

# Special Tax Notice Regarding Plan Payments

This notice (referred to as the “Special Tax Notice Regarding Plan Payments”, or a “402(f) Notice”) explains how you can continue to defer federal income tax on your retirement savings in your Plan and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the plan administrator identified in the summary plan description for your Plan (your “Plan Administrator”) because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator 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. Your payment may also be eligible for rollover to a Roth IRA. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible employer plan” includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (“governmental 457 plan”).

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. You should also find out about any documents that are required to be completed before the receiving plan will accept 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 a traditional IRA or Roth IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA or Roth IRA. 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 prior to making the rollover.

If you have additional questions after reading this notice, you can call your Plan’s toll-free number or contact your Plan Administrator at the address set forth in the summary plan description for the Plan.

## SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional IRA or Roth IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit (“DIRECT ROLLOVER”); or
- (2) The payment can be PAID TO YOU.

If you choose a **DIRECT ROLLOVER**:

- Your payment will not be taxed in the current year and no income tax will be withheld if you elect a direct rollover to a Traditional IRA or to an eligible employer plan; however, you will be taxed in the current year on taxable amounts you roll over to a Roth IRA.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account.
- The taxable portion of your payment will be taxed later when you take it out of the traditional 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 choose to have a plan payment that is eligible for rollover **PAID TO YOU**:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over to a traditional IRA or an eligible employer plan. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you receive a distribution and you want to roll over 100% of the payment to a traditional IRA, Roth IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received to a traditional IRA or an eligible employer plan, you will be taxed on the 20% that was withheld and that is not rolled over.
- If you choose a Roth IRA for your 60-day rollover, the amount includable in your gross income will be the same amount that would be included if the distribution were not rolled over.

**Your Right to Waive the 30-Day Notice Period**  
Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt

of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal 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 you wish to make a direct rollover.

## I. Payments That Can and Cannot Be Rolled Over

Payments from the Plan may be “eligible rollover distributions.” This means that they can be rolled over to a traditional IRA, Roth IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

**After-tax Contributions.** If you made after-tax contributions to the Plan, these contributions may be rolled into a Traditional IRA, a Roth IRA or to an employer plan qualified under Code section 401(a) that accepts rollovers of the after-tax contributions. The following rules apply:

- Rollover into a Traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you 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 a traditional 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 the nontaxable amount of any future distributions from the traditional IRA to be determined.

If you roll over after-tax contributions to a Traditional IRA, a portion of each future distribution from the Traditional IRA will be considered to be a nontaxable return of those contributions. Any investment earnings will be taxable. It is your responsibility to keep track of the amount of these after-tax contributions and properly report your income for any future distributions from the Traditional IRA.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

- Rollover to a Roth IRA.** If you roll over your after-tax contributions to a Roth IRA, and later take a distribution that is a qualified distribution, that distribution will be tax-free. If the distribution is not a qualified distribution, the amount treated as a return of contributions will be nontaxable. (Before 2010, you can choose a Roth IRA rollover only if you meet certain requirements described in Section II).

- Rollover into an Employer Plan.** You can roll over after-tax contributions from this Plan to another employer plan that is qualified under Code section 401(a), a section 403(b) annuity plan or section 403(b) tax-sheltered annuity using a direct rollover if the other plan 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 this Plan to a governmental 457 plan. If you want to roll over your 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 of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

**Payments Spread Over Long Periods.** 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 a period measured by your life expectancy), or
- Your lifetime and your beneficiary’s lifetime (or a period measured by your joint life expectancies), or
- A period of 10 years or more.

**Required Minimum Payments.** Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you. (Special rules apply if you own more than 5% of your employer.)

**Hardship Distributions.** A hardship distribution cannot be rolled over.

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

**Corrective Distributions.** A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

**Loans Treated as Distributions.** The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment. The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

## II. Direct Rollovers

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA, Roth IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. The taxable portion of your payment to a Roth IRA is taxable if you choose a DIRECT ROLLOVER. No income tax withholding is required for any taxable portion of your

Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.

**DIRECT ROLLOVER to a Traditional IRA.** You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

**DIRECT ROLLOVER to a Roth IRA:** As a result of the Pension Protection Act of 2006 (PPA), you may open a Roth IRA to receive the direct rollover. If you choose to have your rollover payment made directly to a Roth IRA contact an IRA sponsor to determine who to have your payment made in a direct rollover to a Roth IRA at that institution. For years prior to 2010, you may not roll over to a Roth IRA a distribution from a qualified plan if your modified adjusted gross income exceeds \$100,000. In addition, if you are married, you must file a joint tax return with your spouse. If you are eligible to do so, you can choose a direct rollover to a Roth IRA. The entire amount of the rollover (other than any after-tax contributions) is includable in income at the time of the rollover. The Plan Administrator is not required to withhold income taxes. The additional 10% tax for early distributions does not apply at the time of the rollover, but may apply later if the taxable amount rolled over is withdrawn from the Roth IRA within five tax years after the year in which the rollover occurred.

The taxability of a withdrawal from the Roth IRA generally depends on whether the withdrawal is a qualified distribution. A qualified distribution is not included in your gross income. If you do not meet the requirements for a qualified distribution, generally you will be taxed on the withdrawal from the Roth IRA to the extent it exceeds your contributions (including rollovers) to all Roth IRAs.

See IRS Publication 590, Individual Retirement Arrangements, for more information on Roth IRAs (including limits on how often you can roll over between IRAs.)

**DIRECT ROLLOVER to a Plan.** If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer’s plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA or a Roth IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

**DIRECT ROLLOVER of a Series of Payments.** If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series. However, the 10% premature penalty tax may retroactively apply to your prior payments.

**Change in Tax Treatment Resulting from a DIRECT ROLLOVER.** The tax treatment of any payment from the eligible employer plan or traditional 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 have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled “Additional 10% Tax if You Are under Age 59½” and “Special Tax Treatment if You Were Born before January 1, 1936.”

## III. Payments Paid to You

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA, Roth IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

## Income Tax Withholding:

**Mandatory Withholding.** If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$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 year, unless you make a rollover within 60 days (see “Sixty-Day Rollover Option” below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

If you are a beneficiary other than a surviving spouse or alternate payee, who elects to make a direct rollover to a traditional IRA or Roth IRA under Part II, mandatory withholding will not apply.

**OVER**

**Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan Administrator for the election form and related information. If you are a beneficiary, other than a surviving spouse or alternate payee, any payment made to you will be subject to this voluntary withholding.

**Sixty-Day Rollover Option.** If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA, Roth IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA, Roth IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out. Amounts rolled over to a Roth IRA are taxed in the year they are contributed, but if it is distributed in a qualified distribution from the Roth IRA the entire distribution (including income) is excluded from gross income.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received to a traditional IRA or an eligible employer plan, you will be taxed on the 20% that was withheld.

*Example: The taxable portion of your payment that can be rolled over under Part I above 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 a traditional IRA or an eligible employer 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 traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all 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.** If you receive a payment 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 generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (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) payment as a qualified reservist distribution, or (8) payments that exceed the amount of your deductible medical expenses. The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) 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 applies.

The 10% additional tax does not apply to amounts included in gross income as a result of a qualified rollover contribution to a Roth IRA, but if these amounts are distributed from the Roth IRA within 5 years of the rollover, the 10% tax applies. Roth IRA rollovers from an eligible retirement plan are considered taxable distributions at the time of the rollover. In addition, if you voluntarily elect withholding, the 10% premature penalty tax may apply to the amount you do not rollover but instead elect to be voluntarily withheld unless one of the exceptions apply. See IRS Form 5329 for more information on the additional 10% tax.

**Special Tax Treatment If You Were Born before January 1, 1936.** If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also "Employer Stock or Securities", below.) 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 after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). The special tax treatment for lump sum distributions that may be available to you is described below.

**Ten-Year Averaging.** If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "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 and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan 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. You may not 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. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

**Employer Stock or Securities.** There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying 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 it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock. You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a traditional IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional IRA or another eligible employer plan. If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based 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 be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

**Repayment of Plan Loans.** If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the 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 unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a 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 it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

#### IV. Surviving Spouses, Alternate Payees, and Other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to beneficiaries and to spouses or former spouses who are "alternate payees." However, there are certain differences in the rollover options available to former spouses and other beneficiaries. You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA, registered as an inherited IRA, Roth IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA, Roth IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary, other than a surviving spouse or alternate payee, you may choose to have a payment that can be rolled over paid in a Direct Rollover to a traditional IRA or Roth IRA under Part II or paid to you. You cannot choose to have it rolled over to an eligible employer plan. If the payment is paid to you, you cannot choose to roll it over to a traditional IRA, Roth IRA or eligible employer plan. If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

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 and the special rule for payments that include employer stock, as described in Part III above. 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.

## Notice Regarding Your Right to Delay Distribution from Your Plan

When you participate in a retirement plan, what you do with your retirement savings is one of the most significant financial decisions you will make. Before electing to receive a distribution from your plan, you should carefully consider the consequences of taking your benefit now instead of waiting until a later time. As described above, if the value of your account exceeds the plan's mandatory distribution amount threshold, you have the right to defer your distribution. Please refer to your plan's Summary Plan Description for the rules regarding how long you can continue to defer your distribution.

### Investment opportunities and fees

If you decide to wait to receive your benefits, your account will continue to be invested in the plan's investment fund line-up in accordance with your directions. You should compare the potential investment returns you could earn under the plan with the investment options that are available to you outside the plan, including those under individual retirement accounts ("IRAs"). You can find information on basic investment principles on the U.S. Department of Labor's website at <http://www.dol.gov/ebsa/investing.html>

You can obtain information on the current investment options available under the plan, along with each option's expense ratio, by going to the investments section of your plan's website. You can also speak with a participant service representative, available by calling your plan's toll-free number as indicated on the distribution or withdrawal forms included in this package. Please read each investment's prospectus or offering statement carefully before making any investment decisions.

As with mutual funds offered to individual shareholders, management and other fees are charged for each of the plans investment options. This is reflected as an expense ratio. Each expense ratio is expressed as an annual percentage. For example, if you invested \$100 in a fund with a 2% expense ratio on January 1 and didn't make any changes during the rest of the year, your expense on that \$100 would be \$2.00. These expenses are not indicated on your account statement because they are deducted while determining the total investment return of the fund.

Fees reflected in expense ratios are used to cover the cost of having the funds professionally managed and may also help to cover the costs of administering the plan. If you invest in a mutual fund outside the plan, fees reflected in the expense ratio generally cover the professional management of the investments and the costs of administering the accounts.

While some or all of the plan's investment options may also be available to individual shareholders, please note that in some cases the funds offered by the plan may have preferred pricing.

If you leave your assets in the plan, your account will continue to be subject to the same administration fees as it has in the past, including any special account or investment maintenance fees. These may include fees for plan loans or self-directed brokerage options, if available. These fees are comparable to the annual fees that many institutions charge for maintaining an IRA. Additional information is available on your plan's website or by speaking with a participant service representative.

### Other considerations that may affect your decision

Your plan may be subject to special rules that specify when and under what conditions certain rights may accrue to you and your plan account. Please refer to the vesting and distribution sections of your Summary Plan Description, which contains details about your current and future rights under the terms of the plan. You should carefully consider any future rights you may have, and weigh the consequences of taking your benefit now instead of later.

You should also consider the potential tax consequences to you of receiving the distribution now versus later. These are described in the "Special Tax Notice" included in this package. Taking a distribution now and paying the required taxes on the distribution (including potential penalty taxes for early distribution) may significantly reduce the amount of assets you have to invest for your retirement.

Please note that this notice reflects your plan's current terms. The plan sponsor reserves the right to change the plan's terms at any time, to the extent permitted by law, even for participants who have already terminated employment. The plan's investment funds are selected and monitored by plan fiduciaries who are required to make their decisions based on what they believe to be in the best interest of all plan participants. Based on evaluations made by the plan fiduciaries, there is always the possibility that one or more of the current investment funds could be replaced or eliminated in the future. Any such changes will be communicated to you prior to their implementation.

## HOW TO OBTAIN

### ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to talk to the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer 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, on the IRS's Internet Web Site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.

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