

**RETIREMENT PLAN FOR EMPLOYEES OF LUFKIN GEARS LLC**

**SUMMARY PLAN DESCRIPTION**

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## SECTION 1 - INTRODUCTION

Your employer, Lufkin Gears LLC (the “Company”), previously adopted the Retirement Plan for Employees of Lufkin Gears LLC (the “Plan”) to provide retirement benefits for qualifying employees.

This Summary Plan Description explains the Plan as it has been amended and restated effective January 1, 2022 and terminated effective June 30, 2022.

Former employees whose employment ended before January 1, 1999, may have certain rights under the Plan. This Summary Plan Description, however, is not intended to explain the Plan as it applies to these employees.

If you are a participant in the Plan, we recommend that you take the time to read this Summary Plan Description carefully. The Plan includes several options from which you may select in your retirement planning. These options will affect such things as when and how your benefits are paid. In order to make full use of these options, it is important that you fully understand them.

The Plan provides for benefit payments to your spouse or beneficiary under certain conditions. You should understand the conditions and the steps you must take to become eligible for such benefits. Since you can change your beneficiary, you should be sure that the Administrative Committee is kept up to date with your choice of beneficiary.

Your retirement benefits can only be paid to you if you can be located. Therefore, be sure Baker Hughes US Retirement Benefits always has your current address. Also, you should read your legal rights set forth in Section 17.

Copies of the Plan document are available for your inspection and you are encouraged to examine them at the office of Lufkin Gears LLC. If you have any questions after reading this Summary Plan Description or if you would like to discuss the details further, Baker Hughes US Retirement Benefits or the Administrative Committee will be glad to help you.

**Note that this Summary Plan Description is only a summary of the Retirement Plan for Employees of Lufkin Gears LLC. Complete details of the Plan are contained in the legal plan document which sets forth the actual terms of the Plan. If there is any difference between the information in this Summary Plan Description and in the legal plan document, the legal plan document will govern.**

## SECTION 2 - PLAN ADMINISTRATION

**Sponsor:** Lufkin Gears LLC  
P.O. Box 4740  
Houston, TX 77210-4740

**Plan Administrator:** Lufkin Gears LLC  
P.O. Box 4740  
Houston, TX 77210-4740

**Plan Name:** Retirement Plan for Employees of Lufkin Gears LLC

**Identification Numbers:** Employer Number: 75-0404410  
Plan Number: 001

**Plan Trustee/Co-Trustees:** Baker Hughes Incorporated Master Trust  
Northern Trust  
50 South La Salle Street  
Chicago, IL 60603

**Type of Plan:** Defined Benefit Pension Plan

**Type of Administration:** Employer Administered

**Agent for Legal Process:** Service of legal process should be made on the Plan Administrator at the address shown above. Service of legal process may also be made upon the Plan Trustee at the address shown above.

**Plan's Fiscal Year End:** December 31

Note that in connection with the termination of the Plan a group annuity contract will be purchased. Under the group annuity contract a selected insurance company will assume liability and responsibility for Plan benefits that have not been paid in a lump sum under a window opportunity discussed below. After the purchase of the group annuity contract your remaining Plan benefit will be paid and administered by the selected insurance company. You will be provided further notices and a welcome package after the insurance company has been selected.

## SECTION 3 - HOW THE PLAN WORKS

### Normal Retirement Benefit

The Normal Retirement Benefit is payable to each Participant of the Plan who terminates employment with the Employer on or after age 65 (or the fifth anniversary of the date of commencement of Vesting Service, if later, but no later than age 70) (the “Normal Retirement Age”). See Section 6 for details.

### Postponed Retirement Benefit

You may continue to work after your Normal Retirement Date. The date you terminate employment will be your Postponed Retirement Date. See Section 6 for details.

### Early Retirement Benefit

Early Retirement Benefits are payable to an eligible Participant who elects an early retirement benefit that commences immediately upon his or her “Early Retirement Date”. Early retirement benefits are available to participants who terminate employment on or after the first day of the month coincident with or next following the date they:

- both attained age 55 prior to Termination of Employment and completed 30 years of Credited Service, or
- both attained age 62 prior to Termination of Employment and completed 15 years of Credited Service.

This date is the Participant’s “Early Retirement Date”.

The Early Retirement Benefit is the Participant’s Normal Retirement Benefit reduced for early commencement as set forth below.

#### ■ Reduced Benefit:

- For participants who meet the 30 years of Credited Service requirement, the benefit is unreduced at age 62. For commencement prior to age 62, the benefit is reduced by one-sixth of one percent (1/6%) for each complete month by which the Participant’s Early Retirement Date precedes age 62.
- For participants who meet the age 62 and 15 years of Credited Service requirement, the benefit is reduced by one-sixth of one percent (1/6%) for each of the first 36 months and one-third of one percent (1/3%) for each month, if any, in excess of 36 months by which the Participant’s Early Retirement Date precedes the Normal Retirement Date.

Note that if the participant does not elect an early retirement benefit that commences immediately upon his or her Termination of Employment, as a technical matter, the benefit payable to the participant will be provided under the “deferred vested” provisions of the Plan. In any event, for participants who meet the age and service requirements for early retirement, the value of the early retirement benefit as of the participant’s date of Termination of Employment is preserved. The

benefit as of their Early Retirement Date, with the early retirement factor determined as of such date, is actuarially increased to their final commencement date if commencement is deferred beyond their Early Retirement Date.

This deferred vested benefit is discussed under the Vested Termination Benefit provisions in Section 8 below.

### **Disability Benefit**

A Disability Benefit is provided to all Participants who (i) become totally disabled while employed by the Employer prior to their Normal Retirement Date, (ii) have completed 10 years of Vesting Service as of their date of disability and (iii) terminate employment on or before June 30, 2022. See Section 6 for details.

### **Termination of Employment**

Termination of Employment means a Participant's termination of employment with the Company or any other Employer *without* commencing or continuing employment with any Affiliate of the Company. An Affiliate is any entity that is required to be treated as a single employer together with the Company under section 414 of the Code.

The termination of the Plan and the purchase of a group annuity contract in connection with the termination of the Plan will not be a Termination of Employment.

An Employee who incurs a Termination of Employment prior to age 65 but after earning a nonforfeitable interest in his Plan benefits is eligible to receive a deferred retirement benefit. See Section 8 for details.

### **Death Benefit in Service**

Generally, a death benefit is payable to the beneficiary of a Participant who dies while still in the employ of the Employer provided the Participant is either (i) age 50 or (ii) has completed 5 years of Vesting Service. Special Qualified Preretirement Survivor Annuity rules apply for a married Participant. See Section 10 for details.

### **Cost**

The Employer pays the entire cost of the Plan. Each year the Employer contributes an amount to the trust fund, if required, based on information furnished by an independent actuary. Employees are not required or permitted to contribute to the Plan (there are no employee contributions).

## SECTION 4 - SPECIAL TERMS - WHAT THEY MEAN

**It is important to understand the following terms that are used throughout this Summary Plan Description.**

### **Accrued Benefit**

The Accrued Benefit (i.e., your retirement benefit based upon your qualifying pay and employment) is equal to:

**For a Salaried Employee:** The benefit determined assuming your employment continued uninterrupted until your Normal Retirement Date but using your Final Average Monthly Compensation and Social Security Primary Monthly Insurance Amount determined through the earlier of your Termination of Employment or December 31, 2018 (a Salaried Employee's applicable Freeze Date). This amount is then multiplied by a fraction, the numerator of which equals your years of Credited Service under the Plan and the denominator of which is the total possible years of credited service at your Normal Retirement Date. (See Section 7.)

**For an Hourly-Wage Employee:** The Dollar Benefit Accrual Rate times your years of Credited Service through your applicable Freeze Date (December 31, 2014, in the case of Bargaining Employees and December 31, 2018, in the case of Non-Bargaining Hourly-Wage Employee Participants).

Subject to certain continued credit for purposes of early retirement eligibility and early retirement reduction factors, there shall be no further accruals of benefits for a Participant after the applicable Freeze Date.

### **Administrative Committee**

Administrative Committee means the Baker Hughes Company Administrative Committee.

The Administrative Committee has the exclusive right, power and authority, in its sole and absolute discretion, to administer and interpret the Plan and other Plan documents. The Administrative Committee has all powers reasonably necessary to carry out its responsibilities under the Plan including (but not limited to) the sole and absolute discretionary authority to:

- Administer the Plan according to its terms and to interpret the Plan policies and procedures;
- Resolve and clarify inconsistencies, ambiguities and omissions in the Plan document and among and between the Plan document and other related documents;
- Take all actions and make all decisions regarding questions of coverage, eligibility and entitlement to benefits, and benefit amounts; and
- Process and approve or deny all claims for benefits.

The decision of the Administrative Committee on any disputes arising under the Plan, including (but not limited to) questions of construction, interpretation and administration shall be final, conclusive and binding on all persons having an interest in or under the Plan. Any determination made by the Administrative Committee shall be given deference in the event the determination is subject to arbitration or judicial review and shall be overturned by an arbitrator or court of law only if it is arbitrary and capricious.

Following the purchase of a group annuity contract incident to the termination of the Plan, the insurance company issuing the group annuity contract (and not the Administrative Committee) will be responsible for the administration of your Plan benefit. After the purchase of the group annuity contract you should contact the insurance company (and not the Administrative Committee) for any questions about your Plan benefit.

### **Break in Service**

A Break in Service occurs when you incur a Termination of Employment, then are reemployed by the Employer and your period of termination lasts 12 consecutive months or more. Any leave of absence approved by the Employer will not cause a Break in Service provided you return to work on or before the date your approved leave ends. If you do not return to the Employer at the end of an approved leave, you will be considered to have severed service as of the earliest of:

- (a) the date on which your leave expired;
- (b) the first anniversary of the date your leave began; or
- (c) the date of your retirement, discharge, resignation, or death or other Termination of Employment.

A leave of absence for qualified military duty will not cause a Break in Service as long as you return to work while you have reemployment rights under the law.

In determining the length of your Break in Service for the above purposes, you should exclude up to the first two years of any absence that is due to maternity or paternity leaves. (Note: You may be required to provide proof of these absences.)

If you were reemployed after you became a Participant, and prior to the applicable Freeze Date, you were eligible to resume participation upon reemployment.

If you are reemployed after a one-year Break in Service, you will not lose credit for your prior Credited and Vesting Service if you were entitled to any vested benefits prior to reemployment. If you were not entitled to any vested benefits, you will lose credit for prior Credited and Vesting Service if the number of your consecutive Breaks in Service equal or exceed the greater of (1) five or (2) your Vesting Service before your Break in Service began.

## **Compensation**

Compensation means your earnings from the Employer for services rendered during the calendar year. Compensation shall mean the sum of:

1. Amounts that receive special tax treatment because they were deferred under the Company's 401(k) plan, Section 132(f)(4) (qualified transportation fringes) or Section 125 plan;
2. Any benefit payment due to injury or occupational disease causing disability for which the Employer is liable due to Worker's Compensation;
3. Compensation as defined below:
  - For years prior to January 1, 1972, Compensation means earnings actually paid to you, exclusive of bonuses, overtime pay, expense allowances and all other forms of extraordinary compensation.
  - For years on or after January 1, 1972, and before March 1, 1998, Compensation means earnings reported on your federal income tax withholding statement (Form W-2), exclusive of expense allowances and any form of compensation which would not be taxable as F.I.C.A. wages without regard to the dollar limitation, but limited to \$160,000 per year.
  - For years on or after March 1, 1998, Compensation means earnings reported on your federal income tax withholding statement (Form W-2) exclusive of expense reimbursements and any form of compensation which would not be taxable as F.I.C.A. wages without regard to the dollar limitation, automobile allowances, foreign service premiums, relocation benefits, and income from the exercise of stock options, but limited to \$200,000 per year. The \$200,000 compensation limit is to be adjusted annually for cost-of-living increases as directed by the Internal Revenue Service.

No Compensation shall be taken into account for benefit accrual purposes after the applicable Freeze Date.

## **Credited Service ("CS")**

Credited Service is used to calculate the amount of your benefit and to determine your eligibility for early retirement. Generally speaking, Credited Service is the number of years and completed months from your original date of hire to your date of termination or retirement, adjusted for certain periods of absence from the Employer. However, for purposes of calculating the amount of your benefit, your Credited Service is "frozen" as of December 31, 2018 if you are a Salaried Employee Participant or a Non-Bargaining Hourly-Wage Employee Participant and as of December 31, 2014 if you are a Bargaining Employee Participant.

For purposes of determining your eligibility for early retirement, Credited Service continues to grow with service after the respective benefit accrual freeze dates. Additionally, for calendar months after December 31, 2018 (and solely for purposes of determining early retirement

eligibility), any approved leave of absence will be included as Credited Service regardless of whether it is a paid or nonpaid leave.

You will not be credited with Credited Service for benefit accrual purposes for periods during which you were employed by an affiliate of the Employer that has not adopted the Plan.

### **Dollar Benefit Accrual Rate**

Dollar Benefit Accrual Rate is the amount specified in the following schedule based upon the Hourly-Wage Employee Participant's actual date of retirement or Termination of Employment:

Date of Retirement or Termination of Employment	Dollar Benefit Accrual Rate
On or after October 4, 1988 and prior to October 4, 1989	\$15.50
On or after October 4, 1989 and prior to October 1, 1990	\$16.00
On or after October 1, 1990 and prior to October 1, 1991	\$17.00
On or after October 1, 1991 and prior to October 1, 1992	\$17.75
On or after October 1, 1992 and prior to October 4, 1993	\$18.25
On or after October 4, 1993 and prior to October 3, 1994	\$19.25
On or after October 3, 1994 and prior to October 2, 1995	\$20.00
On or after October 2, 1995 and prior to October 7, 1996	\$20.50
On or after October 7, 1996 and prior to October 6, 1997	\$21.50
On or after October 6, 1997 and prior to October 5, 1998	\$22.50
On or after October 5, 1998 and prior to October 4, 1999	\$23.50
On or after October 4, 1999 and prior to October 2, 2000	\$24.25
On or after October 2, 2000 and prior to October 1, 2001	\$25.00
On or after October 1, 2001 and prior to October 7, 2002	\$25.75
On or after October 7, 2002 and prior to October 6, 2003	\$27.00
On or after October 6, 2003 and prior to October 4, 2004	\$28.00

Date of Retirement or Termination of Employment	Dollar Benefit Accrual Rate
On or after October 4, 2004 and prior to October 3, 2005	\$28.75
On or after October 3, 2005 and prior to October 2, 2006	\$29.75
On or after October 2, 2006 and prior to October 1, 2007	\$30.75
On or after October 1, 2007 and prior to October 13, 2008	\$31.75
On or after October 13, 2008 and prior to October 5, 2009	\$33.75
On or after October 5, 2009	\$34.75

### **Eligibility Service**

Prior to your applicable Freeze Date, you received a year of Eligibility Service for each Eligibility Computation Period in which you completed 1,000 or more Hours of Service. “Eligibility Computation Period” means the 12-month period beginning on your date of hire. If you do not complete 1,000 Hours of Service in the initial Eligibility Computation Period, the Eligibility Computation Period will become the 12-month period beginning on the first day of each Plan Year (January 1 to December 31), starting with the Plan Year in which the first anniversary of your date of hire occurs.

### **Employee**

You are considered an Employee if you are:

- on the payroll of the Employer and your wages are subject to withholding for purposes of Federal income tax and for the purposes of the Federal Insurance Contributions Act; or
- in the service of Lufkin Machine Company, Ltd., Edmonton, Canada, a Canadian corporation, and you are a United States citizen.

However, you will NOT be considered an Employee if you are:

- a leased employee;
- covered by a collective bargaining agreement and such agreement does not provide that you are eligible to be a participant in the Plan;
- a nonresident alien and you receive NO earned income from the Company from sources within the United States;

- employed at a division or branch that is acquired by or merged into the Employer, unless the Employer provides that you are eligible for participation in the Plan.

### **Employer**

The term “Employer” means Lufkin Gears LLC.

### **Salaried Employee**

You are considered a Salaried Employee if you are paid on a salaried basis. You are also considered a Salaried Employee during the period October 1, 1977, to December 31, 1999, if you were paid on an hourly-wage basis but were NOT covered by a collective bargaining agreement between employee representatives and Lufkin Gears, Inc. during the period October 1, 1977, and December 31, 1999.

### **Bargaining Employee**

You are a Bargaining Employee if you are covered by a collective bargaining agreement that your Employer has entered into with your union.

### **Hourly-Wage Employee**

You are considered an Hourly-Wage Employee if you are paid on an hourly-wage basis.

### **Non-Bargaining Hourly-Wage Employee**

You are considered a Non-Bargaining Hourly-Wage Employee if you are an Hourly-Wage Employee who is not a Bargaining Employee.

### **Final Average Monthly Compensation (for Salaried Employees) (“FAMC”)**

Your Final Average Monthly Compensation is used to determine the amount of your Plan benefit if you are a Salaried Employee. It will usually be equal to the monthly average of your consecutive years’ Compensation from the Employer during the last five consecutive calendar years preceding the calendar year in which you retire from, or terminate your employment with, the Employer.

Effective December 31, 2018, Salaried Employees stopped accruing additional benefits under the Plan. As a result, Compensation that a Salaried Employee earns for periods after December 31, 2018 will not be counted toward the Salaried Employee’s FAMC. If your Final Average Monthly Compensation from the Company for any five consecutive calendar years out of the last 10 consecutive calendar years ending on December 31, 2018 is larger than your average for the last five calendar years ending on December 31, 2018, the larger average will be used.

Your Final Average Monthly Compensation is determined by adding your Compensation during the applicable period and then dividing the total by the number of months in such period that you received the Compensation.

**Example of Final Average Monthly Compensation**

Calendar Year	Number of Completed Calendar Months During Year	Compensation During Highest Consecutive Years
2004	6	\$14,000
2005	12	29,000
2006	12	30,000
2007	12	<b>31,000</b>
2008	12	<b>32,000</b>
2009	12	<b>33,000</b>
2010	12	<b>34,000</b>
2011	12	<b>35,000</b>
2012	12	29,000
2013	12	31,000

During the 10 calendar years from 2004 through 2013, your Compensation was the highest for the five consecutive calendar years from January 1, 2007, through December 31, 2011, and totaled \$165,000.

Total Compensation During Highest Five Consecutive Calendar Years	Total Number of Completed Calendar Months	Your Final Average Monthly Compensation
\$165,000	divided by 60 months	equals \$2,750

**Freeze Date**

Freeze Date means, in the case of Bargaining Employees, December 31, 2014; and in the case of Salaried Employee Participants and Non-Bargaining Hourly-Wage Employee Participants, December 31, 2018.

**Hour of Service**

Hour of Service means each hour for which you are paid or entitled to payment by the Employer.

**Participant**

You become a Participant of the Plan on the date you become eligible to enter the Plan as explained in Section 5 of this Summary Plan Description.

**PCS**

PCS means projected credited service, which is the Credited Service you would accrue on your Normal Retirement Date if you continued in full-time service of the Employer until your Normal Retirement Date. If you are actively employed on December 31, 2018, your PCS will be projected from December 31, 2018 to your Normal Retirement Date assuming continued employment during

the projection period. Any subsequent employment events after December 31, 2018 will not affect the determination of your PCS.

### **Plan Year**

The Plan Year is the calendar year period beginning on January 1 and ending on December 31.

### **QDRO**

A QDRO is a qualified domestic relations order, as discussed in Section 14.

### **Required Beginning Date**

Your Required Beginning Date (RBD) is determined in accordance with section 401(a)(9) of the Code and is generally as follows:

- If the Participant attains age 70.5 on or before December 31, 2021, the RBD is April 1st following the later of the calendar year in which the Participant attains age 70.5 or the calendar year in which the Participant incurs a Termination of Employment.
- If the Participant attains age 70.5 after December 31, 2021, and prior to January 1, 2023, the RBD is April 1st following the later of the calendar year in which the participant attains age 72 or the calendar year in which the Participant incurs a Termination of Employment.
- If the Participant attains age 72 after December 31, 2022, and age 73 prior to January 1, 2033, the RBD is April 1st following the later of the calendar year in which the Participant attains age 73 or the calendar year in which the Participant incurs a Termination of Employment.
- If the Participant attains age 74 after December 31, 2032, the RBD is April 1st following the later of the calendar year in which the Participant attains age 75 or the calendar year in which the Participant incurs a Termination of Employment.

Special RBD rules apply in the event of your death.

### **Social Security Monthly Primary Insurance Amount (“PIA”)**

***Automatic Method:*** Your Social Security Monthly Primary Insurance Amount is a part of your Plan’s monthly benefit formula if you are a Salaried Employee Participant and is used to calculate the amount of your monthly benefit. It is based on the law in effect on January 1, 1970.

The Plan uses an estimated Social Security Monthly Primary Insurance Amount to determine the offset under the Plan. Because the calculation of your actual Social Security Monthly Primary Insurance Amount is very involved and time consuming, the Plan typically uses the most recent compensation history to determine the estimated Social Security Monthly Primary Insurance Amount. For years prior to the time you end your employment, your compensation is calculated assuming that all prior salary increases were equal to the change in the national average wage index under Social Security. If you are less than age 65 when you retire or leave the Company, this amount is determined as if you had continued to work to age 65, at your last regular rate of compensation.

This method has proved to be a reasonable estimate of Social Security Monthly Primary Insurance Amounts and is usually accurate if you have had a full, regular career. However, this method may overstate the estimated Social Security Monthly Primary Insurance Amount if you have had a period of years during which you had little or no earnings covered by Social Security or if your earnings increased at a rate faster than the national average wage index.

***Alternate Method:*** If you wish, you may request that your actual Social Security earnings be used in determining your Social Security Monthly Primary Insurance Amount. This may help you if your actual earnings produce a lower Social Security Monthly Primary Insurance Amount than the estimate used by the Plan.

If your actual earnings produce a higher Social Security Monthly Primary Insurance amount than the amount estimated by the Plan, your Plan benefit will be lower. Benefit formulas are described in Section 6.

To request your earnings history, you must complete a form called “Request for Earnings and Benefit Estimate Statement” (Form SSA-7004-SM) at your local Social Security office.

Processing your request can take as long as six months, so it’s important to send the completed form to Social Security as soon as possible before you retire.

Once you receive your actual earnings history from Social Security, you may request that it be used in determining your Plan benefit. To do so, you must send a request in writing (along with the appropriate documents) to the Administrative Committee. You must submit the form within 180 days after your service terminates (or, if later, within 180 days after you receive official notice of your right to submit your actual compensation history.)

If you have any questions concerning the calculation of your Social Security Monthly Primary Insurance Amount under the Plan, the Administrative Committee will be glad to help you.

### **Vesting Service**

Vesting Service is used to determine if you are eligible for a benefit should you incur a Termination of Employment and will not necessarily be the same as your Credited Service. Vesting Service generally means your total period of service to the Employer and all Affialites in years and days from your last date of hire until your date of termination. Up to the first 12 months of any leave of absence is included as Vesting Service. The portion of any absence that exceeds 12 months is not included in your Vesting Service unless it was included in your Credited Service.

If you incur a Termination of Employment and are later reemployed, you may or may not lose the Vesting Service you had when you left. See Section 13 for your rights upon reemployment.

Effective January 1, 1989, the Pension Plan of Sargent Oil Well Equipment Division of Dover Resources, Inc. (also known as the “Sargent Superseded Plan”) was merged into the Plan. If you participated in the Sargent Superseded Plan, then your Vesting Service includes “years of service” you had accrued as of December 31, 1988 under the provisions of the Sargent Superseded Plan.

## SECTION 5 - BECOMING A PARTICIPANT OF THE PLAN

### Eligible Employees

Prior to the applicable Freeze Date, you were eligible to become a Participant of the Plan if you are an Employee of the Employer and satisfied all requirements of participation as noted below. However, you were not eligible if you were (1) a leased employee, (2) covered by a collective bargaining agreement and such agreement did not provide that you were eligible to be a Participant of the Plan, (3) a non-resident alien who received no earned income from the Employer from sources within the United States.

Please note that if you were employed in connection with a branch or division acquired by the Company, you may not have been covered under the Plan. Check with the Administrative Committee to see if your branch or division was covered under the Plan.

### Becoming a Participant

Eligible Employees could become Participants after completing a year of Eligibility Service without incurring a Break in Service. However, if you were hired after December 31, 2011 you could not become a Participant of the Plan. If you were hired on or before December 31, 2011 and did not satisfy all requirements for participation by December 31, 2011, you could become a Participant of the Plan only if (a) you were an Employee for the Employer on December 31, 2011 and (b) you remained an Employee of the Employer until you satisfied all requirements of participation.

Participation began automatically once all of the requirements were met. You were not required to take any action in order to participate.

### Change in Status

If you were not an Eligible Employee when you were hired but later became an Eligible Employee, you became a Participant of the Plan if you completed a year of Eligibility Service without incurring a Break in Service; provided, however, that you must have been an Employee of the Employer on December 31, 2011 and remained an Employee of the Employer after such date until becoming a Participant. A Participant who became an ineligible employee stopped earning benefits under the Plan during the period of ineligibility.

### Transfers While Employed

**Transfers Between Hourly-Wage and Salaried Status:** If you transferred from (1) Hourly-Wage Employee status to Salaried Employee status or (2) from Salaried Employee status to Hourly-Wage Employee status, special provisions applied to the calculation of your monthly income under the Plan. The time you worked under both Salaried Employee status and Hourly-Wage Employee status counted toward your Vesting Service, as well as the service requirement for eligibility purposes. However, only the time you worked as an Hourly-Wage Employee counted toward your Credited Service for your benefit as an Hourly-Wage Employee, **and** only

the time you worked as a Salaried Employee counted toward your Credited Service for your benefit as a Salaried Employee (applied as described below). Your Plan benefits will be calculated under each of the formulas that apply while you were either a Salaried Employee or an Hourly-Wage Employee. Generally, the rules are:

- **Transfer from Salaried Employee to Hourly-Wage Employee:** You will be eligible for a Plan benefit that equals the Salaried Employee vested Accrued Benefit you have earned to your date of transfer to Hourly-Wage Employee status, **plus** any Hourly-Wage Employee vested Accrued Benefit you have earned from your date of transfer from Salaried Employee status. If you are not 100% vested on your date of transfer, your Hourly-Wage Employee service will count toward your Vesting Service.
- **Transfer from Hourly-Wage Employee to Salaried Employee:** You will be eligible for a Plan benefit that equals the Hourly-Wage Employee vested Accrued Benefit you have earned to your date of transfer to a Salaried Employee status, **plus** any Salaried Employee vested Accrued Benefit you would have earned taking into account your Total Credited Service (i.e., Credited Service accrued while an Hourly-Wage Employee or a Salaried Employee) multiplied by the percentage of your Total Credited Service attributable to your Salaried Employee service (Credited Service earned as a Salaried Employee divided by Total Credited Service).

However, your total benefit from both Hourly-Wage Employee and Salaried Employee service will not be less than the Salaried Employee vested Accrued Benefit you would have earned as if you had initially been employed on the date you transferred to the status of a Salaried Employee.

If you are not 100% vested on your date of transfer, your Salaried Employee service will count toward your Vesting Service.



**Generally, Formula B will apply because it provides the greatest benefit for most Salaried Employee Participants.**

**B. For Hourly-Wage Employees:** The Dollar Benefit Accrual Rate in effect on your date of retirement multiplied by your Credited Service.

However, if you were a participant in the Retirement Plan for Hourly-Wage Employees of Lufkin Industries, Inc. (the “Hourly Plan”) during the 1989 plan year and have Credited Service earned before January 1, 1990, then special provisions for a “Preserved Hourly Formula” apply. Please contact the Administrative Committee for information regarding the Preserved Hourly Formula if it applies to you.

**C. Examples of Normal Retirement Benefit**

*Example for a Salaried Employee:*

Suppose you retire with 35 years of Credited Service. Also assume your Final Average Monthly Compensation is \$3,500, your Credited Service at January 1, 1991 is 10 years, and your estimated Social Security Monthly Primary Insurance Amount based on the Social Security Law in effect on January 1, 1970 is \$250.70. Your Normal Retirement Benefit would be determined as follows:

Formula A:	0.005 x	\$3,500	=	\$17.50
		(FAMC)		
	plus			
	0.005 x	(\$3,500 -	\$400)=	\$15.50
		(FAMC)		(B)
	Subtotal =	\$17.50 +	\$15.50 =	\$33.00
		(A)	(B)	
	Total =	\$33.00 x	35 =	\$1,155
		(Subtotal)	(CS)	

Formula B:	0.018333 x	\$3,500 x	30 =	\$1,925.10
		(FAMC)	((CS) up to 30 years)	(A)
	0.666667 x	\$250.70	=	\$167.13
		(PIA)		(B)
	Total =	\$1,925.10 -	\$167.13	\$1,757.97
		(A)	(B)	

Formula C:	\$17.00 x	10 =	\$170.00
		(CS at January 1, 1991)	

Greatest of Formula A, B, & C = \$1,757.97 (Formula B)

**Generally, Formula B will apply because it provides the greatest benefit for most Participants.**

Case #1 - **If you are not married when you retire** and do not choose another method of benefit payment, your regular form of payment is the “Life Only” benefit. Your monthly Normal Retirement Benefit (as calculated under the above example) payable for life only would be \$1,757.97 from the Plan. In addition, you may also be entitled to receive benefits from Social Security.

Case #2 - **If you are married when you retire** and do not choose another method of benefit payment with your spouse’s consent, your monthly Normal Retirement Benefit would be payable under the Qualified Joint and 50% Survivor Annuity. Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live. If your joint pensioner is still living at the time of your death, 50% of the monthly income that you were receiving will be paid to your joint pensioner for as long as he or she lives. Because this form of payment will usually result in benefit payments being paid over a longer period of time than under the Life Only benefit, the amount of your monthly benefit payment is adjusted. Your life only benefit would be modified using the Qualified Joint and 50% Survivor Annuity Benefit Factor as shown in Table 1 in the Appendix. Let us assume a factor of 90% in our example:

<b>Your Monthly Life Only Benefit</b>	<b>Qualified Joint and 50% Survivor Annuity Benefit Factor</b>	<b>Your Monthly Age 65 Qualified Joint and 50% Survivor Benefit</b>
<b>\$1,757.97</b>	X	<b>.90</b>
	=	<b>\$1,582.17</b>

You would receive \$1,582.17 per month for the rest of your life. In addition, you may also be entitled to receive benefits from Social Security. After your death, if your spouse is still living, 50% of the monthly benefit payable from the Plan, or **\$791.09**, would be payable to your spouse for life (plus any additional amount that may be payable from Social Security).

*Example for an Hourly-Wage Employee:*

Suppose you retire January 1, 2014, with 30 years of Credited Service. Your Normal Retirement Benefit would be determined as follows:

$$\$34.75 \times 30 = \$1,042.50$$

Case #1 - **If you are not married when you retire** and do not choose another method of benefit payment, your regular form of payment is the “Life Only” benefit. Your monthly Normal Retirement Benefit (as calculated under the above example) payable for life only would be \$1,042.50 from the Plan. In addition, you may also be entitled to receive benefits from Social Security.

Case #2 - **If you are married when you retire** and do not choose another method of benefit payment with your spouse’s consent, your monthly Normal Retirement Benefit would be payable under the Qualified Joint and 50% Survivor Annuity. Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live. If your joint pensioner is still

living at the time of your death, 50% of the monthly income that you were receiving will be paid to your joint pensioner as long as he or she lives. Because this form of payment will usually result in benefit payments being paid over a longer period of time than under the Life Only benefit, the amount of your monthly benefit payment is adjusted. Your life only benefit would be modified using the Qualified Joint and 50% Survivor Annuity Benefit Factor as shown in Table I in the Appendix. Let us assume a factor of 90% in our example:

<b>Your Monthly Life Only Benefit</b>	<b>Qualified Joint and 50% Survivor Annuity Benefit Factor</b>	<b>Your Monthly Age 65 Qualified Joint and 50% Survivor Benefit</b>
\$1,042.50	X	.90
	=	\$938.25

You would receive \$938.25 per month for the rest of your life. In addition, you may also be entitled to receive benefits from Social Security. After your death, if your spouse is still living, 50% of the monthly benefit payable from the Plan, or **\$469.12** would be payable to your spouse for life (plus any additional amount that may be payable from Social Security).

### **Postponed Retirement**

If you continue working past your Normal Retirement Date, your Postponed Retirement Benefit is calculated using your Credited Service and Final Average Monthly Compensation (if applicable) as of the earlier of your Postponed Retirement Date or the applicable Freeze Date. Your monthly payments may be larger than at normal retirement due to any additional Credited Service you earn prior to the applicable Freeze Date, and if you are a Salaried Employee, any pay increases that impact your Final Average Monthly Compensation at your actual retirement date or prior to December 31, 2018.

Your monthly Postponed Retirement Benefit will not be less than the value of the monthly Normal Retirement Benefit you would have received if you had retired on your Normal Retirement Date accumulated with interest to your Postponed Retirement Date.

### **Early Retirement**

Your “Early Retirement Eligibility Date” is the first day of the month coincident or next following the date you retire from service prior to your Normal Retirement Date and on or after the date as of which you have either: (1) attained age 55 prior to your Termination of Employment and completed 30 years of Credited Service or (2) attained age 62 prior to your Termination of Employment and completed 15 years of Credited Service. Service after the applicable Freeze Date continues to count towards Credited Service for purposes of determining your Early Retirement Eligibility Date.

### **Early Retirement Benefit**

If you elect to receive your Early Retirement Benefit immediately on your Early Retirement Date, your Early Retirement Benefit will be calculated in a similar manner as your Accrued Benefit is

calculated. **However, the amount calculated is reduced for early commencement of benefit payments unless you have met the following requirements to qualify for an unreduced early retirement benefit:**

- **Attained age 62 and completed 30 years of Credited Service**

*Note that the Early Retirement Reduction Factors and Actuarial Reduction Factors are not impacted by the Plan freeze.*

**A. For Salaried Employees:**

The amount of your Early Retirement Benefit is determined by the greatest of the following Formula A, Formula B, or Formula C:

Formula A: (a) 0.005 times your Final Average Monthly Compensation (FAMC)  
(for Salaried Employees) Plus  
(b) 0.005 times your Final Average Monthly Compensation (FAMC) that is in excess of \$400  
Multiplied by  
(c) your Credited Service (CS)  
Multiplied by  
(d) Early Retirement Reduction Factor from Table II or Table III (in the Appendix)

*{Formulas B and C are presented on the following page}*

**Early Retirement Benefit (continued)**

Formula B: (1a) 0.018333 of your Final Average Monthly Compensation (FAMC) (for Salaried Employees) multiplied by your projected credited service (PCS) as of your Normal Retirement Date up to 30 years

multiplied by

(1b) your Credited Service (CS) divided by your projected credited service (PCS) as of your Normal Retirement Date

multiplied by

(1c) Early Retirement Reduction Factor

Less

(2a) 0.666667 times your estimated monthly Social Security Monthly Primary Insurance Amount based on the Social Security Law in effect on January 1, 1970 (PIA)

multiplied by

(2b) your Credited Service (CS) divided by your projected credited service (PCS) as of your Normal Retirement Date

multiplied by

(2c) Actuarial Reduction Factor

Formula C: (a) \$17 multiplied by your Credited Service (CS) as of January 1, 1991 (for Salaried Employees) multiplied by

(b) Early Retirement Reduction Factor

***Generally, Formula B will apply because it provides the greatest benefit for most Participants.***

**B. For Hourly-Wage Employees:**

The amount of your Early Retirement Benefit is determined by:

(a) Dollar Benefit Accrual Rate as of your date of early retirement

multiplied by

- (b) your Credited Service (CS)
- multiplied by
- (c) Early Retirement Reduction Factor

Note that if the participant does not elect an early retirement benefit that commences immediately upon his or her Termination of Employment, as a technical matter, the benefit payable to the participant will be provided under the “deferred vested” provisions of the Plan. In any event, for participants who meet the age and service requirements for early retirement, the value of the early retirement benefit as of the participant’s date of termination is preserved. The benefit as of their Early Retirement Date, with the early retirement factor determined as of such date, is actuarially increased to their final commencement date if commencement is deferred beyond their Early Retirement Date. This deferred vested benefit is discussed under the Vested Termination Benefit provisions in Section 8 below.

### **Disability Retirement**

If you become totally and permanently disabled while you were actively employed by the Employer, you incurred a Termination of Employment on or prior to June 30, 2022 and you had completed at least 10 years of Vesting Service, you may have been eligible to apply for a Disability Retirement. Service after the Freeze Date continued to count towards Vesting Service.

Generally, for purposes of the Plan “totally and permanently disabled” means you are receiving disability benefits under the Social Security Act.

**Disability Retirement Benefit:** If your employment ended on or prior to June 30, 2022 as a result of your being totally and permanently disabled, you will be eligible to receive a Disability Retirement Benefit payable as of the earlier of (a) the date as of which you have been disabled for three months or (b) your Normal Retirement Date. However, your payments will not commence before you have terminated due to disability or before you have applied for disability retirement. You may be required to provide proof of continued disability after payment of your Disability Retirement Benefit begins. If the Social Security Administration determines, at any time prior to your Normal Retirement Date, that you are no longer eligible to receive disability benefits under the Social Security Act because you have recovered, your Disability Retirement Benefit will be discontinued.

**Please note that you will not be eligible for a disability retirement pension under the Plan if your Termination of Employment by reason of your total and permanent disability occurs after the effective date of the termination of the Plan, June 30, 2022.** Additionally, you will not be eligible for a disability retirement pension if you are eligible for an early retirement benefit and such early retirement benefit would be greater than the disability pension.

**A. For Salaried Employees:**

The disability benefit is equal to a 10 Years Certain and Life income provided by the greater of (1) or (2) shown below:

- (1) Your Accrued Benefit as of your date of termination due to disability.
- (2) .018333 times your Final Average Monthly Compensation (FAMC)
- multiplied by
- Your projected years of credited service (PCS) at Normal Retirement Date, up to 30 years
- multiplied by
- Your Credited Service (CS) at date of termination due to disability
- divided by
- Your projected years of credited Service (PCS) at Normal Retirement Date
- minus
- 64% of any estimated disability benefit you (and not your spouse or other dependents) are entitled to receive under the Social Security Act based on the law in effect in 1961.

**B. For Hourly-Wage Employees:**

The disability benefit is equal to a 10 Years Certain and Life income equal to:

- Your Accrued Benefit as of your date of termination due to disability.

If you are eligible for early retirement at your date of disability, your monthly Disability Retirement Benefit will not be less than your monthly Early Retirement Benefit you are eligible to receive at your date of disability.

If you remain disabled until your Normal Retirement Date, your Disability Retirement Benefit will continue in the same form as you are already receiving.

**Special Increase in Benefits**

You were provided enhanced benefits under the Plan if you met all of the following criteria:

- (a) You retired prior to September 30, 1980 under the normal or early retirement provisions of the Retirement Plan for Salaried Employees of Lufkin Industries, Inc. (the "Salaried Plan") or the plan it superseded;
- (b) You had completed at least 15 years of "credited service" (as defined in the Salaried Plan) as of the date of your retirement; AND

- (c) You were receiving retirement benefits from the trust fund as of September 30, 1989.

Please contact the Administrative Committee for information regarding these enhanced benefits if you met the eligibility criteria as described above.

### **Cost of Living Increase**

The Plan does not provide for future grants of cost of living increases. You are not entitled to any future grants of cost of living increases on your benefits accrued under the Plan.

### **SECTION 7 - ACCRUED BENEFIT**

The Accrued Benefit (i.e., your retirement benefit based upon your pay and employment to date) payable as of your Normal Retirement Date is frozen as of the Freeze Date.

**You will continue to earn age credit through the date of your Termination of Employment and Credited Service for your service following your benefit accrual freeze date, in each case, solely for purposes of determining your eligibility for early retirement benefits, including for purposes of determining whether you have earned at least 30 years of Credited Service for purposes of determining the early retirement reduction factors.**

The formulas are as follows:

- A. For Salaried Employees:** The greatest of the following formulas:

Formula A: (a) .005 times your Final Average Monthly Compensation (FAMC)  
(for Salaried Employees) Plus  
(b) .005 times your Final Average Monthly Compensation (FAMC) over \$400  
Multiplied by  
(c) your projected credited service (PCS) as of your Normal Retirement Date  
Multiplied by  
(d) your Credited Service (CS) divided by your projected credited service (PCS)  
as of your Normal Retirement Date

Formula B: (a) .018333 times your Final Average Monthly Compensation (FAMC) (for Salaried Employees) multiplied by your projected credited service (PCS) as of your Normal Retirement Date up to 30 years

Less

(b).666667 times your estimated monthly Social Security Monthly Primary Insurance Amount based on the Social Security Law in effect on January 1, 1970 (PIA)

Multiplied by

(c) your Credited Service (CS) divided by your projected credited service (PCS) as of your Normal Retirement Date

Formula C: \$17 multiplied by your Credited Service (CS) as of January 1, 1991 (for Salaried Employees)

(applicable only if you were a participant in the Plan during the 1989 or 1990 plan years and have Credited Service earned before January 1, 1990)

***Generally, Formula B will apply because it provides the greatest benefit for most Participants.***

**B. For Hourly-Wage Employees:** Dollar Benefit Accrual Rate as of your date of retirement multiplied by your frozen Credited Service.

## SECTION 8 - VESTED TERMINATION BENEFITS

If you incur a Termination of Employment for prior to Normal Retirement Date other than by reason of death, unless you had validly elected commencement of early retirement benefits commencing on your Early Retirement Date, you may be eligible to receive a **Vested Termination Benefit**. The Vested Termination Benefit is the portion of your Accrued Benefit (as described in Section 7) which is vested (owned by you). The percentage of your Accrued Benefit that is vested depends on the number of years of Vesting Service you have completed. Your benefit will vest according to the following schedule:

<u>Years of Vesting Service</u>	<u>Percentage Vested</u>
Less than 5	0%
5 or more	100%

If you were employed by the Employer on the Freeze Date and you were not already fully vested, you have a 100% vested interest in your Accrued Benefit.

Your monthly Vested Termination Benefit will normally start on your Normal Retirement Date. However, if you have completed at least 30 years of Credited Service at your termination date, you may elect to start receiving your Vested Termination Benefit beginning as early as age 55. Otherwise, you may elect to start receiving your Vested Termination Benefit beginning as early as age 60. If your payments start early, your benefit will be reduced to take into account the early commencement of payments.

### Deferred early retirement benefit

A participant who met the eligibility for an Early Retirement benefit, but who deferred commencement beyond his or her termination from service is entitled to a benefit under this section.

#### ■ Reduced Benefit:

- For participants who meet the age 55 and 30 years of Credited Service requirement, the benefit is unreduced at age 62. For commencement prior to age 62, the benefit is reduced by one-sixth of one percent (1/6%) for each complete month by which the Participant's Early Retirement Date precedes age 62.
- For participants who meet the age 62 and 15 years of Credited Service requirement, the benefit is reduced by one-sixth of one percent (1/6%) for each of the first 36 months and one-third of one percent (1/3%) for each month, if any, in excess of 36 months by which the Early Retirement Date precedes the Normal Retirement Date.
- The value of the early retirement benefit is preserved as of a participant's date of termination if they terminate after becoming eligible for early retirement. The benefit as of their Early Retirement Date, with the early retirement factor determined as of such date, is actuarially adjusted to their final commencement date if commencement is deferred beyond their original date of retirement. This actuarial adjustment is based on a 6% interest rate and UP-1984 Mortality Table.

(Note that if the participant does not elect an early retirement benefit that commences immediately upon his or her Termination of Employment, as a technical matter, the benefit described above in this paragraph will be provided under the “deferred vested” provisions of the Plan.)

All others who are not eligible for a deferred early retirement benefit

If you had not satisfied the requirements to be eligible for an Early Retirement Benefit as of your Termination of Employment, your Vested Termination Benefit will be your accrued benefit as of your Normal Retirement Date actuarially reduced based on an interest rate of 6% and the UP84 unisex mortality table.

Examples of the approximate percentages of the Vested Termination Benefit that will be paid if payments start before 65 are shown below:

<b>Age at Payment Date</b>	<b>Adjustment Factor for Early Commencement</b>	<b>Age at Payment Date</b>	<b>Adjustment Factor for Early Commencement</b>
<b>55</b>	<b>38.6%</b>	<b>61</b>	<b>66.5%</b>
<b>56</b>	<b>42.0%</b>	<b>62</b>	<b>73.4%</b>
<b>57</b>	<b>45.9%</b>	<b>63</b>	<b>81.1%</b>
<b>58</b>	<b>50.2%</b>	<b>64</b>	<b>89.9%</b>
<b>59</b>	<b>55.0%</b>	<b>65</b>	<b>100.0%</b>
<b>60</b>	<b>60.4%</b>		

The factors are defined under the Plan. The actual factors used may differ from the one used above.

Example: Suppose you leave the Company before you are age 55 but after you have completed 30 years of Credited Service and your monthly Accrued Benefit at the date you leave is \$1,000 beginning at age 65. If you should elect to start receiving payments at age 55 instead of 65, the amount of the monthly benefit would be multiplied by 38.6% equaling \$386.00.

See Section 9 for payment options.

If your Vested Termination Benefit does not start immediately, you may elect to have death benefit protection for your beneficiary in the event that you should die before your payments are scheduled to start. See **Death After Termination and Before Payments Start** in Section 10.

## SECTION 9 - PAYMENT OF RETIREMENT AND TERMINATION BENEFITS

The amount of your Accrued Benefit is payable under the Life Only option if you are single and the Joint and 50% Survivor option if you are married, as described below. Other forms of payment are available. The amount of retirement income that is payable under each form of payment is different. This is because payments may be spread out over different periods of time under each of the forms of payment. Naturally, the longer the time period over which the retirement income is expected to be paid, the smaller the monthly amount will be.

In determining the amount of retirement income that is payable under each form of payment, it is assumed that each person who may receive payments is in good health and has a normal remaining life expectancy. Based on this assumption, all of the forms of payment have the same starting value based upon the average time that each person is expected to live.

For further information about additional distribution options upon the termination of the Plan, please see Distributions Upon Plan Termination in Section 16.

### Available Forms of Payment

You may elect to receive your retirement benefit in one of the following forms of payment. The Plan specifies the assumptions to be used to convert your Accrued Benefit to these alternative forms of payment. You can check with the Administrative Committee for the specific factors that apply to you. You, and your spouse if you are married, must waive the automatic form of payment in order to choose one of the other options.

- **Life Only Option:** (*This is the automatic form for single participants.*) Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live. No additional payments will be paid after your death even if you should die after receiving only one payment.
- **5 Years Certain and Life Option:** Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live, but your retirement income payments will be made for a minimum of 5 years. That is, if you die before you have received payments for 5 years, the same monthly benefit that you were receiving will be continued to a person that you designate as your beneficiary for the remainder of the 5 years. If you die after you have received payments for 5 years, no additional payments will be made after your death.
- **10 Years Certain and Life Option:** Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live, but your retirement income payments will be made for a minimum of 10 years. That is, if you die before you have received payments for 10 years, the same monthly benefit that you were receiving will be continued to a person that you designate as your beneficiary for the remainder of the 10 years. If you die after you have received payments for 10 years, no additional payments will be made after your death.

- **15 Years Certain and Life Option:** Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live, but your retirement income payments will be made for a minimum of 15 years. That is, if you die before you have received payments for 15 years, the same monthly benefit that you were receiving will be continued to a person that you designate as your beneficiary for the remainder of the 15 years. If you die after you have received payments for 15 years, no additional payments will be made after your death.
- **Joint and 50% Survivor Annuity Option:** (*This is the automatic form for married participants.*) Under this form of payment, you receive a monthly benefit that will be payable to you for as long as you live. If the person that you have named as your joint pensioner is still living at the time of your death, 50% of the monthly income that you were receiving will be paid to that person for as long as he or she lives. If your joint pensioner is not living at the time of your death, no additional payments will be made after your death. This form is known as the ***Qualified Joint and 50% Survivor Annuity*** when the joint pensioner is the participant's spouse **and is the automatic form of payment to married participants**. If you are married and elect 75% as the specified percentage, this form of payment is known as the ***Qualified Optional Survivor Annuity***.
- **Other Forms of Payment:** The standard forms of payment described above may be modified to suit your circumstances in the following ways:
  - The percentages in the Joint and 50% Survivor Annuity option can be changed to 75% or 100%.
  - **Lump Sum:** You may elect a single lump-sum payment with no further payments from the Plan (but only if the value of your monthly retirement benefit does not exceed \$10,000). However, the Lump-Sum option is not available in the event of Disability Retirement.

If you participated in the Pension Plan of Sargent Oil Well Equipment Division of Dover Resources, Inc. (also known as the "Sargent Superseded Plan"), you may have additional forms of payment available with respect to the "accrued benefit" you had accrued as of December 31, 1988 under the provisions of the Sargent Superseded Plan. Please contact the Baker Hughes US Retirement Benefits for additional information about these forms of payment.

The following summary lists some of the advantages and disadvantages of each method of payment:

Method	Advantages	Disadvantages
Life Only	Usually the largest income.	No additional payments after death.
10 Years Certain and Life  [You may also elect a period certain of 5 or 15 years and monthly payments are adjusted accordingly.]	Provides for payments for at least 10 years.	No additional payments if your death occurs after you have received payments for selected number of years.  Payments stop at the end of the selected time period (5, 10 or 15 years) if your death occurs before you have received payments for the selected period.
Joint and 50% Survivor  [A percentage of the amount that you were receiving, which is either 50%, 75% or 100% specified by you, is payable to your joint pensioner after your death.]	Payments will be made for as long as either you or your designated joint pensioner is living.  Your payments are not reduced if your designated joint pensioner dies before you do.	Payments are usually smaller than under 10 Years Certain and Life method.  Only the applicable percentage (50%, 75% or 100%) of the amount you were receiving is payable to your joint pensioner after your death.
Lump Sum  [if the value of your retirement benefit is less than \$10,000]	Receive entire value of benefit at once.	No additional payments; tax burden in year of receipt of lump sum (unless it is rolled over to an individual retirement arrangement or other eligible retirement plan)

### **Important Factors in Deciding upon the Form of Payment**

Before choosing the way you want to receive your retirement income, you need to give serious consideration to your own special circumstances. You should consider such things as your own health and, if applicable, the health of your spouse, and what will happen to your dependents after your death. You should also consider any additional money that will be available to provide for the security of your family after your death from sources such as other employer-sponsored plans, Social Security, and your own savings and insurance.

### **Electing Form of Payment**

Before your payments start, you will be given information to help you decide on the form of payment that you want. If you have questions regarding the forms of payment or want additional

information, you may request the Administrative Committee to provide you with additional information. Requests for any specific detailed information should be made in writing.

**After you make your decision, your election must be properly completed and filed with the Administrative Committee no earlier than 180 days before the date your retirement income payments actually start and no later than your filing deadline date. Your filing deadline date is the date your retirement income payments are scheduled to start or, if later, the date 180 days after the date you were furnished with a description of the benefits you are entitled to receive.** If you should request any specific detailed additional information concerning your benefits, your filing deadline date will be extended, if applicable, to the date that is 180 days after the date you are furnished such information.

**If you do not file your election with the Administrative Committee before the date your retirement benefits are scheduled to start, the commencement of your retirement benefit payments will be delayed until your election is completed and filed with the Administrative Committee.** If you do not indicate a specific form of payment by the end of your filing deadline date, you will be considered to have elected the **Joint and 50% Survivor Annuity Option** if you are married or the **Life Only Option** if you are not married.

If you wish, you may change your election before your benefit payments have commenced.

### **Protected Rights of Your Spouse**

Under federal law, your husband or wife has a protected right to receive a benefit payable for life if you die after your benefit payments have started. He or she may waive this protected right, however. What this means is that if you are married you must have the prior written consent of your husband or wife before you can receive payment of your benefit in an optional form you want. This consent will not be required if at least 50% of the monthly payments you were receiving will be continued after your death to your surviving husband or wife for as long as he or she lives. If the consent of your husband or wife is required, it must be in writing, must be witnessed by a notary public or a Plan representative, and must be filed with the Administrative Committee at the same time you file your election as described above. If you elect an option and have the proper consent of your husband or wife, but you later want to change the person or persons you had named as your beneficiary or joint pensioner under that option or want to make any other changes in the option, it will be necessary for you to again obtain the consent of your husband or wife.

### **Small Benefits**

If the single-sum value of your vested Accrued Benefit is \$1,000 or less (or if the benefit is payable to your beneficiary and the single-sum value does not exceed \$1,000), the Plan will automatically pay the value of your vested benefit in a single lump-sum cash payment. You may also elect to receive a lump-sum payment if the value of your Accrued Benefit is greater than \$1,000 but does not exceed \$5,000.

In addition, you may elect the lump-sum option if the single-sum value of your Accrued Benefit under the Plan does not exceed \$10,000.

No lump-sum cash payments are available in the event of Disability Retirement.

## **Mandatory Distributions**

Under current laws, unless you are still employed by an Employer or an affiliate, you must begin to receive payment of your Plan benefit no later than your Required Beginning Date. It is your responsibility to timely file a benefit election under the Plan to satisfy the Plan's "mandatory distribution" requirement. If you do not timely file a benefit election under the Plan, you may become subject to federal income tax penalties and your Accrued Benefit will be distributed in the form of a Qualified Joint and 50% Survivor Annuity if you have a spouse or in the Life Only form of payment if you do not have a spouse, with checks mailed to the most recent address on file with the Plan. You may not roll over these mandatory distributions.

## **SECTION 10 - DEATH BENEFITS**

### **Naming a Beneficiary**

Forms are available for you to name the person or persons that you elect to receive any death benefits that may be payable under the Plan in the event of your death. You should name your beneficiary or beneficiaries before you become eligible for the death benefits provided under the Plan. If your circumstances change, you may need to change your beneficiary designation from time to time. It is your responsibility to see that your beneficiary designation is up to date. Forms for naming and changing your beneficiaries can be obtained from the Administrative Committee.

You may name anyone you choose as your beneficiary. However, if you do not name your husband or wife as your beneficiary, he or she still may be entitled to some part of your death benefit. See the description and discussion in the section about the **Protected Rights of Your Surviving Spouse**.

If for some reason you do not name a beneficiary or if the person you named is not living when you die, the Plan provides that your husband or wife will be your beneficiary if you are married, or if you are not married, the benefit will be paid, in the discretion of the Administrative Committee, to your descendants, parents, heirs-at-law or estate.

### **Benefit If You Die While Employed**

Generally, if you are an employee of the Employer or an Affiliate and should die either (1) after age 50 or (2) after you have completed five years of Vesting Service, a death benefit will be payable on your behalf under the Plan. The death benefit is equal to a 10 Years Certain and Life income provided by the present value of your Accrued Benefit as of your date of death. If you are married, special rules apply. See the description and discussion in the section about the **Protected Rights of Your Surviving Spouse**.

### **Payment of Death Benefits**

Your death benefit described in the prior section will normally be paid to your beneficiary in monthly installments starting on the first day of the month that falls on or next follows your date of death. The amount of the monthly payments to your beneficiary will be payable under the 10 Years Certain and Life option. Your beneficiary may elect a different starting date and may choose one of the following forms of payment.

**Life Only Income** - Under this method, your beneficiary will receive a monthly income payable for his or her lifetime.

**Monthly Income for Fixed Number of Months** - Under this method, your beneficiary will receive a larger monthly income payable for a fixed number of months (either 36, 60 or 120, whichever is elected). If your primary beneficiary should die prior to receiving the fixed number of payments, the monthly income payments will be continued to a secondary beneficiary until the fixed number of payments that were elected have been made.

**Combination Life and Fixed Number of Months** - Under this method, your beneficiary will receive a monthly income payable for his or her lifetime, but if your primary beneficiary should die before receiving a fixed number of payments (either 36, 60 or 120, whichever is elected), the monthly payments will be continued to a secondary beneficiary until the fixed number of payments that were elected have been made.

**Lump-Sum Benefit** - A lump sum will automatically be paid to your beneficiary if the single-sum value of the death benefit is \$5,000 or less. If the single-sum value of your death benefit is greater than \$5,000, your beneficiary may elect to be paid in a lump sum, but only if the single-sum value is \$10,000 or less.

If the single-sum value of your death benefit is greater than \$5,000 and your beneficiary does not elect a specific form of payment, payments will be made under the Combination Life and Fixed Number of Months method described above where the fixed number is 120.

#### **Death After Disability and Before Payments Start**

If you leave Lufkin Gears LLC because of disability and are eligible for a Disability Retirement Benefit under Section 6 and you should die prior to the commencement of your Disability Retirement income payments and both before your Normal Retirement Date and before you have recovered from your disability, a death benefit will be payable on your behalf. Your death benefit will be determined and payable in the same manner as the death benefit described previously that applies to an employee who dies while actively employed.

#### **Death After Termination and Before Payments Start**

If you leave the Company with a vested right to your Accrued Benefit and payment of your Vested Benefit will not start until some later date, you will be given the opportunity to elect to waive the death benefit protection during the period after you left the Company and before payment of your Vested Termination Benefit starts. If death benefit coverage is not waived and you should die during this period, the amount which would have been used to provide your Vested Termination Benefit will be used to provide your beneficiary with a benefit at the date of your death. The amount of the death benefit is based on the present value of your benefit determined on an actuarial equivalent basis and accumulated with interest from your date of termination to date of death. Such amount will then be converted to a 10 Years Certain and Life annuity for the beneficiary. Other optional forms are also available (same payment options as the death benefit payable to the beneficiary of a Participant whose death occurs while actively employed). Of course, if you receive a lump-sum settlement at termination, no death benefit protection will be available.

The death benefit coverage will automatically be provided on your behalf unless you waive your right to it. If you are married, you must have the consent of your husband or wife in order for the waiver to be effective. The consent of your husband or wife must be in writing and must be witnessed by a notary public or Plan representative. If you waive the death benefit and later marry or remarry, your waiver will automatically be revoked at the time of your marriage unless you make another election to waive the death benefit with the consent of your current spouse. All elections must be in writing and must be filed with the Administrative Committee and may be changed (if you have your spouse's consent) at any time (and any number of times) before your retirement income payments are to begin.

The Company may subsidize your death benefit for periods prior to July 1, 2013 (i.e., not reduce the amount of your monthly income for death benefit coverage prior to July 1, 2013) if your annuity starting date is on February 1, 2006 or later. Please contact the Administrative Committee for more information about how this special rule may apply to you.

### **Protected Rights of Your Surviving Spouse**

Your husband or wife not only has a right under federal law to death benefit protection after you start receiving monthly retirement benefit payments, he or she may also have a similar right to death benefit protection if you die before you start receiving any payments. To have this right, both of the following conditions must be met:

- You must have been married continuously during the 12 months before your death.
- You must have a vested interest in your Accrued Benefit at the time of your death. Please note that if you were employed on your applicable Freeze Date, you earned a fully nonforfeitable (vested) interest in your Accrued Benefit on the Freeze Date irrespective of your years of Vesting Service.

If you should die while this death benefit protection is in force, your surviving husband or wife will be entitled to a monthly income payable for life starting at your Early Retirement Date (or the date of your death, if later). The amount of the monthly income payable to your surviving husband or wife will be equal to 50% of the monthly retirement income that you would have received if you had retired or quit and had started to receive your benefit on that date under the Qualified Joint and 50% Survivor Annuity Option. This benefit that may become payable to your surviving husband or wife is called a **Qualified Preretirement Survivor Annuity**.

The benefit payable to your surviving husband or wife as a Qualified Preretirement Survivor Annuity may instead, at the election of the surviving husband or wife, be paid under any of the optional forms that are available for other death benefits and may start on a date other than your Early Retirement Eligibility Date (this date must be on or after your Early Retirement Eligibility Date). If your surviving husband or wife elects a different form of payment or different starting date, the amount of the benefit will be adjusted to take those differences into account.

Your husband or wife may waive his or her right to the Qualified Preretirement Survivor Annuity. This is generally done by having him or her consent to your naming someone else as your beneficiary. The waiver will not be valid if you later change the beneficiary designation without

your spouse's consent. If the waiver is given before you are age 35, it will be valid only to the beginning of the Plan Year in which you attain age 35, and at that time it will be necessary for you to obtain another waiver and consent from your spouse.

Your spouse's waiver of the Qualified Preretirement Survivor Annuity and his or her consent to your naming someone else as your primary beneficiary must be in writing and must be witnessed by a notary public or a Plan representative.

The death benefits provided under the Plan have a greater value than the Qualified Preretirement Survivor Annuity that is required by federal law. The Qualified Preretirement Survivor Annuity does not replace the death benefits described earlier that are payable to the beneficiaries of Participants who die while employed or who die after termination and before their payments start. However, the Qualified Preretirement Survivor Annuity will either be used as an offset or included as part of such death benefits.

For example, take an employee who has been continuously married during the last 12 months prior to his death and who has named someone other than his wife as his beneficiary. The employee's wife has not given her consent to this designation. If the employee dies while actively employed and after he had completed five years of Vesting Service (or on or after the applicable Freeze Date), then his surviving wife will be entitled to the Qualified Preretirement Survivor Annuity. The value of this benefit will be subtracted from the value of the benefit described above that is payable with respect to an employee who dies while employed and what is left will be used to provide the person that the employee has named as his beneficiary with a death benefit which will be payable in the manner described earlier in the **Payment of Death Benefits** subsection above.

If you have named your husband or wife as your beneficiary and one of the death benefits described above is payable on your behalf, the Qualified Preretirement Survivor Annuity will automatically be included as part of that benefit, and your husband or wife will be considered to have elected to have it paid in the same manner as that benefit.

### **Death After Retirement**

Whether or not a benefit will be payable to your beneficiary upon your death after retirement depends on the form of retirement income you were receiving. Each form provides different protection for your spouse or other beneficiary. In many cases there will not be any additional payments due after your death. See Section 9 for a description of the different forms of payment that are available.

## SECTION 11 - CLAIM PROCEDURES

If you wish to file a claim for benefits under the Plan, the Administrative Committee has published the forms necessary for the proper filing of your claim.

**It is your responsibility to keep the Administrative Committee informed of any change in your name, address or marital status. Please note that if you become divorced you should provide the Administrative Committee a copy of your divorce decree or domestic relations order on a timely basis. The Administrative Committee must review the divorce decree or domestic relations order to determine if any of your Plan benefits have been assigned to your former spouse. Failure to timely provide a copy of the divorce decree or domestic relations order may result in a delay in payment of your Plan benefits.**

If you file a claim for a benefit and all or part of your benefit claim is denied, the Administrative Committee will notify you by written or electronic notification within 90 days after the receipt of your claim (45 days in the case of disability claims) of either (1) the reasons for such adverse benefit determination, or (2) a notice indicating that special circumstances require an extension of time (up to 90 additional days for a non-disability claim) to process your claim. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a determination on your claim.

In the case of a claim for disability benefits, the Administrative Committee may extend the initial 45-day determination period by written or electronic notification for up to 30 days provided that such an extension is necessary due to matters beyond the control of the Administrative Committee and may further extend this period for up to an additional 30 days by notifying you prior to the end of the first 30-day extension period. The notice of extension will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and you will be given 45 days to provide the specified information.

If your claim is wholly or partially denied, when you receive an initial notification of the adverse benefit determination from the Administrative Committee, it will contain:

- the specific reason(s) for the adverse benefit determination;
- a reference to the specific provisions of the Plan upon which the determination is based;
- a description of any additional material or information that is needed to process your claim, if any, and an explanation of why such material or information is necessary;
- a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to commence an arbitration proceeding or, to the extent allowed under the Plan or otherwise required by ERISA, to bring a civil action under ERISA following an adverse benefit determination on review; and
- in the case of an adverse benefit determination regarding disability benefits, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making

such determination, a statement to that effect and a statement that a copy of such criterion will be provided to you free of charge upon your request.

If you decide to appeal the Administrative Committee's decision regarding your claim, you

- must submit to the Administrative Committee a written application within 60 days after the receipt of the notification of the adverse benefit determination regarding your claim (180 days in the case of disability claims);
- may submit written comments, documents, records, and other information relating to the claim for benefits; and
- will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.

The review of your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination regarding your claim.

In addition, the review of your appeal of an adverse benefit determination for disability benefits will

- not give deference to the initial adverse benefit determination and will be conducted by a fiduciary of the Plan who is neither the individual who made the initial denial of the claim nor the subordinate of such individual;
- in deciding an appeal of any adverse benefit determination that is based in whole or in part on a medical judgment, include consultation with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;
- ensure that the health care professional engaged in such consultation will not be an individual who was consulted in connection with the determination that is the subject of the appeal nor the subordinate of such individual; and
- provide for the identification of medical or vocational experts whose advice was obtained in connection with the adverse determination, without regard to whether the advice was relied upon in making the determination.

The Administrative Committee will notify you by written or electronic notification within 60 days (45 days in the case of disability claims) of the receipt of your appeal of either (1) a final decision on the matter, or (2) a statement indicating that an extension of 60 days (45 days in the case of disability claims) is needed to process your claim. In the case where an extension is needed, the extension notice will indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render the determination on your appeal.

In the case of an adverse benefit determination of the claim on appeal, the notification will set forth:

- the specific reason(s) for the adverse determination;
- reference to the specific plan provisions on which the benefit determination is based;
- a statement of your rights to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- a statement of your right to bring to an arbitration proceeding under the Plan or, to the extent allowed under the Plan or otherwise required by ERISA, a civil action under ERISA; and
- for claims regarding disability benefits –
  - ◆ if an internal rule, guideline, protocol, or other similar criterion was relied upon in making such determination, a statement to that effect and a statement that a copy of such criterion will be provided to you free of charge upon your request; and
  - ◆ a statement that you and your plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office and your State insurance regulatory agency.

The Administrative Committee's decision on an appeal will be final. Once the above appeal process has been followed, there can be no further administrative appeal on any ruling by the Administrative Committee. This Administrative Committee's decision may only be reversed if an arbitrator (or, in limited circumstances as applicable, a court) finds that the Administrative Committee's decision was arbitrary and capricious.

Without limiting the Plan's arbitration procedures which are summarized in Section 17, by accepting benefits or asserting a claim to benefits under the Plan you, your spouse, your surviving spouse or beneficiary are affirmatively deemed to agree not file suit in court or seek arbitration concerning a claim for benefits before exhausting all claims and appeals procedures under the Plan.

## SECTION 12 - LEAVES OF ABSENCE AND MILITARY SERVICE

Any leave of absence approved by the Company will not terminate your employment if you return to work on or before the date that your approved leave time ends. If you do not return to work before the end of your leave time, your employment will be considered terminated as of the earlier: (1) date that your leave time ends or (2) the first anniversary of the date your leave began. However, if you should retire, resign, be discharged, or terminate your employment for any other reason before the end of your leave time, your employment will be considered terminated as of the date of your retirement, resignation, discharge, or other termination.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) are federal laws that guarantee certain rights to individuals who enter military service. If you have to leave the Company because of military service, your employment will not be terminated if you return to work with the Company within the period of time that you have reemployment rights under Federal law. Benefits and service credit with respect to qualified military service will be provided as required by law.

HEART expands the benefits provided under USERRA to provide that:

- Individuals who die during qualified military service must be treated as having been actively employed on the date of their death; and
- Differential pay, if any, provided by the Employer after 2009 must be included in your Compensation for purposes of determining your Plan benefits.

For more information regarding USERRA's and HEART's impact on your benefits, contact Baker Hughes US Retirement Benefits.

## **SECTION 13 - RIGHTS UPON REEMPLOYMENT**

If you leave the Employer and are later reemployed, you may be treated under the Plan as a new employee or you may start participating immediately and have your prior years of Credited Service and Vesting Service restored. Your rights depend upon the length of your prior service, the length of your absence, and whether you were previously a Participant in the Plan. Briefly, the rules which apply to absences are:

- If you are not a Participant in the Plan when you leave, you will never be eligible to be a Participant in the Plan, even if you are later reemployed.
- If you are a Participant in the Plan when you leave, you will be subject to the following rules:
  - If you return to work within one year after you left, you will be treated as though you had been temporarily absent and your Credited Service and Vesting Service before you left plus the Vesting Service while you were absent will be counted.
  - If it is longer than a year before you return to work, you will become a Participant immediately upon reemployment and your Credited Service and Vesting Service both before you left and after you return to work will be counted if either of the following conditions apply:
    - ◆ You are a vested Participant when you left (see Section 8),
    - ◆ You had not completed 5 years of Vesting Service when you left but you were gone for less than 5 Plan years.
- If neither of the above conditions apply, you will be treated as a new employee and you will not be eligible to be a Participant in the Plan.

### **Absences Before 1989**

Different rules applied for different periods prior to 1989. Before 1976, if you terminated before becoming vested and are then reemployed, you are treated as a new employee at your date of reemployment. After 1975 and before 1985, if you terminated before becoming vested and are then reemployed, you will be treated as a new employee unless your period of absence was less than your period of prior service. Then your prior service will be reinstated. After 1984 and before 1989, if you terminated before becoming vested and are reemployed within 5 years or within a period of time that is less than the period of your prior service, your prior service will be reinstated. Otherwise you will be treated as a new employee as of your date of reemployment.

### **Reemployment After Receiving Distribution**

If you were vested in your Accrued Benefit when you left and you received the value of your Accrued Benefit in a lump-sum payment, your prior years of Vesting Service will still be restored. If the lump-sum payment was paid later than the close of the second plan year following your termination (or if you repay the lump-sum amount with interest within five years), your prior years

of Credited Service will also be restored and the value of your Accrued Benefit when you later retire or terminate your employment will be reduced by the actuarially equivalent value of the lump-sum payment that you received.

If you are rehired prior to your Required Beginning Date and are receiving monthly retirement benefit payments at the time of your reemployment, your payments will normally be suspended during your period of full-time reemployment. Your prior years of Credited Service and Vesting Service will be restored, but your Accrued Benefit at your later retirement or termination will be reduced to reflect the payments you have already received.

### **Special Rules for Maternity and Paternity Absences**

A Qualified Maternity or Paternity Leave refers to an approved absence from work because:

- You are pregnant,
- You or your spouse gives birth to a child,
- You adopt a child, or
- You need to care for your child for a period of time following birth or adoption.

A part (up to 12 months) of a Qualified Maternity or Paternity Leave may be included as Vesting Service. If your employment should be terminated before you return to work, you may exclude up to the first two years of such absence in determining the length of your absence.

For example: You have been with the Company for three years. On March 1, 2010, you go on Qualified Maternity or Paternity Leave. You do not return to work until December 1, 2016. The first two years of your absence, that is, the period beginning March 1, 2010, and ending March 1, 2012, is not counted when determining the length of time that you were absent. When you return on December 1, 2016, the length of your absence is considered to be only 4 years and 9 months, which is less than 5 years, so you do not lose your prior Credited Service and Vesting Service.

## **SECTION 14 - LOSS OF BENEFIT**

The Plan is a valuable tool to help you plan for your retirement years. As you work for the Company, you continue to build years of Vesting Service.

### **Termination**

However, if your employment with the Company ends before your benefit under the Plan becomes vested, you will not receive any benefits under the Plan.

### **Change of Address**

**It is very important that you keep the Administrative Committee informed about your current mailing address as you move throughout your life so that the Administrative Committee may reach you at any time.**

If you leave the Company and have a Vested Termination Benefit under the Plan, you need to keep the Administrative Committee informed of your current mailing address so that information regarding the Plan may be mailed to you and your elected Plan benefit may be properly delivered to you. If there is any doubt as to whether or not you are receiving your Plan benefits, you will be notified by mail at your last known address in the Administrative Committee's records that your payments will be stopped until you provide evidence you are still alive and your Plan benefit payment is being sent to the proper address. If your Plan benefits are stopped but are started again at a later date, you will be entitled to a make-up payment equal to the sum of the payments you did not receive.

### **Change in Marital Status**

It is also very important that you keep the Administrative Committee informed about any change in your marital status; otherwise, all those involved in the administration of the Plan will be entitled to rely on the your previous stated marital status.

### **Loss of Service**

You may lose the Credited Service and Vesting Service you have earned if you leave the Company after becoming a Participant in the Plan and are later reemployed. Section 13 describes the conditions that may cause you to lose this service.

### **Death**

Generally, subject to special rules relating to certain married participants, if you should die while an active Participant and before you have completed either (1) five years of Vesting Service, or (2) have reached age 50, or (3) before you retire, no benefits are payable to you from the Plan. Special Qualified Preretirement Survivor Annuity rules apply for a married Participant. See Section 10 for details.

## **Non-Assignability of Benefits, Qualified Domestic Relations Orders (QDROs)**

The Plan's assets are used exclusively to provide benefits to you and your survivors while the Plan continues. They cannot be used for any other purpose. This applies both to Lufkin Gears LLC and to you, because you cannot assign, transfer or encumber your benefits nor use them as collateral for a loan.

However, retirement plans must obey certain qualifying court orders that require a portion of your Plan benefits to be paid to your spouse, former spouse, child, or other dependent. If such an order qualifies as a “**Qualified Domestic Relations Order**” (QDRO) from a court, any such payments required by the QDRO will not violate this rule. In order to be “qualified,” the court order has to meet certain standards set out in the Internal Revenue Code and ERISA. You should understand that the Plan has no discretion in these matters. The Plan must obey the order of the court. However, by law no benefits will be paid from the Plan that exceed those benefits allowed under the Plan.

## **Forfeitures of Unclaimed Benefits of Missing Persons**

If the Administrative Committee requests that you (or any other person entitled to a benefit under the Plan) confirm your address or status and you fail to timely furnish to the Administrative Committee the information requested, then, following a reasonable search by the Administrative Committee, the Administrative Committee may, in its sole discretion, determine that you have forfeited your right to such benefit and may declare such benefit, or any unpaid portion thereof, terminated as if you had died (with no surviving beneficiary). Any such forfeited benefits shall be reinstated if a claim for the same is timely made by you prior to the termination of the Plan.

## **SECTION 15 - INVESTMENT OF THE TRUST FUND**

The contributions to the Plan are deposited and held in the Baker Hughes Incorporated Master Trust. Contributions by the Company to the Plan are being deposited with the Plan Trustee, and are invested under the terms of a trust agreement between the Company and the Trustee. Benefit payments are currently being paid by the Trustee from the assets held in the trust fund.

## **SECTION 16 - PLAN AMENDMENT AND TERMINATION**

No amendment to the Plan can retroactively reduce benefits already accrued by you, except when required to comply with an act of Congress or an Internal Revenue Service rule. The Administrative Committee reserves the right to amend or to terminate the Plan at any time. The assets will be distributed in a manner approved by the Internal Revenue Service and in accordance with rules administered by the Pension Benefit Guaranty Corporation (PBGC).

### **Plan Termination**

Effective June 30, 2022, the Company is terminating the Plan through a process known as a “standard plan termination”. The Company announced this change to participants on April 4, 2022. It is important to note that all Accrued Benefits you have earned up to June 30, 2022 are protected and will be paid as previously promised. All current active Participants and terminated vested Participants will still be able to start their benefits in the future, consistent with the current Plan

rules. Retirees in payment status will not experience any change in their benefit payment amount and timing.

Toward the end of the termination process, a high quality insurance company will be selected to administer and pay benefits. The Department of Labor provides guidance on how the insurance company will be selected, and the Plan fiduciaries will follow this guidance. Participants who are receiving monthly payments and Participants who do not elect a lump sum during the special election period will be notified of the name and contact information of the selected insurance company. The insurance company selected will be subject to ongoing regulation and oversight by the insurance commissioner of its home state.

### **Distributions Upon Plan Termination: Window Period Lump Sum Opportunity and Purchase of Group Annuity Contract for Others**

Incident to the termination of the Plan, the Plan will offer a window period (ending on August 14, 2023) during which eligible persons may (but are not required to) elect lump sum distributions of their entire Accrued Benefits or certain annuity forms of payment that will commence following the window period. Except for a person with a very small benefit (worth less than \$1,000 in the aggregate), no person will be required to immediately commence his or her benefit in connection with the termination of the Plan. Any person who is in pay status receiving an annuity under the Plan, any person who elects an annuity during the window period and any person who elects to defer receipt of his or her benefit under the Plan will be covered by a group annuity contract and his or her benefit will be paid by the insurance company under the group annuity contract.

### **Window Period Benefit Options**

If you are an active Participant, terminated vested Participant, surviving spouse entitled to a death benefit, or alternate payee under a separate interest QDRO, and you are not yet receiving a monthly benefit, you received a personalized election kit outlining your payment options during the special election period. Generally, you will have the opportunity to elect an immediate lump sum payment, an immediate annuity (if the lump sum value exceeds \$1,000), or will have the option to defer payment in accordance with the Plan's distribution rules (if the lump sum value exceeds \$1,000).

Your new optional forms of payment are as follows:

(i) Immediate Lump Sum. A lump sum payment that is the actuarial equivalent of your Accrued Benefit (or, if greater, in the case that you are eligible for early retirement, a lump sum payment that is the actuarial equivalent of your early retirement benefit);

(ii) Immediate Qualified Joint and 50% Survivor Annuity (or Life Only Annuity for an Unmarried Participant). The immediate life only annuity form of payment is available to you only if you do not have a spouse. If you have a spouse, the immediate Qualified Joint and 50% Survivor Annuity will be available to you. Under either of these forms of payment, you receive a monthly benefit that will be payable to you for as long as you live. In the case of a Joint and 50% Survivor Annuity, if your spouse is still living at the time of your death, 50% of the monthly income that you were receiving will be paid to your spouse

for as long as he or she lives. If your spouse is not living at the time of your death, no additional payments will be made after your death.

(iii) Immediate Qualified Optional 75% Survivor Annuity. If you have a spouse, the immediate Qualified Optional 75% Survivor Annuity will be available to you. If your spouse is still living at the time of your death, 75% of the monthly income that you were receiving will be paid to your spouse for as long as he or she lives. If your spouse is not living at the time of your death, no additional payments will be made after your death.

If you are married, you may not elect the lump sum or the 75% annuity option unless you waive the Qualified Joint and 50% Survivor Annuity form of payment with the consent of your spouse.

For those with a “small” benefit (meaning the lump sum value is \$1,000 or less), your benefit will be paid in the form of an immediate lump sum payment. During the special election period, you will have the opportunity to elect to have the lump sum directly rolled over to another eligible retirement plan or have the lump sum paid directly to you. If you have a “small” benefit and cannot be located, your benefit will be automatically transferred to the PBGC missing participant program.

If you are a retiree or beneficiary and currently receiving pension payments from the Plan, including participants who have commenced receiving payment of a disability benefit under the Plan or Baker Hughes’ long term disability plan, you are not eligible to change your current payment option and will not receive an election kit. You will continue to receive your pension payments as you do today.

Each participant, beneficiary, and alternate payee who has not yet commenced monthly benefits from the Plan received a Benefit Distribution Election Kit. The kit will include instructions for making elections, necessary forms and deadlines, and additional reference information and resources to answer their questions. You will have at least 45 days to complete and return their election form and supporting documentation.

You are not required to do anything now. You will receive additional notices in the future about the purchase of the group annuity contract incident to the termination of the Plan and the identity of the selected insurance company. If you do not wish to elect a current lump sum during the window period, you will receive a welcome kit from the selected insurance company at the end of the Plan termination process.

**If you wish to receive an immediate lump sum or immediate annuity under the window you must return your completed election forms by August 14, 2023.**

The Administrative Committee expects the assets of the Plan to be sufficient to fund your retirement benefits. In fact, in order for the Plan to be terminated under the “standard termination” process, it is a legal requirement that the Plan be fully funded to satisfy accrued Plan benefit liabilities.

The following language is being included merely because it is a requirement for defined benefit plan summary plan descriptions. This language would apply only in the event of a distress

termination and has no application to the Plan since the Plan is being terminated in a standard termination process.

If, on Plan termination, there were not sufficient assets to fund the Accrued Benefits of all Participants, the assets would be allocated according to the following priorities:

First, equally to:

- (1) Retired or terminated participants who started receiving benefits at least three years prior to Plan termination; and
- (2) Beneficiaries of any deceased, retired or terminated participants who started commencement of benefits at least three years prior to Plan termination; and
- (3) Participants who could have retired (i.e., met eligibility requirements for Normal or Early Retirement) but did not receive payment of benefits at least three years prior to Plan termination or beneficiaries of such participants who could have retired but did not at least three years prior to Plan termination;

Next, all benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC), if any (see "*Benefits Insured by PBGC*" below);

Next, all vested (determined prior to termination) benefits not guaranteed by PBGC; and

Last, all other Accrued Benefits.

If there are assets remaining after all the benefits in the above priorities have been paid in full, the remaining assets will be transferred to the Baker Hughes Company 401(k) Plan to fund certain future employer contributions thereunder or they will be distributed to the Company.

### **Benefits Insured by PBGC**

The following language is being included merely because it is a requirement for defined benefit plan summary plan descriptions. However, following the purchase of the group annuity contract incident to the termination of the Plan, the PBGC will no longer insure Plan benefits. Rather, the insurance company will be liable for the payment of Plan benefits and applicable state guarantee associations will apply to the benefit liabilities assumed under the group annuity contract. You will receive further information about those matters in the future at the end of the Plan termination process.

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

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

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

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

For more information about the PBGC and the benefits it guarantees, ask the Administrative Committee or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

## SECTION 17 - YOUR LEGAL RIGHTS

As a Participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Participants are entitled to:

- Examine, without charge, at the Administrative Committee's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed for the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Administrative Committee, 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 Administrative Committee may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report providing information about the funding status and financial condition of the Plan, including the Plan's funding percentage, assets and liabilities, and a description of the benefits guaranteed by the PBGC. The Administrative Committee is required by law to furnish each Participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension benefit at your Normal Retirement Age and if so, what your benefits would be at your Normal Retirement Age if you stop working now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Department of Labor Regulations also require that you, as a Participant can obtain, without charge, a copy of the procedures governing determinations concerning a qualified domestic relations order (QDRO) from the Administrative Committee.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including the company, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

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

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may initiate arbitration proceedings under the Plan (or file suit in a federal court to the extent allowed under the Plan or otherwise required by ERISA). In such a case, the arbitrator or 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 Plan administrator. If your claim for benefits is denied or ignored, in whole or in part, you may initiate arbitration proceedings under the Plan (or file suit in a federal court to the extent allowed under the Plan or otherwise required by ERISA). In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may initiate arbitration proceedings under the Plan (or file suit in a federal court to the extent allowed under the Plan or otherwise required by ERISA). 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 initiate arbitration proceedings under the Plan (or file suit in a federal court to the extent allowed under the Plan or otherwise required by ERISA). The arbitrator or court will decide who should pay arbitration or court costs and legal fees. If you are successful, the arbitrator or court may order the person you have sued to pay these costs and fees. If you lose, the arbitrator or court may order you to pay these costs and fees, for example, if the arbitrator or court finds your claim to be frivolous.

### **Questions**

If you have any questions about your Plan, you should contact the Administrative Committee. 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 Area 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 N.W., Washington, D.C., 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

### **Arbitration**

As described below, any controversy relating to the Plan must be resolved by arbitration on an individual basis in accordance with the Employee Benefit Plan Claims Arbitration Rules of the American Arbitration Association. You must exhaust the claims review and appeals procedures under the Plan before you may initiate an arbitration proceeding.

By accepting benefits under the Plan or seeking benefits under the Plan you agree to the Plan's arbitration procedures described below.

Any controversy arising out of or relating to the Plan, including without limitation, any and all disputes, claims (whether in contract, statutory or otherwise) or disagreements concerning the interpretation or application of the provisions of the Plan (each, a "Covered Claim"), shall be resolved by arbitration in accordance with the Employee Benefit Plan Claims Arbitration Rules ("Rules") of the American Arbitration Association (the "AAA") in effect at the initiation of the arbitration.

Each Covered Claim shall be arbitrated on an individual basis and you shall not have any right or authority to assert or pursue any Covered Claims as a class action or derivative action of any sort. In addition, notwithstanding anything to the contrary in the Rules (including Rule 12 entitled “Grouping of Claims for Hearing” or this rule’s successor), a Covered Claim by one Participant shall not be grouped or consolidated with a Covered Claim by another Participant in a single proceeding.

No arbitration proceeding relating to the Plan may be initiated by either the Employer or you, unless the Plan claims review and appeals procedures have been exhausted.

The arbitration shall be administered by the AAA. Three arbitrators shall hear and determine the controversy. Within twenty (20) business days of the initiation of an arbitration under the Plan, the Employer and you will each separately designate an arbitrator, and within twenty (20) business days of such selection, the appointed arbitrators will appoint a neutral arbitrator from the panel of AAA National Panel of Employee Benefit Plan Claims Arbitrators. All arbitrators shall be impartial and independent. The award (including a statement of finding of facts) shall be made promptly and no later than forty-five (45) days from the date of closing the hearings or, if the hearing has been on documents only, from the date of transmittal of the final statements and proofs to the arbitrators.

The arbitrators shall have the power to rule on their own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim, including a Covered Claim. The decision of the arbitrators selected will be final and binding upon both parties, and judgment on the award may be entered in any court having jurisdiction. The Plan’s arbitration provision is expressly made pursuant to, and shall be governed by, the Federal Arbitration Act, 9 U.S.C. Sections 1-16 (or replacement or successor statute). Nothing in the Plan’s arbitration procedures will be construed to, in any way, limit the rights, powers, and authorities of the Administrative Committee. In any arbitration proceeding full effect shall be given to the rights, powers, and authorities of the Administrative Committee under the Plan.

### **Contractual Statute of Limitations for Benefit Claims and Disputes**

Without limiting the Plan’s arbitration procedures, you may not bring any arbitration, litigation or other action pertaining to a claim for benefits under the Plan after the earlier of: (1) the date that is 365 days after the final denial of your claim for benefits; (2) the date that is 365 days after your receipt of the notification of your benefits in connection with the termination of the Plan; or (3) the expiration of the limitations period under Texas contract law (the applicable limitations period under ERISA) pertaining to your claim.

### **Venue**

Without limiting the Plan arbitration procedures, venue for litigation or arbitration concerning any dispute relating to the Plan, including, without limitation, a claim for benefits under the Plan or any claim of breach of fiduciary duty under ERISA relating to the Plan, will be solely and exclusively in Harris County, Texas, and in the event of litigation, in the United States District Court for the Southern District of Texas (Houston Division).

### **No Oral Modification of the Plan**

No person has the authority to orally modify the Plan. So you should not rely upon any oral representations of any person concerning the coverage or benefits provided under the Plan, and no separate contract shall be created with any person as a result of any oral statement.

## SECTION 18 - TOP-HEAVY RULES

The Internal Revenue Code contains a test that must be performed every year on qualified plans such as this one. The test was designed to ensure that all employees benefit from the Plan on a fair and equitable basis. In general, if key employees (owners, shareholders, highly compensated employees, etc.) are entitled to more than 60% of the benefits, the Plan is determined to be “Top Heavy”.

The Plan is not currently top heavy and has never been.

### Minimum Benefit

If the Plan is top heavy, your Accrued Benefit can never be less than your Minimum Benefit. Your Minimum Benefit is 2% of your highest 5-year average monthly compensation multiplied by the number of your years of Vesting Service, up to a maximum of 10 years, that you earned during Plan Years that the Plan is top heavy.

If you are a participant in another plan maintained by the company, the Minimum Benefit may be provided in or combined with the benefit under that plan. If the other plan is a defined contribution plan, a contribution equal to 5% of compensation will satisfy the 2% per year Maximum Benefit accrual.

### Minimum Vesting

In the first year the Plan becomes top heavy, the vesting schedule will switch from the one described in Section 8 to the one below:

<u>Years of Vesting Service</u>	<u>Percentage Vested</u>
Less than 2 years	0%
2	20%
3	40%
4	60%
5 or more	100%

## **SECTION 19 - SOCIAL SECURITY BENEFITS**

Retired participants can start receiving Social Security benefits as early as age 62. Your retirement income under the Plan will not in any way limit the amount of Social Security benefit that you are eligible to receive.

Social Security changes from time to time, so it is impossible to tell exactly how much you will receive until you apply for benefits. Your nearest Social Security Administration Office can estimate what your benefit may be when you retire.

It is best to apply for Social Security three months in advance of your retirement, or if later, within three months of the date you want payments to commence. When you apply, you should take your birth certificate as proof of your age. You might need to show your marriage certificate. It is also helpful to take your W-2 form from the year before. Do not put off applying because you do not have these three items. Social Security will accept other proof of your age, marriage, and earnings.

If you are married when you start receiving your Social Security benefit, your spouse may be able to receive a benefit also, if he or she has turned 62. In addition, if you have eligible dependent children, additional benefits may be payable on their behalf.

## **SECTION 20 - GOVERNMENTAL REQUIREMENTS AFFECTING BENEFITS**

### **Funding Requirements**

The Plan is subject to specific funding requirements, which are necessary in order to provide the benefits described in this summary. If those requirements are not met within the ranges specified in the Internal Revenue Service regulations, restrictions take effect, limiting the Plan's ability to make certain accelerated benefit payments (such as lump sum payments). In no event will benefit restrictions cause your benefit to decrease. At the time of preparation of this Summary Plan Description, we do not anticipate any funding restrictions. In the event the Plan becomes subject to these restrictions, an explanation will be provided, describing the limitations under which the Plan may operate and how it may affect your benefit.

### **Benefit Limitations Required by Internal Revenue Code**

The Internal Revenue Code places maximum benefit limits on the amount of benefits a participant can receive from the Plan. These limits change annually and are unlikely to affect your benefits under the Plan.

# ***APPENDIX***

**Table 1 - Qualified Joint and 50% Survivor Annuity Benefit Factor**

The table below shows the factors that will be used to adjust the Life Only benefit to a Qualified Joint and 50% Survivor benefit.

Percent of monthly Life Only benefit you will receive after retirement under the Qualified Joint and 50% Survivor benefit:

Your Spouse's Exact Age	Your Exact Age When Your Retirement Benefits Start										
	55	56	57	58	59	60	61	62	63	64	65
55	92.8	92.2	91.5	90.8	90.1	89.3	88.4	87.5	86.6	85.6	84.5
56	93.1	92.5	91.9	91.2	90.5	89.7	88.9	88.0	87.1	86.1	85.1
57	93.4	92.9	92.3	91.6	90.9	90.1	89.3	88.5	87.6	86.6	85.6
58	93.8	93.2	92.6	92.0	91.3	90.6	89.8	89.0	88.1	87.2	86.2
59	94.1	93.6	93.0	92.4	91.7	91.0	90.3	89.4	88.6	87.7	86.7
60	94.4	93.9	93.3	92.8	92.1	91.4	90.7	89.9	89.1	88.2	87.3
61	94.7	94.2	93.7	93.1	92.5	91.9	91.2	90.4	89.6	88.7	87.8
62	95.0	94.5	94.0	93.5	92.9	92.3	91.6	90.9	90.1	89.3	88.4
63	95.3	94.9	94.4	93.9	93.3	92.7	92.0	91.3	90.6	89.8	88.9
64	95.6	95.2	94.7	94.2	93.7	93.1	92.5	91.8	91.0	90.3	89.5
65	95.9	95.5	95.0	94.6	94.0	93.5	92.9	92.2	91.5	90.8	90.0

NOTE: Your benefits are calculated using your (and, if applicable, your spouse's) exact age (years and months of age). Factors in the above table may be used in estimating benefits. Factors for exact ages not shown are available upon request. If you wish, you may ask to receive your benefit in one of the other ways that are discussed in Section 9.

The tables below (Tables II, III, and IV) show factors that will be used to reduce your benefit due to early retirement.

**Table II - Early Retirement Reduction Factors > 30 Years**

Early Retirement Reduction Factors By Years and Months  
By Which Early Retirement Precedes Age 65 if Credited Service > 30 Years

Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3	1.000	0.998	0.997	0.995	0.993	0.992	0.990	0.988	0.987	0.985	0.983	0.982
4	0.980	0.978	0.977	0.975	0.973	0.972	0.970	0.968	0.967	0.965	0.963	0.962
5	0.960	0.958	0.957	0.955	0.953	0.952	0.950	0.948	0.947	0.945	0.943	0.942
6	0.940	0.938	0.937	0.935	0.933	0.932	0.930	0.928	0.927	0.925	0.923	0.922
7	0.920	0.918	0.917	0.915	0.913	0.912	0.910	0.908	0.907	0.905	0.903	0.902
8	0.900	0.898	0.897	0.895	0.893	0.892	0.890	0.888	0.887	0.885	0.883	0.882
9	0.880	0.878	0.877	0.875	0.873	0.872	0.870	0.868	0.867	0.865	0.863	0.862
10	0.860											

**Table III - Early Retirement Reduction Factors < 30 Years**

Early Retirement Reduction Factors By Years and Months  
By Which Early Retirement Precedes Age 65 if Credited Service < 30 Years

Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.000	0.998	0.997	0.995	0.993	0.992	0.990	0.988	0.987	0.985	0.983	0.982
1	0.980	0.978	0.977	0.975	0.973	0.972	0.970	0.968	0.967	0.965	0.963	0.962
2	0.960	0.958	0.957	0.955	0.953	0.952	0.950	0.948	0.947	0.945	0.943	0.942
3	0.940											

**Table IV - Actuarial Reduction Factors**

Actuarial Reduction Factors By Years and Months  
By Which Early Retirement Precedes Age 65

Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.0000	0.9917	0.9832	0.9749	0.9665	0.9580	0.9497	0.9414	0.9329	0.9216	0.9162	0.9077
1	0.8994	0.8921	0.8847	0.8774	0.8700	0.8626	0.8553	0.8480	0.8406	0.8333	0.8259	0.8185
2	0.8112	0.8048	0.7982	0.7918	0.7854	0.7788	0.7724	0.7660	0.7594	0.7530	0.7466	0.7400
3	0.7336	0.7279	0.7222	0.7165	0.7108	0.7050	0.6994	0.6937	0.6879	0.6822	0.6765	0.6708
4	0.6651	0.6601	0.6549	0.6499	0.6449	0.6397	0.6347	0.6297	0.6245	0.6195	0.6145	0.6093
5	0.6043	0.5998	0.5953	0.5908	0.5863	0.5818	0.5773	0.5728	0.5683	0.5638	0.5593	0.5548
6	0.5503	0.5463	0.5423	0.5383	0.5342	0.5302	0.5262	0.5222	0.5182	0.5142	0.5101	0.5061
7	0.5021	0.4985	0.4949	0.4913	0.4877	0.4841	0.4806	0.4770	0.4734	0.4698	0.4662	0.4626
8	0.4590	0.4558	0.4526	0.4494	0.4461	0.4429	0.4397	0.4365	0.4333	0.4301	0.4268	0.4236
9	0.4204	0.4175	0.4146	0.4117	0.4088	0.4059	0.4030	0.4001	0.3972	0.3943	0.3914	0.3885
10	0.3856											