

SUMMARY OF MATERIAL MODIFICATIONS RETIREMENT SECURITY PLAN

System Name: Ozark Border Electric Cooperative

RUS/Subgroup Number: 26033-003-001

Employer Identification Number: 43-0445644

This Summary of Material Modifications (SMM) describes changes to the Retirement Security Plan ("Plan") provided by your employer and supplements the Plan's Summary Plan Description ("SPD"). You should read this SMM very carefully and retain this SMM with your SPD for future reference. If you have any questions regarding this change, please see your Benefits Administrator. To the extent this SMM does not modify or clarify language or provisions of the SPD, the language and provisions in the SPD remain the same and controls.

The following changes have been made to your Plan:

I. New Survivor Benefit Equivalent

For a Participating System that has not elected the Optional Death Benefit, the survivor benefit has changed if you are receiving benefit service and die after attaining your normal retirement age, or a service-based early retirement.

If you are receiving benefit service and have reached either your Normal Retirement Age, or an Early Retirement Date based on years of service at the time of your death and have not yet started to receive your plan benefit, then the Plan will provide your surviving spouse or beneficiary with a survivor benefit that is equal to the single cash payment you would have received had you terminated on the day of your death. Alternatively, your beneficiary may elect to receive a monthly annuity that is equivalent to such single cash payment.

Please note that if you retire after reaching either your Normal Retirement Age or Early Retirement Date based on years of service, then this new survivor benefit remains available during the 90-day benefit election period following your retirement date. After that 90-day window, the Qualified Pre-retirement Spouse Annuity if you are married (50% Spouse Annuity), or Life Annuity if you are unmarried will apply. Once you have made a benefit election, then any survivor benefit will be based on that benefit election provided that all the applicable requirements are satisfied.

Participants who do not meet these criteria will receive the Qualified Pre-retirement Spouse Annuity if you are married (50% Spouse Annuity) or Life Annuity if you are unmarried as described in the SPD.

This new survivor benefit is in lieu of (and not in addition to) the Qualified Pre-Retirement Spouse Annuity or Life Annuity. There has been no change for a Participating System that has elected the Optional Death Benefit.

II. Final Average Effective Salary

For a Participating System that has elected Base Salary, the definition of Final Average Effective Salary that is used to calculate your Plan benefit has been changed from the highest five effective salaries during the last ten years of participation in which your salary was the

highest to the highest five salaries during your participation in the Plan. This change was effective for benefit payments made on or after July 1, 2017. In no case will your accrued benefit be less than the benefit accrued through July 1, 2017 using the definition of Final Average Effective Salary in effect before this change. There has been no change to the definition of Final Average Effective Salary for a Participating System that has elected Full Salary as a similar definition was already in effect for those plans.

The new definition of Final Average Effective Salary for Base Salary plans is as follows:

Your FAE is either the average of your highest five effective salaries during your participation in the Plan, or if you have participated in the Plan for fewer than five years, the average of your effective salaries for all years of participation.

An illustration of a RS Plan benefit calculation is provided below to illustrate how the definition of Final Average Effective Salary could affect your RS Plan benefit. This illustration is based on hypothetical employment history for a hypothetical employee who works for an employer that has Base Salary as its definition of compensation:

Date of Hire:	12/18/2004
Date of Participation:	01/01/2006
Date of Termination:	12/31/2018
Co-op Plan Salary Type:	Base Salary

Participant's Base salary

2006 base salary:	\$42,200 *
2007 base salary:	\$38,150
2008 base salary:	\$43,170 *
2009 base salary:	\$45,220 *
2010 base salary:	\$35,130
2011 base salary:	\$40,120
2012 base salary:	\$40,120
2013 base salary:	\$40,150 *
2014 base salary:	\$40,130 *
2015 base salary:	\$22,230
2016 base salary:	\$25,470
2017 base salary:	\$23,610
2018 base salary:	\$20,380

* These salaries are used in the final average effective salary (FAE) calculation because they are one of the five highest salaries during the employee's participation.

12/31/18 FAE: $\$210,870/5 = \$42,174$ (average of 2006, 2008, 2009, 2013, and 2014 salaries)

Plan Sponsor: National Rural Electric Cooperative Association
4301 Wilson Boulevard, Arlington, Virginia 22203-1860
Plan Sponsor's Employer Identification Number: 53-0116145
Plan Number: 333