

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described are complex and may contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax adviser before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office or by calling 1-800-TAX-FORMS.

Minimum Notice Period:

For at least 30 days after you receive this notice, you have the right to consider your decision whether to consent to a distribution of your vested account balance and whether to elect a direct rollover of any portion of your eligible rollover distribution. If you sign and return the attached Participant Distribution Election form to the Plan Administrator less than 30 days after you received this notice, the Plan Administrator's receipt of your signed form is your affirmative waiver of any unexpired portion of the minimum 30-day period and your affirmative election of a distribution or a direct rollover.

Definition of tax deferred plans used in this notice:

An IRA or traditional IRA refers to an individual retirement account set up through a financial institution.

Roth IRAs, SIMPLE IRAs and Education IRAs are not traditional IRAs.

An eligible Plan or Plan refers to an employer qualified plan (401(a) or 401(k)), 403(b) or 457 plan, as specified in the Economic Growth and Tax Relief Reconciliation Act of 2001.

You can have all or any portion of your Plan payment either: (1) Paid in a "Direct Rollover" or (2) Paid to you.

(1) Direct Rollover:

- Your payment will be made directly to another eligible plan that accepts your rollover. A direct rollover is a tax deferred transfer of your funds to a traditional IRA, qualified plan (401(a) or 401(k)), 403(b) or 457 plan. Note: Rollovers consist of taxable money which will be subject to taxes when you withdraw it from the new Plan. It is important to be aware that the rollover funds may be subject to the rules and regulations governing the new plan. Therefore, when taking a distribution from the new plan, you may be subject to restrictions and tax consequences which are different from those of the original plan.
- If you choose to have your payment made directly to a traditional IRA or an eligible retirement plan, contact the IRA sponsor (usually a financial institution) or Plan sponsor to find out how to have your payment made as a direct rollover to that institution. However, in choosing an IRA or new Plan, you may wish to consider whether the IRA or Plan you choose will allow you to move all or a part of your payment to another Plan at a later date, without penalties or other limitations.
- An eligible plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional IRA.
- It is the Participant's responsibility to make arrangements for the rollover in order to insure that the receiving plan will accept the funds. For example, in order for a 457 plan to accept rollovers from a 401(k), 403(b) or IRA, the 457 plan administrator must agree to account for such rollovers separately since the previous funds may be subject to the 10% early withdrawal penalty tax.

Payments That Cannot Be Rolled Over:

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for your lifetime (or your life expectancy), or your lifetime and your beneficiary's lifetime (or life expectancies), or a period of 10 years or more.

- You cannot roll over a hardship distribution of pretax salary reduction contributions from a § 401(k) or 457 plan. Beginning in the year you reach age 70½, or have separated from employment (whichever is later) a certain portion of your payment cannot be rolled over because it is a "required minimum distribution" that must be paid to you.

(2) Paid to You (distributions eligible for rollover):

You will receive 80% of the payment because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the plan year, you will report the full \$10,000 as a payment from the Plan. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

- If you have an eligible rollover distribution, you can still decide to roll over all or part of it to a traditional IRA or another eligible plan that accepts rollovers. If you decide to roll over after you have received the payment, you must make the rollover within 60 days after receipt. The portion of the payment that is rolled over will not be taxed until you take it out of the IRA or the eligible plan. You must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over. For example, if your eligible rollover distribution is \$10,000, and you choose to have it paid to you, you will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or employee plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or eligible plan. If you roll over the entire \$10,000, when you file your income tax return, you may get a refund of the \$2,000 withheld. If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000).

Additional 10% Tax If You Are Under Age 59½ for 401(k) distributions:

If you receive a payment from your 401(k) plan before you reach age 59½ and you do not roll it over, then in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if you meet one of the following: (1) paid to you because you separate from service with your employer during or after the year you reach age 55, (2) paid because of approved disability, (3) paid to you as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) paid to you as a beneficiary; (5) payments that are paid directly to the government to satisfy a federal tax levy; (6) payments that are paid to an alternate payee under a qualified domestic relations order, (7) used to pay certain medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment (available for the 401(k) plan only):

If your 401(k) distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a "lump-sum distribution," it may be eligible for special tax treatment. A lump-sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you because you have reached age 59½ or have separated from service with your employer (or, in the case of a self-employed individual, because you have reached age 59½ or have become disabled). For a payment to qualify as a lump-sum distribution, you must have been a

participant in the Plan for at least five years. The special tax treatment for lump-sum distributions is described below.

Ten-Year Averaging If You Were Born Before January 1, 1936.

If you receive a lump-sum distribution and were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "ten-year averaging" (using the 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment If You Were Born Before January 1, 1936.

In addition, if you receive a lump-sum distribution and were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump-sum distributions that you receive in that same year. If you have previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you elect the special tax treatment.

Repayment of Plan Loans.

If you end your employment and have an outstanding loan from your Plan, Your employer may reduce (or "offset") your balance in the Plan by the amount of your loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed to you unless you roll over an amount equal to the amount of your loan offset to another qualified plan or traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from the offset. If you receive other payments of cash from the Plan, the 20% withholding will apply.

Surviving Spouses, Alternate Payees, and Other Beneficiaries.

In general, the rules summarized that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a domestic relations order, which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees (if a spouse or former spouse) and other beneficiaries that should be mentioned.

If you are the beneficiary and a surviving spouse of a deceased participant, or alternate payee who is a spouse of a participant, you are entitled to have the funds paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to another eligible plan. You can also make arrangements for a direct tax-free rollover from the Plan to another eligible retirement plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions as described above under the heading "Special Tax Treatment." If you receive a payment because of the employee's death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in the Plans.