

May 14, 2007

CERTIFIED MAIL NO. 7007 0220 0003 2135 5708

Internal Revenue Service
Austin IRS Center
STOP 6692 AUSC
Austin, TX 73301-0021

RE: Your notice to us dated 04/23/2007 concerning our 2005 1040 return.

I, David _____, was awarded nonqualified stock options from XXXXXX and YYYYYY on 12/13/2001 and 04/16/2003, respectively, as a part of my overall, private-sector, non-privileged compensation for my superior work performance for the company during the years mentioned. Therefore, I had \$0 in taxable wages as a result of exercising these stock options as defined in 3401(a) and 3121(a) and others. On 09/01/2005, I exercised 559 of those stock options at a sale price of \$15,415.46 as reported by ZZZZZZ while the cost basis for these stock options was \$8,686.45. This resulted in a gain (part of my compensation) of \$6,761.52. YYYYYY withheld \$1,690.38 in Federal, and \$517.26 in FICA taxes as reported on 09/02/2005 based on the compensation above (see the enclosed). When YYYYYY submitted its 2005 W-2, it included this non-Federal-connected compensation and corresponding Federal and FICA withholdings. No part of the compensation above was, in any way, as a result of an excise of any federally privileged activities by us. I believe the IRS may have been referencing our original filing of our 2005 1040. However, we amended our 2005 return on 03/23/2007. The above applies to our 2005 amended return. I believe the above adequately provides the clarification you requested and negates the requirement of taxes or interest suggested in your notice. Please refund the full amount declared on our amended 2005 return.

The above is true to the best of our knowledge and belief.

Respectfully,

David _____

Date

Tina _____

Date