



Monthly Payments

IUE-CWA 401(k) Retirement Savings and Security Plan
1460 Broad Street * Bloomfield, NJ 07003
phone: (973) 893-0333 fax: (973) 893-8225
www.iuepension.org

Form Date 10/2009

Form Instructions

This is a **multi-part form**. You must complete **all sections** and return the original form to the address above (if you fax your form, you must also mail in the original). You may choose Monthly Payments only if your account balance is greater than \$5,000.

You must read the attached Tax information. According to Internal Revenue Service (IRS) regulations and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Plan is required by these Federal laws and regulations to inform you of the special tax rules governing lump sum distributions **no less than 30 days before distribution** can be made, **unless this period is waived by the participant**. Accordingly, you will find enclosed important tax information regarding lump sum payments. Please read this information carefully and keep these pages for your records.

Participant Information - Please print carefully to complete the following with your contact information.

Participating Employer _____ Social Security Number _____

Name _____ Date of Birth _____

E-mail address _____ Phone (____) _____

Address _____ Street _____ Marital Status: _____ Not Married _____ Married ** spouse must sign on page 4
City _____ State _____ Zip _____

Reason for Monthly Payments Distribution - Please indicate the reason for your Monthly Payments distribution. If you have retired, resigned, or terminated employment, please include your last date worked. We must verify with your former employer the status of your employment and your last date worked.

If you are on lay-off and have not officially terminated or resigned your employment, you **are not** eligible for a distribution from the Plan, unless you qualify for an Age 59 1/2 In-Service Withdrawal.

_____ Retirement -- Last date worked _____ Resignation / Termination -- Last date worked _____
(if you are 55 or older)

_____ Age 59 1/2 In-Service Withdrawal _____ Disability You must send a photocopy of your Social Security Disability Award letter

Payment Method - Choose One

_____ Monthly Installments over: _____ 5 years _____ 10 years _____ 15 years _____ 20 years

_____ Lifetime Payments (monthly installments based on life expectancy)

Start Date

I wish my payments to begin: _____ (please select the month). Processing of your payment begins on the 15th day of the month you select and will be issued within 7 days. The period over which you receive payments is determined by your payment method, payment frequency, and the value of your account balance. For payments less than 120 months, Prudential will withhold 20% for federal withholding purposes.

Election for Withholding of Federal Income Taxes For Systematic Option Only
(Do not use this section for systematic options of less than 120 months-- please see attached Special Tax Notice)

Please read the attached **Notice of Withholding of Federal and State Income Tax for Periodic Pension Payments** before making your selection. If you elect periodic payments of less than 120 months, each payment may be eligible for rollover and subject to mandatory 20% federal income tax withholding. Please read the attached **Special Tax Notice Regarding Plan Payments** for additional information. Do not complete this Tax Election section if your distribution is eligible for rollover.

1. I elect **not** to have federal income tax withheld.
2. I elect to **have** federal income tax withheld. Please complete the information on marital status and number of exemptions below. You may also designate an additional dollar amount under Number 3 below.
- Single Married Married withholding at a higher single rate Number of Exemptions Claimed:
3. I elect to have an **additional flat amount** withheld each month. Indicate the additional amount to be withheld from each payment. **NOTE:** For periodic payments, you cannot enter an additional amount here without entering a marital status and number (including zero) of allowances under Number 2 above.

Additional flat dollar amount to be withheld \$

You may claim one allowance for yourself. You may be able to claim your spouse and each dependent. Your most recent tax return may help you in deciding the number of exemptions to claim. You are not required to claim all of the exemptions to which you are entitled. If you expect to itemize deductions, and if they exceed the standard deduction, you may claim additional withholding exemption for certain tax credits to which you may be entitled. You should consult your tax advisor with any questions on exemptions, deductions, or tax credits that may apply.

Election For Withholding of State Income Tax
(For Periodic Payments)

- A. Mandatory State Withholding:** If you reside in a state where state income tax withholding is mandatory AR, CA*, DE, IA, KS, MA, MD (mandatory for eligible rollover distributions only, subject to 20% mandatory federal withholding), ME, NC, NE, OK*, OR*, VA or VT* applicable withholding will be deducted automatically, unless an election out is applicable (see below). Note: Some states require withholding if federal income tax is withheld from the distribution. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.
- My resident state is DE, GA, KS, ME, NC, NE, OK, OR, VA, or VT and I want state income tax withholding applied to my distribution in accordance with the applicable withholding tables and the marital status/exemption information provided here:
- a. Marital Status (Circle one): Single Married
- b. Number of Exemptions: _____
- c. Additional Flat Amount: \$ _____
- Note:** A marital status must be circled on Line a. and the number of exemptions must be entered on Line b. to withhold an **additional flat amount**, entered on Line c.
- B. Voluntary State Withholding:** Please check the appropriate box below. If state income tax withholding is not mandatory in your state, you may be allowed to request state tax withholding. If your state of residence is not listed, or if you choose a method of withholding that is not offered for your state, we cannot withhold state income tax.
- My resident state is AR, DE, KS, ME, NC, NE, or VA (for NE and VA, election out is allowed for payments from IRA's only) and I do not want state income tax withholding deducted from my distribution. (An election out of AR, DE, KS, ME, NC, or VA state tax is not allowed for eligible rollover distributions, subject to 20% mandatory federal withholding.) **Important note to Maine (ME) residents, if you elect out of ME withholding, you must either have elected out of federal withholding, or have no Maine State tax liability in the prior or current years.**
- I reside in one of the following voluntary withholding states: AL, AZ, CO, CT, DC, ID, IL, IN, KY, IA, MD (non-eligible rollover distributions only), MI, MN, MO, MS, MT, NE, ND, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV (for NE and VA, election allowed for payments from IRAs only) and would like state income tax withheld. (Specify a percentage or dollar amount to be withheld.)

_____ % or \$ _____

- C. No State Withholding:** Some states do not have state income tax withholding.
- My resident state is one of the following: AK, FL, HI, NV, NH, SD, TN, TX, WA, WY and there is no state income tax withholding.

**Direct
Deposit
Information**

Financial Institution name _____
Address _____
City _____ State _____ ZIP code _____
Telephone number _____ Bank's Routing/Transit/ABA Number _____
area code _____ *(Attach a voided check or obtain this number from your bank)*
Account Number _____
(Please verify the entire account number with your bank to ensure acceptance of payments)
Type of account: Checking Savings

***For Married
Participants**

**Spousal
Waiver**
*(We are
unable to
accept a fax
copy notarized
with a raised
Seal)*

I am the participant's spouse. I understand that I am entitled to a spousal death benefit under the Plan based on the participant's account balance at the time of his or her death. I understand that if this spousal benefit is in the form of a "qualified joint and survivor annuity" or QJSA, an explanation of the QJSA and other payment options was provided to the participant. I realize that the participant cannot waive this spousal benefit and obtain a distribution in the form requested by the participant or obtain a loan unless I consent. I acknowledge that the transaction requested by the participant may reduce or eliminate any benefit otherwise payable to me. I have reviewed the paperwork associated with the participant's request and confirm that it identifies the payment option requested by the participant and any non-spouse beneficiary. I voluntarily consent to the participant's waiver or loan request and acknowledge that this will authorize the request.

Spouse's signature **X** _____ Date _____

(Spouse's signature must be witnessed by a notary public OR authorized plan representative.)

Subscribed and sworn before me this _____ day of _____, the year _____

State of _____ County of _____

My commission expires _____ (Seal/Stamp)

Notary's signature **X** _____

OR

Authorized plan representative's signature **X** _____ Date _____

This section must be completed by your employer and signed by an authorized plan representative.

**Your Plan
Authorization**

X _____ Date _____
Authorized plan representative's signature

Print Name and Title _____

X _____ Date _____
Authorized plan representative's signature (if two signatures are required)

Print Name and Title _____

Prudential fax number: 1-866-439-8602.

**Your
Authorization**

I understand the information I have provided will be relied upon in processing my request. I further understand that I will be responsible for its accuracy in the event any dispute arises with respect to the transaction. I have read the attached **Special Tax Notice Regarding Plan Payments** and understand the tax implications regarding this disbursement.

If I choose to have my payments sent by direct deposit, I authorize Prudential to make systematic payments to the financial institution listed in the Direct Deposit information section. If an overpayment is credited to this account during or after my lifetime. I authorize and direct the financial institution to debit my account and refund any overpayment to Prudential.

If your plan offers investment options that are subject to the fund's market timing policies, you may be subject to restrictions or incur fees if you engage in excessive trading activity in those investment fund options. You may wish to review the fund prospectus prior to submitting this transaction request. If a fee applies to the transaction, you will be able to view the details after the transaction is processed by logging on to the retirement internet site at www.prudential.com/online/retirement.

Participant's signature **X** _____ Date ____|____|____

**Your Plan
Authorization**

This section must be completed by your employer and signed by an authorized plan representative.

X _____ Date ____|____|____
Authorized plan representative's signature

Print Name and Title _____

X _____ Date ____|____|____
Authorized plan representative's signature (if two signatures are required)

Print Name and Title _____

Prudential fax number: 1-866-439-8602.

Systematic Disbursement General Provisions

Retain For Your Records

Eligibility - If you are eligible to receive a distribution of funds under federal tax law, you may elect a systematic disbursement, subject to any restrictions in your Employer's Plan. If you are under age 59 1/2, you must be separated from service in order to elect systematic disbursements.

Distributions to Persons Under Age 59 1/2 - If you are under age 59 1/2, a 10% federal income tax penalty may apply to your systematic distribution. Consult your legal or tax counsel prior to making this request.

Minimum Disbursement - You may elect to receive payments monthly, quarterly, semi-annually or annually. If you have attained age 70 1/2, your payment amount must be at least equal to the minimum amount required by the IRS. Prudential will assist you in determining this amount at your request.

Distribution Order - Disbursements will be taken first from your Guaranteed Interest Account (if you have one) until exhausted, then from your funds invested in the Variable Accounts. Depending on the terms of your plan, this disbursement will either be prorated across all available contribution types or taken in a specific sequence.

Annual Administration Charge - Remains the same as that prior to commencement of distributions.

Additional Disbursement - You may request one additional distribution each year up to 10% of your remaining account balance (if your plan allows partial disbursements), to cover any unforeseen needs. An additional disbursement could result in smaller payments or a shorter payment period of the systematic disbursement.

Changes - You may request a change in the payment basis, dollar amount or number of payments once each year. Please allow 30 days for processing. You may make one change each year, provided that you do not receive less than the minimum required annually by law. If you are under age 59 1/2, please consult your own legal or tax counsel prior to requesting any changes in your payments.

Cancellation - You may request that payments cease as your one change for a year under the change provision above. Cancellation of your systematic payments will be considered a change for this year. Therefore, if you wish to participate in the systematic payment plan again, it cannot be effective until the next calendar year. You may also cancel this option to purchase an annuity from Prudential.

Conversion to Annuity - If your Employer's Plan so provides, your remaining balance may be converted to a Prudential guaranteed annuity (with 30 days notice) at the annuity purchase rates in effect at the time of the conversion.

Flexibility - You may continue to make exchanges among investment accounts, as permitted by your plan.

Death Benefit - Your beneficiary will be able to receive systematic disbursements, an annuity, a single sum of the remaining account balance or any combination of the above. These options give your beneficiary flexibility to accommodate his or her financial needs. The duration of your beneficiary's payout period may be limited by the tax law.

Processing - Processing of your payment generally begins on the 15th day of the month you select and will be issued within 7 business days. If the 15th day falls on a holiday or weekend, processing will occur on the next business day. You may elect to have a systematic disbursement processed on a date other than the 15th, but you must submit a written request to do so.

Notice of Withholding of Federal and State Income Tax for Periodic Pension Payments

Retain For Your Records

Generally, periodic pension distributions anticipated to be paid either: (1) over your lifetime or (2) over a period of 10 years or longer are not eligible for rollover. Internal Revenue Code Section 3405(a) requires federal income tax withholding from such periodic payments unless you elect not to have withholding apply. Withholding will only apply to the portion of your pension payment that is included in your income and subject to federal income tax, and will follow the rules for the withholding of tax from wages. Therefore, there will be no withholding on the return of your own nondeductible contributions to the plan.

If your payments are anticipated to be paid over a period of less than 10 years, some or all of your distribution may be eligible for rollover and subject to mandatory 20% federal withholding. Please read the Special Tax Notice regarding eligible rollover distributions.

In the event that we are unable to determine the portion of your payment that is includible in gross income, tax will be withheld on the gross amount of the payment, even though you may be receiving amounts that are not subject to withholding (because they are excludable from gross income). This withholding procedure may result in excess withholding on the payment. You may, however, provide us with the information necessary to calculate the taxable portion of each payment, or you may adjust your allowances claimed on the election notice if you want a lesser amount withheld from each payment.

The amount of federal income tax withheld will change if the periodic amount of your pension changes or if the tax rates change.

You may elect not to have withholding apply to your pension payments by checking Box 1 in the **Election for Withholding of Federal Income Taxes** section of this form (unless you are a U.S. citizen or resident alien and your payment is to be delivered outside of the United States or its possessions).

If you elect to have withholding, please check Box 2 in the **Election for Withholding of Federal Income Taxes** section of this form and supply the additional information indicated below the box. Withholding will be calculated on the basis of whether you are married or single and the number of withholding allowances which you claim.

You may also elect to have an additional flat amount withheld from each periodic payment; please check Box 3 in the **Election for Withholding of Federal Income Taxes** section of this form and enter the additional amount to withhold below the box.

After completing the form, please sign and date in the **Your Authorization** section and return it as directed in the **Instructions** section of the form. Your election choice will become effective no later than with the payment that is due at least one month after our receipt of the election. Your election will remain in effect until you change or revoke it. You may make and revoke elections not to have withholding apply as often as you wish. Additional election forms may be obtained by calling your Customer Service Representative.

If you do not return this signed and completed form, or if your election is not received prior to the processing of your initial retirement check, we will be required by law to withhold federal income tax from your pension payments as if you were a married person and entitled to three withholding allowances. As a result, no federal income tax will be withheld if the taxable portion of your periodic payment is below the threshold for the current tax year.

Caution: If you elect not to have withholding apply to your pension payments, or if you do not have enough federal income tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payment are not sufficient. This information is not intended as legal or tax advice. You should consult your tax advisor with any questions regarding your federal income tax withholding.

STATE WITHHOLDING

If you live in a state that requires withholding of state income taxes, withholding will be deducted automatically at the applicable state default rate.

IUE-CWA 401(k) Retirement Savings and Security Plan

1460 Broad Street
Bloomfield NJ 07003-3073
Phone: 973-893-0333 FAX: 973-893-8225

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in the IUE-CWA 401(k) Retirement Savings and Security Plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits. 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 need to consult with a professional tax advisor before you receive your distribution from the Plan.

This notice is provided to you by the IUE-CWA 401(k) Retirement Savings and Security 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 (except for a 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). Effective January 1, 2008, you may also roll over all or part of your account balance into a Roth IRA. If you elect to make a roll over to a Roth IRA, you will not delay paying ordinary income taxes. You will, however, avoid paying taxes on the earnings that will accumulate in your account over time and you will also avoid the 10% penalty tax, if it would otherwise be applicable.

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 an employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, you may wish instead to roll your distribution over to a traditional or Roth IRA or split your rollover amount between the employer plan in which you will participate and an 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 contact your plan administrator at 973-893-0333.

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 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:

- 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. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account.
- Your payment will not be taxed in the current year and no income tax will be withheld (unless you are rolling over your payment to a Roth IRA, in which case you will be taxed in the current year).
- Except for a direct rollover to a Roth IRA, 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. 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 want to roll over 100% of the payment to a traditional 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, you will be taxed on the 20% that was withheld and that is 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 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.

MORE INFORMATION

- I. *PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER*
- II. *DIRECT ROLLOVER*
- III. *PAYMENT PAID TO YOU*
- IV. *SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES*

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.

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 taxable “deemed” 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. Ask the Plan Administrator 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 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. 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. For a distribution made after January 1, 2008, you can choose a direct rollover to a Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately). If you make a direct rollover of your distribution to a Roth IRA, the amount of your distribution will be included in your taxable income (except for any portion of the distribution that represents a return of your after-tax contributions to the Plan). You may be able to choose to delay recognizing the distribution as part of your taxable income until 2011 and 2012, if you elect a direct rollover to a Roth IRA in the 2010 taxable year. A direct rollover of your distribution to a Roth IRA avoids the 10% tax on early distributions received prior to the date you reach age 59½, become disabled, or retire under the terms of the Plan. You should consult a tax advisor if you are interested in rolling over your distribution to a Roth IRA.

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. 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.

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. PAYMENT 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 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.

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, 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 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. Different tax rules apply if you rolled over to a Roth IRA. 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 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, 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 59½, unless one of the exceptions applies.

If you directly roll over to a Roth IRA, the 10% penalty will not apply to the taxable portion of the distribution. However, if a taxable amount you rolled over into a Roth IRA from a pre-tax account is distributed within five years, the 10% penalty will apply to the distribution as if the distribution were includible in gross income.

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. 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). 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 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, 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.

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. Note that although state law recognizes same-sex domestic partners, a spouse for federal tax law purposes must be a person of the opposite sex to whom you are married. 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, such as a child or domestic partner, 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, Roth IRA or paid to you. You may not roll over the payment to yourself or to an eligible employer plan. The IRA accepting the transfer is treated like a non-spouse inherited IRA, under which benefits must be distributed in accordance with the required minimum distribution rules. In general, distributions from the inherited IRA must either be paid to you in full within 5 years of the employee's death or must commence within 12 months of the employee's death and be paid over your life expectancy. The benefits cannot be rolled over from the inherited IRA.

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

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 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.

Please note that state or local income tax is withheld only for those states where such withholding is mandatory. If you reside in a state that has a state income tax and the state does not have a mandatory withholding rule, you will be responsible for any state income taxes due on the taxable portion of your distribution. You should also be aware that some states have not yet changed their laws to take into account the expanded rollover rules that became effective January 1, 2002. In certain cases, a rollover now permitted under federal law may be subject to taxation under state law. However, once that rollover is taxed under state law, the state would not tax this amount again when later you receive it as a distribution.