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March 10, 1998

Top Hat Plan Exemption  
Pension and Welfare Benefits Administration  
Room N-5644  
U.S. Department of Labor  
200 Constitution Avenue N.W.  
Washington, D.C. 20210

Dear Sir or Madam:

In accordance with DOL Regulation #2520.104-23, the International AIDS Vaccine Initiative Inc. (the "Employer") hereby declares as follows regarding the Deferred Compensation Plan of International AIDS Vaccine Initiative Inc. (the "Plan"):

1. Name and Address of Employer:

International AIDS Vaccine Initiative Inc.  
810 Seventh Avenue, 31<sup>st</sup> Floor  
New York, New York 10019

2. Employer Identification Number: 13-3870223.

3. The Employer maintains the Plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The Plan was established effective February 1, 1998. It is currently the only such plan maintained by the Employer, and covers one employee.

Please call me at (212) 655-0201 if you have any questions.

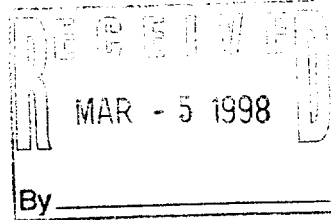
Sincerely,

Elizabeth Ann Kovacs  
Program Manager

cc: David W. Powell



LAW OFFICES  
**GROOM AND NORDBERG**  
CHARTERED  
1701 PENNSYLVANIA AVENUE, N.W.  
SUITE 1200  
WASHINGTON, D.C. 20006



(202) 857-0620  
FAX (202) 659-4503

David W. Powell  
(202) 861-6600

March 3, 1998

Betsy Kovacs  
International AIDS Vaccine Initiative  
810 Seventh Avenue  
31st Floor  
New York, NY 10019

Re: DOL Top Hat Letter

Dear Betsy:

As we discussed on the telephone, I enclose a draft of a letter that IAVI must send to the DOL within 120 days of the adoption of the 457(b) plan. I would appreciate receiving a copy as sent for our files.

I also enclose a summary description for the 457(b) plan, based upon the one used for the Rockefeller Foundation.

Best regards,

A handwritten signature in cursive script that reads "David W. Powell".

David W. Powell

**DRAFT**  
March 3, 1998

**PERSONAL AND CONFIDENTIAL**

The Deferred Compensation Plan  
of  
International AIDS Vaccine Initiative  
Plan Description

This description is to provide you with a summary of information regarding The Deferred Compensation Plan of International AIDS Vaccine Initiative (the "Plan"), which is intended to be an eligible deferred compensation plan within the meaning of Internal Revenue Code section 457(b). This booklet is only a general description, and should any provision of this booklet appear to conflict with the Plan document, the Plan document shall control.

**Participation**

Individuals who are eligible to participate in the Plan will be notified in writing by the Benefit Plan Committee (the "Committee").

Individuals who receive such notice are eligible to participate in the Plan upon transfer of their balance under a 457(b) plan of a prior employer to

this Plan, if permitted by the Committee, or by completing and filing the required Enrollment Forms with the Committee at least 15 days prior to an Enrollment Date. The Plan provides for two Enrollment Dates per year - January 1 and July 1. The Committee may from time to time make different or additional Enrollment Dates available. Participants will receive notification of such changes.

A Participant may suspend participation as of the first day of any month by giving at least 15 days prior written notice to the Committee. A Participant who suspends participation may recommence participation as of any subsequent Enrollment Date by filing new Enrollment Forms with the Committee at least 15 days prior to such Enrollment Date.

#### Plan Contributions

At the time of their enrollment, Participants who wish to make salary reduction contributions must complete a Compensation Reduction Agreement authorizing International AIDS Vaccine Initiative ("IAVI") to reduce their compensation by a specific amount per payroll period, within the limits specified below, and have such amount contributed to the Plan. Contributions may only be made through payroll deduction. A Participant may increase or decrease the amount of his or her payroll deduction as of any Enrollment Date,

by filing a new Compensation Reduction Agreement with the Committee at least 15 days prior to such Enrollment Date.

For each year, Participants may contribute to the Plan the lesser of (i) 25% of their compensation or (ii) \$7,500 (as adjusted by the IRS for inflation; \$8,000 for 1998). For Participants who earn more than \$30,000 a year, the \$7,500 (as adjusted) limit applies.

The amount of the annual contribution limit, and the catch-up contribution limit described below, are reduced dollar-for-dollar by amounts excluded from the Participant's gross income for the same year and contributed to (i) a Section 401(k) plan, (ii) a Section 403(b) tax-sheltered annuity plan, (iii) a Simplified Employee Pension (SEP) or (iv) another Section 457 deferred compensation plan, maintained by IAVI or any other employer. For example, if an individual contributes \$5,000 a year to a Section 403(b) annuity plan, the maximum amount he or she may contribute to the Plan in the same year is \$2,500. If an individual contributes \$7,500 (as adjusted) or more per year to one or more of the plans listed above, he or she would not be eligible to make any contributions to the Plan in the same year.

Participants who did not contribute the maximum permissible amount to the Plan during any year the Plan was in existence may make a one-time election to make a "catch-up contribution" during one or more of the last 3

years ending before the Participant attains age 65. The maximum amount that may be contributed for each of the years covered by the election is the lesser of (i) \$15,000 or (ii) the sum of the annual limit for all years during which the Participant was eligible to participate in the Plan (whether or not he or she actually participated) minus the aggregate amount of the Participant's contributions during the same time period.

#### Participant Accounts

The Committee will establish a separate unfunded bookkeeping account for each Participant to credit all transfers, contributions and earnings thereon.

The entire value of a Participant's account remains, until paid to the Participant or his or her beneficiary, solely the property of IAVI and is subject, until paid, to the claims of the general creditors of IAVI.

A Participant's account may not be assigned, used as collateral or otherwise disposed of in any manner by the Participant prior to payment.

#### Investment of Contributions

Each Participant must elect to allocate contributions and amounts transferred from 457(b) plans of prior employers, in increments of at least 10%, among one or more of the hypothetical investment options which may be offered by IAVI from time to time. Information regarding these hypothetical investment options will be provided to you separately. The Committee, in its

sole discretion, may from time to time make different or additional hypothetical investment options available. Participants will receive notification of such changes.

IAVI may, but is not required to, purchase actual investments which correspond to these investment options. However, such investments are the property of IAVI and not the Participant. As of each Valuation Date (the last business day of each year and such other date or dates as may be selected by the Committee), Participants' accounts will be valued to reflect the net investment returns that would have resulted had such accounts actually been invested in the hypothetical investment option or options selected. Such valuation will take into account the effect of income received and accrued, and realized and unrealized profits and losses attributable to the option or options selected since the preceding Valuation Date. At any time, the value of a Participant's account will reflect all contributions so valued, less expenses allocated to the account. Participants will receive a written statement of their accounts at least annually and upon any distribution.

Participants may elect to change investment allocations with respect to future and/or prior contributions as of any Enrollment Date, by filing a new Investment Allocation Election Form with the Committee at least 15 days prior to such Enrollment Date.

## Withdrawals

Upon a showing by a Participant of an unforeseeable financial emergency, the Committee may permit the Participant to withdraw an amount which does not exceed the lesser of (i) the amount reasonably needed to meet the financial need created by the unforeseeable emergency, or (ii) an amount which, together with any prior withdrawal, does not exceed the value of the Participant's account determined as of the most recent Valuation Date.

Payment of withdrawals will be made in a single sum payment within 60 days after approval of the request.

An unforeseeable emergency is defined as a severe financial hardship to the Participant resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, (ii) loss of the Participant's property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The need to send a Participant's child to college or to purchase a home does not constitute an unforeseeable emergency.

An amount will not be considered to be reasonably needed to meet an unforeseeable emergency to the extent such need may be relieved (i) through reimbursement or compensation by insurance, (ii) by liquidation of the

Participant's assets, to the extent the liquidation does not itself cause severe financial hardship, or (iii) by cessation of Plan contributions.

### Distribution

Except as provided above, a Participant may not receive a distribution of his or her account prior to the Participant's termination of service with IAVI.

Upon termination of Participant's service with IAVI for any reason, the entire value of the Participant's account, as of the Valuation Date immediately preceding the date on which distribution is made, will be paid in a single sum payment to the Participant (or, in the case of the Participant's death, to his or her designated beneficiary). The Participant (or the Participant's designated beneficiary) may elect, by filing a written direction with the Committee within the 30-day period following the date the Participant's service with IAVI is terminated, the month during which payment is to be made and/or transferred to another eligible deferred compensation plan as described below. This designated month cannot be earlier than the month following the month the 30-day election period ends and cannot be later than February of the year following the Participant's termination of service. Payment will be made on a date designated during the designated month. If no designation is made, payment will be made as soon as practicable during the month following the

month the 30-day election period ends (unless an earlier distribution date is required by law).

A Participant who terminates his or her service with IAVI in order to accept employment with another employer which maintains another eligible deferred compensation plan that accepts transfers, may elect to have all or a portion of his or her account transferred to such other plan, by filing a written direction with the Committee as described above.

If a Participant has previously made contributions to another eligible deferred compensation plan, such amounts may be transferred to the Plan and credited to the Participant's account.

#### Designation of Beneficiaries

Each Participant must file with the Committee a written designation of one or more persons as the beneficiary entitled to receive the value of the Participant's account, if any, upon his or her death. A Participant may revoke or change his or her beneficiary designation at any time without the consent of a prior beneficiary by filing a new designation with the Committee. If no designated beneficiary survives the Participant, payment will be made to the Participant's estate.

### Amendment or Termination of the Plan

IAVI reserves the right to amend, suspend or terminate the Plan at any time in whole or in part for any reason. In the event of termination of the Plan, the entire value of Participant's accounts will be paid in accordance with the Plan.

### Value of Assets

Each Participant and beneficiary assumes all risk in connection with any decrease in the value of the Participant's account, and neither IAVI nor the Committee guarantee that, upon distribution, the amount of a Participant's account will be equal to or greater than amounts contributed to the Plan.

### Plan Administration

The Benefit Plan Committee has general responsibility for the administration, interpretation and management of the Plan. The Committee's decisions regarding the Plan and its interpretation are final, binding and conclusive on all interested persons.

If you have any questions regarding this Plan, please contact the Program Manager, International AIDS Vaccine Initiative, at 810 Seventh Avenue, 31st Floor, New York, New York, 10019, telephone (212) 655-0201.