

Summary of Changes to the Plan Document (Effective January 1, 2003)

The New York State Deferred Compensation Board amended the Model Plan Document for the Deferred Compensation Plan of the Power Authority of the State of New York, commonly referred to as the Plan Document, on November 20, 2002 to reflect relevant regulatory changes and other administrative provisions. The following is a summary of those amendments.

- Includible Compensation The definition of includible compensation was amended to conform to federal law. Consistent with federal law, a participant's compensation, for the purposes of determining the maximum amount that may be deferred to a Plan, is not reduced by the amount of deferrals to the Plan.
- Sick and Vacation Pay Deferrals Payments made to participants by employers that represent the value of accumulated and unused vacation and sick leave and back pay are eligible for deferrals to a participant's deferred compensation account.
- Retirement Catch-Up Contributions Participants who have elected to make Retirement Catch-Up Contributions (additional contributions in the three years preceding Normal Retirement Age) and who are also eligible to make Age 50 and Over Catch-Up Contributions may contribute to the Plan the greater of (i) the Retirement Catch-Up amount or (ii) the Age 50 and Over Catch-Up amount in any of the three years prior to the selected Normal Retirement Age.
- Normal Retirement Age For the purposes of determining eligibility for the Retirement Catch-Up provision, the definition of Normal Retirement Age was amended to conform to federal law. Normal Retirement Age is any year in which a participant may retire without a reduction in retirement benefits but no later than the year the participant becomes age 70 ½, regardless of whether the participant continues employment. Normal Retirement Age for police officers and firefighters may not be earlier than age 40. A participant who began Retirement Catch-Up prior to January 1, 2003 and established a Normal Retirement Age greater than age 70 ½ may continue in the Retirement Catch-Up provision to the conclusion of their three-year Retirement Catch-Up period.
- Excess Deferrals Plans are required to distribute contributions made by participants that are in excess of the maximum amount allowed by the Plan, with allocable net income, as soon as administratively practicable after the Plan determines that such amount is an excess deferral.
- Loans A Plan may provide loans to participants in accordance with the criteria and guidelines that are specified in the Plan document. This provision is optional.

- Distribution from Small Inactive Accounts A distribution from a Small Inactive Account (an account of less than \$5,000 of participant deferrals, exclusive of rollover amounts, to which there have been no deferrals for at least two years) may not exceed \$5,000 or such greater amount permitted by Section 401(a)(11) of the Internal Revenue Code. The distribution may be made from both the participant's deferral account and rollover account but the total distribution may not exceed \$5,000.
- Purchase of Retirement Service Credits The transfer of a participant's assets to purchase retirement service credits is limited to the purchase of retirement service credits in a governmental defined benefit retirement plan within the State of New York.
- Benefit Payments Beneficiary Benefits Payments to a beneficiary of a deceased participant who began to receive benefit payments from the Plan are no longer required to be made "at least as rapidly" as the benefit payment schedule selected by such participant, but rather in accordance with Section 401(a)(9) of the Internal Revenue Code, the regulations by the Internal Revenue Service, and revenue rulings, notices and other guidance published in the Internal Revenue Bulletin. A chart is attached which specifies the latest date that a beneficiary must commence benefit payments
- Expanded Rollover Opportunities Spousal beneficiaries and alternate payees are now permitted to roll IRA and other qualified retirement plan assets into the Plan.
- Estate Planning In the event that a beneficiary of a deceased Plan participant dies prior to the complete withdrawal of assets to the account of such beneficiary, any assets that remain in the account will be paid to the estate of the beneficiary rather than to any contingent beneficiary.

Deferral Limits for 2003

Regular Deferral Limit	Additional Deferral for Age 50 and Over Participants	Maximum Retirement Catch-Up Deferral
\$12,000	\$2,000	\$12,000

Participants who become Age 50 at any time during calendar year 2003 are eligible to make Age 50 and Over Catch-Up contributions. An application form for the Age 50 and Over Catch-Up contributions must be filed with the Plan to make these additional contributions.

Participants who are eligible to retire in 2006 or sooner without a reduction in benefits are eligible to participate in the Retirement Catch-Up provision in 2003. The additional amount that a participant may contribute under the Retirement Catch-Up provision is based on the difference between the amount contributed to the Plan in past years and the maximum amount that could have been contributed in those years. A Plan Account Executive can help determine this amount for participants.

A participant cannot make Age 50 and Over contributions and Retirement Catch-Up contributions at the same time. However, if a participant is participating in the Retirement Catch-Up provision and is also eligible to make Age 50 and Over contributions, the higher contribution maximum may be used.

**Determination of Benefit Payments to Beneficiaries
as permitted by §401(a)(9), IRC**

Beneficiary	In Instances Where Benefit Payments Have Not Yet Begun		Payments Began - Participant Is Not Required to Receive Benefits		Payments Began - Participant Is Required to Receive Benefits	
	Required Beginning Date	Maximum Length of Benefit Payments	Required Beginning Date	Maximum Length of Benefit Payments	Required Beginning Date	Maximum Length of Benefit Payments
Spouse	The latter of - 12/31 in year after death; or, - 12/31 in the year the participant would have turned age 70 ½	Life expectancy of the spouse	The latter of - 12/31 in year after death; or, - 12/31 in the year the participant would have turned age 70 ½	Life expectancy of the spouse	No later than 12/31 in the year after death	Life expectancy of the spouse
Non-Spouse	No later than 12/31 in the year after death	Life expectancy of the beneficiary	No later than 12/31 in the year after death	Life expectancy of the beneficiary	No later than 12/31 in the year after death	The longer of: - the remaining life expectancy of the beneficiary; or - the life expectancy of the participant
Non-Individual	May be deferred until 12/31 of the year that is 5 years after the death of the participant, at which time the entire interest must be distributed.	No more than 5 years and last payment must be made no later than 12/31 of the year which is 5 years after the death of the participant	May be deferred until 12/31 in the year that is 5 years after the death of the participant, at which time the entire interest must be distributed.	No more than 5 years and last payment must be made no later than 12/31 of the year which is 5 years after the death of the participant	No later than 12/31 in the year after death	The remaining life expectancy of the participant.