

SCANA Corporation
Retirement Plan
Summary Plan Description

(As applicable to Cash Balance Participants)

**Summary Plan Description
of the
SCANA Corporation
Retirement Plan**

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Introduction

This Summary Plan Description gives you¹ a brief summary of the SCANA Corporation Retirement Plan (the “Plan”). The Plan is sponsored by SCANA Corporation and is made available to employees of SCANA Corporation and certain participating subsidiaries.

History of the Plan

The Plan was established in 1946 and has been designed to help you meet your financial needs in retirement. Prior to July 1, 2000, Plan benefits were determined solely under a Final Average Pay formula. The Final Average Pay formula calculates benefits by considering a participant’s retirement eligible pay for the highest three years out of the last five years the participant was paid, as well as the participant’s age, length of service and Social Security covered compensation amounts established for the participant’s year of birth.

Effective July 1, 2000, SCANA Corporation added a new Cash Balance Pension formula to the Plan. The Cash Balance Pension formula bases each participant’s pension benefit on the value of a hypothetical account. During the period of participation in a cash balance plan, the value of the hypothetical account grows, with monthly Compensation and Interest credits.

For ease of reference, this Summary Plan Description refers to the Cash Balance portion of the Plan as the “Cash Balance Plan” and the Final Average Pay portion of the Plan as the “Final Average Pay Plan.” See the section entitled “How the Cash Balance Plan Works” for more details.

Participation in the Cash Balance Plan

Prior to the conversion of the Plan to a Cash Balance formula, Plan participants were allowed to choose to remain covered under the Final Average Pay formula or become covered under the Cash Balance formula. The Cash Balance formula generally applies to any individual who elected to participate in the Cash Balance Plan. The Cash Balance Plan also applies to any employee initially hired by SCANA Corporation or a participating subsidiary (other than PSNC) on or after January 1, 2000 and to any former employee of SCANA Corporation or a participating subsidiary (other than PSNC) who is rehired on or after July 1, 2000. The Cash Balance Plan also applies to any PSNC employee hired on or after February 11, 2000 as well as any former PSNC employee who is rehired on or after July 1, 2000. In addition, the Cash Balance Plan applies to any eligible employee who is hired on or after January 1, 2001 or rehired on or after July 1, 2001 and covered by the IBEW contract.

¹ The term “you” as used in this Summary Plan Description refers to a Company employee who otherwise meets all the eligibility and participation requirements under the Plan. Receipt of this Summary Plan Description does not guarantee that the recipient is in fact a participant under the Plan and/or otherwise eligible for benefits under the Plan.

Certain employees who participate in the Cash Balance Plan were covered under other retirement plans that were merged into the SCANA Corporation Retirement Plan. Any special provisions regarding these transferred participants are summarized in **Appendix A** to this Summary Plan Description.

Summary Plan Descriptions

This booklet constitutes the “Summary Plan Description” called for by the Employee Retirement Income Security Act of 1974 (“ERISA”). This Summary Plan Description explains key features of the Plan in an easy-to-read format and style, and contains information relating only to the benefits that are provided under the Cash Balance formula. A separate version of this Summary Plan Description describes the benefits that are provided under the Final Average Pay formula.

This Summary Plan Description explains your rights and obligations under the Plan, but it does not contain every detail of the Plan. The official Plan document contains all the details of the Plan. While every attempt has been made to ensure that the information in this booklet and the summary plan description for the Final Average Pay Plan provisions are accurate, the legal Plan document consists of the Cash Balance Plan Document and the Final Average Pay Plan Document. If there is a conflict between statements in this booklet or the Summary Plan Description for the Final Average Pay Plan provisions and the official Plan document, or if anything is not fully described in this summary or the Summary Plan Description for the Final Average Pay Plan provisions, the terms of the Plan document will govern.

Nothing in the Plan or in this Summary Plan Description creates or is intended to create a contract of employment between any individual and the Company. Nothing in the Plan or in this Summary Plan Description gives any person the right to be employed by the Company nor does it interfere with the Company’s right to discharge an employee at any time.

Eligibility and Participation

Eligible Employees

The Plan is available to all active full-time and part-time employees employed by SCANA Corporation or one of the following subsidiaries that participates in the Plan:

- Public Service Company of North Carolina, Incorporated (“PSNC”)
- SCANA Communications, Inc.
- SCANA Energy Marketing, Inc.
- SCANA Services Company
- ServiceCare, Inc. (including SCANA Security Division until March 23, 2001)
- South Carolina Electric & Gas Company
- Carolina Gas Transmission (formerly South Carolina Pipeline Corporation)

SCANA Corporation and the participating subsidiaries listed above are collectively referred to in this Summary Plan Description as the “Company” or “SCANA.”

The following persons are not eligible to participate in the Plan: leased employees, individuals who do not receive payment for services directly from the Company’s payroll, employees of employment agencies, employees who are in a union that has determined through collective bargaining not to participate in the Plan, individuals who sign a written employment contract expressly stating they are not eligible to participate in the Plan, employees of a SCANA subsidiary that has not become a participating employer, and non-resident aliens who do not receive any United States source income. In addition, any person who is otherwise eligible to participate may voluntarily elect, in writing, to waive his right to participate.

Becoming a Participant

Each eligible employee described above automatically becomes a participant in the Plan on the first day of the month after the eligible employee completes one year of eligibility service, provided the eligible employee is employed by SCANA or one of its participating subsidiaries on that date. For example, an eligible employee hired on March 2, 2008 who remains employed by the Company will automatically become a participant in the Plan on April 1, 2009 so long as the eligible employee is employed by the Company on April 1, 2009.

Eligibility service usually begins with your date of employment with SCANA and ends when you retire, terminate or die. Generally, service with any SCANA subsidiary counts for this purpose. If you have questions regarding your eligibility, please call the SCANA Employee Stock and Pension Plans Department.

Reemployment and Eligibility Service

If your employment with SCANA and its subsidiaries ends after you become a participant but before you are vested in your Cash Balance Account (see the section entitled “Vesting in Your Cash Balance Account”) and you are later reemployed by SCANA or one of its subsidiaries after five or more years from your termination of employment, you will incur a break in service. You will be treated as a newly hired employee upon your reemployment by the Company. If you are rehired before you incur a five-year break in service, you will begin active participation in the Plan again on your reemployment date. You also will receive vesting service credit for that prior period of employment (see the section of this summary entitled “Vesting in Your Cash Balance Account” for details).

If your employment ends after you become a participant and after you are vested in your Cash Balance Account, you will become a participant again on your reemployment date with the Company, regardless of the interruption in your employment.

Once you become a participant again, you will start to receive monthly Compensation and Interest credits to your Cash Balance Account, as described below (see the section “If You are Reemployed” below for details).

Naming a Beneficiary

When you become a Plan participant, you are given the opportunity to designate a beneficiary. A beneficiary is the person who receives your benefits if you die. You can name any one person or trust as your beneficiary.

If you are married and name someone other than your spouse as your beneficiary, federal law requires that your spouse provide written consent to your designation. Your spouse's written consent must be witnessed by a notary public. If your spouse does not provide written consent, federal law requires the Plan to pay benefits to your surviving spouse in the event of your death, regardless of whom you named as beneficiary. Your spouse's consent is irrevocable with respect to a particular beneficiary designation; however, you may revoke your beneficiary designation without your spouse's consent at any time. If you revoke your beneficiary designation, your spouse will be your beneficiary unless you name someone other than your spouse as your beneficiary and your spouse provides written consent to that designation.

Also, if you are married and not yet age 35 when you designate a non-spouse beneficiary, your designation will become invalid on the January 1 of the year in which you turn 35. You will need to complete a new beneficiary designation if you want the Plan's death benefit to be paid to someone other than your spouse.

This explanation of the beneficiary rules, including your right to designate a beneficiary other than your spouse, will be provided to you on several occasions depending upon how old you are when you first become a Cash Balance Plan participant. This explanation is first provided as soon as possible after you become a Cash Balance Plan participant, and also during the period beginning with the calendar year in which you reach age 32 and ending with the calendar year that precedes the year in which you reach age 35. If you become vested in your Cash Balance Account and terminate employment before you reach age 35, you will be provided this explanation if you do not otherwise receive or start payment of your Cash Balance Account soon after you terminate.

If your marital status changes you should review your beneficiary designation. You can change your beneficiary at any time by submitting a new beneficiary designation form to the Plan Manager. You can obtain beneficiary designation forms by contacting the SCANA Employee Stock and Pension Plans Department.

How the Cash Balance Plan Works

Once you become a participant in the Cash Balance Plan, a Cash Balance Account is established in your name. The Cash Balance Account is not an actual individual account, as one might have with a bank savings account. Rather, it is a hypothetical bookkeeping account that grows with monthly Compensation credits and Interest credits. Compensation credits are based on your retirement eligible Compensation and the Social Security wage base. Interest credits are based on an interest rate established at the beginning of each year. As long as you remain an

employee of the Company and a participant in the Plan, your Cash Balance Account will grow with monthly Compensation and Interest credits.

Unlike the Final Average Pay portion of the Plan, Cash Balance Plan participants are not eligible to make any after-tax voluntary employee contributions.

You will receive annual statements that report the value of your Cash Balance Account. When you leave SCANA Corporation and its subsidiaries, whether at retirement or earlier, you can take the vested value of your Cash Balance Account with you. You will have the choice of receiving your benefit as a single lump sum distribution or as a monthly annuity payment, as described later in this Summary Plan Description.

Monthly Compensation Credits

Beginning with the date your Cash Balance Account is established, as of the last day of each month that you are actively employed with the Company (or on an approved leave of absence), your Cash Balance Account is credited with an amount equal to 5% of your monthly retirement eligible Compensation for that month, plus an additional 5% of your monthly retirement eligible Compensation in excess of the Social Security wage base.

The Social Security wage base is the maximum amount of earnings on which you and the Company pay annual Social Security taxes. The Social Security wage base changes yearly and for 2008 is \$102,000. You will be informed of the Social Security wage base that is in effect each year.

Your retirement eligible "Compensation" includes your annual base salary or regular wages, plus overtime, commissions, bonuses, shift differential, license pay and other incentive pay (except for long-term incentive pay). Compensation also includes any salary reduction amounts that you elect to contribute before taxes under the Company's Flexible Benefits program and under the SCANA Corporation Stock Purchase Savings Plan. Compensation **does not include** payments to you for unused flex credits or payments in lieu of overtime meals, posthumous pay, relocation payments, per diem payments, car allowances, severance payments, cash awards under the SCANA Performance Recognition Award Program and any non-cash compensation. Also, federal law limits the amount of your annual pay that may be used to determine the monthly Compensation credits. For calendar year 2008, no more than \$230,000 can be recognized as Compensation.

Effective on or after January 1, 2008, if you incur a "workers compensation leave" and receive workers compensation benefits representing lost wages, you will receive a credit to your Cash Balance Account each calendar year during periods of such workers compensation leave if, and only if, after your workers compensation leave ends you either: (1) return to work with SCANA within 30 days or (2) are eligible for benefits under SCANA's long-term disability plan. The credit will equal a percentage of your base salary for the calendar year reduced by any compensation actually received by you during the year. A "workers compensation leave" is an authorized leave of absence due to a short-term disability during which you receive benefits

under the applicable state workers compensation laws. Special rules apply to the calculation of this credit for Cash Balance Participants who were on a workers compensation leave on or after January 1, 2001, and before November 15, 2007.

Monthly Interest credits

As of the last day of each month, your Cash Balance Account also will be credited with interest based on the value of your Cash Balance Account on the first day of the month. The rate that is used to determine the monthly Interest credits is determined each December and applies to each month in the following calendar year. The rate for each year is currently based on the interest rate on 30-year U.S. Treasury constant maturities for the prior December, compounded monthly.

Calculating Your Cash Balance Benefit

At any point in time, you can calculate the benefit you have earned to date using the following Cash Balance formula:

Previous month's Cash Balance Account value
PLUS
Monthly Interest credits
PLUS
Monthly Compensation Credits
EQUALS
Your Current Cash Balance Account value

An example² will help illustrate how Compensation and Interest credits to your Cash Balance Account are calculated:

ASSUMPTIONS:

Current Retirement Eligible Compensation: \$42,000
 Retirement Eligible Compensation above Social Security Wage Base of \$102,000: \$0
 Vesting Status: 100% vested
 Annual Interest Rate: 4.65%
 Previous month's Cash Balance Account value: \$14,047

You'll notice that no age and years of service are used under the Cash Balance Pension formula assumptions. That's because age and years of service don't impact how your benefit grows under the Cash Balance formula.

THE MATH – HOW YOUR INTEREST AND COMPENSATION CREDITS ARE CALCULATED:

Previous month's Cash Balance Account value		\$14,047.00
Monthly Interest credit (\$14,047 x .3875%*)	+	54.43
Monthly Compensation credit (\$3,500 x 5%)	+	<u>175.00</u>
Your Cash Balance account	=	\$14,276.43

*.3875% is the annual 4.65% rate converted to a monthly rate.

Because this example assumes 100% vesting, upon termination or retirement, the participant, regardless of age and service, has the choice of taking the \$14,276.43 as a lump sum payment or having the Cash Balance Account paid in one of the annuity forms available under the Plan. Alternatively, the participant can defer the distribution of the Cash Balance Account until age 65 (because the balance is more than \$1,000). See the section entitled "Payment of Your Cash Balance Account" for an explanation of the Plan's distribution rules.

² The examples contained in this Summary Plan Description are for demonstration purposes only. The calculation of your benefit under the Plan may be different from the calculations shown in the examples due to reasons such as a subsequent change in law that affects the calculation of your benefit.

The following chart illustrates how this participant's Cash Balance Account would grow over a 6-month period:

PROJECTED GROWTH OF ACCOUNT*				
	Beginning Balance	Interest Credit	Compensation Credit	Ending Balance
Month 1	\$14,047.00	\$54.43	\$175.00	\$14,276.43
Month 2	\$14,276.43	\$55.32	\$175.00	\$14,506.75
Month 3	\$14,506.75	\$56.21	\$175.00	\$14,737.96
Month 4	\$14,737.96	\$57.11	\$175.00	\$14,970.07
Month 5	\$14,970.07	\$58.01	\$175.00	\$15,203.08
Month 6	\$15,203.08	\$58.91	\$175.00	\$15,436.99

*This example assumes that the participant's compensation continues unchanged, and that the participant is paid no more than twice a month.

Vesting in Your Cash Balance Account

Participants in the Plan who earn at least one hour of service on or after January 1, 2008 will be fully vested in their Plan benefit after being credited with three years of Vesting Service. The previous vesting schedule required the completion of five years of Vesting Service. After you become vested, you will have a nonforfeitable (vested) right to your Cash Balance Account. You also will become vested in your Cash Balance Account upon attaining your normal retirement age (age 65) if you are working for SCANA or one of its subsidiaries at that time. Once you become vested, you will have the right to receive a distribution of your entire Cash Balance Account after you terminate or retire from employment. See the section of this summary entitled "Optional Forms of Payment" for a description of the available distribution options.

Determining Vesting Service

Years of Vesting Service are tracked based on the full months and years that you work for SCANA and its subsidiaries, starting with your hire date and ending on your severance date (as described below). Vesting Service also includes any authorized leaves of absence (including a layoff) if it does not exceed 12 months and you return to work during or at the end of that 12-month period. Any participant that takes a leave of absence for certain military service is credited with the period of his or her military service upon his or her return to work. Participants who are receiving disability benefits under SCANA's long-term disability program until retirement also are credited with Vesting Service for their period of disability.

Your severance date is generally the date you quit, retire, are discharged or die. However, if you have an unpaid leave of absence, your severance date occurs one year from the date your unpaid leave began. If you are on a leave of absence or have been laid off and you quit, retire, are discharged or die during the first 12 months of such leave or layoff period, your severance date is the date you actually quit, retire, are discharged or die.

If you are on an authorized leave of absence of two years or less for parental leave purposes, you will be credited with Vesting Service for the leave period. If the parental leave period extends beyond two years, you will receive Vesting Service credit for up to an additional 12 months provided that you return to employment no later than the third anniversary of the date the leave began.

If you terminate your employment with less than three years of Vesting Service, you will not be vested in Plan benefits. If you return to work for the Company as an eligible employee within five years after your termination of employment, however, you will be credited with your years of Vesting Service credited before your termination of employment. If you terminate your employment after becoming a vested participant and you later return as an eligible employee, your prior Vesting Service will be credited regardless of the length of your break in service.

Service with a SCANA Affiliate

If you are transferred to or from a SCANA subsidiary that is not a participating employer under the Plan, you will be credited with Vesting Service for the period that you worked at the SCANA subsidiary. If you were employed by a company that is acquired by or merged into SCANA, your employment with that company before the acquisition or merger date may be credited as Vesting Service if the Company determines to grant such service credit. With regard to past acquisitions and mergers, pre-acquisition service with SCANA Energy Marketing, Inc., Peoples Natural Gas Company of South Carolina, South Carolina Pipeline Corporation is included as Vesting Service under the Plan. In addition, a participant employed by PSNC is credited with the vesting service the participant earned under the PSNC Pension Plan for periods before February 11, 2000.

Payment of Your Cash Balance Account

You may elect to commence payment of your Cash Balance Account after you have become fully vested in your Account and you terminate or retire from SCANA and its subsidiaries. See the section of this summary entitled “When Your Cash Balance Account Can Be Paid” for additional details regarding when you can commence payment of your Plan benefit. There is no minimum age requirement that must be met prior to commencing payment of your Cash Balance Account, although there may be special tax consequences to you based on your age at benefit commencement. See the section of this summary entitled “Income Tax Considerations” for additional information regarding the possible tax consequences of electing payment of your Cash Balance Account prior to age 59 1/2.

You can choose to receive payment of your Account in either a lump sum distribution or in one of several types of annuity forms available under the Plan and described below. Regardless of when you commence payment and which payment method you choose, the benefit you receive is calculated so that it has an actuarially equivalent value to the balance in your Cash Balance Account as of the end of the month preceding your benefit commencement date.

The Plan specifies the various mortality and interest factors that are used in converting your Cash Balance Account into the different actuarially equivalent annuity payment forms.

Effective for annuity starting dates on or after December 31, 2007, the factors used for converting Cash Balance Accounts into the automatic annuity payment form are (i) the 2008 Applicable Mortality Table for annuity starting dates within 2008 and the Subsequent Applicable Mortality Tables published annually by the IRS with respect to annuity starting dates after 2008 and (ii) the "Applicable Interest Rate" under Internal Revenue Code § 417(e)(3). The current factors used for converting your automatic annuity payment form into any of the optional annuity forms of payment are (i) the 1983 Group Annuity Mortality Table (Unisex), and (ii) 6%.

Automatic Form of Payment

When you retire or terminate and elect to begin receiving payments of your Cash Balance Account, your benefit must be paid as follows, unless you elect otherwise (with spousal consent, if you are married):

- If you are married when you begin receiving payments, your benefit will be paid in the form of a qualified joint and survivor annuity. A qualified joint and survivor annuity will provide you with monthly pension payments during your lifetime. After your death, your surviving spouse will receive 50% of your monthly pension payments for his or her lifetime. Your monthly pension amount is reduced to reflect the fact that benefits are paid over two lifetimes.

For any Cash Balance Participant who previously participated in the Final Average Pay Plan and who had been married for at least one year as of July 1, 2000 and is married to the same spouse when his benefits commence, the qualified joint and survivor annuity described above will not be less (on an actuarial equivalent basis) than the benefit amount payable under the joint and 60% survivor annuity available under the Final Average Pay Document, based on the participant's Final Average Pay accrued benefit immediately prior to becoming a Cash Balance Plan participant.

- If you are not married when you begin receiving payments, you will receive monthly pension payments for your lifetime. After your death, all payments stop.

Optional Forms of Payment

You can choose an optional form of payment if you wish. However, if you are married, you must have your spouse consent to your election of any optional form that does not continue lifetime payments to your spouse after your death. Your spouse's consent must be in writing and notarized by a Notary Public. Before you receive a distribution, you will be provided with a written explanation of the normal and optional forms available under the Plan. An election to waive the normal form of payment may be made during the 90-day period before the annuity is to begin. Generally, your election (and spousal consent) cannot be made sooner than 30 days before the scheduled commencement date. However, payments can begin sooner if you affirmatively request such commencement on forms provided to you.

The following optional forms of benefit are available:

- **Lump Sum Option:** The lump sum distribution option pays the total value of your Cash Balance Account in a single cash payment.
- **Joint and Survivor Annuity Option:** The joint and survivor annuity option pays you a monthly benefit during your lifetime and continues payments following your death to your spouse or other designated joint annuitant for his or her lifetime. This is similar to the qualified joint and survivor annuity (the automatic form of payment for married employees), except that you can choose to have either 50%, 75% or 100% of your monthly pension payments continued to your spouse or other joint annuitant if you die.

If you select this option, your spouse must consent if you name someone else to be the joint annuitant. You must provide proof of your joint annuitant's age. The amount by which your pension is reduced is determined by the percentage (50%, 75% or 100%) of your benefit you choose to continue to your joint annuitant, and the difference in age between you and your joint annuitant. A joint annuitant must be an individual and cannot be a trust or other entity.

- **Life Annuity Option:** You can choose to have your Cash Balance Account paid over your lifetime. After your death, all payments stop.
- **10-Year Period Certain Pension:** This optional payment form provides you with a reduced monthly pension for as long as you live. If you die within 10 years, your designated beneficiary will receive the amount of your pension each month for the balance of the 10-year period. If your designated beneficiary dies before the 10-year period ends, the estate of the last to die of you and your designated beneficiary will receive the monthly pension payments. You may designate any natural person (as opposed to a trust) as your beneficiary.

Income Tax Considerations

Generally, the benefits you receive from the Plan are subject to taxes. However, if you choose the lump sum payment option and roll over all or part of the lump sum distribution directly into an individual retirement account (IRA) or another employer's tax qualified retirement plan, the portion that you do not direct to be rolled over to an IRA or another employer's tax qualified retirement plan will be subject to mandatory 20% federal income tax withholding. In addition, you may be subject to a 10% additional tax when you file your federal income tax return if you terminate your employment before the year you turn age 55 and elect to receive a lump sum payment of your benefit prior to reaching age 59 1/2.

If you are paid a monthly annuity, the amounts you receive will be taxable when you receive them. You will be given the option of having income taxes withheld from the payments you receive. Regardless of your election whether to withhold income taxes from your payments, you are responsible for estimating and paying all income taxes owed. *It is important to remember that the amount withheld may not represent your actual tax liability.*

Tax laws are complicated and neither the Company, the Plan Administrator, nor the Plan Manager can give you tax advice. At the time you receive your benefit distributions, you will be provided with a copy of a Federal tax notice that explains the tax treatment of distributions. A copy of this notice also is included in an appendix to this Summary Plan Description. Because each individual's financial situation is different, it is important that you discuss your options with a financial advisor or tax consultant before you choose your payment option.

When Your Cash Balance Account Can Be Paid

As described earlier, your Cash Balance Account is available to you only after your employment with SCANA and its subsidiaries ends and only to the extent you are vested in your Cash Balance Account. Generally, you cannot receive payment of your Cash Balance Account if you are employed by SCANA or a subsidiary, even if you are receiving disability payments or you are on paid time off or a leave of absence.

The only exception to this general rule applies if you continue working after you reach age 65 ("Delayed Retirement"). If you work beyond age 65, you can make an irrevocable election to begin receiving payments of your Cash Balance Account while working. If you make this irrevocable choice, your Cash Balance Account will be paid to you in the automatic annuity form, unless you elect (with spousal consent if you are married) to have payment made in one of the optional annuity forms or the lump sum distribution form. Your Cash Balance Account will continue to be credited with additional Compensation and Interest credits while you remain employed by the Company.

If you begin receiving payment of your Cash Balance Account in an annuity form while you are employed, your monthly pension payments will be adjusted at the beginning of each year to reflect the additional credits made to your Cash Balance Account since your benefit commencement date (or since the last adjustment, if more recent). If you elect to have your Cash Balance Account paid in a lump sum distribution, then any additional Compensation and Interest credits made to your Cash Balance Account will be distributed to you annually in a lump sum as soon as possible after the beginning of each calendar year.

If you continue to work after you reach age 70 1/2 and do not elect to begin receiving payment of your Cash Balance Account while working, your Cash Balance Account will be actuarially increased to reflect the delay in payments beyond your attainment of age 70 1/2. Any actuarial increase will be offset by the actuarial value of any continued Compensation and Interest credits to your Cash Balance Account.

Requesting Payment of Your Cash Balance Account

To request payment of your Cash Balance Account, you should submit an application to the SCANA Employee Stock and Pension Plans Department at least 60 days before the date you want your Cash Balance Account to be paid in an annuity form or in a lump sum distribution. If you terminate or retire before your 65th birthday, you are required to start receiving payment of your Cash Balance Account no later than when you reach age 65. If you do not submit a distribution election form by age 65, your Cash Balance Account will be paid to you in the automatic annuity form, depending on your marital status at that time.

Also, if you are an executive or in a high policy-making position during your last two years of employment with the Company, and you are entitled to receive at least \$44,000 annually on a life annuity basis, in total retirement benefits from the Company, you may be required to retire at age 65. (The \$44,000 amount may be increased by law from time to time.)

Automatic Lump Sum Distribution

If the total vested value of your Cash Balance Account is \$1,000 or less when you terminate or retire, the Plan will automatically pay you a lump sum distribution of your Cash Balance Account. You can direct the rollover of all or part of your automatic lump sum distribution directly into an individual retirement account (IRA) or another employer's tax qualified retirement plan. The portion that you do not directly roll over to an IRA or another employer's tax qualified retirement plan will be subject to mandatory 20% federal income tax withholding. In addition, you may be subject to a 10% additional tax when you file your federal income tax return if you terminate your employment before the year you turn age 55.

If You Are Reemployed

If you terminate employment after becoming vested, and then are reemployed by the Company, you will become a Cash Balance Plan participant on your reemployment date, subject to the following rules:

1. If you received a lump sum distribution of your Plan benefit or started receiving annuity payments after your termination, a Cash Balance Account with a \$0 beginning balance will be established on your behalf upon your reemployment. If you started receiving annuity payments from the Plan, you will continue to receive your annuity payments during your reemployment. The Cash Balance Account to which you become entitled during your reemployment period will then be paid in the form you choose – either a lump sum distribution or an annuity available under the Plan – when you subsequently terminate or retire.
2. If you did not receive or start payment of your Plan benefit after you previously terminated employment, and you were a Final Average Pay Plan participant, a Cash Balance Account will be established on your behalf. The opening balance of your Cash Balance Account will

equal the present value of your Final Average Pay Plan benefit earned during your prior period of employment. You will not be eligible to receive any “transition credits” offered to eligible “grandfathered” participants when the Cash Balance formula first became effective (July 1, 2000 or July 1, 2001 for IBEW participants). If you previously participated in the Cash Balance Plan, monthly Compensation credits will begin to be credited to your previously established Cash Balance Account upon your reemployment.

If you terminate employment before becoming vested in your Plan benefit, and then are reemployed by the Company you will become a Cash Balance Plan participant on your reemployment date, subject to the following rules:

1. If you are reemployed before you incur a five year break in service, you will become a participant again on your reemployment date and a Cash Balance Account will be established on your behalf. Your Cash Balance Account will reflect the Plan benefit attributable to your prior employment that is restored upon your reemployment.
2. If you are reemployed after you incur a five year break in service, you will become a participant again on your reemployment date and a new, zero balance Cash Balance Account will be established on your behalf. Any benefit attributable to your prior employment is forfeited.

If You Are Transferred

If you are a Final Average Pay participant and transfer to a position that is covered by a collective bargaining agreement that requires participation in the Cash Balance Plan, a Cash Balance Account will be established as of your transfer date (if not already established). The opening balance of your Cash Balance Account will equal the present value of the Plan benefit you had earned while a participant in the Final Average Pay Plan.

Death Benefits

If you die after you become vested in your Cash Balance Account but before you begin receiving payment of your Cash Balance Account, the total value of your Cash Balance Account will be paid to your spouse or other beneficiary you designate (with spousal consent, if married).

If your spouse is your designated beneficiary, your Cash Balance Account will be paid to your surviving spouse in the form of a single life annuity for the life of your surviving spouse, based on the value of your Cash Balance Account. If you die before you reach age 65, your spouse can choose to begin receiving the single life annuity with the month that immediately follows the date you die or to delay the first payment date until the first day of any month thereafter, but no later than the first day of the month in which you would have turned age 65. If your spouse delays payment, your Cash Balance Account will continue to be credited with Interest credits. Alternatively, within a reasonable period of time following your death, your spouse can elect to receive a lump sum distribution equal to the value of your Cash Balance

Account at the time of your death. If your spouse makes this election, the lump sum distribution will be paid as soon as administratively practicable after your death.

If you are not married or you are married but designate someone other than your spouse to be your beneficiary (with spousal consent), the value of your Cash Balance Account at the time of your death will be paid in a lump sum distribution to your designated beneficiary as soon as administratively practicable after your death. Refer to the section of this Summary Plan Description entitled "Naming a Beneficiary" for important rules and limitations on naming a beneficiary under the Cash Balance Plan provisions.

Disability

If you become disabled on or after July 1, 2000, and you are eligible to receive disability benefits under SCANA's long-term disability program, Compensation credits will be made to your Cash Balance Account during your period of disability, based on your monthly rate of pay immediately prior to the disability. Compensation credits will be made until the earliest of when your disability ends if you don't return to work within 30 days, the date you return to work if you return within 30 days, the date you reach your normal retirement age (age 65), the date you begin receiving payment of your Cash Balance Account or the date of your death. Of course, Interest credits will continue to be made for as long as a Cash Balance Account is maintained for you.

Assignment of Benefits

Your benefits under the Plan are not assignable or subject to the claim of any creditor. However, if you are filing for a divorce, your spouse may be entitled to a portion of your Cash Balance Account as required by a Qualified Domestic Relations Order ("QDRO"). A QDRO is any judgment, decree or order (including certain property settlement agreements) that provides for child support, alimony and/or marital property rights to a spouse, former spouse, child or other dependents of the participant under state domestic relations law, including community property law. A QDRO must meet certain Plan and administrative requirements to be honored by the Plan. Please contact the SCANA Employee Stock and Pension Plans Department before the QDRO is made a final order of a court to confirm the validity of the QDRO. To ease this process, you or your spouse may obtain a copy of the Plan's QDRO procedures and a model QDRO document applicable to the Plan from the SCANA Employee Stock and Pension Plans Department without charge.

Pension Benefit Guaranty Corporation (PBGC)

Because the Plan is a defined benefit plan, your benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), an agency of the federal government. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if the plan so provides and you become disabled before the plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the Company; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and on how much the PBGC collects from the Company.

For more information about the PBGC and the benefits it guarantees, contact the SCANA Employee Stock and Pension Plans Department or the PBGC. Inquiries to the PBGC should be directed to:

Technical Assistance Division
Pension Benefit Guaranty Corporation
1200 K Street, N.W.
Suite 930
Washington, D.C. 20005-4026

You also can contact PBGC's Technical Assistance Division by calling 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

Administration of the Plan

The SCANA Corporation Retirement Plan Committee (the "Committee") administers the Plan. The Committee includes the CFO and is appointed by and serves at the pleasure of SCANA's CEO. The Committee is responsible for (a) interpreting or construing the Plan, (b) determining all questions of eligibility, (c) determining the classification, status and rights of Employees, Participants and beneficiaries of Participants, (d) determining the amount, manner and time and type of any distribution hereunder, (e) fixing minimum periods of notice where notice is required, and (f) day-to-day operations of the Plan, all in a manner not inconsistent with the terms of the Plan. Benefits under the Plan will be paid only if the Committee (or its delegate)

determines in its discretion that the Participant (or beneficiary) is entitled to them. All rules and decisions of the Committee shall be consistently applied to all persons in similar circumstances and shall be conclusive and binding upon all persons affected thereby. The Committee establishes all administrative rules and makes any interpretations necessary under the Plan. The Committee has the discretionary authority to construe and interpret disputed or doubtful Plan terms, to determine eligibility for benefits and to construe the terms of the Plan, and all such decisions will be final, conclusive and binding and will be subject to the arbitrary and capricious or abuse of discretion standard of judicial review.

The Committee has the authority to delegate, and has so delegated, certain of its responsibilities to the Plan Manager with respect to management of the regular operations of the Plan. The Plan Manager is appointed by the Committee and reports to the Committee. The Plan Manager shall have the full discretionary authority to decide all matters for which the Plan Manager is responsible under this Plan, including the discretionary authority to interpret the applicable Plan terms, to the same extent that such authority otherwise is granted to the Committee. Any questions you may have regarding the particular circumstances affecting your own benefits — such as the length of service, the determination of your age, etc. — should be directed to the Committee or the Plan Manager.

In addition, the Committee has the authority to delegate or allocate to a person who is not a member of the Committee any fiduciary or non-fiduciary duty. Any such delegation or allocation will be in writing.

Investment of Assets

Under the Plan, the Investment Committee consists of the SCANA Chief Financial Officer and any other individuals designated by the SCANA Chief Executive Officer. The Investment Committee is the named investment fiduciary of the Plan and is responsible for establishing investment guidelines, establishing and carrying out a funding policy and method, for designating one or more Investment Managers and for monitoring the activities of the Investment Managers. The Investment Committee has the authority to delegate or allocate to a person who is not a member of the Investment Committee any fiduciary or non-fiduciary duty. Any such delegation or allocation will be in writing, including delegation of authority to act on behalf of the Investment Committee in the absence of the presence of the Investment Committee.

Maximum Benefits

Federal law sets a maximum on the amount of benefits you can receive from the Plan. Federal law also sets a maximum on the amount of Compensation that can be recognized for purposes of making the monthly Compensation credits. For 2008, the Compensation limit is \$230,000. This limit may be subject to change in future years to reflect changes in the cost of living.

Another federal law requires that the Plan be tested periodically to see if certain higher paid employees of the Company are earning more than 60% of the total benefits provided by the

Plan. It is very unlikely that this will ever happen. However, if this does happen, the Company could be required to make modifications to the Plan affecting all participants. These may include additional contributions, increased benefits, or an increase in the rate at which benefits become vested, depending upon the particular provisions of the Plan.

You will be notified by the Plan Manager if any of these limits apply to you.

Updating Your Address

Participants, former participants, spouses, beneficiaries and other individuals who are to receive benefits are urged to keep the SCANA Employee Stock and Pension Plans Department advised of current addresses and names so that benefits can be paid properly.

Cost of the Plan

Earnings on the assets of the Trust Fund and Company contributions to the Trust Fund provide for Plan benefits. Company contributions are actuarially determined annually.

Plans for the Future

SCANA expects to continue the Plan, but it reserves the right to terminate all or parts of the Plan, at any time. If SCANA terminates the Plan, in full or part, each affected participant's accrued benefit, to the extent funded, will become fully vested as of the date of full or partial termination. Upon termination, SCANA may either continue the Trust or terminate the Trust and pay all Plan expenses and benefits under the Plan. If SCANA terminates the Trust, after paying all Plan expenses and benefits, any remaining assets will revert to SCANA.

The Employee Plans Committee has the right to amend the Plan from time to time. SCANA's Chief Executive Officer, in consultation with the Chairman of the Management Development and Corporate Performance Committee of the Board of Directors, appoints the Employee Plans Committee.

Claims and Appeals

When you terminate or retire from SCANA and its subsidiaries and want to receive your benefits from the Plan, you will need to file a claim with the Plan Manager. The Plan Manager will review your claim and make its determination within 90 days. If the Plan Manager fully or partially denies your claim, you will be provided a written notice stating: (i) the specific reason or reasons your claim was denied; (ii) the exact references to the Plan provisions that dealt with your claim, and why it was denied; (iii) a description of any additional information or information necessary for you to revise and perfect your claim, and an explanation as to why such material or information is necessary; and (iv) an explanation of the Plan's claims procedure.

If special circumstances require an extension of time, the Plan Manager will give you a written notice of the delay, and will issue your statement within another 90 days.

Within 60 days after you have received the written denial from the Plan Manager, you will have an opportunity to appeal the claim denial to the Committee for a full and fair review. You, or your authorized representative, may (i) request a review, in writing, to the Committee; (ii) request, in writing, to review applicable documents; and (iii) submit comments and issues in writing.

After you have made the appeal, the Committee will make its decision no later than 60 days after it receives your request for a review. If special circumstances require an extension of time, the Committee will notify you of the delay, and will reach a decision within another 60 days. The Committee's decision on the review will be written, and will include specific reasons for the decision and references to the Plan provision that the decision is based on.

Your Rights as a Participant

As a participant in the SCANA Corporation Retirement Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefit Security Administration;
- Obtain, upon written request to the plan administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The plan administrator may make a reasonable charge for the copies;
- Receive a summary of the Plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report;
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you

and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court after you have fully exhausted the Plan's administrative remedies as described above ("Claims and Appeals"). In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the Plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefit Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefit Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefit Security Administration.

Additional Important Information

This section describes certain administrative information relating to the Plan:

Name of Plan:	SCANA Corporation Retirement Plan
Name and Address of Plan Sponsor:	SCANA Corporation 1426 Main Street Columbia, South Carolina 29201 803-217-9000
Federal EIN of Plan Sponsor:	57-0784499
Plan Identification Number:	001
Plan Year:	The records of the Plan are kept on a calendar year basis.
Name and Address of Plan Administrator:	SCANA Corporation Retirement Plan Committee SCANA Corporation 1426 Main Street Columbia, South Carolina 29201 803-217-9000
Type of Plan:	Defined benefit pension plan
Plan Trustee:	State Street Bank & Trust Company, N.A. Specialized Trust Services 125 Sunnynoll Court, Suite 200 Winston-Salem, NC 27106
Agent for Service of Legal Process:	SCANA Corporation 1426 Main Street Columbia, South Carolina 29201 803-217-9000

Process also may be served upon the Plan Trustee or the Plan Administrator.

Appendix One

Special Provisions for Merged Plans

This Appendix provides special provisions applicable to certain Cash Balance Plan participants who previously participated in another retirement plan, the assets and liabilities of which were merged into the SCANA Corporation Retirement Plan:

Additional Annuity Form for Participants Employed by PSNC

If you were a participant in the Public Service Company of North Carolina, Incorporated Employees' Retirement Plan and Trust prior to its merger into the SCANA Corporation Retirement Plan, a Social Security adjustment annuity option is available to you in addition to the optional forms of payment described in this booklet. Under the Social Security adjustment annuity option, your benefit is actuarially adjusted to provide that the amount of your monthly annuity payment before your Social Security benefits begin is increased in an estimated amount equal to what your Social Security monthly benefit will be. When your monthly Social Security benefit begins, your monthly annuity payment under the Plan is decreased, and will continue in this amount until you die. The Social Security adjustment annuity option is designed so that once you retire, the total amount of your monthly benefits from both the Plan and Social Security will remain relatively constant.

Peoples Account Balances

If you had a Peoples Savings Plan account maintained on your behalf as of December 31, 1990, you will be eligible to receive the value of your account balance in a lump sum or an annuity (installments) when you retire. The annuity may be for your lifetime, for the life of you and a beneficiary, or for a specified number of years. Your account balance also is payable if you elect early retirement, if you leave the Company before retirement, if you die, or if you become disabled (as defined by the SCANA LTD Plan). If you elect early retirement, leave the Company, or become disabled, you can defer payment of your account balance until your normal retirement date. Your account balance will be credited with interest (as defined in the Plan) until you elect to withdraw it.

After you reach age 59 1/2, you may also take one withdrawal from your Peoples Savings Plan account of amounts attributable to elective deferrals or employer matching contributions every 12 months. If you have a financial hardship (as defined by the Plan), you may be eligible to take a hardship withdrawal from your account. If part of your account balance is attributable to rollovers from another tax-qualified plan, during each plan year you may elect to withdraw up to 100% of the amount attributable to rollover contributions. If you have questions about making a withdrawal from your Peoples Savings Plan account, please contact the Employee Stock and Pension Plans Department.

Appendix Two

Section 402(f) Notice Regarding Plan Distributions

This Appendix provides the Federal tax notice that explains the tax treatment of distributions. This notice is referred to as the “402(f) notice.”

Special Tax Notice Regarding Plan Payments

This notice explains how you can continue to defer federal income tax on your retirement savings in the SCANA Corporation 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 the 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; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

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 the Plan Administrator by calling the SCANA Employee Stock and Pension Plans Department.

SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- 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
- 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 59 1/2, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

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 70 1/2 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.

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 59 1/2 “ and “Special Tax Treatment if You Were Born before January 1, 1936.”

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see “Sixty-Day Rollover Option” below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 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 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 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 59 1/2, 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. 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 59 1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59 1/2 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.

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 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 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.