

PARTICIPANT DISTRIBUTION NOTICE & ELECTION FORM

CALIFORNIA PLAN SERVICES

450 MISSION STREET STE. 210
SAN FRANCISCO, CA 94105

(415) 242-2105
(415) 896-2428 FAX

GENERAL INFORMATION

TIMING OF DISTRIBUTION

Distributions are generally posted within an administratively reasonable time after California Plan Services, LLC receives the completed Participant Distribution Election Form in good order. Certain factors, including the Plan's distribution provisions, may affect the timing. Please review your Summary Plan Description for more information on distributions.

MINIMUM NOTICE PERIOD

For at least 30 days after you receive this notice, you have the right to consider your distribution options. If you sign this election form less than 30 days after you receive this notice, you have affirmatively waived this right.

AMOUNT OF DISTRIBUTION

Your benefit is equal to the vested portion of your current account balance at the date of liquidation or the last plan valuation. Please review your Summary Plan Description for more information on vesting. A distribution processing fee may be charged to your account.

INVOLUNTARY DISTRIBUTION PROCEDURES

Vested Balance \$1,000 or less: If you do not return the completed Participant Distribution Election Form within 30 days, the distribution will be paid directly to you as a single sum distribution with federal taxes withheld.

Vested Balance \$5,000 or less (excluding Rollover accounts), but more than \$1,000: If you do not return the completed election form within 30 days, the distribution will be paid as a direct rollover to an individual retirement account (IRA) with the following custodian:

Colorado State Bank
1600 Broadway
Denver, CO 80202

FOR MORE INFORMATION

Contact your employer/former employer, California Investment Trust at (800) 225-8778, or refer to your Summary Plan Description.

INSTRUCTIONS

Please read the following instructions carefully. Incomplete forms will be returned and delay processing.

PARTICIPANT:

1. Complete the **Payment Option Election** section and sign the **Participant's Certification**. The Participant's signature must be witnessed by a Notary Public or an Employer's/Formal Employer's Authorized Representative. **Distribution cannot be processed without the appropriate witness' signature.**
2. Send form to the your employer's/former employer's Human Resources Department for completion and signatures.

EMPLOYER/FORMER EMPLOYER:

1. Complete bottom section.
2. Retain original and file in your plan administration binder.
3. Mail or fax a copy to:

California Plan Services, LLC
450 Mission Street Ste 210
San Francisco, CA 94105
Fax (415) 896-2428

Participant Distribution Election Form

**CALIFORNIA
PLAN SERVICES**

PARTICIPANT INFORMATION

_____	_____	_____	_____	_____	_____
	Company Name				
_____	_____	_____	_____	_____	_____
Full Name		Social Security Number			
_____	_____	_____	_____	_____	_____
Street Address (no P.O. Box)		Email			
_____	_____	_____	_____	_____	_____
City	State	Zip Code	()		Daytime Phone

450 MISSION STREET STE. 210
SAN FRANCISCO, CA 94105
(415) 242-2105
(415) 896-2428 FAX

PAYMENT OPTION ELECTION (Select one. To be completed by Participant or Beneficiary)

DIRECT ROLLOVER: This check will be made payable to your rollover account and sent to you for deposit.

Individual Retirement Account (IRA): Traditional ROTH

Name of IRA Custodian

Account Number

Other employer-sponsored retirement plan (401 (k), 403 (b), etc.)

Payee (verify with administrator of recipient plan)

SIMPLE SWITCH DIRECT ROLLOVER

Rollover to an Individual Retirement Account provided by California Investment Trust Fund Group. No sales commissions will be charged to your IRA account. Simply complete the IRA application provided with this form. For more information or assistance call (800)225-8778 or visit www.caltrust.com.

TAXABLE CASH PAYMENT

Federal Income Taxes: 20% of your distribution will be withheld for federal income taxes unless distribution is \$200 or less.

State Income Taxes: If optional for your state, do you wish to have state taxes withheld from your distribution? Yes No

For In-Service Distributions only: Gross amount requested before tax withholding \$ _____

PARTICIPANT'S CERTIFICATION (Must be witnessed by a Notary Public or Employer's/Former Employer's Designated Representative)

I have received and read the Special Tax Notice Regarding Plan Payments and have elected the benefit as indicated above. I understand that I am entitled to a 30-day waiting period before the distribution is processed. If I sign this less than 30 days after I receive this notice, I hereby waive the 30-day waiting period. **I understand that the outstanding balance of any participant loan will be treated as a taxable distribution and subject to tax withholding unless my check for the balance is submitted with this form.**

Participant's Signature

Date

Witness

Date

TO BE COMPLETED BY EMPLOYER/FORMER EMPLOYER

REASON FOR DISTRIBUTION

TERMINATION OF EMPLOYMENT DISABILITY (Restrictions apply) IN-SERVICE DISTRIBUTION (Restrictions apply)

RETIREMENT DEATH (Attach a certified copy of death certificate and a copy of the current beneficiary designation.)

EFFECTIVE DATE OF EVENT: ____/____/____

FINAL WITHHOLDING DATE: ____/____/____

VESTING INFORMATION

The participant was credited with the following number of hours during the Plan Year containing his/her last day of employment. If left blank, hours will be determined at Department of Labor equivalency rates.

0-500

501-999

1,000 or more

REQUIRED SIGNATURE

I have reviewed and verified the participant's elections and representations.

Employer/Former Employer Representative's Signature

Date

Print Name

IRA Account Application

CALIFORNIA INVESTMENT TRUST

ACCOUNT HOLDER

FUND GROUP

Full Name _____ Social Security Number _____

Street Address (no P.O. Box) _____

City _____ State _____ Zip Code _____

() _____ / / _____

Daytime Phone _____ Email _____ Birthdate _____

44 Montgomery Street Suite 2100
San Francisco, CA 94104-4708

(800) 225-8778
(415) 421-2019 Fax

www.caltrust.com

TYPE OF IRA

- Traditional IRA Transfer from another IRA Roth IRA SEP IRA SIMPLE IRA
- Rollover IRA — For Rollovers: Check if you've have physical receipt of assets for less than 60 days
- Check if this is a direct rollover from an Employer Sponsored Retirement Plan
- 401(k) Other _____

INVESTMENT OPTIONS (Check the fund(s) being purchased. Minimum \$1,000 per fund.)

- \$ _____ UTSXX - The United States Treasury Trust \$ _____ SPFIX - S&P 500 Index Fund
- \$ _____ CAUSX - U.S. Government Securities Fund \$ _____ SPMIX - S&P MidCap Index Fund
- \$ _____ STUSX - Short-Term U.S. Government Bond Fund \$ _____ SMCIX - S&P SmallCap Index Fund
- \$ _____ EUGIX - European Growth & Income Fund \$ _____ EQTIX - Equity Income Fund
- \$ _____ NASDX - Nasdaq-100 Index Fund

BENEFICIARY DESIGNATION (Attach a sheet to designate additional beneficiaries)

<p style="text-align: right;">() % <input type="checkbox"/> Primary <input type="checkbox"/> Secondary</p> <p>Name _____</p> <p>Street Address _____</p> <p>City _____ State _____ Zip Code _____</p> <p>_____ / / _____</p> <p>Social Security Number _____ Birthdate _____</p> <p>() _____</p> <p>Daytime Phone _____ Email _____</p>	<p style="text-align: right;">() % <input type="checkbox"/> Primary <input type="checkbox"/> Secondary</p> <p>Name _____</p> <p>Street Address _____</p> <p>City _____ State _____ Zip Code _____</p> <p>_____ / / _____</p> <p>Social Security Number _____ Birthdate _____</p> <p>() _____</p> <p>Daytime Phone _____ Email _____</p>
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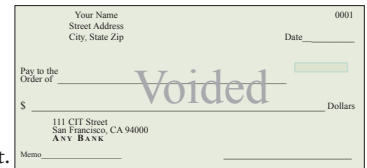
ACCOUNT OPTIONS

TELEPHONE & INTERNET PRIVILEGES (Please attach a voided check)

- ELECTRONIC DELIVERY | Statement, prospectus and financial reports delivered electronically. Email required.
- EXCHANGE PRIVILEGES | Permits all access to account except redemptions.
- ACCOUNT LINK | Permits purchases and redemptions to be sent to and from your bank checking or savings account.

AUTOMATIC INVESTMENT PLAN (Please attach a voided check)

- I hereby instruct ALPS Mutual Fund Services, Transfer Agent for California Investment Trust Fund Group, to automatically transfer \$ _____ (minimum \$100) from my checking account on the _____ day of each month or the first business day thereafter. I understand that I will be assessed a \$25.00 fee if the automatic purchase cannot be made due to insufficient funds, stop payment, or for any other reason.



SIGNATURE & CERTIFICATION (to avoid backup withholding)

I adopt the California Investment Trust Individual Retirement Account and appoint Colorado State Bank & Trust, N.A. to perform custodial and other administrative services specified in the IRA Custodial Account Agreement. I have received and read the prospectus for the Fund(s) and have read and understand the IRA Disclosure Statement and Custodial Account Agreement. I certify under penalties of perjury that my Social Security Number (above) is correct and that I am of legal age. If I am opening this IRA with a distribution from an employer-sponsored retirement plan or another individual retirement account, I certify that the distribution qualifies as a rollover contribution. I understand that the fees relating to my IRA may be billed or collected by redeeming sufficient shares from my Fund account balance. I agree to provide the Internal Revenue Service with information required. I further agree to follow the terms and conditions of the IRA Custodial Account Agreement. Acceptance by Custodian shall consist of a "confirmation of transaction statement" issued by the Custodian: Colorado State Bank and Trust, N.A., c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100, Denver, CO 80203.

In compliance with the USA PATRIOT Act, all financial institutions (including mutual funds) are required to obtain, verify and record the following information for all registered owners or others who may be authorized to act on an account: full name, date of birth, Social Security Number and permanent U.S. street address. Corporate, trust and other entity accounts require additional documentation. This information will be used to verify your true identity. We will return your application if any information is missing and we may request additional information from you for verification purposes. In the rare event that we are unable to verify your identity, the Fund reserves the right to redeem your account at the current day's net asset value.

Signature _____

Date _____

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement plan savings and contains important information you will need before you decide how to receive your Plan benefits. All references to “the Code” are references to the Internal Revenue Code of 1986, as amended. 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.

A. TYPES OF PLAN DISTRIBUTIONS

Eligibility for rollover. The Code classifies distributions into two types: (1) distributions you may roll over (“eligible rollover distributions”) and (2) distributions you may not roll over. See “Distributions not eligible for rollover” below. You may receive a distribution part of which is an eligible rollover distribution and part is not eligible for rollover. 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 from a pre-tax account to a Roth IRA, described in the last paragraph of Section B below). The Plan Administrator will assist you in identifying the portions eligible and not eligible for rollover.

Plans that may accept a rollover. You may roll over an eligible rollover distribution (other than Roth 401(k) plan deferrals and earnings) either to a Roth IRA, to a traditional IRA or to an eligible employer plan that accepts rollovers. Check with your employer to see if you can roll funds into your current plan. Special rules apply to the rollover of after-tax contributions and of Roth 401(k) deferrals. See “After-tax contributions and Roth 401(k) plan deferrals” below. You may not roll over any distribution to a simple IRA or a Coverdell education savings account (formerly known as an educational IRA).

Deciding where to roll over a distribution. An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, find out if the plan accepts rollovers and, if so, the types. 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 an IRA or to split your rollover amount between the employer plan in which you will participate and an IRA. Find out about any documents you must complete before a receiving plan or IRA sponsor will accept a rollover. 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 also may be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover regarding subsequent distributions and taxation.

Distributions not eligible for rollover. An eligible rollover distribution means any distribution to you of all or any portion of your account balance under the Plan except: (1) a distribution which is part of a series of substantially equal periodic payments; (2) a required minimum distribution; (3) a hardship distribution; (4) an ESOP dividend; (5) a corrective distribution; or (6) a loan treated as a distribution.

Substantially equal periodic payments. You may not roll over a distribution if it is part of a series of substantially equal payments made at least once a year and which will last for: (1) your lifetime (or your life expectancy), (2) your lifetime and your beneficiary’s lifetime (or life expectancies), or (3) a period of 10 years or more.

Required minimum distributions. Beginning in the year in which occurs the later of your retirement or your attainment of age 70½, the Code may require the Plan to make “required minimum distributions” to you. You may not roll over the required minimum distributions. Special rules apply if you own more than 5% of the Employer.

Hardship distributions. A hardship distribution is not eligible for rollover.

Corrective distributions. A distribution from the plan 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, as discussed in Part C. below. Ask the Plan Administrator if distribution of your loan qualifies for rollover treatment.

After-tax Contributions and Roth 401(k) plan deferrals. *After-tax/rollover into an IRA.* You may roll over your after-tax contributions to an IRA (including, for distributions after December 31, 2009, a Roth IRA) either directly or indirectly. For distributions before January 1, 2010, you may roll over your after-tax contributions to a Roth IRA, provided your adjusted gross income for the taxable year of the distribution does not exceed \$100,000 and you are not married filing a separate income tax return. The Plan Administrator will assist you in identifying 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 an IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA. Once you roll over your after-tax contributions to an IRA, you may NOT later roll over

those amounts to an employer plan, but may roll over your after-tax contributions to another IRA.

After-tax/rollover into an IRA. You may roll over your after-tax contributions to an IRA (including, for distributions after December 31, 2009, a Roth IRA) either directly or indirectly. For distributions before January 1, 2010, you may roll over your after-tax contributions to a Roth IRA, provided your adjusted gross income for the taxable year of the distribution does not exceed \$100,000 and you are not married filing a separate income tax return. The Plan Administrator will assist you in identifying 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 an IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable you to determine the nontaxable amount of any future distributions from the IRA. Once you roll over your after-tax contributions to an IRA, you may NOT later roll over those amounts to an employer plan, but may roll over your after-tax contributions to another IRA.

After-tax/rollover into an employer plan. You may DIRECTLY roll over after-tax contributions from the Plan to another qualified plan (including a defined benefit plan) or to a 403(b) plan if the other plan will accept the rollover and provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You may NOT roll over after-tax contributions from the Plan to a §403(a) annuity plan, or 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 to make a direct rollover on your behalf. Also, you may not first roll over after-tax contributions to an IRA and then roll over that amount into an employer plan.

Roth 401(k) plan deferrals. You may roll over an eligible rollover distribution that consists of Roth deferrals and earnings (whether or not it is a “qualified” Roth distribution) either: (1) by a direct rollover to another Roth 401(k) plan, or to a Roth 403(b) plan, provided the Roth 401(k) plan or the Roth 403(b) plan will accept the rollover; or (2) by a direct or 60-day rollover to a Roth IRA. Alternatively, you can roll over the taxable portion of a non-qualified Roth distribution by a 60-day rollover to a Roth 401(k) plan or to a 403(b) plan. See Section C. “Taxation of Roth deferrals” and “60-day rollover option” below..

30-Day Notice Period/Waiver. After receiving this notice, you have at least 30 days to consider whether to receive your distribution or have the distribution 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 distribution then will be processed in accordance with your election as soon as practical after the Plan Administrator receives your election.

B. DIRECT ROLLOVER

Direct rollover process. You may elect a direct rollover of all or any portion of an eligible rollover distribution. If you elect a direct rollover, the Plan Administrator will pay the eligible rollover distribution directly to your IRA or to another eligible employer plan (or, in the case of a distribution of Roth deferrals, to a Roth IRA, a Roth 401(k) plan, or a Roth 403(b) plan) which you have designated. Alternatively, for the cash portion of your distribution, if any, the Plan Administrator may give you a check negotiable by the trustee or custodian of the recipient eligible employer plan or IRA. To complete the direct rollover, you must deliver the check to that trustee/custodian. A direct rollover amount is not subject to taxation at the time of the rollover, unless the direct rollover is from a pre-tax account to a Roth IRA. Except for a direct rollover of a pre-tax amount to a Roth IRA, the taxable portion of your direct rollover will be taxed later when you take it out of the 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 elect a direct rollover, your election form must include identifying information about the recipient IRA or plan.

Change in tax treatment resulting from a direct rollover. The tax treatment of any payment from the eligible employer plan or 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 roll over your benefit to a 403(b) plan, a governmental 457 plan, or an IRA, your benefit no longer will be eligible for that special treatment. See the sections below entitled “10% penalty tax if you are under age 59½” and “Special tax treatment if you were born before 1936.”

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs (except that a special taxation rule applies to distributions during 2010 that you roll over to a Roth IRA, under which the distribution can be subject to taxation ratably during 2011 and 2012). For distributions before January 1, 2010, you may not roll over a distribution from a pre-tax account to a Roth IRA if your adjusted gross income for the taxable year exceeds \$100,000. However, the adjusted gross income limit on direct rollovers from a pre-tax account to a Roth IRA does not apply to distributions after December 31, 2009.

C. DISTRIBUTIONS YOU RECEIVE

Taxation of eligible rollover distributions. The taxable portion of an eligible rollover distribution which you elect to receive is taxable to you in the year you receive it unless, within 60 days following receipt, you roll over the distribution to an IRA or to another eligible employer plan.

Taxation of direct rollover of pre-tax distribution to Roth IRA. If you directly roll over a pre-tax distribution to a Roth IRA, the taxable portion of the distribution is subject to taxation for the taxable year in which the distribution occurs (except that a special taxation rule applies to distributions during 2010 that you roll over to a Roth IRA, under which the distribution can be subject to taxation ratably during 2011 and 2012). For distributions before January 1, 2010, you may not roll over a distribution from a pre-tax account to a Roth IRA if your adjusted gross income for the taxable year exceeds \$100,000. However, the adjusted gross income limit on direct rollovers from a pre-tax account to a Roth IRA does not apply to distributions after December 31, 2009.

Withholding on eligible rollover distributions. The taxable portion of your eligible rollover distribution is subject to 20% federal income tax withholding. You may not waive this withholding. For example, if you elect to receive a taxable eligible rollover distribution of \$5,000, the Plan will pay you only \$4,000 and will send to the IRS \$1,000 as income tax withholding. You will receive a Form 1099-R from the Plan reporting the full \$5,000 as a distribution from the Plan. The \$1,000 withholding amount applies against any federal income tax you may owe for the year. The direct rollover is the *only* means of avoiding this 20% withholding. Note that taxes and penalties with regard to the distribution may exceed the 20% withheld.

60-day rollover option. The direct rollover explained in Section B above is not the only way to make a rollover. If you receive payment of an eligible rollover distribution, you still may roll over all or any portion of the distribution to an IRA (including a Roth IRA, subject to the limitations described in Section A) or to another eligible employer plan that accepts rollovers, except to the extent the distribution consists of Roth deferrals and earnings on the Roth deferrals. You may roll over the Roth deferrals and earnings on the Roth deferrals to a Roth IRA, or you may roll over only the taxable earnings (if any) on the Roth deferrals (but not the Roth deferrals) to a Roth 401(k) plan or to a 403(b) plan. If you decide to roll over the distribution, *you must make the rollover within 60 days of your receipt of the payment.* The portion of your distribution which you elect to roll over generally is not subject to taxation until you receive distributions from the IRA or eligible employer plan. However, see "Taxation of direct rollover of pre-tax distribution to Roth IRA," above.

You may roll over 100% of your eligible rollover distribution even though the Plan Administrator has withheld 20% of the distribution for income tax withholding. If you elect to roll over 100% of the distribution, you must obtain *other money* within the 60-day period to contribute to the IRA or eligible employer plan to replace the 20% withheld. If you elect to roll over only the 80% which you receive, the 20% withheld will be subject to taxation.

Example. Assume the taxable portion of your eligible rollover distribution is \$5,000, and you do not elect a direct rollover. The Plan pays you \$4,000, withholding \$1,000 for income taxes. However, assume within 60 days after receiving the \$4,000 payment, you decide to roll over the entire \$5,000 distribution. To make the rollover, you will roll over the \$4,000 you received from the Plan and you will contribute \$1,000 from other sources (your savings, a loan, etc.). In this case, you will not have any tax liability with respect to the Plan distribution. The Plan will report a \$5,000 distribution for the year and you will report a \$5,000 rollover. When you file your income tax return, you may receive a refund of the \$1,000 withheld. If you roll over only the \$4,000 paid from the Plan, the \$1,000 you do not roll over is taxable. In addition, the \$1,000 you do not roll over may be subject to a 10% penalty tax. See "10 penalty tax if you are under age 59½" below. When you file your income tax return, you still may receive an income tax refund, but the refund likely will be smaller because \$1,000 of the distribution is taxable.

Withholding on distributions not eligible for rollover. The 20% withholding described above does not apply to any taxable portion of your distribution that is *not* an eligible rollover distribution. You may elect to have federal income tax withholding apply to that portion. If you do not wish to have any income taxes withheld on that portion of your distribution, or if you wish to have an amount other than 10% withheld, you will need to sign and date IRS Form W-4P, checking the box opposite line 1. The Plan Administrator will provide you Form W-4P if your distribution includes an amount that does not constitute an eligible rollover distribution. If you do *not* return the Form W-4P to the Plan prior to the distribution, the Plan Administrator will treat the failure to return the form as an *affirmative election* to have 10% withholding apply.

10% penalty tax if you are under age 59½. If you receive a distribution from the Plan before you reach age 59½ and you do not roll over the distribution, the taxable portion of your distribution is subject to a 10% penalty tax in addition to any federal income taxes unless an exception applies. For example, the 10% penalty tax does not apply if you separate from service with the Employer during or after the calendar year in which you attain age 55, and then receive a distribution. See IRS Form 5329 for more information on the 10% penalty tax.

If you directly roll over a pre-tax distribution 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 includable in gross income.

The 10% penalty tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution (including earnings) is attributable to an amount you rolled over *to* that plan 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 1936. If your distribution is a "lump sum distribution," and you were born before 1936, you may elect special treatment, but only if you do not roll over any part of the lump sum distribution. If you roll over only a portion of your distribution to an IRA, a governmental 457 plan, or a 403(b) plan, this special tax treatment is not available for the rest of the payment. A lump sum distribution is a distribution, within one calendar year, of your entire vested account balance (including any nontaxable portion of your distribution) under the Plan (and certain similar plans maintained by the Employer). If you are not a self-employed individual, the distribution must occur after you attain age 59½ or after you have separated from service with the Employer. For a self-employed individual, a lump sum distribution must occur after the self-employed individual attains age 59½ or becomes disabled.

Repayment of participant loans. If you have an outstanding participant loan when you separate from service with the Employer, the Employer may reduce ("offset") your account balance by the outstanding loan balance. The loan offset is a distribution and is taxable to you unless you roll over the amount of the offset within 60 days of the date of the offset. Withholding does not apply if the loan offset is your only distribution. If you receive a distribution of cash or property with the offset, withholding will apply to the entire distribution, but the withholding amount will not exceed the amount of cash or property (other than employer securities) you receive in addition to the offset. You may not roll over the amount of a defaulted participant loan that is a taxable *deemed* distribution.

If you are not a plan participant. Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA start after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of a participant's death and you are a non-spouse designated beneficiary, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are a spouse or former spouse of a participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO are not subject to the 10% additional income tax on early distributions.

Government publications. IRS Publication 575 and IRS Publication 590 provide additional information about the tax treatment of plan distributions and rollovers. These publications are available from your local IRS office, on the IRS's Internet Website at www.irs.gov, or by calling 1-800-TAX-FORMS.