DISTRIBUTION FORM

LSAI

This form is used by a plan participant to request a distribution of funds from the Plan. The Plan offers various forms of benefits including annuities. Written spousal consent is generally required to waive a survivor annuity; please consult the Plan Sponsor for details.

INSTRUCTIONS

As a participant under the Plan, you may request a distribution of your vested benefits upon the occurrence of distributable events, such as retirement or termination of employment. If you have had a distributable event, you can request a distribution by completing the attached Distribution Form (the "Form"). **Please return the completed, signed Form to the Plan Sponsor for written authorization to distribute your benefits.**

Your copy of the Summary Plan Description contains information about the available distribution payment methods provided under the Plan. In most cases, you may elect a direct rollover of your vested benefits either to an Individual Retirement Account ("IRA"), to another employer's qualified plan (for example, a 401(k) plan) that accepts rollover contributions or to a 403(b) tax-sheltered annuity or a governmental 457(b) plan in order to defer taxes on your distribution. Please contact the Plan Sponsor if you need a copy of the Summary Plan Description.

Before you complete this form, please do the following:

- ❑ Contact the Plan Sponsor to determine your distribution eligibility.
- ❑ Review your account to determine the vested benefit amount available to you. You can access your account information by logging on to the *AccountLink* website at www.webaccountlink.com or by calling the *AccountLink* hotline toll free at 1-888-621-5491.
- ❑ Read the Special Tax Notice Regarding Retirement Plan Payments that accompanies this Distribution Form. We are required by law to provide this information to help you decide how to receive your retirement plan benefits.

After you have completed this form, please do the following:

- ❑ Review the form for accuracy including personal and distribution information.
- ❑ Be sure to include your signature.
- ❑ If married, be sure to include your spouse's signature and that of a notary or plan representative.
- ❑ Submit the completed form to the Plan Sponsor for approval.

DISTRIBUTION FORM

LSAI

SECTION 1 - Personal Information

Employer: ______________________________ Plan: ______________________________

First Name: ______________________________ MI: ______ Last Name: ______________________________

Social Security #: ______________________________ Date of Birth: ______________________________

Address: ______________________________

City: ______________________________ State: ____________________ Zip: ____________________

Home Phone #: ________________________ Work Phone #: ________________________ Ext:________________

Please check one: ❑ I am a Participant ❑ I am a QDRO assignee (Skip to Section 3)

SECTION 2 - Distribution Reason (Please choose one of the following)

❑ Termination of Employment (Date of Termination: ________________) ❑ Disability ❑ Retirement

SECTION 3 - Distribution Method

Choose One of the following:

❑ **1)** I elect to receive a lump-sum of my vested account balance *(20% federal income tax withholding will apply)*

❑ **2)** I elect annuity payments *(Choose one of the following)*

- ❑ **A)** Single-Life Annuity
- ❑ **B)** Life Annuity with years certain (indicate number of years; maximum of 20): ______
- ❑ **C)** Joint and Survivor Annuity: Survivor Annuity Percentages ❑ 50% ❑ 75% ❑ 100% ❑ Other: ______%

❑ **3)** I elect periodic installments *(Note: choose both a payment frequency* ***and*** *a payment term)*:

Payment frequency:

❑ **A)** Monthly ❑ **B)** Quarterly ❑ **C)** Semi-annually or ❑ **D)** Annually

Payment term:

❑ **A)** Based on my life expectancy (❑ with recalculation or ❑ without recalculation)

❑ **B)** Based on the life expectancy of me and my Beneficiary (❑ with recalculation or ❑ without recalculation)

❑ **C)** Specify number off payments: ______

(Note: Payments may not exceed your life expectancy or the joint life expectancies off you and your beneficiary.)

❑ **4)** I elect to transfer all or a portion of my distribution amount to an IRA or another plan. *(Choose one of the following):*

- ❑ **A)** Total Vested Account Balance
- ❑ **B)** I elect to rollover $______________ or _____ % of my vested account balance to an IRA or another qualified plan, governmental Section 457(b) plan or tax-sheltered 403(b) annuity plan, with any remaining cash balance paid in a lump-sum to me less the income tax withholding due on that lump-sum amount.

(You must complete the Rollover Destination section below if you select either of these options)

Rollover Destination:

Make Check Payable to: ______________________________ FBO: ______________________________

(Choose one of the following):

❑ **A)** IRA

Name of Financial Institution: ______________________________

Name of IRA Account: ______________________________ Account #: ______________________________

Mailing Address: ______________________________

City: ______________________________ State: ____________________ Zip: ____________________

❑ **B)** Another employer's plan or tax-sheltered 403(b) annuity

Company Name: ______________________________

Plan Name: ______________________________

Mailing Address: ______________________________

City: ______________________________ State: ____________________ Zip: ____________________

SECTION 4 - Additional Income Tax Withholding

NOTE: *If your distribution is subject to mandatory withholding, any amounts requested as a lump-sum will be subject to 20% withholding. If your distribution is subject to an early withdrawal penalty and you wish to have that deducted prior to receiving your distribution, please request an additional amount below.*

❑ Additional Federal Income Tax Amount:

Please withhold the following amount from my distribution in addition to the 20% withholding specified above:

(Choose one of the following)

❑ I would like an additional $______________ withheld from my payment

❑ I would like an additional _______ % withheld from my payment

❑ State Income Tax Amount:

The taxable portion of your distribution, if any, may be subject to state income tax withholding, unless you elect not to have withholding apply. However, if a state requires mandatory state withholding, the applicable amount will be withheld regardless or your election.

(Choose one of the following)

❑ I do not want any non-mandatory state income tax withheld from my payment

❑ I would like an additional $______________ withheld from my payment

❑ I would like an additional _______ % withheld from my payment

SECTION 5 - Participant's Signature

❑ I certify that I am not married *(do not complete Section 6)*

❑ I certify that the information I have provided on this form is true and correct and that any amounts requested for direct rollover are for deposit to an eligible retirement plan or IRA. I have read and understand the information contained in the Special Tax Notice Regarding Plan Payments ("Notice") and I am aware of the possible tax consequences of this distribution. I have been informed that I have the right to consider the notice for 30 days. I have read and understand the Notice and waive my right to the 30-day waiting period. I understand that a processing fee may be charged to my account in connection with this distribution. I hereby authorize the payment requested and release the Plan Administrator, the Trustees, and the Employer (and agents thereof) from any and all claims with respect to said payment.

Participant's Signature: ____ Date: _______________

SECTION 6 - Spousal Signature (only for Participant's Spouse)

I hereby irrevocably approve of, and consent to, the payment option elected by my spouse as provided above with respect to the timing and form of benefits payable under the Plan.

Spouse's Signature: ____ Date: _______________

Plan Representative: ____ Date: _______________

or

Before me, the undersigned Notary Public duly authorized to take acknowledgments and administer oaths, personally appeared_______________________________________(Spouse), who is personally known to me, or who produced ____ as identification, and who acknowledged before me, that he or she executed the foregoing Distribution Form.

ACKNOWLEDGED before me, this ________ day of ________________, 200________.

___________________________________(SEAL)

Notary Print Name:____

My commission number:_____________________________________

My commission expires:_____________________________________

SECTION 7 - Employer Approval

***NOTE**: This section should be signed only by a representative authorized by the Employer to act on behalf of the Plan. Complete all sections below.*

A) Termination Date: _____________

B) If termination date is in current year, date of last payroll contribution: _____________

C) Hours worked in year of termination: _____________

D) Vested Percentage at time of termination: _______%

E) The distribution check should be mailed to:

- ❑ Plan Sponsor
- ❑ Participant
- ❑ Financial Institution specified in Section 3

On behalf of the Plan, I hereby certify that all of the above information is true in compliance with Plan provisions and authorize a distribution from the Plan as requested by the Participant in accordance with the terms of the Plan. I understand that this form will be processed upon receipt by PCS. I am aware that submitting a form prior to the date of the final contributions for a participant may result in a subsequent distribution and additional processing fees.

Client Code (Required): __________

Authorized Plan Representative's Signature: ____ Date: _______________

SECTION 8 - Third Party Administrator Authorization

The Third Party Administrator authorizes the distribution as designated above.

Third Party Administrator Signature: ____ Date: _______________

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in the Plan and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by 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, a Roth 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. Except in the case of a Roth 401(k) account or Roth 403(b) account (see Section VI below), your payment cannot be rolled over to a Roth IRA or a Roth 401(k) or Roth 403(b) account. Also, your payment may not be rolled over into 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, including Roth 401(k) and Roth 403(b) account 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 a Roth IRA (in the case of a Roth 401(k) or Roth 403(b) account) or split your rollover amount between the employer plan in which you will participate and a traditional IRA (in the case of a Roth 401(k) or Roth 403(b) account). 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.

SUMMARY

If you have additional questions after reading this notice, you can contact your Plan Administrator.
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.
- You choose whether your payment will be made directly to your traditional IRA, Roth IRA or to an eligible employer plan that accepts your rollover. Except in the case of a Roth 401(k) account or Roth 403(b) account which can be rolled over into a Roth IRA (see Section VI below), your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- 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 the required 5-year holding period and other Roth qualified distribution rules are satisfied, a Roth IRA distribution would not be taxable (see Section VI below).

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, unless the payment represents a Roth qualified distribution (see Section VI below).
- The taxable amount of your payment will be taxed in the current year unless you roll it over. 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 59 1/2, 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 want to roll over 100% of the payment to a traditional IRA, Roth IRA (in the case of a Roth 401(k) account or Roth 403(b) account) 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, you will be taxed on the 20% that was withheld and that is not rolled over.

MORE INFORMATION

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 or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

I. PAYMENTS THAT CAN and can not BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA, or to an eligible employer plan that accepts rollovers of that type and in certain cases, to a Roth IRA. Except in the case of a Roth 401(k) account or Roth 403(b) account, payments from a plan cannot be rolled over to a Roth IRA, 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.

Non-Roth After-Tax Contributions
If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

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

b) Rollover into an Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan 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 can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity 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 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.

Roth After-Tax Contributions
If you made Roth contributions to the Plan, these contributions may be rolled over into a Roth IRA, another employer's Plan that features a Roth 401(k) account or to a 403(b) plan that features a Roth 403(b) account.

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 70 1/2 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 ROLLOVER

A direct rollover is a direct payment of the amount of your Plan benefits to a traditional IRA, Roth IRA (in the case of a Roth 401(k) account or Roth 403(b) account) 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, Roth IRA (provided that the 5-year holding period and other Roth qualified distribution rules have been satisfied, there is no tax - see Section VI below), or eligible employer plan (and in the case of a Roth 401(k) account or Roth 403(b) account, there is no tax if the Roth qualified distribution rules have been satisfied - see Section VI below). In addition, 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
You can open a Roth IRA to receive a direct rollover of your Roth 401(k) or Roth 403(b) account.

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 Roth IRA (in the case of a Roth 401(k) account or Roth 403(b) account). 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, Roth 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.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER
The tax treatment of any payment from the eligible employer plan or traditional IRA or Roth 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 or Roth 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 59 1/2" and "Special Tax Treatment if You Were Born before January 1, 1936."

III. PAYMENT PAID TO YOU

Except in the case of a Roth 401(k) account or Roth 403(b) account where the 5-year holding period and other Roth qualified distribution rules have been satisfied (see Section VI below), 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 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 or in the case of a Roth 401(k) or 403(b) account, where the payment constitutes a Roth qualified distribution (see Section VI below).

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.

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 or to an eligible employer plan that accepts rollovers, or in the case of a Roth 401(k) or Roth 403(b) account, to a Roth IRA or eligible employer plan that accepts such amounts. 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 will not be taxed until you take it out of the traditional IRA or the eligible employer plan, unless it is held in a Roth IRA or Roth 401(k) or Roth 403(b) account that satisfies the Roth qualified distribution rules, in which case no tax will be due.

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, 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 59 1/2
If you receive a payment before you reach age 59 1/2 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, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

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 59 1/2, unless one of the exceptions applies.

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, Roth IRA (and the Roth account from which the distribution was made does not satisfy the Roth qualified distribution rules) or an eligible employer plan, the payment (and in the case of a Roth 401(k) or Roth 403(b) account, the earnings) 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 59 1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59 1/2 or have become disabled). For a payment to be treated as a lump-sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. 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 onetime 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, 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, except that you do not need five years of plan participation, 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 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 "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 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 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 an alternate payee, 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, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59 1/2.

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, whether or not the employee had 5-years of participation in the Plan.

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 consult with 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, or by calling 1-800-TAX-FORMS.

V. AUTOMATIC IRA ROLLOVER

Effective as of March 28, 2005, if you are scheduled to receive a mandatory cash-out of $1,001 - $5,000 from your Plan, which is otherwise eligible for rollover, absent an affirmative election by you directing the payment of such funds, the plan administrator will establish an automatic rollover IRA on your behalf to which such funds will be transferred in the same manner had you elected a direct rollover in your name.

VI. ROTH 401(k) ACCOUNT

Effective as of January 1, 2006, you may roll over your Roth 401(k) account or Roth 403(b) account to a Roth IRA, a 401(k) plan that includes the Roth 401(k) alternative or a 403(b) plan that include the Roth 403(b) alternative.

Permissible Rollovers
You may roll over your Roth 401(k) account or Roth 403(b) account to a Roth 401(k) plan that includes a Roth 401(k) option, or a 403(b) plan that includes a Roth 403(b) option. You may not roll over your Roth 401(k) account or Roth 403(b) account to a traditional IRA, governmental 457(b) plan, or a qualified plan that does not feature a Roth 401(k) option, or a 403(b) plan that does not feature a Roth 403(b) option.

Qualified Distributions
Roth 401(k) and Roth 403(b) accounts are subject to the same distribution restrictions that apply to pre-tax deferrals. Accordingly, you may receive a distribution from your Roth 401(k) or Roth 403(b) account upon the occurrence of any of the following events: severance from employment, attainment of age 59.5, death or disability. Furthermore, a Roth 401(k) account distribution is not a qualified distribution if the distribution occurs within the 5-taxable-year period beginning on the earlier of: 1) the first taxable year for which the individual made a designated Roth 401(k) contribution under the plan; or 2) in case of a Roth 401(k) plan account that includes a rollover contribution from another Roth 401(k) account or 403(b) account , the first taxable year for which the individual previously made a designated Roth contribution to the rolled over account.

Non-Qualified Distributions
You may rollover any distribution from your account as long as it is an eligible rollover distribution. If you receive a Roth 401(k) or Roth 403(b) account distribution that is not a qualified distribution, you may nevertheless receive the benefit of tax-free treatment by rolling over the distribution and satisfying the qualified distribution requirements in the recipient plan if the recipient plan provides for Roth 401(k) or 403(b) accounts.