CONTRIBUTORY ANNUITY PLAN
FOR
SALARIED EMPLOYEES,

INTERNATIONAL HARVESTER COMPANY
AND
AFFILIATED COMPANIES

AS AMENDED AND IN EFFECT ON AND AFTER
JANUARY 1, 1944

INSTITUTE OF
INDUSTRIAL RELATIONS

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International Harvester Company
Contributory Annuity Plan
for
Salaried Employees

Since 1908, when the original IHC Pension Plan was established, it has been the policy of the Company to aid and encourage employes in building up retirement income. On January 1, 1937, the Federal Social Security program became effective and replaced the need for continuing the old IHC Plan, except for purposes of integration with the Government program. This was done by continuing the old plan without change for all employes within five years of pensionable age and also continuing it for all employes with service of over five years, with a provision that only years of service before January 1, 1937 would count in computing Company pensions, the service after that date operating to build up Social Security benefits. The old IHC Pension Plan is secured by a trusteed Pension Fund, which now exceeds $37,000,000, and many employes as they retire from year to year will become entitled to pensions payable out of this Trust Fund.

In 1940 the Company offered to employes two plans, under which additional retirement income above social security benefits could be
built up by joint contributions from employes and the Company. One of these was the Savings and Extra Compensation Plan for non-managerial employes. Because of the restrictions on funds held for retirement this feature of the plan did not prove popular, and in November, 1942, the plan was amended by releasing all restricted funds accumulated to date through employe and Company contributions and discontinuing the retirement features of the plan.

In the same year, 1940, the managerial group, comprising about 5000 employes, was offered a Contributory Annuity Plan which called for contributions from employes equal to 5% of salary and provided benefits only on retirement or death. The managerial employes almost without exception joined this Plan. The U. S. Revenue Act of 1942 and the regulations under the Act now require that this Plan be amended if it is to be continued after the year 1943. Under this legislation it is possible to continue the Plan if it is made available to all salaried employes with more than five years of service and if the benefits and contributions conform to the limitations set out in Treasury Department regulations. The Company feels the Contributory Annuity Plan should be continued with these changes. Accordingly the amended Plan set out in this booklet is now offered to all salaried employes who have five years or more of service at the effective date, January 1, 1944.

**EFFECTIVE DATE OF PLAN**

1. The effective date of this amended Plan is January 1, 1944. The first fiscal period of the Plan will be the ten months period ending October 31, 1944, and thereafter fiscal years
of the Plan will start on November 1 and end on October 31, coinciding with the Company's fiscal year. The Insurance Companies reserve the right not to proceed with the Plan if less than 75 percent of the eligible employes participate in it.

ELIGIBILITY

2. Any regular full-time salaried employe with five years of continuous service is eligible to join the Plan. Employes having such service on the effective date of the Plan may join at once and other employes may join on the first day of the month following completion of the five-year service requirement. For purposes of this Plan the term "salaried employe" is intended to include all persons employed on a salary basis within the United States by International Harvester Company or any of its subsidiary companies which may become associated in this Plan and also persons employed in the United States and thereafter assigned to foreign fields in furtherance of the interests of International Harvester Company. The continuity of an employe's service will be determined according to the rules and regulations of the Company relating to this subject.

ENROLLMENT IN PLAN

3. In order to join the Plan and become entitled to its benefits, an eligible employe must sign an application to participate in the Plan, designating his beneficiary and authorizing deductions from his salary of the required contributions. An employe may change his beneficiary at any time, by completing for filing with the Insurance Companies the form provided for that purpose.
CONTRIBUTIONS BY EMPLOYEES

4. Each participating employe will contribute, through regular payroll deductions, amounts equalling 3% of his yearly salary up to $3,000 plus 6% of his yearly salary in excess of $3,000. For this purpose salary shall include all overtime pay. Payroll deductions for participating employees will be based on calendar years, to conform with the deductions made under the Social Security Act. Social Security deductions apply only to annual compensation of $3,000 and less; therefore on pay from which deductions are made for Social Security, payroll deductions for the purposes of the Plan will be at the rate of 3%, and on pay from which no deduction is made for Social Security (indicating that such pay represents excess over $3,000) payroll deductions for the purposes of the Plan will be at the rate of 6%.

COMPANY CONTRIBUTIONS AND ANNUITY BENEFITS

5. The Company's normal contributions during each fiscal year will aggregate such amount as is necessary to provide for each employe an annuity equal to 33 1/3% of his contributions during the year, said annuity to begin at his normal retirement age as defined in paragraph 6. The Board of Directors reserves the right to reduce the Company's contribution to such amount as will provide a 25% annuity benefit instead of a 33 1/3% annuity benefit during the whole or part of any year when, in its judgment, such action is warranted and required in view of the financial outlook and needs of the Company. No such reduction in annuity benefits shall apply to any employees' contributions made prior to announcement of the reduction.
and it will be the policy of the Board of Directors to resume the normal 33\% annuity benefit as soon as conditions permit.

NORMAL RETIREMENT UNDER THE PLAN

6. The normal retirement age of an employe under the Plan will be 65 (60 for women) except that normal retirement will be deferred to December 1, 1945 for employes who would otherwise reach retirement age before that date. An employe who reaches normal retirement age will be entitled to his full normal retirement annuity as provided in the Plan. On reaching normal retirement age, an employe's contributions shall cease, and his annuity shall commence, notwithstanding any arrangement that may be made for his temporary continuance in active service thereafter.

VESTED INTERESTS OF EMPLOYES WITHIN TEN YEARS OF NORMAL RETIREMENT AGE

7. When a participating employe is within ten years of his normal retirement age, that is, after reaching the age of 55 (50 for women), he will be entitled to the following vested rights in the contributions theretofore or thereafter made by the Company on his behalf:

(a) If his employment is terminated during said ten-year period, either at his request or at the Company's request or otherwise, he will be entitled to receive an annuity of such amount as the total of his own contributions and the contributions made by the Company on his behalf up to the termination of employment will buy under the terms of the group annuity contract,
said annuity to begin at such date, not later than normal retirement age, as the employe may elect.

(b) If he dies during said ten-year period, and prior to the commencement of his annuity, death benefits will be payable as described in paragraph 11.

PAYMENT OF ANNUITIES

8. Retirement annuities are payable in monthly installments from the date of the employe's retirement to his death. In case he dies before ten years' payments have been made his beneficiary will receive the annuity for the balance of the ten-year period. However, an employe will have the right to elect an optional form of annuity providing a reduced income during his lifetime and, after his death, a life income to a surviving contingent annuitant designated by him at the time the election is made. The election of this option is subject to certain restrictions in the group annuity contract which include the requirement that the employe must make his election at least five years before retirement, or must furnish evidence of good health. However, employes who have not been participating in the Plan before January 1, 1944, and who are now within five years of normal retirement age, may make such election at any time prior to April 1, 1944.

9. If any monthly annuity payment payable under the Plan, either to an employe or to his designated beneficiary or contingent annuitant after his death, is less than $10 per month the Insurance Companies reserve the right to pay such annuity in quarterly installments or to make a cash settlement as provided by the group annuity contract.
PAYMENTS AFTER DEATH

10. If an employe dies prior to age 55 (50 for women) an amount equal to the total of his own contributions under the Plan, together with such interest as the group annuity contract may provide, will be paid to his designated beneficiary. This entire amount will ordinarily be paid in one payment but if it exceeds $3,000 the beneficiary may arrange to have it paid in installments under a plan agreed upon with the Insurance Companies.

11. If an employe dies after age 55 (50 for women) and prior to the commencement of his annuity, his designated beneficiary will be paid, for ten years, the same annuity which the employe would have been entitled to receive, as provided in paragraph 7 (a), commencing on the date of his death, unless said employe had elected the option described in paragraph 8, in which case his surviving contingent annuitant will be paid an annuity for life equivalent in value to the ten-year annuity described above.

12. If an employe dies within ten years after the commencement of his annuity, the same annuity payments will be continued to his beneficiary for the balance of the ten-year period, unless said employe had elected the option described in paragraph 8, in which case his surviving contingent annuitant will be paid the annuity provided under that option.

PAYMENTS UPON TERMINATION OF EMPLOYMENT

13. If an employe’s service with the Company is terminated for any cause prior to age 55 (50 for women) he will be entitled to a cash refund equal to the total of his own
contributions under the Plan, plus such interest as the group annuity contract may provide, or, at his election, a paid-up annuity of such amount as his own contributions would buy under the group annuity contract. The rights of an employee leaving the service of the Company after age 55 (50 for women) are described in paragraph 7.

DUE DATE FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS

14. Any annuity payable under this Plan shall begin on the first day of the month next following the month in which retirement, termination of employment, or death occurs. Any cash death benefit payable to an employee's beneficiary by reason of the death of the employee shall be payable as soon as possible after the death of the employee.

ASSIGNMENT OF BENEFITS

15. The purpose of the Plan being to provide retirement annuities for employees and their beneficiaries, the Company's contributions are made upon the condition that an employee may not withdraw his contributions so long as he remains in the service of the Company and that none of the benefits provided by the Plan may be borrowed against, assigned or anticipated at any time.

ADMINISTRATION OF PLAN

16. The retirement benefits under the Plan will be provided through a group annuity contract made by International Harvester Company with the Connecticut General Life Insurance Company and John Hancock Mutual Life Insurance Company. This contract will provide that, at the option of the
Company, any of its affiliated or subsidiary companies operating in the United States may become associated in the Plan for the purpose of providing annuities for its employes. All contributions to the Plan by employes and the Company will be remitted currently by the Company to the John Hancock Mutual Life Insurance Company on behalf of the Insurance Companies. Each Insurance Company will assume a portion of the liability for annuity payments, refunds and death benefits due to employes and beneficiaries in the proportion and to the extent that it has received premiums for these purposes. The John Hancock Mutual Life Insurance Company will be the administrator of the group annuity contract and make all payments of benefits on behalf of both companies. The Insurance Companies will issue to each employe who joins the Plan a certificate of his inclusion under the group annuity contract. The rights and benefits of participating employes will be governed in all respects by the provisions of said contract, a copy of which will be available for examination by any eligible employe on request.

17. The Plan will be administered by the Company and the decisions of any Officer or Board authorized by the Board of Directors to administer the Plan shall be final in respect to all questions arising in the administration of the Plan, subject to the terms of the group annuity contract.

18. The Board of Directors of International Harvester Company has used and will use its best judgment in selecting or approving the Insurance Companies with which annuity contracts are written for the benefit of employes, but no liability for the payment of benefits to employes or their beneficiaries under the Plan shall be imposed upon the
Company, the officers or directors, or the stockholders.

AMENDMENT OR TERMINATION OF PLAN

19. The Company hopes that this Plan will prove of value both to employees and the Company and that it may be continued indefinitely. To meet any changed conditions the Company reserves the right to change, amend or discontinue the Plan if and when this is advisable in its judgment, provided that no such action shall deprive any employee of any rights acquired by reason of contributions theretofore made under the Plan. It should be understood, however, that the Plan is offered in the belief that it meets all governmental requirements as set out in Section 165 and Section 23 (p) of the Internal Revenue Code and the Treasury regulations authorized to be issued thereunder, and that if any such laws or regulations should require retroactive changes preventing the carrying out of any part of the Plan, such adjustments as equity may require will be made with any employee adversely affected.