

DISTRIBUTION FORMS AND PROCEDURES
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I. GENERAL INSTRUCTIONS

The following is intended to give a general overview of the distribution procedures. Situations may occur from time to time that you may wish to discuss with your Benefit Management, Inc. (BMI) representative prior to completing a distribution. Should there be any conflict between these forms and your plan document, your plan document always prevails.

All of the fields in this form are "click-and-type" capable; that is, you can click on any of the fields and type your information directly into the form. When the form is complete, you should print it out and fax it to Benefit Management, Inc. at 508-699-3099.

Some pages of the distribution election form must be signed; your distribution will not be processed if the forms are not signed where required, which will delay your payout. In addition, the Spousal Consent form (if required) **must** be notarized or witnessed by a Plan Representative.

Q1. When can I receive a distribution?

A participant can receive a distribution when one of the following events occurs:

1. termination of employment
2. retirement
3. death
4. disability

Most plans will permit an immediate distribution of benefits as a result of one of these events, however, there are some plans that may prescribe a waiting period to make a distribution.

Some plans allow for active employees to take a distribution in whole or in part of their benefit. This may be permitted, for instance, if your plan allows for distributions upon attaining normal retirement age, age 59½ or have participated in the plan for a required number of years.

You should check with your BMI representative if you are not certain of these details.

An active employee may NOT receive distribution of a 401(k) account prior to age 59-1/2 except if the plan permits financial hardship distributions for the restricted reasons mentioned in the plan.

Rollover accounts held by individual participants may be distributable at any time.

Participants whose distributions are subject to Qualified Joint and Survivor Annuity rules (explained later) have a 30 to 90 day election period after receiving the explanation of the Qualified Joint and Survivor Annuity to elect how to receive payment of their benefit. **Benefit payments made to those participants cannot be made earlier than 7 days after being given that explanation or later than 90 days after being given that explanation.**

Q2. What should I do to request a distribution?

You should first complete the Application for Benefit Payment form and transmit to BMI for processing. Please be sure to complete all of the requested information. This will help in preparation of the termination documents and will prevent delays.

V. COMMONLY USED 1099R DISTRIBUTION CODES
(Subject to future change as IRS publishes updated guidelines)

CODE

- 1** Direct distributions to participant, if
The participant is under age 59½ at the time of distribution; OR
The participant's employment terminated before attaining 55th birthday

- 2** For direct distributions to participants who terminated employment on or after
reaching 55th birthday

- 4** Payment of death benefit to beneficiary(s)

- 7** Normal Distribution; direct payment to participant after attainment of age 59½

- G** Rollover to a regular Individual Retirement Account (IRA) or another employer's
qualified retirement plan

Contact Benefit Management, Inc. if you are unsure as to which code fits your situation or if you are reporting a corrective distribution relating to a 401(k) plan.

AMERICAN BENEFIT RESOURCES, INC.

II. BENEFIT PAYMENT ELECTION FORM

The Participant or Beneficiary is required to complete all applicable sections.

SECTION A: Payment Instructions

Plan Name:

Participant Name:

Social Security Number:

Gross Amount of Distribution:

Payment Instructions: I hereby elect to receive my distribution in one of the four following forms:

A A single sum distribution of my entire vested plan benefit
(Less mandatory Federal withholding and optional state withholding as shown in Section B)

B A direct rollover to an Individual Retirement Account (IRA), Account #
(Federal and State withholding not applicable with this election)

C A direct rollover to another qualified retirement plan
(Federal and State withholding not applicable with this election)

If you elect a direct rollover, complete Sections A, C and D only. All others must complete all sections.

D Other Distribution (specify):

Choose A, B, C, or D:

Make check payable to:

Mail check to: Name:

Address:

SECTION B: Single Sum Payment Instructions

Federal Tax Withholding

I understand that my distribution is subject to mandatory withholding and that the Trustee will be required to withhold 20% of my entire taxable distribution for federal tax withholding unless exempted under IRS regulations. Examples of distributions that are exempt are:

Distributions less than \$200

Death benefits payable to a non-spouse beneficiary

Required age 70½ minimum distributions (amounts over the minimum are non-exempt)

Hardship distributions taken from a 401(k) account

Mandatory Federal Withholding (if determined):

If distribution is exempt from mandatory federal tax withholding due to meeting one of the exemptions listed above, I elect:

[] Not to withhold for Federal tax income tax

[] To withhold _____ % of the entire distribution OR \$ _____

State Tax Withholding State tax withholding may either be voluntary or mandatory depending on where you reside.

I understand that I can elect whether or not to have State income tax withheld from the taxable portion of my distribution. This amount is usually 10% of Federal withholding. I hereby make the following election:

[] I do not want state income tax withheld.

[] I do want state income tax withheld. Optional State Withholding percentage: _____

AMERICAN BENEFIT RESOURCES, INC.
II. BENEFIT PAYMENT ELECTION FORM (continued)

The Participant or Beneficiary is required to complete all applicable sections.

Plan Name:

SECTION C: Distribution of Participant's Plan Loan(s) Must be completed for all distributions.

- A** Does not apply to my distribution as I have no outstanding plan loan(s) **OR** this is not a full cash out of my Plan Benefit.
- B** I do not wish to repay the balance of my outstanding loan(s). I understand that the outstanding amount will be reported to the Internal Revenue Service as a taxable distribution and may be subject to a tax penalty.
- C** I wish to repay the amount due on the loan(s); please advise me of the amount(s) due. I understand that my distribution will occur after the amount(s) outstanding are received by the trust.
- D** (If permitted by Plan Sponsor's loan policy) I wish to continue to make loan payments to the trust per the terms of the loan agreement(s) as to prevent the occurrence of a default.

Choose A, B, C, or D:

Section D: Participant's or Beneficiary's Certifications. Must be completed for all distributions

I hereby certify as to the elections shown in Sections A and B of this application, AND

I hereby certify that (**choose A or B**):

- A** I am currently married, OR am subject to a qualified domestic relations order (QDRO).
- B** I am NOT currently married and there are no plan benefits payable to a former spouse under a qualified domestic relations order (QDRO). In the event I become married prior to receipt of my vested benefit from the plan, I agree to ***immediately*** notify the Plan Sponsor.
(If divorce proceedings are underway, you are still married until a final decree of divorce is filed.)

AND

I hereby certify that I have received the "Special Tax Notice Regarding Plan Payment". I acknowledge that I have at least 30 days after receiving this Notice to consider whether or not to elect a direct rollover, however, I am aware that I may consent to benefit payments prior to the end of this 30-day period by submitting this instruction form before the end of the 30-day period. I hereby elect the form of distribution as hereinbefore designated.

FOR DISTRIBUTIONS TO PARTICIPANT OF \$5,000 OR MORE:

I am aware that I have the right to defer taking my benefit until my Normal Retirement Date and I hereby consent to the immediate distribution of my benefit in the manner elected herein as soon as administratively possible.

Participant or Beneficiary Signature

Date

AMERICAN BENEFIT RESOURCES, INC.
II. BENEFIT PAYMENT ELECTION FORM (continued)

The Participant or Beneficiary is required to complete all applicable sections.

Plan Name:

SECTION E: Spousal Consent and Waiver to Distribution (to be completed by spouse)

I hereby certify that I am (a) the Spouse of the Participant who is electing to receive benefits other than in the form of a qualified joint & survivor annuity; (b) not acting under undue duress or undue influence; and (c) have read and understand my right to survivor benefits under the Plan as stated in the "Written Explanation of Qualified Joint & Survivor Form of Benefit" form.

I understand that federal law may give me the right to receive survivor benefits from the plan if my spouse dies. I also understand that if I consent to this Waiver Election, I will give up my right to receive said survivor benefit from the plan which federal law would give to me automatically and consent to said waiver. I further understand that the effect of this Waiver Election is to cause my right to my spouse's retirement benefit under the plan to be paid in a way which may not provide me with income after my spouse's death, and I also consent to this.

Executed this _____ day of _____, _____,

(Signature of Participant's Spouse)

(Print Name of Participant's Spouse)

Witnessed by: _____
(Plan Representative Signature)

OR

On this the _____ day of _____, 20____, before me the undersigned, a Notary Public in and for the County and State, appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that _____ executed the same.

Notary

III. SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

SAFE HARBOR EXPLANATION FOR PLANS QUALIFIED UNDER SECTION 401(a), SECTION 403(a) ANNUITY PLANS, OR SECTION 403(b) TAX SHELTERED ANNUITIES

This notice explains how you can continue to defer federal income tax on your retirement savings in your company's retirement plan (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 company (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 cannot be rolled over to a Roth IRA, 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; and a section 403(b) tax-sheltered annuity.

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 split your rollover amount between the employer plan in which you will participate and a traditional 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.

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 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 or to an eligible employer plan that accepts your rollover. 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 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 the Plan Administrator receives it.

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 or to an eligible employer plan that accepts rollovers. 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.

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.

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 5% or more 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 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 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. 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."

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, 10% 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. 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.

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.

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). 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 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.

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 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.

IV. DISTRIBUTION REPORTING & WITHHOLDING GUIDELINES

	Rollover to Non-Roth IRA or other qualified retirement plan	Lump Sum Payment made directly to participant or spouse	Form Due Dates
Required Federal income tax withholding	Not Required	20% of Gross Distribution (including loan balances)	
Form to File when depositing federal tax withholding	N/A	8109 Coupon-Deposit in Federal Reserve Bank	15th day of month following month of distribution
Forms to Report distribution to IRS	1099R & 1096	1099R & 1096	Must be mailed to participant by 1/31 following distribution year; filed with IRS by 2/28 following distribution year
Forms to Report federal tax withholding to IRS	N/A	945	January 31st following distribution year

* Withholding requirements and forms vary depending on state participant resides.

VI. FEDERAL AND STATE WITHHOLDING TAXES

Whenever a terminated participant elects to take a lump sum payment, there are certain taxes, which must be taken before payment can occur. If you have a payroll service, you will need to inquire as to whether or not they will report withholding taxes for you. If not, you will need to report them yourself. The following are the basic steps for withholding taxes **(The following is NOT APPLICABLE if the participant elects to rollover their distribution to an IRA, another qualified plan or an annuity).**

It is the Plan Sponsor's responsibility to insure that the withholding taxes are reported to the appropriate governmental agencies.

FEDERAL Withholding Taxes

Federal withholding taxes are to be taken whenever a single sum payment is made. There is no choice on the part of the participant or the Employer. Federal withholding is twenty percent (20%) of the total payment due to the participant.

In order to report Federal withholding taxes, you must prepare Form 8109 (*Federal Tax Deposit Coupon*). Make sure the Trust identification number is used on the form. If you are using a Form 8109 that has your corporate number on it, cross the corporate number out and insert the trust number. Be sure to indicate the name of the Plan on the form. Check the box "Form 945", complete as indicated and transmit the withholding taxes the same way you transmit payroll taxes. Federal withholding amounts must be deposited with an authorized financial institution or a Federal Reserve branch or bank.

At the end of the year, you will receive Form 945 (*Annual Return of Withheld Federal Income Tax*) to complete at the end of the year. You will use this form to report the total amount of Federal withholding taxes paid during the year. Once a Form 8109 with your trust identification number and plan name is filed, you should receive an 8109 coupon booklet for future deposits. If not, please send a note along with the 8109 form requesting a booklet specifically for the plan.

State Withholding Taxes

State withholding taxes are an optional election by the participant. State withholding is usually ten percent (10%) of the Federal withholding tax amount or 2% of the gross distribution, however, the participant could elect to withhold more than this amount.

If your plan has less than 100 participants **and** the State withholding is less than \$500.00, prepare the following:

1. Deposit the State withholding along with the payroll taxes indicating the withholding as **Personal Income Tax**. Be sure to indicate the participant's social security number.
2. Prepare a separate DE-6 (*Quarterly Wage Report*) for the State withholding taxes. Check the box marked *Personal Income Tax*. Indicate the name of the payee, social security number and the amount of State withholding taken. This form is filed on a quarterly basis.
3. Transmit the State withholding amount along with your payroll DE -6 form.
4. Prepare and file an annual DE-7(*Annual Reconciliation Statement*) at the end of the year.

Please note that once state withholding has been reported, you must file a quarterly DE-6 form and an annual DE-7 form even though there are not withholding taxes to report