p)) who is entitled to an Eligible Rollover Distribution may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of the distribution paid directly to an Eligible Retirement Plan specified by the Participant in a direct rollover.
- 6.03 **Plan-to-Plan Transfers to the Plan of Eligible Governmental 457(b) Assets.**
- (a) **Permissive Plan-to-Plan Transfers.** At the direction of the Plan Sponsor, the Administrator may permit a class of Participants who are Participants in another eligible governmental IRC Section 457(b) Plan to transfer assets to the Plan as provided herein. Such a transfer is permitted only if the other Plan provides for the direct transfer of each Participant's interest therein to the Plan. Transfers from other eligible deferred compensation Plans (as defined in IRC Section 457) to the Plan will be accepted at the Participant's request if such transfers are in cash.
 - (b) **Effect of Transfers on Annual Deferral Limitations.** Any such transferred amount shall not be subject to the limitations of Section 3.01 Basic Annual Limitation, 3.02 Age 50 Catch-up Annual Deferral Contributions, and 3.03 Special Section 457 Catch-up Limitation, as an Annual Deferral, provided however, that the actual amount deferred during the calendar year under both Plans shall be taken into account in calculating the maximum Annual Deferral for that year. The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered, and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan.
 - (c) **Required Documentation for Transfers to the Plan.** The Administrator may require such documentation from the other Plan as it deems necessary to effectuate the transfer in accordance

with IRC Section 457(e)(10) and Treasury Regulation Section 1.457-10(b) and to confirm that the other Plan is an eligible governmental plan as defined in Treasury Regulation 1.457-2(f).

6.04 Plan-to-Plan Transfers from the Plan to another Eligible Governmental 457(b) Plan.

- (a) **Outgoing Plan-to-Plan Transfers Pursuant to Severance of Employment.** At the direction of the Plan Sponsor, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another eligible governmental plan within the meaning of IRC Section 457(b) and Treas. Reg. 1.457-2(f).

A transfer is permitted under this Section 6.04(a) for a Participant only if the Participant has had a Severance from Employment with the Plan Sponsor and is a Public Employee of the entity that maintains the other eligible governmental 457(b) Plan. Further, a transfer is permitted under this Section 6.04(a) only if the other eligible governmental 457(b) plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

- (b) **Outgoing Plan-to-Plan Transfers While Employed.** If the Plan Sponsor offers an eligible governmental 457(b) plan other than the Plan, and such other plan accepts transfers, the Participant may transfer the Account Balance in cash from the Plan to the other plan.
- (c) **Limitation of Liability.** Upon the transfer of assets under this Section 6.04, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 6.04 (for example, to confirm that the receiving plan is an eligible governmental plan under paragraph (a) of this Section 6.04, and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Treas. Reg. 1.457-10(b).

6.05 Permissive Service Credit Transfers.

- (a) If a Participant or Beneficiary is also a Participant in a tax-qualified defined benefit governmental plan (as defined in IRC Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant or Beneficiary, then the Participant or Beneficiary may elect to have any portion of the Participant's or Beneficiary's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 6.05(a) will not be treated as a distribution and, therefore, may be made before the Participant has had a Severance from Employment.
- (b) A transfer may be made under Section 6.05(a) only if the transfer is either for the purchase of permissive service credits (as defined in section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which IRC Section 415 does not apply by reason of IRC Section 415(k)(3).

ARTICLE VII

Domestic Relations Orders

- 7.01 Receipt of Domestic Relations Orders.** When the Plan Sponsor, Administrator, or Plan receives a Domestic Relations Order (DRO), judgment, decree, or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital

property rights of a Spouse or former Spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State, then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the DRO as the Alternate Payee. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the DRO.

Upon receipt of a DRO:

- (a) The Administrator shall notify the Participant and Alternate Payee of the receipt of the DRO, and
- (b) Within a reasonable time, the Administrator will follow the procedures adopted by the Plan Sponsor to determine the validity of the DRO. In the event the Administrator believes that the DRO is acceptable, it will process the DRO in accordance with the Administrator's procedures. If the DRO does not appear to be acceptable, the Administrator may contact the Plan Sponsor for a final determination and instruction regarding final disposition of the DRO.

7.02 Validity of a DRO. For purposes of this Article VII, a valid DRO is a judgment, decree, order, or approval of a marital property settlement made pursuant to a state domestic relations law (including community property law), relating to the property rights of a Participant and Alternate Payee. In addition, the DRO must:

- (a) Create or recognize the existence of the right of an Alternate Payee to all or a portion of the benefits payable with respect to a Participant under the Plan;
- (b) Clearly specify the following information:
 - (1) The name and last known mailing address of the Participant and Alternate Payee covered by the DRO; and
 - (2) The amount or percentage, or the manner in which the amount or percentage is to be determined, of the Participant's benefits to be paid to the Alternate Payee; and
 - (3) The number of payments or period to which the DRO applies; and
 - (4) The Plan to which such DRO applies.
- (c) Provide a form of payment to the Alternate Payee that is permitted under the Plan; and,
- (d) Not require the payment of benefits to an Alternate Payee which are required by a prior DRO to be paid to another Alternate Payee.

7.03 Processing of a DRO. If it has been determined that a DRO applies to a Participant's account, unless specifically directed otherwise by the Plan Sponsor, the Administrator shall comply with the DRO. The Administrator may place a restrictive hold on a Participant's Account Balance while it determines the validity of, and/or processes a DRO. The Administrator shall establish a separate Account Balance for the Alternate Payee and transfer the assigned value or benefit from the Participant's account into the Alternate Payee's separate Account Balance.

- 7.04 **Rights of an Alternate Payee to Receive Distributions.** The Alternate Payee is entitled to receive distributions immediately upon the establishment of the separate Account Balance pursuant to Section 7.03 Processing of a DRO. Commencement of distributions must begin no later than April 1st following the year in which the Alternate Payee attains age 70 ½. Distributions made to an Alternate Payee are reported as taxable income to the Alternate Payee in the calendar year in which the distributions are received by the Alternate Payee. State taxes, if applicable, and federal taxes will be withheld from any distribution on the Alternate Payee's Account Balance based upon the tax withholding elections of the Alternate Payee. The Alternate Payee may not make any contributions to the account but is permitted to designate Beneficiaries for the Account Balance and to exercise exchanges among the investment options as permitted by the Plan.
- 7.05 **No Liability for Prior Distributions.** In the event that it is determined that a DRO is valid and the Participant has begun receiving distributions from the Plan, the Alternate Payee must commence distributions within sixty (60) days following the date the DRO is determined to be valid. The Administrator shall only process a DRO to the extent possible based upon the then current value or benefit in the Participant's Account Balance.

ARTICLE VIII

Designation of BENEFICIARY

- 8.01 **Acceptance of Beneficiary Designation by Administrator.** The Participant shall have the right to file with the Administrator, a signed, written beneficiary or change of beneficiary form designating the person or persons who shall receive the benefits payable under the Plan in the event of the Participant's death. If the Participant dies without having a valid beneficiary form on file, the benefits will be paid to the Participant's estate or as otherwise required by applicable state law. A change in the Beneficiary designation shall take effect when the election is accepted by the Administrator, and must be on a form and in the procedural manner approved by the Administrator.
- 8.02 **Participant Obligation to File Beneficiary Designation Form.** The Participant accepts and acknowledges that he has the burden of executing and filing with the Administrator prior to the Participant's death a proper beneficiary designation form.

ARTICLE IX

Investment of Deferred Amounts

- 9.01 **Designation for Investment.** Deferred Compensation amounts shall be delivered by the Plan Sponsor to the Administrator or its designated agent for investment pursuant to the Participant's, Beneficiary's, or Alternate Payee's investment specifications.
- 9.02 **Participant's Investment Specifications.** The Plan Sponsor shall use the Participant's, Beneficiary's, or Alternate Payee's investment specifications to determine the value of any deferred compensation account and/or Eligible Rollover Account maintained with respect to the Participant as if the amounts had been invested according to such specifications. Any change in the investment direction, whether it applies to amounts previously deferred, contributed, rolled over, or transferred, or amounts to be deferred, contributed, rolled over, or transferred in the future, shall only be effective prospectively and shall be effective on a date consistent with, in conformance with, and subject to any restrictions, limitations, or fees imposed by the Plan Sponsor, the Administrator, an investment option provider, any regulatory agency, or as otherwise required by law.

After the death of the Participant, the Participant's Designated Beneficiary shall have the right to amend the Participant's, or the Beneficiary's, own investment direction by signing and filing with the Administrator an amendment on a form and in the procedural manner approved by the Administrator. Any change in an investment direction by a Beneficiary shall be effective on a date consistent with, in conformance with, and subject to any restrictions, limitations, or fees imposed by the Plan Sponsor, the Administrator, an investment option provider, any regulatory agency, or as otherwise required by law.

- 9.03 **Participant Account Credits and Debits.** All interest, dividends, charges for premiums and administrative expenses, and changes in value due to market fluctuations applicable to each Participant's Account Balance shall be credited or debited to the account. All dividends will be reinvested in the associated investment option.
- 9.04 **Limitations on Transfers and Exchanges.** The Plan Sponsor and the Administrator may adopt rules and procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These rules and procedures shall be in addition to any established by investment providers to the Plan. The Plan Sponsor and the Administrator may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where they deem appropriate.

ARTICLE X

Administration of Plan

- 10.01 **Exclusive Benefit of Participants and Beneficiaries.** The Plan Sponsor may at any time amend, modify or terminate the Plan under Section 13.01 Amendment and Termination, without the consent of the Participant (or any Beneficiary or Alternate Payee thereof); provided, however, that the assets of the Plan shall be held for the exclusive benefit of Participants and Beneficiaries at all times.
- 10.02 **No Third Party Interest in Plan.** Any companies that may issue any policies, contracts, or other forms of investment media used by the Plan Sponsor or specified by the Participant, are not parties to this Plan and such companies shall have no responsibility or accountability to any Participant, Beneficiary, or Alternate Payee with regard to the operation of this Plan.
- 10.03 **Tax Consequences of Participation in Plan.** The Plan Sponsor and the Administrator do not represent or guarantee that any particular Federal or State income, payroll, personal property, or other tax consequence will occur because of participation in this Plan. The Participant, Beneficiary, or Alternate Payee should consult with his own representative regarding all questions of Federal and State income, payroll, personal property, or other tax consequences arising from participation in this Plan.
- 10.04 **Appointment of Agents.** The Administrator shall have the power to appoint agents to act for and in the administration of this Plan and to select depositories for the assets of this Plan.
- 10.05 **Construction.** This Plan shall be construed, administered, and enforced according to the Constitution, laws of the state in which the Plan Sponsor resides, and the IRC.
- 10.06 **Total Agreement.** This Plan and any properly adopted amendment or modification shall constitute the total agreement or contract between the Plan Sponsor and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

- 10.07 **Effect of Adopted Plan Amendment.** This Plan and any properly adopted amendment or modification shall be binding on the parties hereto and their respective heirs, administrators, trustees, successors, and assignees and on all Participants, Beneficiaries, and Alternate Payees.

ARTICLE XI

Authority of Plan Sponsor and Administrator

- 11.01 **Authority Binding on Participants, Beneficiaries, and Alternate Payees.** The Plan Sponsor, the Administrator, or their respective agents shall be authorized to resolve any questions of fact necessary to decide the Participant's right under this Plan and such decision shall be binding on the Participant, Beneficiary, and any Alternate Payee, provided, however, that assets of the Plan shall be held for the exclusive benefit of Participants and Beneficiaries at all times.
- 11.02 **Authority to Interpret Plan.** The Plan Sponsor, the Administrator, or their respective agents shall be authorized to construe the Plan and to resolve any ambiguity in the Plan.
- 11.03 **Investment Losses.** The Participant specifically agrees not to seek recovery against the Plan Sponsor, the Administrator or any other employee, contractee, or agent of the Plan Sponsor or Administrator for any loss sustained by a Participant, a Beneficiary, or an Alternate Payee for the non-performance of their duties, negligence, or any other misconduct of the above-named persons, except that this paragraph shall not excuse fraud or wrongful taking by any person.
- 11.04 **Suspension of Benefit Payments.** The Plan Sponsor, the Administrator, or their respective agents, if in doubt concerning the correctness of their action in making a payment of a benefit, may suspend the payment until satisfied as to the correctness of the payment or the identity of the person to receive the payment or allow the filing in any State court of competent jurisdiction, a suit in such form as they consider appropriate for a legal determination of the benefits to be paid and the persons to receive them. The Plan Sponsor shall comply with the final orders of the court in any such suit and all Participants, Beneficiaries, and Alternate Payees consent to be bound thereby insofar as it affects the benefits payable under this Plan or the method or manner of payment.
- 11.05 **Hold Harmless.** The Plan Sponsor, the Administrator, and their respective agents are hereby held harmless from all court costs and all claims for the attorney's fees arising from any action brought by any Participant, Beneficiary, or Alternate Payee under this Plan or to enforce his rights under this Plan, including any amendment, modification or termination hereof.
- 11.06 **Litigation.** The Administrator shall not be required to participate in any litigation concerning the Plan except upon written demand from the Plan Sponsor. The Administrator may compromise, adjust or effect settlement of litigation when specifically instructed to do so by the Plan Sponsor.
- 11.07 **Exclusive Benefit of Participants and Beneficiaries.** Notwithstanding any contrary provision of the Plan, including any annuity contract issued under the Plan, in accordance with IRC Section 457(g), all amounts of Compensation deferred pursuant to the Plan, all property and rights purchased with such amounts, and all income attributable to such account, property, or rights shall be held for the exclusive benefit of Participants and Beneficiaries under the Plan and shall be held in a trust, in an annuity contract, as defined in IRC Section 401(f), or in one or more custodial accounts. For purposes of this paragraph:
- (a) a trust must be established under the Plan pursuant to a written agreement that constitutes a valid trust under the law of the state in which the Plan Sponsor is located,

- (b) an annuity contract shall be issued by an insurance company qualified to do business in the state where the contract was issued and may not include any life, health or accident, property casualty or liability insurance contract, and
- (c) the custodian of any custodial account created pursuant to this Plan must be a bank, as described in IRC Section 408(n), or a person who meets the non-bank trustee requirements of paragraphs (2)-(6) of Section 1.408-2(e) of the Income Tax Regulations relating to the use of non-bank trustees.

ARTICLE XII

Miscellaneous

- 12.01 **Non-Assignability.** Except as provided in Article VII and Section 12.02 IRS Levy, the interests of each Participant and Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable. Furthermore, in accordance Section 522 of the Bankruptcy Abuse Protection and Consumer Protection Act of 2005 ("the Act"), retirement funds that are in a fund that is exempt from taxation under IRC Section 457 may be exempted from an individual's property estate for purposes of the Act.
- 12.02 **IRS Levy.** Notwithstanding Section 12.01 Non-Assignability, the Administrator may pay from a Participant's, Beneficiary's, or Alternate Payee's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant, Beneficiary, or Alternate Payee or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant, Beneficiary, or Alternate Payee.
- 12.03 **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

ARTICLE XIII

Amendment and Termination

- 13.01 **Amendment and Termination.** The Plan Sponsor may at any time modify, amend, suspend, or terminate the Plan in whole or in part (including retroactive amendments) or cease deferring Compensation pursuant to the Plan for some or all Participants. In the event of such an action, the Plan Sponsor shall deliver to each affected Participant a notice of such modification, amendment, or termination or a notice that it shall cease deferring Compensation; provided, however, that the Plan Sponsor shall not have the right to reduce or affect the value of any Participant's Account Balance or any rights accrued under the Plan prior to such modification, amendment, termination, or cessation.
- 13.02 **No Effect of Plan on Employment of Participants.** Neither the establishment of the Plan nor any modification thereof, nor the establishment of an account, nor any agreement between the Plan Sponsor and the Administrator nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Plan Sponsor except as herein

provided, and in no event shall the terms of employment of the Public Employee, Independent Contractor, or Participant be modified or in any way affected.

- 13.03 **Interpretation.** This Plan is intended to be an eligible deferred compensation Plan under IRC Section 457, and shall be interpreted and administered in a manner consistent with the IRC. This Plan may be amended to the extent that it may be necessary to conform the Plan to the requirements of IRC Section 457 and any other applicable law, regulation, or ruling, including amendments that are retroactive to the effective date of the Plan. In the event that the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with the Internal Revenue Code, the Plan Sponsor shall correct such administration.

ARTICLE XIV Prior Plan

If the Plan Sponsor has already accepted and adopted the Plan (the "Prior Plan"), as defined by IRC Section 457, then the Plan Sponsor intends that this Plan shall amend and restate the Prior Plan. In such event, this Plan shall apply to all Participants in the Prior Plan on the effective date hereof, and also to each Public Employee who elects to participate in this Plan on and after the effective date hereof.

Article XV Effective Date

This Plan shall be effective as of January 1, 2006.