The Boeing Company Voluntary Investment Plan (VIP)

Withdrawal Guide

The VIP is designed primarily to make it easier for you to save money for retirement. However, if you find that you need money from your plan account before retirement, you have several withdrawal options.

The withdrawal options available through the VIP give you flexibility when you need to access portions of your account balance before you terminate or retire from Boeing. This guide provides an overview of the withdrawal options and explains how to request a withdrawal. Keep in mind that no matter which withdrawal option you choose, withdrawals will reduce your savings growth.

Withdrawals that can be requested and processed through the My Retirement Income website or the Boeing Retirement Service Center

Aftertax, Rollover, Employer Match, Age 59½, Roth Rollover, and FSP Sick Leave Withdrawals may be requested and processed online or through a Boeing Retirement Service Center Representative.

If you request a Hardship Withdrawal or a withdrawal that requires spousal consent*, you must complete and return a withdrawal package within the I Want To section of the My Retirement Income website. You are required to submit a Spousal Consent Form if your account includes Spousal Consent money before the withdrawal can be processed. You must complete and return the form regardless of your current marital status. If your account balance does not include Spousal Consent money, you are not required to complete the form. Go to the My Retirement Income website and select “Account Balance”, then select ‘View Account Balance by Type’ to determine if you have Spousal Consent money in your account. If you submit your hardship withdrawal application or other in-service withdrawal request without this form and you do have Spousal Consent money in your account, your forms will be returned to you and it will delay the processing of your withdrawal. To print a Spousal Consent Form, visit the Library within My Retirement Income. You will be able to print the package locally on your own printer or have it sent via U.S. Mail to your mailing address on file.

How withdrawals are funded

Withdrawals will be taken from your account on a pro rata basis (which means proportionately across all funds). Certain withdrawal requests may also be taken from funds that you designate.

If the withdrawal is requested before 4 p.m. Eastern time, account values will be determined using the closing prices on the day the withdrawal is requested; otherwise, the next business day’s closing price will be used.

Withdrawals may be requested as $ or %

Withdrawals may be requested as a dollar amount or 100% of the amount available (Maximum Available).

How withdrawals will be taxed

If you do not roll over the taxable portion of your payment, it will be subject to federal income tax withholding at a rate of 20 percent. Participants that are subject to non-U.S. tax regulations may be subject to a higher rate of withholding. This amount is applied toward your tax obligation and may not reflect your actual tax liability. State tax may also apply.

If the 20 percent withholding does not cover your tax liability, you may have to pay additional taxes and penalties when you file your annual income tax return.

You may elect a lower withholding amount on a hardship withdrawal as it is not eligible to be rolled over.

Withdrawing money before age 59½ generally is considered an early withdrawal. You may have to pay a 10 percent early withdrawal penalty tax on the taxable portion of an early withdrawal. This 10 percent is payable when you file your federal income tax, it cannot be withheld from the distribution.

If you choose a direct rollover of any portion of your account (other than your Roth account) to a Roth IRA, your rollover will not be subject to the 20 percent mandatory withholding or 10 percent early withdrawal penalty tax, but the taxable portion of the rollover will be includible in your gross income. No taxes will be withheld from your rollover.

Impact on employer matching contributions if you take an employer match withdrawal or hardship withdrawal

Employer matching contributions will stop for six months following a hardship withdrawal or a withdrawal of employer matching contributions.

How withdrawals of Boeing stock will be processed

If any portion of your withdrawal includes Boeing Stock, you may receive the withdrawal in cash or shares (in-kind). Your Boeing Stock shares will be directly registered by Computershare and a confirmation statement will be sent by regular U.S. Mail to your mailing address on file.

How withdrawals may be subject to spousal consent

If your VIP account balance includes spousal consent money, you must request a withdrawal package by selecting “Request a Hardship or Withdrawal Package” within the I Want To section of My Retirement Income. You are required to submit a Spousal Consent Form if your account includes Spousal Consent money before the withdrawal can be processed. You must complete and return the form regardless of your current marital status. If your account balance does not include Spousal Consent money you are not required to complete the form. If you submit your hardship or withdrawal application without this form and you do have Spousal Consent money in your account, your forms will be returned to you and it will delay the processing of your withdrawal. To print a Spousal Consent Form, visit the Library within My Retirement Income. You may also request the form by calling the Boeing Retirement Service Center.

My withdrawal payment delivery options

When you request a withdrawal you will be asked to elect a delivery option. You may choose between the following:

- **Check delivered by regular U.S. Mail**
  Checks for approved withdrawals are generally mailed within three business days after the processing date of your withdrawal request (please allow additional time for mail delivery from the East Coast). If you are required to provide paperwork, please allow up to five business days after your paperwork is received for processing.

- **Check delivered by expedited delivery for a $15.00 fee**
  If you have requested to have your withdrawal check expedited to you, a $15 fee will be charged to your account. Checks for approved withdrawals are generally mailed within three business days after the processing date of your withdrawal request.

- **Direct deposit to the banking institution of your choice** (see information below to set this up).

  If you have requested your withdrawal to be directly deposited into your bank account, it will generally be deposited within three business days after your processing date. If you are required to provide paperwork, please allow up to five business days for processing.

If you request a distribution in shares from your Boeing Stock Fund, these shares cannot be sent via direct deposit. Your Boeing Stock shares will be directly registered by Computershare and a confirmation statement will be sent by regular U.S. Mail to your mailing address on file.

How to set up direct deposit

If you would like to establish direct deposit for your account, you must select the direct deposit option on the “Request a Withdrawal” or the “Request a Hardship or Withdrawal Package” transaction within the I Want To section of the My Retirement Income website. You may also call the Boeing Retirement Service Center to set up direct deposit.

Types of withdrawals available

The withdrawal types listed below are available from the VIP.

Aftertax Withdrawal

Generally, you may withdraw at any time all or part of the aftertax contributions you have made to the VIP. Federal tax laws set requirements on how you may withdraw your own aftertax contributions and investment earnings on those contributions. Aftertax contributions made before January 1, 1987, may be withdrawn apart from any investment earnings. If you withdraw your pre-1987 contributions (without investment earnings), they are fully non-taxable. Aftertax contributions made after December 31, 1986, must include a portion of the investment earnings on those contributions when withdrawn. The investment earnings must be withdrawn in the same ratio as they exist in your aftertax account balance at the time of the withdrawal. Remember, when you withdraw aftertax contributions, there is no tax due but whenever investment earnings are withdrawn, they are subject to tax. Twenty percent of the taxable position of any withdrawal will be withheld for federal income tax purposes and applicable state taxes may also be withheld unless you elect to directly roll over the taxable portion of the withdrawal to a traditional Individual Retirement Account (IRA), Roth IRA, or another qualified plan. If you elect to rollover the withdrawal to a Roth IRA, you will be responsible for paying taxes on the taxable portion of the rollover. Also, you generally will owe a 10 percent early withdrawal federal tax penalty on the taxable amount if you are under age 59½ when you take your withdrawal unless the withdrawal is rolled over. There are certain requirements that must be followed for Roth IRAs. Please see more information about rollovers to Roth IRAs in the Special Tax Notice.

Employer matching contributions will not be suspended following an aftertax withdrawal.

The aftertax portion of your account balance may be eligible to rollover to a traditional or Roth IRA or another qualified plan. You will need to make sure that the new plan will accept the aftertax money.

Rollover Withdrawal

If you are an active participant and have rolled money into the VIP from another qualified plan, you will be allowed to withdraw your rollover contributions and earnings. Twenty percent of the taxable portion of any withdrawal will be withheld for federal income tax purposes and applicable state taxes may also be withheld unless you elect to directly roll over the withdrawal to a traditional Individual Retirement Account (IRA), Roth IRA, or another qualified plan. If you elect to roll over the withdrawal to a Roth IRA, you will be responsible for paying taxes on the taxable portion of the rollover. Also, you generally will owe a 10 percent early withdrawal federal tax penalty on the taxable amount if you are under age 59½ when you take your withdrawal unless the withdrawal is rolled over. There are certain requirements that must be followed for Roth IRAs. Please see more information about rollovers to Roth IRAs in the Special Tax Notice. Employer matching contributions will not be suspended following a rollover withdrawal.

Roth Rollover Withdrawal
If you are an active participant and have rolled Roth money into the VIP from another qualified plan, you will be allowed to withdraw your Roth rollover contributions and earnings. Roth contributions are subject to taxes in the year they are made, but distributions from your Roth account plus any investment earnings may be eligible for special tax treatment in the future provided you meet certain requirements. In order to receive this special tax treatment for any distribution from your Roth account, you generally must participate in a Roth account in the Plan for at least five years and the money must be paid to you after you have attained age 59½ or in connection with your death or disability. If both of these conditions are met then all amounts in your Roth account, including earnings, may be distributed to you without any federal (or state if applicable) income taxes applied; otherwise, 20 percent of the taxable portion of any withdrawal will be withheld for federal income tax purposes and applicable state taxes may also be withheld. You generally will owe a 10 percent early withdrawal federal tax penalty on the taxable amount if you are under age 59½ when you take your withdrawal unless the withdrawal is rolled over. Please see more information about Roth rollovers in the Special Tax Notice. Employer matching contributions will not be suspended following a rollover withdrawal.

Employer Match Withdrawal
If you are an active participant with at least five years of service, you may withdraw any portion of your employer matching contributions and investment earnings. If you take an employer match withdrawal, future employer matching contributions will be suspended for six months following the withdrawal. The employer matching contributions will begin automatically after the six-month period, if you are contributing at that time. Twenty percent of the withdrawal will be withheld for federal income tax purposes and applicable state taxes may also be withheld unless you elect to directly roll over the withdrawal to a traditional Individual Retirement Account (IRA), Roth IRA, or another qualified plan. If you elect to roll over the withdrawal to a Roth IRA, you will be responsible for paying taxes on the taxable portion of the rollover. Also, you generally will owe a 10 percent early withdrawal federal tax penalty on the taxable amount if you are under age 59½ when you take your withdrawal unless the withdrawal is rolled over. There are certain requirements that must be followed for Roth IRAs. Please see more information about rollovers to Roth IRAs in the Special Tax Notice.

Age 59½ Withdrawal
If you are an active participant and you have reached age 59**½,** you will be allowed to withdraw your entire aftertax, rollover aftertax, rollover pretax, pretax, catch-up, employer matching, QNEC, Retirement contributions, Company contributions, FSP contributions, Roth rollover contributions, Roth contributions, and investment earnings. Twenty percent of the taxable portion of any withdrawal will be withheld for federal income tax purposes and applicable state taxes may also be withheld unless you elect to directly roll over the withdrawal to a traditional Individual Retirement Account (IRA), a Roth IRA, or another qualified plan. If you elect to roll over the withdrawal to a Roth IRA, you will be responsible for paying taxes on the taxable portion of the rollover. Employer matching contributions will not be suspended following an age 59½ withdrawal.

Roth contributions are subject to taxes in the year they are made, but distributions from your Roth account plus any investment earnings may be eligible for special tax treatment in the future provided you meet certain requirements. In order to receive this special tax treatment, it must be a qualified distribution from your Roth account. Generally your Roth contributions must be in the Plan for at least five years and the money must be paid to you after you have attained age 59½ or in connection with your death or disability. If these conditions are met then all amounts in your Roth account, including earnings, may be distributed to you without any federal (or state if applicable) income taxes are applied; otherwise, 20 percent of the Roth earnings will be withheld for federal (or state if applicable) income taxes. Please see more information about Roth rollovers in the Special Tax Notice. Employer matching contributions will not be suspended following a rollover withdrawal.

FSP Sick Leave Withdrawal

If you had a balance in the Financial Security Plan (FSP) that merged into the VIP on September 30, 2011, you may be eligible for a withdrawal from your FSP Sick Leave contributions if you are on a qualified sick leave and you have used all of your regular sick leave hours. For any pay week that you are eligible for an FSP Sick Leave withdrawal, you will receive a notice from the Boeing Retirement Service Center in the mail showing how much money you have available for withdrawal. You do not need to wait to receive the notice. In general, the withdrawal will be available on the Thursday following the pay week in which the sick leave was input. The available withdrawal amount is valid for 30 days from the date on the confirmation notice. FSP withdrawals may only be requested as 100% of the amount available.

If you need to withdraw money from your FSP Sick Leave contributions, you must request the withdrawal within the 30-day period, although you are not required to take the withdrawal. You will continue to get a notice showing the amount available for withdrawal for each pay week as long as you are eligible, even if you don't take a withdrawal. You can process this withdrawal through the My Retirement Income website or by calling the Boeing Retirement Service Center.

Hardship Withdrawal of Pretax, Roth and Company Contributions

Tax rules require that withdrawals of pretax, Roth and Company contributions be limited to certain types of immediate and substantial financial needs. You may apply for a hardship withdrawal to meet certain financial emergencies (defined below) which cannot be met by any other financial resource. Hardship withdrawals are only permitted to alleviate one or more of the following financial needs:

- Expenses for un-reimbursed medical care (described in IRC Section 213d, as amended) previously incurred by you, your spouse, or any of your dependents (described in Internal Revenue Code Section 152, as amended)
- Costs directly related to the purchase of your principal residence (excluding ongoing mortgage payments)
- Payment of tuition, related educational fees, and room and board expenses, for the next 12 months of post-secondary education for you or your spouse, children, or dependents
- Payments necessary to prevent your eviction from your principal residence or foreclosure on the mortgage on the residence
- Funeral expenses of an immediate family member
- Repairs of your principal residence
- If you are on an approved leave without pay or if you are otherwise absent without pay for 15 consecutive business days or more
- Payment of a lump sum child support order (Court order only)
- Payment of past due federal or state taxes (IRS or state notice only)

For hardship withdrawals, a dependent is defined in Code section 152, without regard to the eligibility restrictions in sections 152(b)(1) and (b)(2) and the gross income limit for a qualifying relative under section 152(d)(1)(B). A child of divorced parents described in Code sections 152(e) and 213(d)(5) will be considered a dependent of both parents for purposes of a hardship withdrawal to pay medical expenses.

You are responsible for all taxes and penalties. Money you withdraw from your pretax account is taxable as ordinary income at your regular tax rate. The plan will withhold federal tax according to the participant's election. If no election is made, 10 percent will automatically be withheld from your distribution. You may owe additional taxes if your tax liability is higher than the amount withheld. State taxes also may be withheld, depending on your state of residence. In addition to income taxes, you generally will have to pay an early withdrawal federal tax penalty equal to 10 percent of the taxable portion of your withdrawal if you are under age 59½. Many states impose a similar penalty tax. If you are contributing to the Plan, the employer matching contribution will stop during the six months following the withdrawal. The employer matching contribution will resume after this six-month period if you are contributing to the plan at that time.

If you have one or more of the listed financial needs, you must first try to take care of the financial need before applying for a hardship withdrawal. Using a combination of the following may address your financial need without requesting a hardship withdrawal:

- VIP Aftertax Withdrawal
- VIP Rollover Withdrawal
- VIP Roth Rollover Withdrawal
- VIP Employer Match Withdrawal
- VIP Loan (unless the loan itself would cause a heavy financial hardship)
- Loan from a commercial lender, unless the loan would cause a financial hardship
- Selling other assets outside of the savings plans

You must also stop contributions to the Plan if discontinuing contributions can satisfy the financial hardship. You may request a hardship withdrawal only after you have exhausted all other financial resources. If you are eligible for the VIP dividend payout program and your hardship withdrawal is approved between the ex-date and the dividend payout date (the dividend payout date will be posted on the My Retirement Income website each quarter), your Boeing Stock Fund quarterly dividend for that quarter will automatically be distributed to you even if you have elected the dividend reinvestment option.

Note**:** Retirement contributions and QNECs from the VIP are not available for hardship withdrawal. Hardship withdrawals are not eligible for rollover to an IRA or another qualified plan.

You may request a hardship withdrawal at any time as long as you meet the qualifications. Along with your completed form(s), you also must submit written documentation of your financial need, such as a purchase and sales agreement signed by buyer and seller, a foreclosure or eviction notice, medical bills or tuition statements. You must certify in writing that the amount you are requesting is not greater than the amount of your financial need, plus any taxes you may owe as a result of your withdrawal. You also must certify that your financial need cannot reasonably be reduced or satisfied:

- By stopping your contributions to the Plan;
- By borrowing from commercial sources on reasonable commercial terms; or,
- By taking a distribution from this Plan or any other plan, as either an in-service withdrawal or a loan.

Your application and documentation will be reviewed by plan representatives. If you do not fill out the forms completely and provide the proper documentation, your hardship withdrawal request will be denied. Also, if you have available funds in any other Boeing-sponsored savings plan, your hardship withdrawal will not be approved until those funds are withdrawn.

If any portion of your hardship withdrawal includes Pretax Spousal Consent money, you must include a completed Spousal Consent Form with your hardship application. Please review the information on the first page regarding how to print or request and complete a Spousal Consent Form.

Rolling over a withdrawal to a Roth IRA
If you choose to roll over your withdrawal to a Roth IRA (hardship withdrawals are not eligible for rollover), you must pay taxes on the taxable portion of the rollover, however, there is no withholding at the time the rollover is processed. You will receive a 1099-R the following January which will reflect the amount subject to both federal and state (if applicable) income taxes. If you wish to have taxes withheld, you cannot request a direct rollover and a check less the withholding amount will be made payable to you (not the rollover institution). You can then take advantage of the 60 day rollover option. Note that the amount withheld may be subject to the 10 percent early withdrawal penalty unless it is also rolled over within 60 days. No taxes or penalties will be due when a later distribution is made from the Roth IRA as long as it is considered a qualified distribution. Please see more information about rollovers to Roth IRAs in the Special Tax Notice.

The Special Tax Notice Regarding Plan Payments can be found in the Library within My Retirement Income. This document describes the tax implications of Savings Plan withdrawals and distributions. Federal law requires that you review this document no less than 30 and no more than 90 days prior to requesting a withdrawal or distribution, though you may waive the right to review the document at the time of your request. If you have any questions regarding this document, please contact the Boeing Retirement Service Center.

* Spousal Consent money was generally part of several prior plans that were combined with the VIP in prior plan conversions. To verify if you have spousal consent money in your account, select “Account Balance” within the I Want To section of My Retirement Income and select ‘view account balance by type’. This will show all money types in your account. Spousal Consent money will be a separate type if you have it.

Electing an in-service withdrawal

If you would like to take a non-hardship withdrawal or withdraw from the portion of your account that does not require spousal consent, select “Request a Withdrawal” within the I Want To section of the My Retirement Income website.

If you need to request a hardship withdrawal or withdraw from spousal consent money, select “Request a Hardship or Withdrawal Package” within the I Want To section of the My Retirement Income website. You will also need to print the Spousal Consent Form. To print a Spousal Consent Form, visit the Library within My Retirement Income. You may also request the form by calling the Boeing Retirement Service Center.

This withdrawal guide summarizes the plan’s official legal text. See your VIP Summary Plan Description booklet and Benefits Updates for more detailed information. Every effort has been made to provide an accurate summary of the VIP withdrawal process. In the event of a conflict between this summary and the Plan, the terms of the Plan will control.

THE BOEING COMPANY
VOLUNTARY INVESTMENT PLAN (VIP) DISTRIBUTIONS:
YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving form your Voluntary Investment Plan (VIP) account is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). Refer to the Roth Guide for more information regarding a Roth account.

Rules that apply to most payments from a plan are described in the "**General information about rollovers**" section. Special rules that only apply in certain circumstances are described in the "**Special rules and options**" section.

General Information about rollovers

How a rollover affects your taxes

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (an exception may apply). However, if you do a rollover, you will not have to pay tax until you receive distributions later and the 10% additional income tax on early distributions will not apply if those distributions are made after you are age 59½ (an exception may apply).

Where you may roll over the payment

You may roll over the payment to either a traditional or Roth IRA (an individual retirement account or individual retirement annuity) or a qualified employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. If you rollover to a Roth IRA, you must pay taxes on the taxable portion of your rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

Doing a rollover

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the check payable to your IRA or a qualified employer plan and it will be mailed to you to send to the institution. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or qualified employer plan that will accept it. You will have 60 days after you receive your VIP distribution to make the deposit. If you do not complete a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (an exception may apply).

How much I may roll over

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except the following. The Plan administrator can tell you what portion of a payment is eligible for rollover.

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 70½ (or after death).
- Hardship distributions.
- ESOP dividends.
- Corrective distributions of contributions that exceed tax law limitations.
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends).
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 60 days of enrollment.

If you don't do a rollover, you may have to pay the 10% additional income tax on early distributions

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the distribution not rolled over.

The 10% additional income tax does not apply to the following distributions from the Plan:

- Distributions made after you separate from service if you will be at least age 55 in the year of the separation.
- Distributions that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Distributions made due to disability.
- Distributions after your death.
- Distributions of ESOP dividends.
- Corrective distributions of contributions that exceed tax law limitations.
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 60 days of enrollment
- Distributions made directly to the government to satisfy a federal tax levy.
- Distributions made under a qualified domestic relations order (QDRO).
- Distributions up to the amount of your deductible medical expenses.
- Certain distributions made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days.

If you do a rollover to an IRA, you may have to pay the 10% additional income tax on early distributions from the IRA

If you receive a distribution from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for distributions from an IRA, including:

- There is no exception for distributions after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).
- The ability to withdraw contributions within 60 days of enrollment that made under special automatic enrollments rules do not apply.

How State income taxes apply
This notice does not describe any State or local income tax rules (including withholding rules). Please see a local professional tax advisor if you have questions regarding state or local income taxes.

Special rules and options

If your distribution includes aftertax contributions
Aftertax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your aftertax contributions is generally included in the payment. If you have pre-1987 aftertax contributions maintained in a separate account, a special rule may apply to determine whether the aftertax contributions are included in a distribution.

You may roll over to an IRA a distribution that includes aftertax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the aftertax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the distributions will include an allocable portion of the aftertax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the aftertax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals $12,000, of which $2,000 is aftertax contributions. In this case, if you roll over $10,000 to an IRA in a 60-day rollover, no amount is taxable because the $2,000 amount not rolled over is treated as being aftertax contributions.

You may roll over to a qualified employer plan all of a distribution that includes aftertax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for aftertax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to a qualified employer plan of part of a payment that includes aftertax contributions, but only up to the amount of the distribution that would be taxable if not rolled over.

If you miss the 60-day rollover deadline
Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If your distribution includes employer stock that you do not roll over
If you do not do a rollover, you can apply a special rule to distributions of employer stock that are either attributable to aftertax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset
If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically after your employment ends if you do not continue to make loan payments. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you roll over the amount of the loan offset to an IRA or employer plan no later than the due date for filing

your income tax return, including extensions, for the year in which the loan is treated as distributed from the Plan. (For taxable years beginning prior to January 1, 2018, loan offsets needed to be rolled over within 60 days of distribution in order to avoid taxation.)

If you were born on or before January 1, 1936
If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA
If you roll over the distribution to a Roth IRA, later distributions from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Distributions from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (an exception may apply). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a distribution from the Plan to a designated Roth account in a qualified employer plan unless the distribution is from your VIP designated Roth account.

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 does 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 distribution 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, so that 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 do not have to start until 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 distribution from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, 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.

Distributions under a qualified domestic relations order
If you are the spouse or former spouse of the participant who receives a distribution 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 a qualified employer plan that will accept it). Distributions under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien
If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. qualified employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the distribution for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules
If the distribution is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your distributions for the year are less than $200 (not including distributions from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

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.

FOR MORE INFORMATION
You may wish to consult with the Plan administrator, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.