

SUMMARY PLAN DESCRIPTION

of the

401(k) PENSION PLAN

as adopted by

WAYNE-WHITE COUNTIES ELECTRIC CO-OP

14-002-003



A Touchstone Energy® Cooperative 

The National Rural Electric Cooperative Association
4301 Wilson Boulevard, Arlington, VA 22203

Edition Date: 10/2013

Introduction

This document is a Summary Plan Description (SPD) of the 401(k) Pension Plan (“401(k) Plan” or “Plan”). The purpose of this SPD is to summarize the key provisions of the 401(k) Plan. Each participant in the 401(k) Plan is responsible for reading this SPD and related materials completely and for complying with all rules and Plan provisions.

The Federal laws governing the operation of retirement plans are very complex. This document is only a summary of the most important provisions of the Plan. It does not discuss some of the more technical aspects of the Plan's operation that may affect you, your right to participate, or the amount of benefits available to you. The Plan is operated according to the provisions of the Plan and amendments that were filed with the Internal Revenue Service.

If the terms of this SPD conflict with the terms of the 401(k) Plan, the Plan will govern in all cases. In addition, the language in the Plan gives the I&FS Committee and its delegates (as defined in the section entitled *Administrative Overview and Contact Information*) discretionary authority to determine eligibility for benefits or to interpret the terms of the Plan.

If you have questions or you do not understand any part of this SPD, you should contact your local benefits administrator (BA) or the plan administrator. The plan administrator's name and address can be found in the section entitled *Administrative Overview and Contact Information*.

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ADMINISTRATIVE OVERVIEW AND CONTACT INFORMATION

Benefits Administrator

Your co-op's benefits administrator (BA) is the person who has on-site plan administrator responsibilities for your employer. Your BA should be your primary point of contact for any questions concerning the operation and administration of your 401(k) Plan. However, always seek the advice of a qualified tax or financial professional before making financial decisions related to your 401(k) Plan, particularly regarding distributions.

The BA of your 401(k) Plan is:

Benefits Administrator
WAYNE-WHITE COUNTIES ELECTRIC CO-OP
P.O. BOX E,
FAIRFIELD, IL 62837

Employer Identification Number: 37-0574965

Plan Sponsor

The plan sponsor is a designated party that sets up a retirement plan, such as the 401(k) Plan, for the benefit of the adopting employers and their eligible employees.

The plan sponsor of the 401(k) Plan is:

National Rural Electric Cooperative Association
4301 Wilson Boulevard
Arlington, VA 22203-1860

Employer Identification Number: 53-0116145

Plan Administrator

The plan administrator is the person responsible for the administration and operation of the 401(k) Plan and acts in the interest of the Plan's participants. The plan administrator is designated as the agent for legal matters related to the 401(k) Plan and works with your co-op to ensure that the Plan meets all government regulations. Legal process may be served on the plan administrator at the following address.

The plan administrator of the 401(k) Plan is:

Senior Vice-President
Insurance & Financial Services
National Rural Electric Cooperative Association
4301 Wilson Boulevard
Arlington, VA 22203-1860

(703) 907-5500

Employer Identification Number: 54-2072724

Plan Trustee

In addition to a plan administrator, the assets of the 401(k) Plan are held in trust by a trustee. The trustee has been designated to hold and invest Plan assets as a fiduciary of the Plan, subject to the discretion of the Insurance and Financial Services Committee (I&FS Committee) or its delegates for the benefit of participants and their beneficiaries.

The trustee of the 401(k) Plan is:

State Street Bank and Trust Company
200 Newport Avenue
North Quincy, MA 02171

Insurance & Financial Services Committee

The named fiduciary of the 401(k) Plan is the I&FS Committee, which is appointed by the president of NRECA. The I&FS Committee is made up of at least five but not more than 10 individuals. These committee members review questions about the Plan. Committee members vote on the questions brought before them and the majority rules.

Plan Number

The Plan number assigned by the Plan Sponsor is 444.

OVERVIEW AND GENERAL PLAN INFORMATION

Your employer, in cooperation with the National Rural Electric Cooperative Association (NRECA), has established a 401(k) Plan at your co-op to provide a retirement plan for the benefit of its employees and their beneficiaries. The 401(k) Plan is what is known as a defined contribution plan and is qualified under all applicable sections of the Internal Revenue Code of 1986 and Treasury Regulations. The 401(k) Plan operates on a calendar year basis during the twelve-month period beginning on January 1 and ending on December 31.

General Plan Contributions

The Plan is a money purchase pension plan with a special salary deferral feature that allows you to contribute to your account on a pretax basis. This means that you will be able to make contributions before federal and, where applicable, state taxes are withheld. This will enable you to save more funds for retirement with minimum impact on your take-home pay. Contributions to the Plan will begin after you meet the eligibility requirements for participation. The contributions accumulate with investment earnings until you or your beneficiaries are eligible to withdraw your benefit (upon retirement, disability, termination or death).

Your benefit available at retirement depends on the amounts contributed to the Plan and the investment results obtained over the term of your investment. There is no guarantee as to the amount of your benefit available at retirement. When you receive your distribution(s), you may be liable for income tax on the taxable portion of your account.

The benefits available under the 401(k) Plan are designed to supplement any benefits available to you under Social Security and any other retirement plans in which you may participate. The Plan should be considered as one source of retirement security along with your other personal savings and investments.

Employer Contributions

Your employer will contribute to the Plan on your behalf after you meet the eligibility requirements for employer contributions. As with your own salary deferrals, your employer contributions will be held in an account under your name until you are eligible to withdraw your benefit. You do not pay income tax on these contributions when they are made, but you may be liable for income tax on the taxable portion of your account when the money is distributed to you.

Voluntary Employee Contributions

In addition to your pre-tax salary deferrals, you may make additional after-tax contributions to the Plan, known as voluntary employee contributions. Since these contributions are made on an after-tax basis, they are not taxed when they are distributed to you. Generally, however, earnings on voluntary employee contributions are taxed upon distribution. Your employer will not make a corresponding matching or base contribution for your voluntary contributions.

For More Information

A more thorough discussion of how your account is maintained and operated is provided in the sections to follow. If you have questions specific to your 401(k) Plan account or about the Plan in

general, please contact your BA. See the section entitled *Administrative Overview and Contact Information* for more details.

OUTLINE OF PLAN BENEFITS

Effective date of plan	01/01/1990
Plan amendment date	07/01/2012
Employer Identification Number (EIN)	37-0574965
Plan number	002
Eligible class of employees	Union Employees
Excluded class of employees	<ol style="list-style-type: none"> 1. All Employees of Wayne White Services and related subgroups: 14002-002 & 14002-004 2. All Management Employees of Wayne-White Counties Electric Cooperative 3. All Student Interns
Eligibility waiting period for employee contributions	1 month (First of the month on or after)
Eligibility waiting period for employer contributions	1 month (First of the month on or after)
Normal Retirement Date (NRD)	Age 62
Plan type	401(k) Plan
Compensation used for employer contributions	Base salary
Compensation used for employee elective contributions	Base salary

Compensation used for voluntary employee contributions	Base salary
Safe Harbor Plan design	No
Employer base contribution	2.5 % of compensation
Employer matching percentage	100 %
Employee contributions which will be matched	1 % to 1 % of compensation
After-tax voluntary employee contributions allowed	Yes
Loan provision	Yes
Number of loans available	Four
Loan fees	\$100 per loan
Contributions during initial disability period	Yes for 13 weeks
Investment of contributions	Employee designates
Frequency of investment changes	Daily
Self-Directed Brokerage Account (SDBA)	Yes

ELIGIBILITY, PARTICIPATION AND VESTING

This section contains general information on how you qualify for participation in the 401(k) Plan and when you can begin making and receiving contributions.

Eligibility

Eligible class of employees

To be eligible to participate in the 401(k) Plan, you must be in the following class of employees:

All employees of your employer who are covered by a good faith collective bargaining agreement dated 07/07/2011, between your employer and IBEW Local 702 Union

If you are not in the eligible class of employees listed above, please see your BA.

Excluded class of employees

Your employer excludes certain classifications from participation in the Plan. All employees in the following job classifications are not eligible to participate in the Plan:

1. All Employees of Wayne White Services and related subgroups: 14002-002 & 14002-004
2. All Management Employees of Wayne-White Counties Electric Cooperative
3. All Student Interns

Service/age requirements

To become a participant in the Plan you must meet certain minimum service requirements. There are no minimum age requirements to participate in the Plan. This means that you must be a member of the group of eligible employees described above and you must work for a minimum length of time. You become a participant on the first day of the month coincident with or after you meet the minimum service requirements. The service requirements are based on either hours of service or a year of eligibility service (also called the 1,000 hour rule). Your employer's specific service requirements are described later in this section.

Your employer will keep track of your service and will enter you into the plan on the first of the month coincident with or after you complete either the minimum hours of service (if applicable to your plan) or 1,000 hours of service.

Hours of Service

Hours of service are any hours for which you were paid your salary. This includes paid vacation, sick leave, holidays, jury duty and military service. You are also credited with hours of service for any uncompensated leave of absence, as long as you return to work at the end of such leave.

1,000 Hour Rule

Under this rule, service is calculated during a computation period defined as either:

- Your first twelve (12) consecutive months of employment, beginning on the date you complete an hour of service, or
- A subsequent calendar year (if you do not perform at least 1,000 hours of service during your first 12 consecutive months of employment)

If you do not work at least 1,000 hours in your first 12 months of employment, the next 12-month period used to determine your eligibility is the calendar year (January 1 through December 31) after the year in which you first began to work for your employer.

For example, if you began work on May 10, 2012, and you did not perform at least 1,000 hours of service by May 9, 2013, the measurement year changes to the calendar year from January 1, 2013 to December 31, 2013. If you perform at least 1,000 hours of service during 2013, you will have one year of eligibility service on December 31, 2013 and would be eligible to participate in the Plan on January 1, 2014.

Employer contributions and employee contributions

You will meet the minimum service requirements on the first day of the month coincident with or after you have worked at least one month and you perform at least 84 hours of service in one full calendar month.

For example, if you were hired on May 10, 2013, and you performed at least 84 hours of service during the period May 10, 2013 through May 30, 2013 or the period June 1, 2013 through June 30, 2013, you would be eligible to participate in the Plan on July 1, 2013.

On the other hand, you may be eligible to participate in the Plan if you meet the 1,000 hour requirement. The 1,000 hour requirement applies only if (i) you do not perform at least 84 hours of service in at least one month, and (ii) you do perform at least 1,000 hours of service in the 12-month period beginning on the date you perform your first hour of service or in a subsequent calendar year.

For example, if you were hired on May 10, 2013 and you did not perform at least 84 hours of service in any calendar month, but performed at least 1,000 hours of service by May 9, 2014, you would be eligible to participate in the Plan on June 1, 2014.

Additional Eligibility Issues

Reemployment

For Prior Participants:

If you are a participant in the Plan, then terminate your employment and are subsequently rehired, you will become a participant either on the day you are rehired or when you begin making employee contributions, if applicable.

Example under a one-year eligibility period with an original hire date of May 10, 2013: You work 1,000 hours by November 15, 2013 and become a participant in the Plan

on June 1, 2014. If you terminate your employment on April 3, 2015 and then you are subsequently rehired on July 3, 2015, you would become a participant in the Plan on July 3, 2015.

For Previously Non-Participating Employees:

If you satisfy your initial eligibility requirements (but did not become a participant in the Plan), then terminate your employment and are subsequently rehired, you will become a participant on the first day of the month following the date you are rehired.

Example under a one-year eligibility period with an original hire date of May 10, 2013: You work 1,000 hours by November 15, 2013 and you terminate your employment on December 18, 2013 (without ever becoming a participant in the Plan). If you are subsequently rehired on July 3, 2014, you would become a participant on August 1, 2014.

Employment with related employers

Employment with the following related employers counts toward eligibility service in this Plan:

- An employer that is a member of NRECA and does not participate in the NRECA-sponsored pension programs
- An employer that is an affiliate of an NRECA member employer
- An employer that was not a member of NRECA, and later became a member of NRECA
- Any of the above entities of which an employee is a leased employee, if leased employees within the meaning of Section 414(n) of the Internal Revenue Code of 1986 are eligible to participate in an employer's plan

Employment as part of an excluded class of employees

If you are in an excluded class of employees and you later become part of a class of eligible employees, your employment while you were a member of the excluded group of employees will count toward meeting the service requirement for participation in the Plan.

Part-time, seasonal, or temporary employees

Eligibility service for part-time, seasonal or temporary employees is credited in the same manner as service for full-time employees. If your employer has elected an eligibility period of one, three, or six months and you work part time, you may not meet eligibility requirements on a monthly basis, but may still be eligible for participation in the Plan if you perform more than 1,000 hours of service in a year. Your employer will calculate your hours of service and will offer participation at the appropriate time.

Break-in-service

If, during your initial eligibility period, there is a calendar year in which you are credited with fewer than 501 hours of service, you will be deemed to have incurred a break-in-service. If you again perform service for your co-op, the day you begin working will be treated as the first day of a new eligibility computation period. Any service you had prior to the year in which you were credited with

fewer than 501 hours of service will be disregarded for the purposes of meeting the service requirement for eligibility.

This break-in-service rule applies only during the initial eligibility period.

Vesting

To be vested in your account means you own the value of your account. You are always 100% vested in your 401(k) Plan account. However, your 401(k) Plan account is an investment account and is subject to gains and/or losses. There is no guarantee as to the amount that will be in your account at a future date.

CONTRIBUTIONS TO YOUR ACCOUNT

This section contains information on how contributions made to your account are calculated based on the salary definition and contribution formula under this Plan, as elected by your employer.

Compensation/Salary

Your compensation, or salary, refers to the amounts you earn in wages as an employee of WAYNE-WHITE COUNTIES ELECTRIC CO-OP during a plan year. This figure is used to determine permitted 401(k) Plan contributions. Salary includes amounts that are actually paid to you, except where certain deferred compensation amounts are included in your salary as required by the IRS.

Note: For 2013, compensation in excess of \$255,000 may not be used to calculate benefits under Federal regulations. The IRS adjusts this figure from time to time to reflect changes in the cost of living.

Your employer has elected *base salary* as the amount used to determine the permitted contribution as allowed under the Plan for the following contribution types:

- Employer contributions
- Pre-tax employee contributions
- After-tax voluntary employee contributions

Your base salary is defined as:

Your regular compensation, including: wages from your employer subject to income tax withholding; any amount deferred under a qualified salary reduction arrangement under Sections 125, 401(k) and 457(b) of the Internal Revenue Code of 1986; elective amounts that are not includible in your gross income by reason of Section 132(f)(4) of the Code; but excluding: any extra, overtime or bonus compensation; reimbursements or other expense allowances; moving expenses; a retainer or fee under a contract; pension, deferred compensation or retirement allowances; or any amount deferred under a nonqualified defined benefit deferred compensation plan.

Contribution Types

Employer Base Contributions

Employer base contribution (employee contribution not required)

Your employer makes an *employer base contribution* equal to 2.5% of your salary. You do not need to make a contribution in order to receive the employer contribution.

For example, if your salary is \$25,000 per year, your employer would contribute \$625.00. This amount is determined by multiplying your salary, \$25,000, by the employer base contribution of 2.5%.

Employer matching contributions

Your employer makes an *employer matching contribution* equal to 100% of your contributions from 1% up to and including 1% of your salary. If you do not make the minimum employee contribution, you will not receive the employer matching contribution.

For example, if your salary is \$25,000 per year and you contribute 1% of your salary, your employer would match your contribution at the rate of 100%. Here is how your employer's contribution would be calculated:

First, multiply your salary of \$25,000 by your contribution of 1%, which equals \$250.00. This would be your contribution.

Then multiply your contribution of \$250.00 by your employer matching contribution of 100%, which equals \$250.00. This is the amount of your employer's matching contribution that would be deposited in your account.

Voluntary employee contributions

You may make after-tax *voluntary employee contributions*, in addition to your other elective contributions, up to the limits imposed by the Internal Revenue Code. Your employer does not make any employer contribution based on the amount you contribute in voluntary employee contributions.

True Up contributions

"True Up" contributions are employer contributions that were not fully contributed to a participant's account during the plan year or period of participation. These contributions must be funded to ensure that the participant receives the full, or true, match for the given period. True Up contributions must be made no later than the employer's deadline to file their federal return for the year (including extensions).

Contributions after your Normal Retirement Date

Contributions to your account will continue as long as you are an eligible participant, regardless of your age.

Contributions from Other Sources

The 401(k) Plan will accept an eligible rollover distribution as a contribution to this Plan.

You may roll over an account from a former employer as long as the plan of your former employer is a qualified plan that has operated in compliance with all of the federal laws governing retirement plans. A rollover may come from your former employer's retirement plan that is qualified under sections 401(a), 403(a), 403(b) of the Code or a governmental 457(b) plan. In addition, you may roll over the taxable portion of an IRA, but not contributions that would not be otherwise taxable to you if distributed from your IRA.

You may roll over a distribution from a qualified retirement plan into this Plan any time after you start to work, including before you meet the eligibility requirements for participation. There are three ways to roll your money into this Plan:

- The first way is a direct rollover from the plan of your former employer to this Plan. A direct rollover occurs when your former plan forwards your distribution directly to this Plan. After-tax employee contributions can also be rolled over in this manner.
- The second way is a rollover from a traditional IRA. After-tax employee contributions from a traditional IRA or Roth IRA account cannot be rolled over.
- The third way is an indirect rollover. If you receive a distribution from your former employer's plan or an IRA (as opposed to a direct rollover from the plan of your former employer or your IRA to this Plan), you may deposit the taxable portion of your distribution in this Plan, provided you do so within 60 days of receiving the money from your former plan. You must deposit the check from your former employer's plan or your IRA, not your personal check.

With regard to Roth rollovers, only a direct rollover of a distribution from a former employer's Roth 401(k) is permitted. Your employer does not have to offer the Roth option to roll over a Roth 401(k). You may not roll over a distribution from a Roth IRA.

A rollover will not affect your annual contribution limit. Your annual contribution limit is calculated by adding the current year contributions made by you or your employer to this Plan, to any other defined contribution plan in which you are a participant, and/or your contributions to a defined benefit pension plan.

In addition, if your 401(k) Plan account balance is at least \$5,000 and you terminate your employment, if you leave your account balance in the 401(k) Plan you are permitted to roll over a distribution from an eligible retirement plan.

CONTRIBUTION LIMITS

This section summarizes the contribution limits specified by the Treasury Regulations and the Internal Revenue Code. There are several tests that must be performed to make sure the deposits to your Plan account do not exceed these limits. These limits are periodically adjusted for inflation, usually on an annual basis.

All Employees

Salary deferrals

Under Section 402(g) of the Internal Revenue Code, the maximum pre-tax and/or Roth 401(k) contribution that a participant can make is \$17,500 (the 2013 limit).

You can also make an additional “catch-up” contribution of \$5,500 (2013 limit) if at any time during the plan year you are at least 50 years old.

If you participate in more than one 401(k) plan during the plan year, all of your pre-tax and/or Roth contributions to all plans will be aggregated towards the limit.

Annual contribution limit

Under Section 415(c) of the Internal Revenue Code, all employer and employee contributions made to your retirement plan accounts during a calendar year are limited to the lesser of 100% of your salary or \$51,000 (2013 limit). Employee required contributions to the Retirement Security (RS) Plan (or any other defined benefit plan) or contributions to any other defined contribution plan will also apply toward this annual limit.

A rollover will not affect your annual contribution limit. Your annual contribution limit is only affected by current year contributions made on your behalf by you or your employer to this Plan, to any other defined contribution plan, and/or to a defined benefit pension plan.

Highly Compensated Employees

You are a highly compensated employee for 2013 if you earned more than \$115,000 during 2012 or if you own at least 5% of your employer's business during the current or prior year. This amount is adjusted annually for inflation, if needed. Under the nondiscrimination rules of the Internal Revenue Code Section 401(k) and Section 401(m), highly compensated employees may not contribute more than a certain percentage of the amount contributed by non-highly compensated employees.

To determine if this has occurred, your Plan will be tested annually using methods described by the IRS. If the highly compensated group's actual deferral percentage is greater than the maximum percentage allowed under IRS rules, the excess contributions must be refunded to the highly compensated employee(s). If you are a highly compensated employee and refunds are required for your Plan, you will be notified of the need for a refund.

Top Heavy Plans

Each plan year, your plan administrator is responsible for determining whether your Plan is top heavy. A plan is “top heavy” if more than 60% of the account balances are attributable to key employees. The term “key employee” generally refers to owners of the company and individuals who are corporate officers. If the plan becomes top heavy, certain requirements may apply (such as additional benefits for non-key employees). If your co-op participates in both the RS and 401(k) Plans, the top heavy minimum contribution will be provided to non-key employees through the RS Plan. You will be informed if this is the case.

The law requires specific vesting schedules to be applied to top heavy plans. Since all contributions under your Plan are always 100% vested, the top heavy vesting requirements are automatically satisfied.

LEAVES OF ABSENCE

This section contains general information on compensated and non-compensated leaves of absence and their effect on your participation in the 401(k) Plan.

If you take a leave of absence (such as vacation, holiday, sickness, or jury duty) for which you are receiving any type of compensation, your leave of absence will have no effect on your participation in the Plan.

Generally, if you are on a leave of absence for which you are not receiving any type of compensation, you will be withdrawn from participation in the Plan for this period. Special rules apply for unpaid leaves of absence due to “uniformed” service.

Military Leave

Military leave is any absence from employment because you are called up to active duty, including active duty for training, full-time National Guard duty and inactive training. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) gives individuals who must perform military service certain reemployment and benefit rights as outlined below.

Contributions during military leave

There is no effect on your 401(k) Plan benefits if you use paid leave. If your employer pays you differential pay, you can make up contributions for the difference between what your employer paid you while you were on military leave and what your salary would have been if you have not been on leave. If you take an unpaid leave of absence, contributions to your 401(k) Plan account will be suspended. Upon your return to employment, you and your employer are able to make up any contributions missed during this absence, if applicable.

Starting from your date of reemployment, the deadline for you to make up the elective deferrals or after-tax contributions is three times the period of uniformed service that gave rise to the USERRA rights, generally no more than five years. For example, if you served in the military for one year; you would have three years (three times the service period) in which to make up the deferrals or contributions. If your employment is terminated for any reason (voluntarily or involuntarily), the make-up period will end at the date of your termination.

Loans during military leave

If your plan permits loans, you have a 401(k) Plan loan, and are on military leave, you may request a loan repayment grace period. This grace period can begin on the date you begin performing uniformed service. You will not be required to make loan repayments but interest will continue to accrue during your leave of absence. When you return to work a new repayment date will be determined using the repayment date under the original term of the loan plus the period of uniformed service. You must repay your loan, no later than this new repayment date.

Distributions during military leave

Generally, military leave is considered a leave of absence and not a termination of employment. Distributions cannot be made unless you terminate employment. If you terminate employment and receive a distribution, and then are subsequently reemployed with the same employer, you can roll your distribution back over to the 401(k) Plan, subject to the applicable rollover rules.

Returning to work after military leave

To be entitled to reemployment following your completion of uniformed service, you must produce either your DD214 or a certificate of release. Your discharge papers should indicate your discharge was honorable, general, under honorable conditions, or uncharacterized. In addition, prior to your leave of absence, you must notify your employer of your intent to return to work following the leave.

If your period of service is 30 calendar days or less, you must report to work no later than the beginning of the first scheduled work period after completing your service, allowing for safe travel home and an eight-hour rest period.

If your period of service is 31 through 180 calendar days, you have to submit an application for reemployment (written or oral) no later than 14 calendar days after completing your service.

If your period of service is 181 calendar days or more, you have to submit an application for reemployment (written or oral) no later than 90 calendar days after completing your service.

If you do not submit an application for reemployment with your former employer within the timeframes noted above, then you will be treated as having terminated employment on the last day worked before you left for uniformed service. Special rules apply if you incur or aggravate an illness or injury during the period of service.

Disability Leave

If your active employment stops as a result of your disability (as defined under the NRECA Long-Term Disability Program), you are subject to certain contribution and withdrawal conditions under the 401(k) Plan.

Contributions while disabled

Generally, as long as you are receiving compensation through your employer, you can make salary deferrals to your 401(k) Plan. Salary deferrals must stop when you begin to receive long-term disability income.

If you become disabled and you are continuing to receive compensation from your employer, your employer will make contributions to your account for 13 weeks after your last day worked.

Contributions during periods of rehabilitation

If you return to work on rehabilitative status (as approved by Cooperative Benefit Administrators, your employer, and your physician), employer and employee contributions will be made during your period of rehabilitative status based on the Compensation earned through your employer, subject to required or matching contributions, if applicable.

Loans while disabled

Please see the section entitled *Loans* for information related to loans while on disability

Disability withdrawals

If you should become disabled, you will be entitled to receive all or a portion of your Plan account balance. Please see the section entitled *Payment Events* for details on disability withdrawals.

INVESTMENTS

This section contains general information on the rules governing the investment of your 401(k) Plan account.

The 401(k) Plan is a retirement plan as described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and the regulations issued thereunder. Accordingly, any fiduciary within the meaning of Section 3(14) or 3(21) of ERISA shall not be liable for any loss or by reason of any loss or by reason of any breach, that results from a participant exercising control over investment of his or her account. . This includes any investments made using the established procedures and based on instructions from you, via telephone, internet or other approved method, that are believed to be genuine, to the extent that you exercise control over the assets in your account as described in Section 404(c) of ERISA.

This Plan is an individual account plan. This means that all employer and employee contributions will be maintained in a separate account for each participant. Each account will be credited with its appropriate share of contributions and investment gains and/or losses.

Your employer is responsible for submitting employee contributions to the Plan as soon as the contributions can be separated from their general assets. These contributions are credited to your account on the evening of the third business day after NRECA receives actual payment for the investment and all information required to process the deposit. Your employer and employee contributions to the Plan are invested in one or more of the available investment funds, as specified by you.

Investment Options

Once you enroll in the Plan, you may choose to invest your contributions and any contributions made by your employer (if applicable to your plan) in any of the available investment funds.

The Plan offers a variety of investment options. Investment and disclosure information, including detailed profiles of all investment options, can be found online at www.Cooperative.com/401kInvestments and in the *Participant Fees Annual Disclosure Statement* located on Cooperative.com at My Benefits > Document Library > Documents for Employees > Retirement Plans > 401(k) Pension Plan.

These resources provide important information to help you compare and choose your investment options in your Plan, including the designated investment manager for each investment option, general information about operation of the Plan, expense information, and a chart comparing performance and other features of each investment option. The Plan Administrator will provide you with an update if, for example, investment options are added, removed or changed during the year.

To assist you, NRECA provides investment education and retirement planning on behalf of participants in the 401(k) Plan. Assistance is available by contacting NRECA's Personal Investment & Retirement Consulting (PIRC) team by phone at 866-673-2299 (option 5, then 2) or by email at

pirc@nreca.coop, or by written request to NRECA PIRC; INV8-306; 4301 Wilson Boulevard, Arlington, VA 22203-1860

However, NRECA does not provide investment, legal, or tax advice. Always consult with your own legal, tax, or investment advisers before making specific decisions.

Investment Performance: Variable Return Investments

Each of the Plan's current investment options is a variable return investment, meaning it does not have a fixed or stated return. The table in the Participant Fees Annual Disclosure Statement shows how these options have performed over time and allows you to compare them with an appropriate benchmark for the same time periods. An investment's past performance is not necessarily an indication of how it will perform in the future. Your investment in these options could lose money.

Valuation

All 401(k) Plan investment options are priced daily. Each fund's share price is calculated at the close of business (usually 4:00 pm ET) on days when the New York Stock Exchange (NYSE) is open for business. Valuations may not be performed on any business trading day that shares cannot be valued due to the inability of NRECA personnel to service the Plan because of circumstances beyond their control such as severe weather or an Act of God, even if the New York Stock Exchange is open for business.

Voting Rights

The designated investment managers will exercise any voting or other rights associated with ownership of the investments held in your Plan account.

Expenses

The Plan is self-administered and does not charge participants or beneficiaries separately for administration services including recordkeeping, legal, and accounting services. Instead, the Plan charges expenses to your account through the annual operating expenses of each investment option as described in your Participant Fees Annual Disclosure Statement. The expense ratios therein are the total annual operating expenses for each investment option, which reduce the return of each option. There are no shareholder-type fees or Plan-level expenses other than the individual fees described in the disclosure and elsewhere in this document.

The cumulative effect of total annual operating expenses can substantially reduce the growth of your retirement savings. Visit the Department of Labor's website at www.dol.gov/ebsa/publications/401k_employee for an example showing the long-term effect of fees and expenses. This site also discusses the many factors to consider when choosing your investment options, including whether a given choice, along with your other investments, will help you achieve your retirement goals.

Qualified Default Investment Alternatives

If you do not choose investment fund(s) when you enroll in the Plan, any contributions to your account will automatically be invested in the 401(k) Plan's Qualified Default Investment Alternative (QDIA). The QDIA for the 401(k) Plan is the Target Date Portfolio investments — a group of funds that invest in a mix of different asset classes. These funds serve as the default investment option for the 401(k) Plan in order to comply with federal regulations designed to foster retirement income security.

If you do not choose your own investment options from your Plan's line-up, contributions to your account will be invested in the Target Date Portfolio Funds (TDPs) specific to your year of birth using the assumption that you will retire at age 65. If your assumed retirement date falls between the target year of two TDPs, additions to your account will be divided equally between the two TDPs closest to your assumed retirement age of 65. NRECA will continue to direct your 401(k) Plan account investments to the TDP(s) selected for you until you make an investment election of your own. You may choose to leave your investments in the TDPs selected for you or at any time you can make your own selection from the investment options available in your Plan's fund lineup.

Each year you will receive a notice describing the Plan's QDIA investment options in which you may be invested, and providing instructions for how to change your current account balance or future contribution allocations. Consult the detailed information about each of the TDP investment options at www.Cooperative.com/401kInvestments or contact PIRC as described above before making decisions about how to invest.

Giving Investment Instructions

You can invest your contributions and any employer contributions (if your employer has elected to contribute) in any of the available investment funds. Your investment allocation may be in one fund or split among multiple funds; however, you may not allocate less than 1% of your entire contribution to any one fund.

Your employer has elected daily fund changes. To direct your Plan investments, including changing your existing account balance and choosing an allocation for future contributions, log on to Cooperative.com, call the automated voice line at 866.673.2299 (option 5, then 1), or request a change through your BA, who will provide you with the appropriate form(s). Your elections will go into effect either the same day, or, if after 4:00 pm ET, on the next business trading day.

Limits on fund exchanges

Your instructions for an exchange will be implemented after 4pm ET on any day the New York Stock Exchange is open for business. However, due to market timing restrictions, if you sell shares from one fund (excluding fixed or short term investment funds), you will be prevented from moving existing money back into that fund for 30 days. This policy only applies to fund-to-fund exchanges, with certain exceptions that include new investments made from regular payroll contributions and mistakes made by you while requesting a transaction. These exceptions are described in detail in the QDIA notice sent to you annually and described above.

Share Values/Dollar Value of your Account

Contributions are used to purchase shares in the investment funds of your choice based on the share values in effect when the trustee receives the contributions. The share value is determined on a daily basis and reflects the value of each investment fund at the current market value.

Increases or decreases in the market value of a fund are reflected in the share price. By multiplying the number of shares in your account by the share price, you can determine the dollar value of your account.

For example, if the price per share in a particular fund is \$5.00 per share on June 30, 2013 and your account has 500 shares in this fund (450 shares plus an additional 50 purchased), the value of your account on June 30, 2013 is \$2,500 (\$5.00 x 500 shares).

Date	Number of shares in account	+	Additional shares purchased (contribution)	=	Total Number of shares in account	x	Price per share	=	Account Value
6/30/13	450	+	50	=	500	x	\$5.00	=	\$2,500

Account Statements

You will receive a statement of your account balance at the end of each calendar quarter. The statement will show the value of your account at the beginning of the quarter, contributions and investment results withdrawals and fees during the quarter, and the value of your account at the end of the quarter.

Self-Directed Brokerage Account

Your employer has chosen to offer the Self-Directed Brokerage Account (SDBA) as an additional investment option within your Plan. You can set up an account, direct a portion of your Plan assets to the SDBA, and then you use this money to buy and sell individual stocks, bonds and mutual funds. Complete information on the SDBA investment option is available on Cooperative.com at My Benefits > My Retirement > manage your 401(k) Account > Self Directed Brokerage Account.

NRECA offers the SDBA option in partnership with State Street Global Markets, LLC. When you open an SDBA account, State Street Global Markets, LLC executes the orders you place with them and maintains records for the self-directed portion of your account.

When you open an SDBA you serve as your own investment manager. All investments are made at your own direction and risk. Securities purchased through the SDBA, including mutual funds, are not bank deposits and are not insured by the FDIC or guaranteed by State Street Bank and Trust Company. Securities are subject to investment risk, including the possible loss of the principal amount invested, and there is no guarantee of future performance. Neither NRECA nor State Street Global Markets, LLC can give you advice concerning your investment selections.

SDBA eligibility requirements

To open an SDBA account, your total 401(k) Plan account balance must be at least \$5,000 when your SDBA enrollment application is received. You may transfer up to 50% of the value of your 401(k) Plan account, excluding outstanding loans, to the SDBA. The minimum initial transfer is \$1,000 and the minimum subsequent transfer is \$250. You must maintain a \$500 account balance in the 401(k) Plan's traditional funds. If the assets in your traditional funds fall below \$500, you will not be allowed to make any further transfers into your SDBA until the minimum balance is restored to at least \$500. You may make a maximum of one transfer either in or out of the brokerage account on any trading day.

SDBA fees

The Plan currently imposes a charge against your individual account for opening and maintaining an SDBA. This does not include any fees and commissions you separately incur as a result of selecting investments through the SDBA. Your quarterly 401(k) Plan account statement provides information on the Plan's SDBA-related expenses that you incur individually in the prior quarter.

In addition, State Street Global Markets, LLC may impose separate fees and commissions for each investment you select through the SDBA, in addition to any ongoing fees for the particular investment. The types of charges you incur depend on the investments you select within the account and can include transaction fees, front and back end sales loads, contingent deferred sales charges, 12b-1 fees, redemption fees, exchange fees, brokerage fees, management fees, and shareholder servicing fees.

A fee schedule is available on Cooperative.com (click My Benefits > My Retirement > Manage Your 401(k) Account > Self Directed Brokerage Account). However, participants and beneficiaries should call State Street Global Markets, LLC at 1-866-548-5595 to ask about any fees, including any undisclosed fees associated with the purchase or sale of a particular security through the SDBA before purchasing or selling that security.

SDBA withdrawals and distributions

Assets in your SDBA must be transferred back to your 401(k) Plan account before such amounts are available for loans, withdrawals and/or distributions.

In the event of your termination, retirement, or quasi-retirement, your SDBA will automatically be liquidated unless deferred payment is requested for your 401(k) account (even if you choose annuity payments on your 401(k) Plan account). If you elect deferred distribution of your 401(k) Plan account, you must continue to meet the minimum balance requirement of \$500 in order for your SDBA to not be liquidated. In the event of your death, your SDBA will be liquidated and will be included in the distribution of your Plan account to your beneficiary.

If State Street Global Markets, LLC ever needs to liquidate securities without your instructions, it would follow this selling order:

- No-load, no-fee mutual funds
- No-load mutual funds
- Load mutual funds
- Equities
- Fixed-income securities

Your SDBA and Qualified Domestic Relations Order withdrawals

In the case of a Qualified Domestic Relations Order, if your 401(k) Plan account balance is not sufficient to cover the settlement, NRECA will first ask you to transfer assets from your SDBA to your 401(k) Plan account so that NRECA can comply with the court order. If you do not transfer the assets, NRECA will instruct State Street Global Markets, LLC to make the transfer.

Your SDBA and required minimum distributions (RMDs)

If you need to take an RMD, NRECA will authorize State Street Global Markets, LLC to liquidate and close your SDBA. Proceeds will be transferred to your 401(k) Plan account and your distribution will be processed. See the section entitled *Payment Events* for more information on RMDs.

PAYMENT EVENTS

This section contains general information on how various events may affect your benefit payment.

You may receive a payment from the Plan if you terminate your employment, retire, die, or if the Plan is terminated. Your beneficiaries may receive a payment from the Plan in the event of your death. Benefits also may be paid if a Qualified Domestic Relations Order (QDRO) exists that requires a part of your benefit be paid to an alternate payee (usually the participant's ex-spouse).

Under certain circumstances you may request a cash withdrawal from your account while you are still employed by your employer. These circumstances may include: financial hardship, disability, withdrawal of voluntary employee contributions, and quasi-retirement. Other sections of this SPD provide information about these types of withdrawals, if they are permitted by your employer.

This section is dedicated to payment events. For a details about the payment elections you may make with regard to your Plan benefit, see the section entitled *Payment Options*.

Termination of Employment

You are entitled to receive your total account balance from this Plan if you either voluntarily or involuntarily terminate your employment with your employer.

Normal Retirement

The Normal Retirement Date under this Plan is the first day of the month coinciding with or following the day you reach the age specified in the Plan as the Normal Retirement Age.

The Normal Retirement Date specified in your Plan is 62.

Required Minimum Distributions

Internal Revenue Service rules state that you must begin to receive at least a minimum benefit (called a required minimum distribution or RMD) from your 401(k) Plan account when you reach your "required beginning date." This date is April 1 of the year following the year you turn 70½ or the year in which you retire, whichever is later. If you reach your required beginning date, do not provide distribution instructions, and are not already receiving benefit payments from your Plan account, your RMD for the year will be sent to you.

Death

In the event of your death, your designated beneficiary(ies) will receive 100% of your Plan account balance. See the section entitled *General Beneficiary Information* for beneficiary rules.

Married participants

If you did not begin receiving your Plan benefit prior to your death, your spouse will receive a monthly annuity for his or her life. If the value of the account is greater than \$5,000, your spouse can also elect to receive the benefit in a single payment or in annual installments.

Unmarried participants

Your beneficiary will receive a life-only annuity (life-only payments continue as long as your beneficiary is alive, but stop immediately upon their death) unless he or she elects to receive the benefit in either a single payment or in annual installments.

Additional death benefit information

If you elected to terminate or retire, submitted your distribution election form, and died before your actual termination/retirement date, the Plan's death benefit will be paid (not the benefit you elected in your distribution election form). In addition, if you should die without having made your elections and signed the benefit option form, again the Plan's death benefit will be paid. See the earlier information about the death benefits provided under this Plan.

Disability

If you should become disabled, you will be entitled to receive all or a portion of your Plan account balance. You may request a distribution no earlier than 26 weeks after you stop working due to your disability status. If you are married, you may only withdraw your benefits as the joint and spouse annuity, unless your spouse consents, in writing, to distribution in an alternate form of payment.

If you previously quasi-retired in the Retirement Security (RS) Plan and transferred your accrued benefit from the RS Plan to your 401(k) Plan account, withdrawal of the RS Plan portion of your account will cause a reduction in your long-term disability benefit. However, you may withdraw all of the money attributable to contributions to your 401(k) Plan account without any reduction to your long-term disability benefit. Always seek the advice of a qualified tax or financial professional before making a decision regarding distributions.

Potential tax consequences of disability withdrawals

If your disability withdrawal is made before you are 59½ years old, a 10% tax penalty may be assessed on the taxable portion of the withdrawal unless an exception applies. Exceptions are explained in the option packet of withdrawal information that you receive when requesting a distribution. Also, if the distribution is not rolled over into an IRA, the taxable portion is subject to a 20% mandatory tax withholding.

Loans

The Plan will allow you to borrow against your account. Loans from the Plan must carry a market rate of interest and they must have adequate security. If you borrow from your account, you will have to sign a promissory note and a regular repayment schedule will be established. Your account balance will be the collateral for any loan from the Plan. Also, you will have to pay an administrative fee in advance to cover the expenses of handling your loan.

The Plan treats loans as another investment in your account. The total value of your account is not reduced because you have borrowed from it; however, there is less money in your investment funds because you have withdrawn some for the loan. In other words, the loan is an asset of your account.

If you receive a total distribution from your Plan account prior to paying off the loan, the amount of the distribution would not include the amount you have not paid back.

Eligible borrowers

An “eligible borrower” is an employee who has met the requirements to become a participant in the Plan and who has an account balance sufficient to receive at least the minimum loan amount. If you roll over money from another plan into this Plan, you may not receive a loan until you become a participant in this Plan. Dependents and beneficiaries of employees are not eligible borrowers.

If you were an eligible borrower and your active employment ends as a result of total or permanent disability as determined under the Plan, you may apply for a loan.

Internal Revenue Code rules

Minimum loan amount: The minimum loan from the Plan is \$1,000.

Maximum loan amount: The maximum loan permitted is the lesser of \$50,000 or 50% of the value of your Plan account as of the day you apply for the loan. If you have had another Plan loan in the last 12-month period, the \$50,000 limitation will be reduced by the highest outstanding loan balance on your account during the last 12 months prior to your new loan application minus the outstanding balance of all loans from the Plan on the date the loan is made.

Interest rate: Interest rates for a loan must be comparable to that of any commercial lender making a similar loan. Your interest rate will be 1% higher than the prime rate in effect nationwide as published in financial journals as of the first business day of the quarter in which the loan is approved. The applicable quarters are the calendar quarters beginning January 1, April 1, July 1 and October 1.

Loan term: The maximum time allowed for repayment of a loan is five years.

Repayment schedule: The loan must be paid in substantially equal installments made not less frequently than quarterly. (Some exceptions are made for unpaid leaves of absence.)

Plan rules

Loan application: A written application for a Plan loan will be made in the form of a promissory note and loan agreement. This will provide evidence of your obligation to repay the borrowed amount and your understanding of, and agreement to, the terms and conditions under which the loan is granted.

Number of outstanding loans: No more than four loans can be outstanding from your Plan account at one time, up to the maximum loan amount.

Prepayment: You may pre-pay a Plan loan in full before the end of its term. Partial pre-payments are not permitted.

Refinancing: You may not refinance an existing Plan loan.

Spousal consent: You may not borrow from your Plan account without your spouse's written consent on the promissory note.

Your loan administration

Loans are taken proportionately from each eligible investment fund in which your account is invested.

Interest

The interest you pay on your loan goes back into your own account. Your payments of principal and interest are allocated to your account's investments in the same proportion that the money was withdrawn from your account when you made the loan. However, if you change your investment fund selections while you are repaying a loan, the payments will go to your most recent selections and not to the investment funds from which the money was withdrawn.

Interest on Plan loans is not tax deductible.

Loan application

You can find out if you are eligible to borrow from the Plan or to request a loan from the convenience of your home. Just log on to Cooperative.com, go to My Benefits > My Retirement > 401(k) Pension Plan Account > Loans, and then follow the instructions. Alternatively, you can call NRECA's automated voice line at 866.673.2299 (option 5, then 1) and follow the voice prompts for loan administration. These resources are available 24 hours a day. You may also contact your BA in the event you require a paper loan application form or if you have questions about loan administration.

The plan currently imposes an administrative fee against individual accounts for processing your loan application. This fee will be deducted from the loan proceeds and will be repaid into your account as part of your loan repayment amount. See the previous section entitled *Outline of Plan Benefits* for fee amounts. Your quarterly 401(k) Plan account statement provides information on loan expenses you incur individually in the prior quarter.

Repaying your loan

Active Employee: You will make loan repayments through payroll deductions, as agreed to in the promissory note. If, for some reason, you are unable to make payroll deductions, alternate arrangements for repayment must be made with your employer.

General leaves of absence (not related to disability): If you have a Plan loan and are on a leave of absence from employment, you can request a grace period for repayment equal to the length of your leave of absence, up to a maximum of 12 months. You will not be required to make loan repayments; however, interest on any outstanding principal and interest balance will continue to

accrue. At the end of the grace period, the original terms and conditions of the loan will be reinstated.

Military leaves of absence: If you have a Plan loan and are on military leave, you may request a loan repayment grace period. This grace period can begin on the date you begin performing uniformed service. You will not be required to make loan repayments but interest will continue to accrue during your leave of absence. When you return to work a new repayment date will be determined using the repayment date under the original term of the loan plus the period of uniformed service. You must repay your loan, no later than this new repayment date.

Disabled employees: If you have a Plan loan and are on a disability leave of absence, if you are not receiving compensation from your employer, then your loan repayment cannot be made through payroll deduction. In order to keep your loan from default, you are required to submit your loan repayment to your employer through another method.

Loan default

If you miss your Plan loan repayments for three successive months, a loan default will occur. A loan default will also occur if you fail to pay the balance by the loan maturity date. If you default on your loan, NRECA will report your loan default as a distribution on IRS Form 1099(R). Interest on the loan will continue to add up until the time you repay the outstanding balance or you become eligible for a distribution from the Plan. If you do not repay your defaulted loan in full by its maturity date, you will be unable to take another loan from the Plan in the future. Complete information on loan defaults is found on your promissory note.

Distribution events with an outstanding loan

When you have a distribution event (e.g., termination of employment, retirement or death) you have options related to your outstanding Plan loan balance:

1. Pay off your outstanding loan balance when you terminate employment. You will have 90 days after termination to pay the outstanding balance to avoid a default distribution.
2. Receive your distribution reduced by the balance of the outstanding loan amount and declare the outstanding loan amount as ordinary income for the year you terminate employment.
3. Transfer your loan obligation to your new employer and continue to make payments for the remaining term of the loan through your new employer (if the new employer participates in the Plan with a loan option). *Note: All loan obligations you have at your prior employer may be transferred to your new employer, even if your new employer does not permit as many loans under its loan provision.*

For example, if you have three loans outstanding when you terminate your employment and you transfer to a new employer who has adopted the loan program, allowing only two loans, you will be permitted to transfer all of your loans, however, you are not eligible to request a new loan until your number of outstanding loans falls to at least one less than that allowed under your new employer's Plan—in this example, until at least two of your loan obligations are paid off.

Voluntary Employee Contribution Withdrawals

If you made voluntary employee contributions, you may withdraw them using the "Voluntary Employee Contribution Withdrawal Form." These withdrawals may be made at any time and there is no minimum withdrawal amount and the maximum is limited to the total of your voluntary contribution balance. Your withdrawal may be made from both your contributions and associated earnings.

Voluntary contributions made before January 1, 1987 may be withdrawn tax-free. However, withdrawals of your voluntary contributions made after December 31, 1986 must include a proportional share of taxable earnings on all employee contributions and are taxed as ordinary income.

General Beneficiary Information

When you enroll in the Plan, you are asked to designate a beneficiary.

If you are not married, you may designate anyone as a beneficiary who will receive a payment from the Plan if you die before you receive your benefit. Unless you marry (or remarry), your beneficiary will not change until you designate a new beneficiary.

If you are married (or remarry), Federal law requires that your spouse automatically becomes the beneficiary of your pension benefit under the Plan. This is true even if you had previously designated someone else as beneficiary. You may designate someone other than your spouse as a beneficiary only if your spouse agrees and the consent is in writing and is witnessed by a notary public. Your BA can provide you with the proper forms for this purpose.

If you do not designate a beneficiary, payments will be made to the first surviving person in the following order:

1. Your spouse (mandatory for a married participant)
2. Your children
3. Your parents
4. Your brothers and/or sisters
5. The executor or administrator of your estate

The Plan will make a payment, upon your death, to the person named as the latest beneficiary designation on the forms or in the manner approved by the I&FS Committee.

If you divorce, you should update your beneficiary information as soon as possible after the divorce. Until you update this information, the person previously designated (usually your ex-spouse) will remain your beneficiary.

Minor beneficiary designations

The Plan will not make a distribution to a minor beneficiary. If you wish to name a minor child as a beneficiary, we recommend that you establish the proper legal vehicle, such as a guardianship or conservatorship as required by the laws of your state, so that the assets in your account can be paid as soon as possible to your child's designated guardian.

Assignment of Benefits

Qualified Domestic Relations Orders

A domestic relations order is a court order that provides for child support, alimony payments or marital property rights to an alternate payee. An alternate payee is your spouse, former spouse, child or other dependent, recognized in a domestic relations order as having a right to receive all or a portion of your 401(k) Plan benefit. If the court order allocates a portion of your benefits to an alternate payee, the domestic relations order must be submitted to the plan administrator for review. If the domestic relations order meets statutory requirements, it is considered a Qualified Domestic Relations Order (QDRO) and the plan administrator will be obligated by law to comply with its terms.

To meet the requirements, the order must contain the following information:

- Name, address, date of birth, and social security number of both the participant and alternate payee;
- Correct name of the Plan from which a payment will be made;
- Amount or percentage of your benefit to be paid by the Plan, or the manner that the amount or percentage is to be determined; and
- Timing of the payment

A QDRO cannot require a benefit that the Plan does not otherwise provide. It cannot require the Plan to provide increased benefits and cannot require that benefits otherwise payable to an alternate payee under an earlier QDRO be paid to anyone else. An alternate payee may elect any payment option that the Plan allows, except a Joint and Spouse annuity, an Intermittent Withdrawal Scheduled Series, or an Unscheduled Intermittent Withdrawal. A distribution made under a QDRO may be made immediately, if requested. If your account becomes subject to a QDRO, contact your BA and/or NRECA for further instructions and sample QDRO documents.

We strongly suggest that you submit an updated beneficiary designation as soon as possible if your account becomes subject to a QDRO.

Additional assignment information

You may not use this Plan or any other qualified plan as collateral for a loan.

As a general rule, your benefits may not be garnished, with certain exceptions such as if the Internal Revenue Service places a levy on your retirement benefits.

PAYMENT OPTIONS

This section explains the forms of payment available under the Plan.

ALWAYS SEEK THE ADVICE OF A QUALIFIED TAX OR FINANCIAL PROFESSIONAL BEFORE MAKING A DECISION ABOUT YOUR DISTRIBUTION.

If you need to execute a Power of Attorney for retirement plan payment purposes, please be advised that the laws of your state govern a Power of Attorney. Most states have a “checklist” document for this purpose. The checklist often allows you to give your Power of Attorney authority over retirement benefits. It is a good idea to specifically reference your retirement plan benefits if it is otherwise not part of the state law. Once a legal Power of Attorney has been granted, that person may act on your behalf in the fashion you indicate, until it is revoked or you die.

Requests for payments are made on applicable forms or through the NRECA Employee Benefits website. Please check with your BA for instructions on how to request a payment.

Benefits are paid from the 401(k) Plan in the following forms:

- Joint and (100%, 75%, 50%) Spouse Annuity without Cash Refund
- Joint and (100%, 75%, 50%) Spouse Annuity with Cash Refund
- Straight (Single) Life Annuity without Cash Refund
- Straight (Single) Life Annuity with Cash Refund
- Joint and (100%, 75%, 50%) Survivor Annuity without Cash Refund
- Joint and (100%, 75%, 50%) Survivor Annuity with Cash Refund
- 10-Year Certain and Life Annuity
- Intermittent Withdrawals
- Annual Installments not to exceed 15 years
- Single Cash Payment

Automatic Form of Payment if you are Married

Your benefit will be paid as a Joint and 100% Spouse Annuity, unless you make another choice in writing. A Joint and 100% Spouse Annuity will pay you a monthly payment for as long as you live. If you are survived by a spouse, your spouse will receive a monthly payment for the remainder of his or her life equal to 100% of the monthly amount you were receiving at the time of your death.

You may waive the Joint and 100% Spouse Annuity only if your spouse irrevocably consents in writing to the waiver. A notary public must witness your spouse's signature. You may revoke any waiver prior to the time benefit payments begin. *Since your spouse participates in these elections, it is important to inform the plan administrator immediately of any change in your marital status.*

Automatic Form of Payment if you are not Married

Your benefit will be paid as a Straight (Single) Life Annuity, unless you make another choice in writing. This annuity provides a monthly payment to you for as long as you live. All payments stop when you die.

Other Forms of Payment

Whether you are married or not, you may elect any other form of payment the Plan provides, subject to certain restrictions.

Annuity payments

An annuity is a periodic payment, usually monthly, providing equal payments for your life and under certain annuity options, for the lifetime of your beneficiary. The 401(k) Plan provides the following annuity options:

A Joint and (100%, 75%, 50%) Spouse Annuity without Cash Refund provides equal monthly payments for your life. After your death, your spouse will receive a percentage (100%, 75% or 50%) of this amount for life.

A Joint and (100%, 75%, 50%) Spouse Annuity with Cash Refund provides equal monthly payments for your life. After your death, your spouse will receive a percentage (100%, 75% or 50%) of this amount for life. In addition, with this option, if there is any excess value to the annuity beyond the total amount of monthly payments actually received by you and your spouse, you can request that this be paid as a single cash payment to an alternate beneficiary.

A Straight (Single) Life Annuity without Cash Refund provides equal monthly payments for your life and terminates at your death. It is available as another payment option if you are married.

A Straight (Single) Life Annuity with Cash Refund provides equal monthly payments for your life and terminates at your death. It is available as another payment option if you are married. After your death, if there is any excess value to the annuity beyond the total amount of monthly payments actually received by you, you can request that this be paid as a single cash payment to an alternate beneficiary.

A Joint and (100%, 75%, 50%) Survivor Annuity without Cash Refund provides equal monthly payments for your life and then a percentage (100%, 75% or 50%) of those monthly payments to an alternate beneficiary (not your spouse) for their life.

A Joint and (100%, 75%, 50%) Survivor Annuity with Cash Refund provides equal monthly payments for your life. After your death, your contingent annuitant will receive a percentage (100%, 75% or 50%) of this amount for life. In addition, with this option, if there is any excess value to the annuity beyond the total amount of monthly payments actually received by you and your contingent annuitant, you can request that this will be paid as a single cash payment to an alternate beneficiary.

A 10-Year Certain and Life Annuity provides equal monthly payments to you for life and in the event you die before the completion of 120 monthly payments (10 years), the balance is payable in monthly payments to your contingent annuitant. If both you and your

contingent annuitant die before the completion of 120 monthly payments, the balance is paid in a single cash payment to an alternate beneficiary.

The amount of your annuity is calculated using the value of your account balance at the time payments begin.

Any of these annuity options may be taken as a partial annuity. A partial annuity provides you with a lifetime monthly payment using just part of your account balance, leaving you with additional options later on. You may take a partial annuity upon termination of employment or quasi-retirement through the unscheduled intermittent withdrawal process.

Intermittent withdrawals

If your employment is terminated or if you retire, you can request an unscheduled cash withdrawal, if your account balance remains above \$1,000. You can request an unscheduled cash withdrawal and a partial annuity if your account balance remains above \$5,000. If you wish to take a total distribution as a combined cash/annuity payment, you must use an option form. The minimum amount that may be withdrawn on an unscheduled basis is \$1,000. You may request a partial annuity as either a percentage of your account balance (in 10% increments) or as a dollar amount.

If you can quasi-retire (for basic plans at the Normal Retirement Date, or, for 401(k) Plans, if your employer has elected, the later of your Normal Retirement Date or age 59½), you may also elect to receive up to four unscheduled withdrawals a year and/or a partial withdrawal.

In addition, if you terminate your employment or retire (but not quasi-retire), you may elect to receive a series of equal withdrawals, paid monthly, quarterly, semi-annually or annually, for at least 12 months, up to 9 years and 11 months. The minimum amount that may be withdrawn as a series of equal withdrawals is \$500 per payment.

Intermittent withdrawals are paid on any day on or between the 5th and the 22nd of any month.

Installment payments

Installment payments are approximately equal annual payments made to you from your account for a specified number of years. You choose the number of years over which the payments will be made. The maximum number of installments you may choose is 15 (i.e., 15 years).

Installment payments are paid on any day on or between the 5th and the 22nd of any month.

Single cash payments

A single cash payment is a distribution of your total account balance, valued as of the date of the distribution and paid on any day of the month, as soon as NRECA can process your payment.

Making your Election

If you are eligible to receive a distribution for any reason, a distribution option form and guide will be sent to you, your beneficiary, or an alternate payee, depending on the reason for the distribution. This guide contains the information you will need to make an informed decision about the forms of payment available under this Plan. In addition, the NRECA Personal Investment & Retirement Consulting (PIRC) team is available to discuss payment options. To contact a PIRC representative, please call 866.673.2299 (option 5, then 2).

The distribution option form and guide will be sent to you not less than 30 days, and not more than 90 days (the “30/90 day election period”) before payments begin. You may change or revoke your election at any time before payments begin. Once you begin receiving benefits in the form you have elected, the election is irrevocable; neither you, nor your spouse (if applicable), may change that election.

Married participants

If you are a married participant, you may elect to waive the 100% Joint and Spouse Annuity (with the consent of your spouse), and choose another form of payment during the 30/90 day election period. If you wish benefit payments to begin before the end of the 30/90-day election period, you may elect to waive the 30 day period. If you waive the 30 day period, payments may begin no sooner than the end of the seven day period beginning the day after you sign the option form. You may change or revoke your election at any time before payments begin.

Unmarried participants

If you are an unmarried participant, you may elect to waive the Life Only Annuity and choose another form of payment during the 30/90-day election period. However, if you wish benefit payments to begin sooner than 30 days you may elect to waive the 30-day period. If you waive the 30-day minimum, payments may begin no sooner than the end of the seven day period beginning the day after you sign the option form. You may change or revoke your election at any time before payments begin.

Impact of your Account Balance on your Payment Choices

If your account balance is *less than \$200* following your termination of employment (and no amount has previously been paid to you as an annuity or in installments) you will receive your entire account balance in a single cash payment. Your spouse does not need to consent to the single cash payment distribution and you will not receive distribution option forms.

If your account balance is *more than \$200 but less than \$1,000* following your termination of employment (and no amount has been previously been paid to you as an annuity or in installments) you will receive distribution option forms to make a payment election. If you are married, your spouse does not need to consent to your election. If you do not make a payment election within 90 days of the option form event date or request date (whichever is later), you will receive your entire account balance in a single cash payment.

If your account balance is *more than \$1,000 but less than \$5,000* following your termination of employment (and no amount has previously been paid to you as an annuity or in installments), you will receive distribution options forms to make a payment election. If you are married, your spouse does not need to consent to your election. If you do not make a payment election within 90 days of the option form event date or request date (whichever is later), your account balance will not be paid until the later of your future election or the April 1 following the date you reach age 70½.

If your account balance is *greater than \$5,000* following your termination of employment, you may elect any form of payment available under the Plan, subject to your spouse's consent.

If you die while you are still working, and your surviving spouse's Pre-Retirement Survivor Annuity is worth more than \$1,000 and does not exceed \$5,000, your surviving spouse automatically will receive a single cash payment. If your account balance is greater than \$5,000, your surviving spouse must request payment and may elect to receive a single cash payment or installments in lieu of the annuity.

Receiving your Payment

The plan administrator will make payments as soon as administratively possible after receipt of your option forms, but not fewer than 30 days after the required explanation of payment options was provided to you, unless you elect to waive the 30-day period. The earliest date a payment may be paid is seven days after the date you sign your option form (i.e., on the eighth day).

You will have up to 90 days to return your option form. During this 90-day period you will be able to change your election. However, once payments begin, you may not make any changes; your election is irrevocable once payments begin.

If you do not return your option form before 90 days have elapsed from the later of the event date or the request date on the form, the form will no longer be valid. You may request another option form and make an election at any time. See the *Reemployment* section below for additional information. The actual amount of the distribution will be based on current share prices at the time your payment is processed.

NRECA will make payments as soon as administratively possible, after your payment instructions are received in the option form.

Reemployment

If you are re-employed within 90 days from the date your prior employment was terminated and you have elected your payment (i.e., you signed your distribution option forms), you may receive your payment, even if you are re-employed with another or the same employer.

If you are re-employed more than 90 days after the date your prior employment was terminated, you did not make a payment election (i.e., you did not sign your distribution option forms) and you become a participant in the 401(k) Plan, you may not receive a distribution.

If you are re-employed more than 90 days after the date your prior employment was terminated, you did not make a payment election and you are not a participant in the 401(k) Plan, you may receive a distribution by electing a payment (i.e., by signing your distribution option forms).

Deferring Payments

Unless you elect to defer receipt of your benefits to a later date, or in the absence of a distribution option election, your benefit payments must begin no later than the April 1st following your 70th birthday.

You must maintain a current address in NRECA's records if you delay your benefit payment.

General Tax Information

The taxable portion of your payment from the 401(k) Plan could be subject to a 20% tax withholding if you do not roll over the distribution to another qualified plan or an Individual Retirement Account. Always seek the advice of a qualified tax or financial professional before making a decision regarding distributions.

If you receive a single cash payment from the 401(k) Plan directly, 20% of the taxable portion will be withheld for income tax. You may subsequently elect to roll over your payment, but you must complete the rollover within 60 days of the day you received the payment. You will receive only 80% of your total distribution for rollover. You may add money (that you have from other sources, e.g., savings) to your distribution to make up the 20% that was withheld and roll over an amount equal to 100% of your benefit.

A distribution may be made directly from the 401(k) Plan to an Individual Retirement Account ("IRA") or to another qualified plan (a direct rollover). 100% of your payment will be transferred to your IRA or the plan of your new employer. The 20% tax withholding does not apply.

Distributions from the 401(k) Plan that are eligible rollover distributions and are affected by the 20% tax withholding are any of the following:

1. Any total cash distribution, including an outstanding loan
2. Disability withdrawals from the Plan
3. Earnings on voluntary employee contribution withdrawals
4. Installment payments for a period of fewer than 10 years
5. Any portion of a distribution that is greater than the required minimum distribution received after the later of age 70½ or your actual retirement (although if rolled over to an IRA, such amount would be taken into account in determining the required minimum distribution from the IRA)
6. Eligible distributions to a surviving spouse or an ex-spouse under a Qualified Domestic Relations Order (QDRO)

Distributions that are not eligible for rollover and, therefore, not subject to the 20% tax withholding are:

1. Any payment in a series of substantially equal periodic payments made over the life expectancy of the participant or joint life expectancies of the participant and beneficiary
2. Any payment in a series of substantially equal periodic payments over a period of ten years or more
3. A required minimum distribution (following the later of age 70½ or actual retirement)
4. A distribution to an alternate payee or a beneficiary who is not the spouse
5. A hardship distribution (if permitted by your employer)

If you are under age 59½, your payment may be subject to income tax and to an additional 10% penalty tax on the taxable portion of your distribution(s) (unless an exception to the 10% tax penalty applies). The plan administrator does not withhold this 10% penalty from your distributions; you should contact your own tax professional to ensure that you properly report the 10% penalty on your tax return, if applicable.

Note: If you receive your distribution as a series of substantially equal periodic payments (an annuity), there is an exception to the application of the 10% penalty. However, this exception only applies if your payment is the result of your retirement in the year you turn age 55. It does not apply if your payment is the result of quasi-retirement (if permitted by your employer) and you are under age 59½, even if you are over age 55.

Overpayments

An overpayment is made when you, your contingent annuitant, your beneficiary or an alternate payee is paid more than you or he or she is entitled to. If an overpayment of retirement benefits is made from the Plan to any of these parties, the Plan is entitled to correct or request that the overpayment is returned. This could occur by any means that are necessary to ensure that the error (overpayment) is corrected and the Plan is made whole.

You, your contingent annuitant, your beneficiaries, or an alternate payee are obligated to repay, immediately upon request by the Plan, any overpayments, plus interest and earnings from the date of the distribution through the date of the request, stemming from mistakes, errors or corrections.

In the case of annuities, the Plan is entitled to offset the overpayment or error against ongoing annuity payments to you, your contingent annuitant, beneficiary, or an alternate payee, as applicable. In the case of single cash payments, the recipient may repay the excess he or she received.

For single cash payments, if the Plan does not receive repayment, the plan administrator may take affirmative steps to collect the overpayment, plus interest and earnings, through any means at its disposal, up to and including reversal of rollovers, collections activity, or legal action, in which case the Plan shall be entitled to collection of the overpayment in full, plus attorneys' fees and costs.

PROCEDURE FOR CLAIMING BENEFITS

This section describes how you present a claim for your benefits.

Benefits will be paid to participants and beneficiaries without a formal claim when a recognized distribution event occurs. As a general rule, a claim for a benefit occurs when there is a dispute with regards to the amount of a payment. All claims for Plan benefits will be subject to a full and fair review. You may appoint a duly authorized representative to assist you at any time, if you provide written notice of such authorization. All communications under this procedure must be sent to

401(k) Pension Plan
c/o Plan Administrator
National Rural Electric Cooperative Association
4301 Wilson Boulevard
Mail Stop IFS 7-300
Arlington, VA 22203-1860

Submitting a Claim

If you feel you are entitled to a benefit you haven't received or you believe the amount of the benefit is wrong, you should submit your request for a claim review to the plan administrator in writing. You should explain the problem and include any information or documents you feel will assist in the review. Initial claims determinations are made by the plan administrator.

Claim Determination

The plan administrator will, in most circumstances, provide a decision about your claim within 90 days of receipt. If circumstances require an extension, written notice will be given to you prior to the expiration of the initial 90 day period, along with (1) an explanation of the reason(s) for the extension and (2) the date when you will be notified of decision about the claim. The plan administrator has discretion to determine whether an extension is necessary.

Claim Denial

If your claim is wholly or partially denied as a result of the claim determination process, the plan administrator will notify you with in writing of this denial within the time periods described above.

The written explanation will contain the following information:

- The specific reason or reasons for the denial
- The specific reference to the Plan provisions on which the denial is based
- A description of any additional information or material necessary to perfect your claim and an explanation of why such material or information is necessary
- A description of what steps are necessary to submit your claim for review

If you are not notified of a claim denial as discussed above, the claim will be deemed denied on the 90th day after receipt. The plan administrator determines whether a claim has been submitted or received and, if so, the date on which it was sent or received.

If you wish to challenge the claim determination, you must proceed with the claim review (appeal) procedure described below.

Claim Review (Appeal)

If your claim has been denied, either in writing or because the 90th day following receipt of your claim has passed, you may submit your claim for review. The I&FS Committee (or their duly authorized delegate other than the individual or entity who performed the initial claim determination) reviews claim appeals. The request for review must be in writing. The procedure is:

1. File the request for review no later than 90 days after you receive written notification that your claim has been denied or, if there is no written decision, the 90th day following the date the Plan received your claim. If you or your representative fail to submit a written request for appeal in a timely fashion to the correct address listed in this procedure, this will bar review of your claim denial by the I&FS Committee, as well as any judicial review.
2. Include any documents related to the denial of your claim and send any issues and comments in writing. The information you send will supplement the administrative record and should contain all the information you wish to be considered during the review, including relevant documents, records, and correspondence. In preparing your appeal, you may request a copy of pertinent documents, including claims records, that the plan administrator used to make the initial decision.
3. Your claim for review must be given a full and fair review. The I&FS Committee will evaluate claim review requests at its regularly scheduled meeting. Or, review will occur by telephone if required to meet the applicable time periods, and this telephone review shall be as effective as if the review was conducted in person. If the review period is not within normal scheduled meeting times or a meeting cannot be held without undue cost and inconvenience, the review period will automatically be extended to 120 days. Claimants and their authorized representative may request an in-person review by the I&FS Committee at their regularly scheduled meeting, provided that the I&FS Committee has the sole and exclusive authority to approve or deny such request, in its discretion.
4. The I&FS Committee's decision on appeal will be in writing and will set forth the specific reason(s) for the denial and the specific Plan provisions on which a denial is based. The I&FS Committee's decision on appeal is final.
5. Once the I&FS Committee or its delegate renders a final decision in writing, if you want the decision reviewed by a court, that review can only occur after this claims review procedure is complete and you have exhausted your administrative remedies. You must apply for judicial review of the I&FS Committee's decision within one year of the decision date. A claimant or their representative's failure to seek judicial review within one year of the date the I&FS Committee rendered its final decision bars judicial review of your claim, including the plan administrator's or the I&FS Committee's determinations.

STATEMENT OF ERISA RIGHTS

This section explains your rights under the Employee Retirement Income Security Act of 1974 (ERISA).

As a participant in the Plan described in this Summary Plan Description (SPD), you are entitled to certain rights and protections under ERISA as outlined below.

Rights to Information about your Plan and Benefits

You are entitled to examine, without charge, at the plan administrator's office and at other specified locations, such as work sites 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 Benefits Security Administration.

You are entitled to 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 require a reasonable fee for providing you with copies of these documents.

You are entitled to 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.

You are entitled to obtain a statement containing your total account balance, the value of each investment to which assets in your account have been allocated, determined as of the most recent valuation date under the plan, and an explanation of any limitations or restrictions on the your right to direct an investment. This statement must be requested in writing and is not required to be given more frequently than quarterly. The plan must provide the quarterly statements free of charge.

Duties of Plan Fiduciaries

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, the "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and their 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.

Enforcing your Rights

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 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. 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 a 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 these costs and 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.

Assistance with your Questions

If you have any questions about your 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 Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, 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 Benefits Security Administration.

AMENDMENT AND TERMINATION OF YOUR PLAN

This section discusses the rights and responsibilities of your employer if the Board of Directors elects to amend or terminate your Plan.

Your employer has the right to amend or terminate its participation in this Plan at any time.

If the Plan is amended, no amendment will permit any part of the Plan assets to be used for any purpose other than to provide benefits for participants and their beneficiaries. No amendment may cause any reduction in your account balance or cause Plan assets to be turned over to your employer.

If this Plan is terminated by your employer, your employer may make distributions to you in any manner allowed by the Plan or your employer may continue the trust. If the trust is continued, your account will continue to receive investment gains and/or losses.