
SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on options for your distribution from the Plan and contains important information you will need before you decide how to receive your Plan benefits.

All references to the Code are references to the Internal Revenue Code of 1986, as amended. This notice summarizes only the federal (not state or local) tax rules which apply to your distribution. Because these rules are complex and contain many conditions and exceptions which we do not discuss in this notice, you may wish to consult with a professional tax advisor before you receive your distribution from the Plan.

A. TYPES OF PLAN DISTRIBUTIONS

Eligibility for rollover. The Code classifies distributions into two types: (1) distributions you may roll over (eligible rollover distributions) and (2) distributions you cannot roll over. See “Distributions not eligible for rollover” below. You also may receive a distribution under which part of the distribution is an eligible rollover distribution and part is not eligible for rollover. An eligible rollover distribution is a payment of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you (except for a rollover from a pre-tax account to a Roth IRA, described in the last paragraph of Section B). The Plan Administrator will assist you in identifying which portion of your distribution is an eligible rollover distribution and which portion is not eligible for rollover.

Eligibility for rollover for non-spouse beneficiary. You either may receive a distribution of the death benefit or may directly roll over the death benefit to an Inherited IRA you establish to receive the distribution. If you receive the death benefit, you subsequently may not roll over the death benefit. If you roll over the death benefit to an Inherited IRA, the rollover must be a direct trustee-to-trustee transfer (i.e., direct rollover) from the Plan to the IRA. You may not roll over the death benefit distribution to any retirement plan other than to a traditional (non-Roth) IRA, unless the distribution is from a Roth 401(k) plan account. You may roll over a distribution from a Roth 401(k) plan account to a Roth IRA. You also may not roll over any distribution that the participant would have been required to receive as a lifetime required minimum distribution for the year of the participant’s death. The Code treats the rollover IRA as an inherited IRA. This means that at a later date you may not transfer the IRA assets to another IRA you own or to any other retirement plan. The inherited IRA must be titled in a

manner that reflects the decedent and the beneficiary, such as “Jessica Jones, as beneficiary of William Jones.” If you elect a direct rollover of the death benefit to an IRA, the Plan Administrator will pay the death benefit directly to the IRA that you have designated. A direct rollover amount is not subject to taxation at the time of the rollover. The taxable portion of your direct rollover will be taxed later when you take it out of the IRA. The 10% penalty tax for distributions before age 59-1/2 will not apply to a later distribution from the IRA, even if you are not age 59-1/2 at the time of the distribution.

Plans that may accept a rollover. You may roll over an eligible rollover distribution (other than Roth 401(k) plan deferrals and earnings) either to a Roth IRA (provided for distributions before January 1, 2010, your adjusted gross income for the taxable year of the distribution does not exceed \$100,000), to a traditional IRA or to an eligible employer plan that accepts rollovers. An eligible employer plan includes a plan qualified under Code 401(a), including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan (including an ESOP) and money purchase plan; a 403(a) annuity plan; a 403(b) tax-sheltered annuity; and an eligible 457(b) plan maintained by a governmental employer. Special rules apply to the roll over of after-tax contributions and of Roth 401(k) deferrals. See “After-tax contributions and Roth 401(k) plan deferrals” below. **YOU CANNOT ROLL OVER ANY DISTRIBUTION TO A SIMPLE IRA OR A COVERDELL EDUCATION SAVINGS ACCOUNT (FORMERLY KNOWN AS AN EDUCATIONAL IRA).**

Deciding where to roll over a distribution. An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or to split your rollover amount between the employer plan in which you will participate and an IRA. You also should find out about any documents you must complete before a receiving plan or IRA sponsor will accept a rollover. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject

to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover, regarding subsequent distributions and taxation of the amount you will roll over, prior to making the rollover.

Distributions not eligible for rollover. An eligible rollover distribution means any distribution to you of all or any portion of your distribution except: (1) distributions which are part of a series of substantially equal periodic payments; (2) required minimum distributions; (3) hardship distributions; (4) ESOP dividends; (5) corrective distributions or (6) loans treated as taxable (deemed) distributions.

Substantially equal periodic payments. You cannot roll over a distribution if it is part of a series of substantially equal payments made at least once a year and which will last for: (1) your lifetime (or your life expectancy), (2) your lifetime and your beneficiary's lifetime (or life expectancies) or (3) a period of ten years or more.

Required minimum distributions. Beginning in the year in which occurs the later of the participant's retirement or attainment of age 70½, the Code may require the Plan to make required minimum distributions to you. You cannot roll over required minimum distributions.

Hardship distributions. A hardship distribution is not eligible for rollover.

ESOP dividends. Cash dividends paid on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective distributions. A distribution from the plan to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans treated as taxable (deemed) distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. For a participant or surviving spouse, a loan offset amount is eligible for rollover, as discussed in Section C. Ask the Plan Administrator of this Plan if distribution of a loan qualifies for rollover treatment.

Permissible distributions from automatic contribution arrangements: The contributions made pursuant to the automatic enrollment rules that are withdrawn per your request within 90 days of enrollment.

After-tax Contributions if you are a non-spouse beneficiary. If the deceased Participant made after-tax contributions to the Plan, you may roll over these contributions to the IRA you establish to receive the rollover. However, if you roll over after-tax contributions to an IRA, it is your responsibility to keep track of, and to report to the IRS on the applicable

forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA.

After-tax Contributions and Roth 401(k) plan deferrals. If your distribution includes after-tax contributions or Roth 401(k) deferrals to the Plan, you may roll over these amounts into either an IRA or certain employer plans that accept rollovers of the after-tax contributions or Roth 401(k) deferrals. The following rules apply:

After-tax rollover into an IRA. You may roll over after-tax contributions to an IRA (including, for distributions after December 31, 2009, a Roth IRA) either directly or indirectly. For distributions before January 1, 2010, you may roll over after-tax contributions to a Roth IRA, provided your adjusted gross income for the taxable year of the distribution does not exceed \$100,000. The Plan Administrator will assist you in identifying how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to an IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA. Once you roll over the after-tax contributions to an IRA, those amounts CANNOT later be rolled over to an employer plan. However, they can be rolled over to another IRA. Beginning January 1, 2008, you are also able to roll over after-tax contributions into a Roth IRA.

After-tax rollover into an employer plan. You may DIRECTLY roll over after-tax contributions from the Plan to another qualified plan or to a 403(b) plan if the other plan will accept the rollover and provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions from the Plan to a 403(a) annuity plan or to a governmental 457 plan. If you want to roll over your the after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator to make a direct rollover on your behalf. Also, you CANNOT first roll over after-tax contributions to an IRA and then roll over that amount into an employer plan.

Roth 401(k) plan deferrals You may roll over an eligible rollover distribution that consists of Roth deferrals and earnings (whether or not it is a qualified Roth distribution) either: (1) by a direct rollover to another 401(k) plan or to a Roth 403(b) plan, provided the Roth 401(k) plan or the Roth 403(b) plan will accept the rollover; or (2) by a direct 60-day rollover to a Roth IRA. Alternatively, you can roll over the taxable portion of a non-qualified Roth distribution by a 60-day rollover to a Roth 401(k) plan or to a 403(b) plan. See

"Taxation of Roth deferrals" and "60-day rollover option" below.

30-Day Notice Period/Waiver. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your distribution then will be processed in accordance with your election as soon as practical after the Plan Administrator receives your election.

B. DIRECT ROLLOVER

Direct rollover process. You may elect a direct rollover of all or any portion of an eligible rollover distribution. If you elect a direct rollover, the Plan Administrator will pay the eligible rollover distribution directly to your IRA or to another eligible employer plan (or, in the case of a distribution of Roth deferrals, to a Roth IRA, a Roth 401(k) plan or a Roth 403(b) Plan) which you have designated. Alternatively, for the cash portion of your distribution, if any, the Plan Administrator may give you a check negotiable by the trustee or custodian of the recipient eligible employer plan or IRA. To complete the direct rollover, you must deliver the check to that trustee/custodian. A direct rollover amount is not subject to taxation at the time of the rollover, unless the direct rollover is from a pre-tax account to a Roth IRA. Except for a direct rollover of a pre-tax amount to a Roth IRA, the taxable portion of your direct rollover will be taxed later when you take it out of the IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to *different tax treatment* than it would be if you received a taxable distribution from this Plan. If you elect a direct rollover, your election form must include identifying information about the recipient IRA or plan.

Treatment of periodic distributions. If your Plan distribution is a series of payments over a period of less than ten years, each payment is an eligible rollover distribution. Your election to make a direct rollover will apply to all payments unless you advise the Plan Administrator of a change in your election. The Plan might not let you choose a direct rollover if your distributions for the year are less than a specified amount. The limit may apply separately to Roth distributions and pre-tax distributions.

Splitting a distribution/small distributions. If your distribution exceeds \$500, you may elect a direct rollover of only a part of your distribution, provided the portion directly rolled over is at least \$500. If your distribution is \$500 or less, you may elect either a direct rollover of the entire amount or payment of the entire amount. The Plan might not let you choose a

rollover if your distribution is less than a specified amount.

Change in tax treatment resulting from a direct rollover. The tax treatment of any payment from the eligible employer plan or IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you roll over your benefit to a 403(b) tax-sheltered annuity, a governmental 457 plan or an IRA, your benefit no longer will be eligible for that special treatment. See "10% penalty tax if you are under age 59½" and "Special tax treatment if you were born before 1936" below.

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs (except that a special taxation rule applies to distributions during 2010 that you roll over to a Roth IRA, under which the distribution can be subject to taxation ratably during 2011 and 2012). For distributions before January 1, 2010, you may not roll over a distribution from a pre-tax account to a Roth IRA if your adjusted gross income for the taxable year exceeds \$100,000. However, the adjusted gross income limit on direct rollovers from a pre-tax account to a Roth IRA does not apply to distributions after December 31, 2009.

C. DISTRIBUTIONS YOU RECEIVE

Taxation of eligible rollover distributions. The taxable portion of an eligible rollover distribution which you elect to receive is taxable to you in the year you receive it unless, within 60 days following receipt, you roll over the distribution to an IRA or to another eligible employer plan.

Taxation of Roth deferrals if you are a participant. If you are a participant and your distribution includes Roth (after-tax) 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution. For a distribution of Roth deferrals to be a qualified distribution, you must satisfy two requirements: (1) the distribution must occur on or after the date you attain age 59½, on or after the date of your death or on account of your being disabled; and (2) the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which you made Roth deferrals to the Roth 401(k) plan. If the distribution of Roth deferrals is a qualified distribution, then the portion of the distribution representing your Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless you elect a direct rollover as described in Section B or within 60 days following receipt, you roll over the distribution to a Roth IRA, or you roll over the

earnings on the Roth deferrals to a qualified plan or to a 403(b) plan, as explained under “60-day rollover option” below.

Taxation of Roth deferrals if you are a surviving spouse. If you are a surviving spouse and your distribution includes Roth (after-tax) 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution.

For a distribution of Roth deferrals (on or after the date of your deceased spouse’s death) to be a qualified distribution, the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which your deceased spouse made Roth deferrals to the Roth 401(k) plan. If the distribution of Roth deferrals is a qualified distribution, then neither the deferrals nor the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing the Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless, within 60 days following receipt, you roll over the distribution to a Roth IRA or you roll over the earnings on the Roth deferrals to a qualified plan or to a 403(b) plan, as explained under “60-day rollover option” below.

Taxation of Roth deferrals if you are receiving a distribution pursuant to a Qualified Domestic Relations Order. If you are receiving a distribution pursuant to Qualified Domestic Relations Order and your distribution includes Roth (after-tax) 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution.

For a distribution of Roth deferrals to be a qualified distribution, you must have satisfied two requirements: (1) the distribution must occur on or after the date the participant (i.e., your spouse or former spouse) attains age 59½ on or after the date of the participant’s death or on account of the participant’s being disabled; and (2) the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which the participant made Roth deferrals to the Roth 401(k) plan. If the distribution of Roth deferrals is a qualified distribution, then neither the deferrals nor the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing the Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution, unless you elect a direct rollover as described in Section B, or within 60 days following receipt, you roll over the distribution to a Roth IRA, or you roll over the earnings on the Roth Deferrals to a qualified plan or a 403(b) plan, as explained under “60-day rollover option” below.

Taxation of Roth deferrals if you are a non-spouse beneficiary. If your distribution includes Roth 401(k) plan deferrals, the taxation of the Roth deferrals depends on whether or not the distribution is a qualified distribution. For a distribution of Roth deferrals (on or after the date of the deceased

Participant’s death) to be a qualified distribution, the distribution must occur after the end of the 5th calendar year beginning with the first calendar year for which the decedent made Roth deferrals to the Roth 401(k) plan.

If the distribution of Roth deferrals is a qualified distribution, then neither the deferrals nor the earnings distributed on the deferrals will be taxable to you. If the distribution is not a qualified distribution, then the portion of the distribution representing the Roth deferrals will not be taxable to you, but the portion of the distribution representing earnings on the Roth deferrals will be taxable to you in the year you receive the distribution. You may roll over any part of a distribution that includes Roth 401(k) plan deferrals or earnings thereon to a Roth IRA.

Withholding on eligible rollover distributions. The taxable portion of your eligible rollover distribution is subject to 20% federal income tax withholding. You cannot waive this withholding. For example, if you elect to receive a taxable eligible rollover distribution of \$5,000, the Plan will pay you only \$4,000 and will send to the IRS \$1,000 as income tax withholding. You will receive a Form 1099-R from the Plan reporting the full \$5,000 as a distribution from the Plan. The \$1,000 withholding amount applies against any federal income tax you may owe for the year. The direct rollover is the *only* means of avoiding this 20% withholding. Note that taxes and penalties with regard to the distribution may exceed the 20% withheld.

60-day rollover option. The direct rollover explained in Section B is not the only way to make a rollover. If you receive payment of an eligible rollover distribution, you still may roll over all or any portion of the distribution to an IRA (including a Roth IRA, subject to the limitations described in Section A) or to another eligible employer plan that accepts rollovers, except that to the extent the distribution consists of Roth deferrals and earnings on the Roth deferrals. You may roll over the Roth deferrals and earnings on the Roth deferrals to a Roth IRA or roll over only the taxable earnings (if any) on the Roth deferrals (but not the Roth deferrals) to a Roth 401(k) plan or a 403(b) plan. If you decide to roll over the distribution, *you must make the rollover within 60 days of your receipt of the payment.* The portion of your distribution that you elect to roll over is not subject to taxation until you receive distributions from the IRA or eligible employer plan. However, see “Taxation of direct rollover of pre-tax distribution to Roth IRA” above.

You may roll over 100% of your eligible rollover distribution even though the Plan Administrator has withheld 20% of the distribution for income tax withholding. If you elect to roll over 100% of the distribution, you must obtain *other money* within the 60-day period to contribute to the IRA or eligible employer plan to replace the 20% withheld. If you elect to roll over only the 80% which you receive, the 20% withheld will be subject to taxation.

Example if you are a Participant receiving benefits. Assume the taxable portion of your eligible rollover distribution is \$5,000 and you do not elect a direct rollover. The Plan pays you \$4,000, withholding \$1,000 for income taxes. However, assume within 60 days after receiving the \$4,000 payment, you decide to roll over the entire \$5,000 distribution. To make the rollover, you will roll over the \$4,000 you received from the Plan and you will contribute \$1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a \$5,000 distribution for the year and you will report a \$5,000 rollover. When you file your income tax return, you may receive a refund of the \$1,000 withheld. If you roll over only the \$4,000 paid from the Plan, the \$1,000 you do not roll over is taxable. In addition, the \$1,000 you do not roll over may be subject to a 10% penalty tax. See “10% penalty tax if you are under age 59 ½” below . When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because \$1,000 of the distribution is taxable.

Example if you are receiving a distribution pursuant to a Qualified Domestic Relations Order or if you are a surviving spouse receiving a distribution. Assume the taxable portion of your eligible rollover distribution is \$5,000 and you do not elect a direct rollover. The Plan pays you \$4,000, withholding \$1,000 for income taxes. However, assume within 60 days after receiving the \$4,000 payment, you decide to roll over the entire \$5,000 distribution. To make the rollover, you will roll over the \$4,000 you received from the Plan and you will contribute \$1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a \$5,000 distribution for the year and you will report a \$5,000 rollover. When you file your income tax return, you may receive a refund of the \$1,000 withheld. If you roll over only the \$4,000 paid from the Plan, the \$1,000 you do not roll over is taxable but is not subject to a 10% penalty tax. See “10% penalty tax if you are under age 59 ½” below . When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because \$1,000 of the distribution is taxable.

Withholding on distributions not eligible for rollover. The 20% withholding described above does not apply to any taxable portion of your distribution that is *not* an eligible rollover distribution. You may elect whether to have federal income tax withholding apply to that portion. If you do not wish to have any income taxes withheld on that portion of your distribution or if you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you Form W-4P if your distribution includes an amount that does not constitute an eligible rollover distribution. If you do *not* return the Form W-4P to the Plan Administrator prior to the

distribution, the Plan Administrator will treat the failure to return the form as an *affirmative election* to have 10% withholding apply.

Withholding on distributions if you are a non-spouse beneficiary. If you receive, rather than roll over, the distribution, you may elect whether to have federal tax withholding apply to your death benefit distribution. If you do not wish to have any income taxes withheld on your distribution, or you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you with Form W-4P. If you do *not* return the Form W-4P to the Plan Administrator prior to the distribution, the Plan Administrator will treat the failure to return the form as an *affirmative election* to have 10% withholding apply.

10% penalty if you are a participant under age 59½ receiving benefits. If you receive a distribution from the Plan before you reach age 59½ and you do not roll over the distribution, the taxable portion of your distribution is subject to a 10% penalty tax in addition to any federal income taxes unless an exception applies. For example, the 10% penalty tax does not apply if you separate from service with the Employer during or after the year in which you attain age 55 and then receive a distribution. See IRS Form 5329 for more information on the 10% penalty tax.

The 10% penalty will not apply to distributions from a governmental 457 plan, except to the extent the distribution (including earnings) is attributable to an amount you rolled over *to* that plan from another type of eligible employer plan or IRA. Any amount rolled over *from* a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions apply.

10% penalty tax if you are under age 59½ and receiving a distribution pursuant to a Qualified Domestic Relations Order or if you are a surviving spouse receiving a distribution. The 10% penalty tax does NOT apply to Plan distributions to an alternate payee pursuant to a Qualified Domestic Relations Order or to death benefit distributions to a beneficiary. However, if you roll over your distribution, the taxable portion of any distribution from your IRA or eligible employer plan before you reach age 59½ is subject to a 10% penalty tax in addition to federal taxes unless an exception applies. See IRS Form 5329 for more information on the 10% penalty tax.

10% penalty tax if you are a non-spouse beneficiary. The taxable portion of a death distribution you elect to receive is taxable to you in the year you receive the distribution. The 10% penalty tax does NOT apply to death benefit distributions to a beneficiary. If you elect to roll over the distribution to an IRA, for each year beginning with the year after the Participant's death, you must take a minimum required

distribution. Any distribution you subsequently take from the IRA is taxable to you in the year you receive the distribution, and it not eligible for rollover to another IRA or to any other retirement plan. The IRA trustee or custodian, or your tax advisor, can help you determine the amount of each year's required distribution amount.

10% penalty tax on permissible distributions from automatic contribution arrangements. The 10% penalty tax does NOT apply to automatic contribution arrangement distributions that are withdrawn at your request within 90 days of enrollment. These distributions are not includible in gross income (to the extent not a return of designated Roth contributions) but are taxable to you in the year you receive the distribution.

10% penalty tax on early distributions to a qualified reservist. An individual who is/was in the reserves and is/was called into active duty for more than 179 days is entitled to withdraw certain retirement funds without incurring the 10% penalty tax. This applies to distributions from IRA's and elective deferrals from a 401(k) or 403(b), provided the distribution is made between the beginning date on the order/call and ending at the close of the active duty period. Further, any or all of the amounts withdrawn may be repaid during the two-year period starting on the day following the date active duty is ended.

Special tax treatment if you are a participant born before 1936 receiving benefits. If your distribution is a lump sum distribution and you were born before 1936, you may elect special treatment as follows, but only if you do not roll over any part of the lump sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. A lump sum distribution is a distribution, within one calendar year, of your entire vested account balance (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer). If you are not a self-employed individual, the distribution must occur after you attain age 59½ or after you have separated from service with the Employer. For a self-employed individual, a lump sum distribution must occur after the self-employed individual attains age 59½ or becomes disabled.

Ten-year averaging. If you receive a lump sum distribution and you were born before 1936, you can make a one-time election to figure the tax on the lump sum distribution under 10-year averaging using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

Capital gain treatment. If you receive a lump sum distribution, you were born before 1936 and you were a participant in the Plan before 1974, you may elect to have the part of your lump sum distribution attributable to your pre-1974 participation taxed as long-term capital gain at a rate of 20%.

Special tax treatment election and limitations. You must have completed at least five years of active participation in the Plan for special tax treatment (ten-year averaging or capital gain treatment) to apply to the lump sum distribution election. You may elect special tax treatment by filing IRS Form 4972 with your income tax return. The instructions to Form 4972 provide further details regarding the reporting of your lump sum distribution and describe the rules for determining whether a distribution qualifies as a lump sum distribution. Generally, you cannot elect special tax treatment for a lump sum distribution if you elected ten-year averaging with respect to a prior lump sum distribution you received after December 31, 1986, or after you had attained age 59½. You cannot elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, from a governmental 457 plan or from an IRA not originally attributable to a qualified employer plan. You also cannot elect special tax treatment if you previously rolled over another distribution from the Plan. Finally, you cannot elect special tax treatment if you roll over your distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity and then take a distribution from the IRA, plan or annuity.

Special tax treatment if are a surviving spouse receiving a distribution and your deceased spouse was born before 1936. If your distribution is a lump sum distribution and your deceased spouse was born before 1936, you may elect special treatment as follows, but only if you do not roll over any portion of the lump sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. A lump sum distribution is a distribution, within one calendar year, of your entire death benefit (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer).

Ten-year averaging. If you receive a lump sum distribution and your deceased spouse was born before 1936, you can make a one-time election to figure the tax on the lump sum distribution under 10-year averaging using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

Capital gain treatment. If you receive a lump sum distribution, your deceased spouse was born before 1936 and your deceased spouse was a participant in the Plan before 1974, you may elect to have the part of your lump sum distribution attributable to your deceased spouse's pre-1974 participation taxed as long-term capital gain at a rate of 20%.

Special tax treatment election and limitations. You may elect special tax treatment (ten-year averaging or capital gain treatment) by filing IRS

Form 4972 with your income tax return. The instructions on Form 4972 provide further details regarding the reporting of your lump sum distribution. Generally, you cannot elect special tax treatment for a lump sum distribution if your deceased spouse elected special tax treatment with respect to a prior lump sum distribution he/she received after December 31, 1986, or after he/she had attained age 59½. You cannot elect special tax treatment if your deceased spouse rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, from a governmental 457 plan or from an IRA not originally attributable to a qualified employer plan. You also cannot elect special tax treatment if your deceased spouse previously rolled over another distribution from the Plan. Finally, you cannot elect special tax treatment if you roll over your distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity and then take a distribution from the IRA, plan or annuity.

Special tax treatment if are receiving a distribution pursuant to a Qualified Domestic Relations Order and the participant was born before 1936. If your distribution is a lump sum distribution and the participant was born before 1936, you may elect special treatment as follows, but only if you do not roll over any part of the lump sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. A lump sum distribution is a distribution, within one calendar year, of your entire balance (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer). If the participant is not a self-employed individual, the distribution must occur after he/she attains age 59½ or after he/she has separated from service with the Employer. If the participant is self-employed, a lump sum distribution must occur after he/she attains age 59½ or becomes disabled:

Ten-year averaging. If you receive a lump sum distribution and the participant was born before 1936, you can make a one-time election to figure the tax on the lump sum distribution under 10-year averaging using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

Capital gain treatment. If you receive a lump sum distribution, the participant was born before 1936 and the participant was a participant in the Plan before 1974, you may elect to have the part of your lump sum distribution attributable to the participant's pre-1974 participation taxed as long-term capital gain at a rate of 20%.

Special tax treatment election and limitations. The participant must have completed at least five years of active participation in the Plan for special tax treatment (ten-year averaging or capital gains treatment) to apply to the lump sum distribution

election. You may elect special tax treatment by filing IRS Form 4972 with your income tax return. The instructions to Form 4972 provide further details regarding the reporting of your lump sum distribution and describe the rules for determining whether a distribution qualifies as a lump sum distribution. Generally, you cannot elect special tax treatment for a lump sum distribution if the participant elected special tax treatment with respect to a prior lump sum distribution he/she received after December 31, 1986, or after he/she had attained age 59½. You cannot elect special tax treatment if the participant previously rolled over another distribution from the Plan. Finally, you cannot elect special tax treatment if you roll over the distribution to an IRA, a governmental 457 plan or a 403(b) tax-sheltered annuity and then take a distribution from the IRA, plan or annuity.

Special tax treatment if are non-spouse beneficiary and the deceased participant was born before 1936. If your distribution is a lump sum distribution and the deceased participant was born before 1936, you may elect special treatment. A lump sum distribution is a distribution, within one calendar year, of your entire death benefit (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer).

Ten-year averaging. If you receive a lump sum distribution and the participant was born before 1936, you can make a one-time election to figure the tax on the lump sum distribution under 10-year averaging using 1986 tax rates. Ten-year averaging often reduces the tax you owe.

Capital gain treatment. If you receive a lump sum distribution, the participant was born before 1936 and the participant was a participant in the Plan before 1974, you may elect to have the part of your lump sum distribution attributable to the participant's pre-1974 participation taxed as long-term capital gain at a rate of 20%.

Special tax treatment election and limitations. You may elect special tax treatment by filing IRS Form 4972 with your income tax return. The instructions to Form 4972 provide further details regarding the reporting of your lump sum distribution and describe the rules for determining whether a distribution qualifies as a lump sum distribution. Generally, you cannot elect special tax treatment for a lump sum distribution if the participant elected special tax treatment with respect to a prior lump sum distribution he/she received after December 31, 1986, or after he/she had attained age 59½. You cannot elect special tax treatment if the participant rolled amounts into this Plan from a 403(b) plan, from a governmental 457 plan or from an IRA not originally attributable to a qualified employer plan. You also cannot elect special tax treatment if the

participant previously rolled over another distribution from this plan.

Repayment of participant loans. If you are a participant that has an outstanding participant loan when you separate from service with the Employer, the Employer may reduce (offset) your account balance by the outstanding loan balance. The loan offset is a distribution and is taxable to you unless you roll over the amount of the offset within 60 days of the date of the offset. Withholding does not apply if the loan offset is your only distribution. If you receive a distribution of cash or property in addition to the offset, withholding will apply to the entire distribution, but the withholding amount will not exceed the amount of cash or property (other than employer securities) you receive in addition to the offset. You cannot roll over the amount of a defaulted plan loan that is a taxable *deemed* distribution.

Government publications. IRS Publication 575 and IRS Publication 590 provide additional information about the tax treatment of plan distributions and rollovers. These publications are available from your local IRS office, on the IRS's Internet Website at www.irs.gov or by calling 1-800-TAX-FORMS.

Employer securities. The Code provides a special rule for a distribution which includes employer securities (*i.e.*, stock of the Employer). In order to take advantage of this special rule: (1) the distribution must qualify as a lump sum distribution; or (2) the employer stock must be attributable to after-tax employee contributions. Under this special rule, you have the option of not paying the tax on the net unrealized appreciation of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while the Plan held the

stock. For example, if the Employer contributed employer stock to the participant's account when the stock was worth \$500 but the stock is worth \$800 when you receive it, you could elect not to pay the tax on the \$300 increase in value until you later sold the stock.

Election against special rule. You may elect not to have the special rule apply to net unrealized appreciation. If you elect not to apply the special rule, your net unrealized appreciation is taxable in the year of distribution, unless you roll over the stock. You may roll over the stock to an IRA or to another eligible employer plan in a direct rollover or an indirect rollover which you make yourself. Generally, you no longer will be able to use the special rule for net unrealized appreciation if you roll the stock over to an IRA or to another eligible employer plan.

Withholding requirements. If you receive only employer stock in a distribution that is eligible for rollover, withholding will not apply to the distribution. If you receive cash or property other than employer stock, as well as employer stock, in a distribution that is eligible for rollover, the plan will base the 20% withholding amount on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will not exceed the cash or property (excluding employer stock) paid to you.

Income averaging. If you receive employer stock in a distribution which qualifies as a lump sum distribution, the income averaging election also may apply. See IRS Form 4972 for additional information on these rules.