

BOARD OF DIRECTORS

RESOLUTION
REGARDING AMENDMENT
of the
CORPORATION'S 403(b) THRIFT PLAN
[Resolution # 2002-002]

WHEREAS the Board of Directors ("Board") of the Legal Services Corporation established a 403(b) Thrift Plan called the "403(b) Thrift Plan for Employees of the Legal Services Corporation" ("the Plan") effective December, 1988 to provide retirement benefits for LSC employees;

WHEREAS LSC appointed Diversified Investment Advisers ("DIA") to administer the Plan and adopted DIA's restatement of the Plan that became effective on April 1, 2001;

WHEREAS the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), enacted in 2001 and effective in 2002, requires that the Plan that became effective on April 1, 2001 be amended and LSC may make certain elections as set out in the hereto appended *Summary of EGTRRA Amendments*;

WHEREAS, under section 9.1 of the Plan, the Board has the right to amend the Plan;

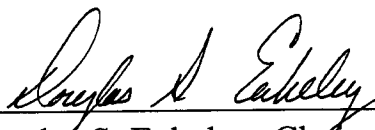
NOW, THEREFORE, BE IT RESOLVED THAT:

1. The officers of LSC are hereby authorized and directed to take such action as may be necessary, appropriate or advisable to amend the Plan and make

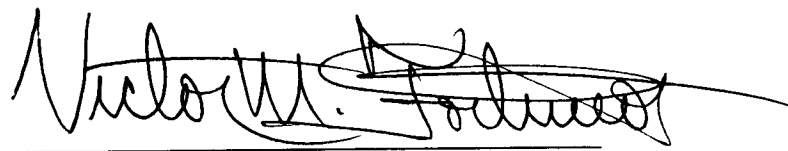
appropriate elections pursuant to EGTRAA on behalf of LSC and to implement such amendments.

2. The appropriate officers and agents of LSC are hereby authorized and directed to take such further action as may be necessary, appropriate or advisable to effectuate this resolution.

**Adopted by the Board of Directors
on January 19, 2002**



Douglas S. Eakeley, Chair
Board of Directors



Victor M. Fortuno
Vice President for Legal Affairs
General Counsel & Corporate Secretary

*Summary of EGTRRA Amendments
to the 403(b) Thrift Plan for Employees
of the Legal Services Corporation*

All changes are for plan year 2002 unless otherwise indicated.

I. Limitations on Contributions

Prior to EGTRRA a participant's annual addition (contribution) could be no more than the lesser of \$30,000 or the equivalent of 25% of compensation to the plan.

Pursuant to EGTRRA, a plan can allow a participant to contribute no more than the lesser of \$40,000, as adjusted for cost-of-living increases, or the equivalent of 100% of compensation to the plan. Staff recommend adopting the new limits.

II. Increase in Compensation Limit

EGTRRA increased the amount of compensation that could be taken into account annually for participants from \$170,000 to \$200,000, as adjusted for cost-of-living increases. Staff recommend adopting the new limit.

III. Vesting of Matching and Other Employer Contributions

EGTRRA requires that, for plan years beginning after 2001, employer matching contributions vest under a vesting schedule that is at least as favorable as either a three-year cliff schedule or a two to six-year graded schedule. LSC has a three-year cliff schedule and our plan does not need amendment.

*Summary of EGTRRA Amendments to the 403(b) Thrift Plan for Employees
of the Legal Services Corporation*

IV. Direct Rollovers of Plan Distributions

EGTRRA changes the rollover rules to allow for direct rollover distributions from 403(b) plans, qualified plans and governmental 457(b) plans to any defined contribution plans without restrictions. Additionally all distributions on account of hardship are ineligible for rollover. Staff recommend adopting the new provisions.

V. Rollovers From Other Plans

EGTRRA changes the rollover rules to allow for rollover contributions and/or direct rollovers of distributions to the plan from 403(b) plans, qualified plans and governmental 457(b) plans. Additionally EGTRRA allows 403(b) plans to accept deductible amounts originally contributed by participants to an IRA. Staff recommend adopting the new provisions.

VI. Treatment of Rollovers in Application of Involuntary Cash-Out Provisions

EGTRRA permits plans to disregard rollover amounts and earnings thereon in determining the \$5,000 involuntary cash-out amount. Staff recommend not adopting this provision and continuing to include rollover amounts in order to encourage maintenance of thrift accounts.

VII. Effective Compensation Deferrals – Contribution Limitation

EGTRRA increases the amount of elective deferrals that may be made each year by participants to \$11,000. Staff recommends adopting the new limit and amending the plan to reference the appropriate provision of law so that changes in the maximum elective deferral will not require further amendment of the plan.

*Summary of EGTRRA Amendments to the 403(b) Thrift Plan for Employees
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VIII. Catch-Up Deferral Contributions for Participants Age 50 and Older

EGTRRA allows participants age 50 and older to make additional “catch-up” contributions of elective deferrals each year to the extent they have attained the applicable elective deferral limit, the 415 annual addition contribution limit or other plan limit for the year. Staff recommends adopting the new catch-up provisions.

IX. Suspension Period Following Hardship Distributions

EGTRRA reduces the mandatory suspension period that follows “safe harbor” hardship distributions of elective deferrals from a period of twelve months to a period of six months. This change can be made effective for hardship distributions in 2001 as well. Staff recommends adopting the reduced period retroactive to 2001.

X. Distribution Upon Severance From Employment

EGTRRA essentially repeals the “same desk rule” requirement. This means that in general, employees will not be prevented from receiving plan distributions in the event they continue in the same job for a different employer following a liquidation, merger, consolidation, or other corporate transaction. This change can apply to participants regardless of the date of severance from employment instead of only for severances occurring after December 31, 2001. Staff recommends adopting the new provisions applied regardless of the date of severance from employment.