

February 3, 1976

Dear :

This is in response to the above-referenced application for exemption from the prohibitions of section 406 of the Employee Retirement Income Security Act of 1974 (the Act) and from the taxes imposed by section 4975(a) and (b) of the Internal Revenue Code of 1954 (the Code) by reason of section 4975(c)(1) of the Code filed in July, 1975, and telephone conversations with .

The Savings and Stock Plan (the Plan) is a contributory stock bonus plan maintained for employers of an affiliated group of corporations (the Employers) of which the Company is the common parent. As of July 1975, the Plan covered approximately 9,100 participants. Participants are permitted to contribute up to 5% of their annual compensation which is invested in United States Series E Savings Bonds. Pursuant to the terms of the Plan, the Employers contribute cash in the amount of 25% of each participant's contribution (50% after five years of participation) for the purchase of shares of Employer stock.

Under proposed amendments to the Plan, participants would be permitted to contribute an additional six percent of compensation, which would not be matched by Employer contributions. Separate investment funds would be established in the trust and participants and their beneficiaries would have the option of designating the fund or funds in which their contributions would be invested. These funds would include, in addition to the savings bond fund (to which at least 25% of employee contributions would have to be allocated), an equity fund and fixed income fund, both to be invested in securities not issued by the Employers, and a credit union fund. Assets in the credit union fund would be invested in shares of the Federal Credit Union (the Credit Union), a federally chartered credit union whose membership is limited to former and present employees of several of the Employer corporations, employees of the Credit Union and their families

(or in shares of any other federally chartered credit union serving employees covered under the Plan). As a federally chartered credit union, the Credit Union is supervised by the National Credit Union Administration. Each share account in the Credit Union is insured up to \$40,000 by the Federal Credit Union Insurance Fund. Under the Federal Credit Union Act (12 U.S.C. section 1751 et seq.) and rules and regulations issued thereunder, total borrowing by the Credit Union, the repayment of which has priority over the payment of share accounts, is limited to 50% of its paid-in and unimpaired capital and surplus. Under the proposed amendments to the Plan, a participant or the beneficiary of a participant would be permitted to shift assets in his or her individual account between the various investment funds once a year. The option to direct assets in a participant's account to be invested in the credit union fund will be available only to those participants and beneficiaries already maintaining share accounts in the Credit Union. For each participant or beneficiary who chooses to direct assets in his or her account under the Plan to be invested in the credit union fund, a share account held in trust by the trustee of the Plan will be established in the Credit Union. The trust will be non-voting.

The investment of Plan assets in Credit Union share accounts will not be pursuant to any agreement, arrangement or understanding that loans would be made available by the Credit Union on a preferential basis to any specific individual or to any class of members of the Credit Union, including officers, directors, 10 percent or more shareholders (if any) or highly compensated employees (within the meaning of section 4975(e) (2)(H) of the Code) of the Employers, or that as a result of such investment, loans would be made by the Credit Union on any basis other than in accordance with sound lending practices, applicable Federal statutes and regulations, and the by-laws of the Credit Union.

On reviewing the representations set forth in your letter of December 19, 1974, the above-referenced application for exemption and supporting documents, and the conversations with respect thereto with _____, we have concluded, on the basis of the representations set forth above, that the proposed investment of plan assets in a fund consisting of Credit Union share accounts, at the direction of plan participants or their beneficiaries, will not constitute a

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prohibited transaction under section 406 of the Act.

To the extent that our letter dated May 15, 1975 in response to your letter of December 19, 1974 may be inconsistent with this letter, it is hereby superseded.

We have conferred with officials of the Internal Revenue Service and they have authorized us to state that they concur with the interpretation set forth above insofar as it applies to section 4975(c)(1) of the Internal Revenue Code.

Sincerely,