IMPORTANT TAX NOTICE REGARDING
HEAT AND FROST INSULATORS AND ALLIED WORKERS' LOCAL 47 RETIREMENT TRUST FUND

THIS NOTICE CONTAINS IMPORTANT TAX INFORMATION THAT YOU WILL NEED BEFORE YOU DECIDE HOW TO RECEIVE YOUR BENEFITS FROM THE HEAT AND FROST INSULATORS AND ALLIED WORKERS' LOCAL 47 RETIREMENT TRUST FUND. YOU SHOULD READ THE NOTICE CAREFULLY BEFORE YOU ELECT HOW YOUR PLAN BENEFIT WILL BE PAID TO YOU. CONTACT YOUR TAX ADVISOR IF YOU HAVE ANY QUESTIONS.

BRIEF SUMMARY OF YOUR OPTIONS

A payment that is eligible for "rollover" can be taken in two ways. You can have all or any portion of your payment either 1) PAID IN A "DIRECT ROLLOVER" or 2) PAID TO YOU. A rollover is a payment of your benefits to your individual retirement arrangement (IRA) or to another qualified employer plan. This choice will affect how much tax you owe.

If you choose a DIRECT ROLLOVER

Your payment will not be taxed in the year that it is paid by the Fund and no income tax will be withheld.

Your payment will be made directly to your IRA or, if you choose, to another qualified employer plan that accepts your rollover.

You will have to pay tax on any payment when you take it out of the IRA or qualified employer plan.

If you choose to have your benefits PAID TO YOU

You will receive only 80% of your payment, because the IRS requires the Plan Administrator to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.

Your payment will be taxed in the year that it is paid to you unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you also may have to pay an additional 10% tax.

You can roll over your payment by paying it to your IRA or to another qualified employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or qualified employer plan.

If you want to roll over 100% of your payment to an IRA or a qualified employer plan, you must find other money to replace the 20% 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.

REMEMBER -- ROLLING YOUR PAYMENT OVER DOES NOT MEAN THAT YOUR PAYMENT WILL NEVER BE TAXED. IT ONLY POSTPONES THE TIME FOR PAYING THE TAX.

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

You can only roll over "eligible rollover distributions". Some payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another qualified employer plan that accepts rollovers.

You cannot roll over a Plan 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

your lifetime and your beneficiary's lifetime; or

a period of ten years or more.

II. DIRECT ROLLOVER

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution," as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to the IRA or another qualified employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the qualified employer plan.

Direct Rollover to an IRA. You can open an IRA to receive the direct rollover. (The term "IRA," as used in this notice, includes individual retirement accounts and individual retirement annuities.) If you choose to have your payment made directly to an IRA, contact the IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. For more information regarding IRAs, see IRS Publication 590, or contact your tax advisor.

Direct Rollover to a Plan. If you are employed and a participant in another qualified employer plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. If your new pension plan does not accept a rollover, you can choose a direct rollover to an IRA.

III. PAYMENT PAID TO YOU

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another qualified employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

INCOME TAX WITHHOLDING:

Mandatory Withholding. If the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding.

> Example: Your eligible rollover distribution is $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, you will report the full $10,000 as a payment from the Plan. You will report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

Sixty-Day Rollover Option. If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another qualified employer plan that accepts rollovers. If you decide to do so, you must make the rollover 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 IRA or the other plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the other qualified plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

> Example: Your eligible rollover distribution 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 an IRA or another plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find the $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 IRA or other plan. If you roll over the entire $10,000, when you file your income tax return you could potentially receive a refund of the $2,000 withheld.
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> 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 the part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

OTHER TAX RULES

Additional 10% Tax If You Are Under Age 59-1/2. If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if certain conditions apply, including if it is (1) paid to you because you separate from employment covered by the Plan during or after the year you reach age 55, (2) paid because you retire due to disability, (3) paid to you as equal (or almost equal) payments over your life or you and your beneficiary's lives, or (4) used to pay certain medical expenses, higher education expenses or for other purposes. See IRS Form 5329 for more information on the additional 10% tax.

Special Tax Treatment. If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you because you have separated from employment covered by the Plan. For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least 5 years. The special tax treatment for lump sum distributions is described below.

> Ten-Year Averaging. If You Were Born Before January 1, 1936. 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 "ten-year averaging" (using 1986 tax rates) instead of five-year averaging (using current tax rates). Like the five -year averaging rules, 10-year averaging often reduces the tax you owe.

> Capital Gain Treatment. If You Were Born Before January 1, 1936. In addition, if you receive a lump sum distribution and you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) 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. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the IRA. Also, if you roll over only a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, which has more information on lump sum distributions and how you elect the special tax treatment.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the above rules that apply to payments to participants also apply to payments to surviving spouses of participants and to "alternate payees" who are spouses or former spouses of participants. An alternate payee is a person recognized by a Domestic Relations Order as having a right to receive all, or a portion of, benefits otherwise payable to a participant, if the Domestic Relations Order is determined by the Trustees to be qualified under standards established by federal law. Such an order which is issued by a court, usually in connection with a divorce or a legal separation, is known as Qualified Domestic Relations Order (QDRO) when it has been determined to be qualified.

It should be mentioned that some of the above rules also apply to a deceased participant's beneficiary who is not a spouse, as well as a Surviving Spouse or an Alternate Payee.

If you are a surviving spouse as a result of either application of the terms of the Plan or being so designated by a QDRO, you may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA but you cannot roll it over to another employer plan. If you are an alternate payee, you have the same choices as the participant. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another qualified employer plan that accepts rollovers. If you are a beneficiary other than a surviving spouse, 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 not subject to the additional 10% tax described in Section III of this notice, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions as described in Section III on pages 2, 3 and 4.

If you receive a payment because of the participant's death, you may be able to treat the payment as a lump sum distribution if the participant met the appropriate age requirements, whether or not the participant 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 in this notice are complex and contain many conditions and exceptions that are not included in this notice. Therefore, YOU MAY WANT TO CONSULT WITH A PROFESSIONAL TAX ADVISOR BEFORE YOU TAKE A PAYMENT OF YOUR BENEFITS FROM THE FUND. Also, you can find more specific information on the tax treatment of payments from qualified retirement 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 or by calling 1-800-TAX-FORMS.