

# Land O'Lakes, Inc. Pension Plan

## Summary Plan Description

## Introduction

This booklet is called a Summary Plan Description (SPD), which is a summary of the benefits under the Land O'Lakes, Inc. Employee Retirement Plan (referred to as the "Pension Plan" or the "Plan"). It is not intended to give advice and it does not provide all Plan details. This SPD describes the general Pension Plan benefits for Land O'Lakes employees. There are other groups of employees that have modified SPDs because they are eligible for frozen benefit or special benefit calculations. Those groups are listed on page 8 and have a separate attachment providing the details.

This booklet describes the Pension Plan provisions for employees:

- Who met the eligibility requirements for the Pension Plan on or before December 31, 2005
- Who elected to stay in the Pension Plan during the Retirement Choice period in 2006
- Who elected the enhanced version of the 401(k) Savings Plan during the Retirement Choice period in 2006 and have a "frozen" Pension Plan benefit earned through December 31, 2006
- Whose benefits are negotiated as Purina Mills Production Employees (even if hired January 1, 2006 or later).

For employees who elected the enhanced version of the 401(k) Savings Plan during the Retirement Choice period offered in 2006, the Pension Plan benefit earned through December 31, 2006 has been "frozen". You will not lose your "frozen" benefit, but it will not increase. You should refer to this Pension Plan Summary Plan Description for details on your "frozen" Pension Plan benefit.

If you have any questions about this document or about coverage under the Plan, contact Your Benefits Resources (YBR) at [www.ybr.com/landolakes](http://www.ybr.com/landolakes) and click on Your Pension Resources or call the YBR Center representatives toll-free at 1-866-717-7699.

## Eligibility and Participation

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### Full-Time Employees

You are eligible to participate in the Pension Plan if you were a regular, full-time employee of Land O'Lakes, Inc. or a related company that has chosen to participate in this Plan referred to as a "participating employer", prior to January 1, 2006. A full-time employee is regularly scheduled to work at least 30 hours per week\*.

If you met Plan eligibility requirements prior to January 1, 2006 and elected to continue participation in the Pension Plan you are eligible to continue earning benefits under this Plan.

### Employees Not Classified as Full-Time

Employees not classified as full-time are eligible to participate in the Pension Plan if one of the following requirements were met prior to January 1, 2006:

(1) You worked 1,000 hours from date of hire to first anniversary date;

OR

(2) If you did not work 1,000 hours in the first year of employment, but worked 1,000 hours in a subsequent calendar year.\*

If you met Plan eligibility requirements prior to January 1, 2006 and elected to continue participation in the Pension Plan you are eligible to continue earning benefits under this Plan.

\* Once you have met eligibility requirements for the Pension Plan, you will remain eligible even if your hours drop below 1,000 hours per calendar year.

## **Collectively Bargained Employees**

If you are a union employee you are eligible to participate in the Pension Plan if your union has negotiated for these benefits and you met the eligibility requirements.

## **How Service Affects Your Pension Plan Benefit**

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You'll need to know the following terms to understand how your benefit is calculated.

### **Credited Service**

Credited service or benefit service is used to compute your benefit amount under the Plan. In general, you receive one month of credited service for any month in which you work one hour or more with a participating employer.

There are exceptions and conditions that may limit the amount of your credited service; the most important are described below:

- After December 31, 1991, credited service is based on your "period of service." It does not include:
  - Any time during which you are not employed by Land O'Lakes or a participating employer
  - Employment with a participating employer in a classification not covered by this Plan, and
  - Part-time employment prior to becoming a participant in the Plan.
- Between January 1, 1976 and December 31, 1991, credited service is subject to additional restrictions based on your hours of service. No credited service is earned for any complete calendar year in which you are credited with fewer than 1,000 hours of service or for any month during a partial year of service in which you have fewer than 83 hours of service.
- Before January 1, 1976, credited service is based on the provisions of the Plan as it existed before that date
- If you were employed by a company that was acquired by or merged into a participating employer, your employment before the date of acquisition or merger may not be recognized in your credited service or may be limited
- Most participants will not receive credited service for more than 30 years of service; FGDA and the Purina Mills Production participants are exceptions
- If you elected to freeze your benefit during the Retirement Choice period, you will accrue no further credited service through the Pension Plan after December 31, 2006.

### **Vesting Service**

Vesting service is used to determine your right to receive a benefit from the Pension Plan. You will receive one year of vesting service for each calendar year in which you have at least 1,000 hours of service with a Qualified Employer. The term Qualified Employer includes Land O'Lakes, any Related Employer or Participating Employer or any entity of which Land O'Lakes owns at least 50%. The Plan provides 100% vesting after five years of vesting service. If you leave the Company before completing five years of vesting service, you will not be eligible for a benefit from this Plan.

Generally, vesting service will be provided to participants who transferred directly to Land O'Lakes or another participating employer from an acquired company, subject to eligibility decisions made by the Retirement Plan Committee.

If you elected to freeze participation in the Plan, you will continue to earn vesting service in the Pension Plan until you terminate employment with Land O'Lakes.

### **Break in Service**

A “one-year break in service” occurs when you are credited with 500 or fewer hours of service in a Plan year. When you have five or more consecutive “one-year breaks in service,” the ability to accumulate vesting service from prior periods of employment may be limited. To prevent a one-year break in service, the Plan credits you with up to 501 hours of service during an authorized leave of absence for certain maternity or paternity leaves (beginning after January 1, 1985).

## **When You May Start Your Benefit**

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If you are vested and your Land O'Lakes employment has ended, you may begin receiving Pension Plan benefits at your normal retirement date.

### **Normal Retirement Date**

Your normal retirement date is the first day of the month coinciding with or next following:

- the earlier of the date on which you complete five years of vesting service or the fifth anniversary of the first day of the plan year in which you became a participant;

**OR**

- the date below:
  - Age 65, if you were born in 1937 or earlier
  - Age 66, if you were born between 1938 and 1954
  - Age 67, if you were born in 1955 or after.

Your normal retirement benefit is payable beginning on your normal retirement date.

### **Early Retirement**

You may begin to receive your monthly payments as early as age 55 if you have 10 or more years of vesting service. If you begin to receive your payments early, your monthly benefit may be less than your normal retirement benefit because the payments are expected to continue over a longer period of time. For more details please see the tables on pages 6-7.

### **Deferred Retirement**

If you work for Land O'Lakes or a participating employer beyond your normal retirement age, your benefit payments will not start until your employment has ended. If you work beyond your normal retirement date you may accrue additional benefits. However, once your employment has ended your monthly benefit payments will not increase by delaying commencement beyond your normal retirement date. If you work past age 70 ½, then there is an actuarial increase based on accrued benefit as of the April 1 following the year in which the you reach age 70 ½.

## **Determining Your Pension Plan Benefit**

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Your pension benefit is calculated using a formula and the value of your monthly benefit is based on three factors:

- Final Average Pay (FAP):  
Your average monthly compensation during your highest paid 60 consecutive months out of the last 132 months that you work with the company. Retirement eligible pay recognized in FAP includes base earnings, overtime pay, bonuses, commissions and variable pay.

- **Credited Service (CS):**  
In general, you receive one month of credited service (up to a maximum of 30 years) for any month in which you work one hour or more with a participating employer and are eligible to participate in the Pension Plan.
- **Covered Compensation (CC):**  
Covered compensation is used to coordinate your Pension Plan benefit with your Social Security benefit. This number is adjusted each year to reflect changes in the maximum Social Security Taxable Wage Base. Covered compensation varies each year based on your year of birth and the year in which your employment ends.

**Pension Plan Benefit Formula**

Your Life Annuity Pension Plan benefit is calculated using the following formula:

$$\begin{aligned} & \text{Final Average Pay (FAP) x 1.08\%} \\ & \quad (+) \text{ plus} \\ & \{ \text{FAP} - \text{Covered Compensation (CC)} \} \text{ x .52\%} \\ & \quad (x) \text{ times} \\ & \text{Years and months of Credited Service (CS) (Up to a maximum of 30 years)} \\ & \quad (=) \text{ equals} \\ & \text{Your Land O'Lakes Pension Plan Life Annuity benefit payable at normal retirement age} \end{aligned}$$

**Minimum Monthly Benefit**

Your accrued benefit will never be less than the Minimum Monthly Benefit provided by the Plan. The Minimum Monthly Benefit is determined as follows:

$$\begin{aligned} & \$32 \text{ x years and months of credited service} \\ & \quad (\text{Up to a maximum of 5 years}) \end{aligned}$$

**Examples**

Let's assume you have 5 years of credited service and your accrued benefit, based on the FAP formula, is \$80 per month. Your minimum benefit would be equal to \$160 per month (\$32 X 5 years of credited service). Since your minimum benefit of \$160 is higher than the FAP benefit of \$80, your final accrued benefit will be \$160 based on the minimum benefit formula.

Assume you have 10 years of credited service and your accrued benefit, based on the FAP formula, is \$250 per month. Your minimum benefit would be equal to \$160 per month (\$32 x 5 year maximum of credited service). Your final accrued benefit will be \$250 since that amount exceeds the minimum benefit of \$160.

**Calculating Your Pension Benefit**

Assume you retire at your normal retirement age of 66 with 28 and 3/12 years of credited service (CS) and final average pay (FAP) of \$4,166.67/month (\$50,000 per year). If you retire in 2017, your monthly covered compensation (CC) would be \$6,490. Below is how your pension benefit would be calculated:

- Final Average Pay (FAP) = \$4,166.67/month (\$50,000/year)
- Covered Compensation (CC) = \$6,490
- Normal Retirement Age (NRA) = 66
- Credited Service (CS) = 28 years and 3 months

|        |   |              |
|--------|---|--------------|
| Step 1 | \$4,166.67 (FAP) X 1.08%  | \$45.00      |
| Step 2 | { \$4,166.67 (FAP) - \$6,490 (CC) } X .52%<br>(if FAP is less than CC, skip Step 2) | + \$0.00     |
| Step 3 | Total benefit for each year and month of credited service (Step 1 + 2)              | = \$45.00    |
| Step 4 | 28 years, 3 months credited service   | x 28.25      |
| Step 5 | Your monthly Pension Plan benefit as a Life Only Annuity (Step 3 x Step 4)          | = \$1,271.25 |

For more information on any of the terms used in the calculation, refer back to page 4 & 5 of this document for definitions and the formula.

## Early Commencement Factors

You may elect to begin receiving your benefit any time after age 55, providing you have 10 or more years of vesting service. Your reduced pension benefit will be the percentage of your normal retirement formula indicated in the charts below. By commencing payments early, you can expect to receive benefits over a longer period of time, thus your monthly payment may be reduced. However, you can leave employment with a vested benefit and postpone payments until either your normal retirement age or any point in time prior to your NRA.

Below are the early commencement factors which will apply to employees who terminate employment **after reaching age 55**, with ten or more years of vesting service.

### Early Commencement Factors-Termination After Reaching Age 55

| Age of Commencement | Born in 1937 or Earlier (Normal Retirement Age = 65) | Born between 1938 and 1954 (Normal Retirement Age = 66) | Born in 1955 or Later (Normal Retirement Age = 67) |
|---------------------|--|---|--|
| 67                  | 100.00%  | 100.00%   | 100.00%  |
| 66                  | 100.00%  | 100.00%   | 100.00%  |
| 65                  | 100.00%  | 100.00%   | 100.00%  |
| 64                  | 100.00%  | 100.00%   | 100.00%  |
| 63                  | 100.00%  | 100.00%   | 96.00%   |
| 62                  | 100.00%  | 96.00%  | 92.00%   |
| 61                  | 96.00%   | 92.00%  | 88.00%   |
| 60                  | 92.00%   | 88.00%  | 84.00%   |
| 59                  | 86.00%   | 82.00%  | 78.00%   |

|    |        |        |        |
|----|--------|--------|--------|
| 58 | 80.00% | 76.00% | 72.00% |
| 57 | 74.00% | 70.00% | 66.00% |
| 56 | 68.00% | 64.00% | 60.00% |
| 55 | 62.00% | 58.00% | 54.00% |

Below are the early commencement factors which will apply to employees who terminate employment **before reaching age 55**, with ten or more years of vesting service.

### Early Commencement Factors-Termination Before Reaching Age 55

| Age of Commencement | Born in 1937 or Earlier (Normal Retirement Age = 65) | Born between 1938 and 1954 (Normal Retirement Age = 66) | Born in 1955 or Later (Normal Retirement Age = 67) |
|---------------------|--|---|--|
| 67                  | 100.00%  | 100.00%   | 100.00%  |
| 66                  | 100.00%  | 100.00%   | 93.33%   |
| 65                  | 100.00%  | 93.33%  | 86.67%   |
| 64                  | 93.33%   | 86.67%  | 80.00%   |
| 63                  | 86.67%   | 80.00%  | 73.33%   |
| 62                  | 80.00%   | 73.33%  | 66.67%   |
| 61                  | 73.33%   | 66.67%  | 60.00%   |
| 60                  | 66.67%   | 60.00%  | 53.33%   |
| 59                  | 63.33%   | 56.67%  | 50.00%   |
| 58                  | 60.00%   | 53.33%  | 46.67%   |
| 57                  | 56.67%   | 50.00%  | 43.33%   |
| 56                  | 53.33%   | 46.67%  | 40.00%   |
| 55                  | 50.00%   | 43.33%  | 36.67%   |

Note: Early commencement factors are based on actual age in years and months. Factors are pro-rated between birthdays.

#### Examples of how to calculate a reduced pension benefit

Example 1: Suppose you were born in 1950, left employment at age 60 with over 10 years of vesting service and want to commence your Pension Plan benefit immediately. When you left, your vested pension benefit at age 66 is \$864 per month payable at your normal retirement date. Below is how your reduced benefit would be calculated using the factors beginning on page 6:

|   |                 |
|---|-----------------|
| Pension benefit per month at normal retirement (age 66) | = \$864.00      |
| Age 60 early retirement percentage (88%)                | = <u>x 0.88</u> |
| Reduced Pension Benefit                                 | = \$760.32      |

This reduced pension benefit of \$760.32 would begin at age 60. However, since you left after age 55, if you elected to wait to commence payments you could receive your full pension benefit of \$864 as early as age 63 according to the table on page 6.

Example 2: If you left employment at age 50, using the same normal retirement age and benefit amount of \$864 and elected to commence at age 60, below is how your reduced pension benefit would be calculated using the factors on page 7:

|   |                  |
|---|------------------|
| Pension benefit per month at normal retirement (age 66) | = \$864.00       |
| Age 60 early retirement percentage (60.00%)             | = <u>x .6000</u> |
| Reduced Pension Benefit                                 | = \$518.40       |

Since you left employment prior to age 55, your pension benefit would be subject to an early retirement reduction unless you delay your commencement until you reach your normal retirement date.

## Frozen and Grandfathered Benefits

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Frozen benefit guarantees or special grandfathered benefit calculations may apply to employees who formerly participated in the following companies pension plans:

- Agriliance
- Atlantic Dairy Cooperative
- Countrymark Cooperative, Inc.
- Dairyman's Cooperative Creamery Association
- Holly Milk
- Farmland Industries
- Indiana Seed Company, Inc.
- Purina Mills (Production Plan)
- Research Seeds, Inc.

## How Benefits Are Paid

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### Deferred Pension Plan Benefits

Deferring your retirement means you work at Land O'Lakes beyond your normal retirement date. If you continue to work beyond your normal retirement date, your benefit can never be less than the benefit you had earned at your normal retirement age. Your deferred pension benefit will be calculated using the normal pension formula. You will receive pension benefits based on your earnings and service past your normal retirement age; however, the 30-year limit on credited service still applies. If you work past age 70 ½, then there is an actuarial increase based on accrued benefit as of the April 1 following the year in which you reach age 70 ½. If you are no longer working for Land O'Lakes or a participating employer, you must commence receiving your benefit by the April 1st after the calendar year in which you reach age 70 ½.

It does not benefit a participant to delay receiving payment beyond your normal retirement age if employment has ended. Unlike Social Security payments, your Land O'Lakes pension will not increase after employment has ended and you are no longer subject to an early retirement reduction.



### **Vested Termination Benefits**

If you leave the Company for any reason after you become vested you are entitled to a benefit from the Plan.

When your employment ends:

- If the present value of your benefit is \$1,000 or less, you will receive your benefit as a lump sum payment approximately 90 days after you terminate employment to the address on file
- If the present value of your benefit is greater than \$1,000, but less than or equal to \$5,000 – you will be given an option to receive the distribution directly (via paperwork or IRA of choice) or IRA chosen by Land O'Lakes. If you do not respond within the reasonable amount of time after being given the option, the benefit will be distributed to the direct IRA rollover chosen by Land O'Lakes below:

IRA ROLLOVER, FPS Trust Company

9137 E. Mineral Cir Ste 120

Centennial, CO 80112

Customer Service Number 303-625-9646

- If the present value of your benefit is more than \$5,000 and less than or equal to \$25,000 you will be given options to receive the distribution directly (via paperwork or IRA of their choice) or IRA chosen by Land O'Lakes or a monthly benefit available immediately.
- If you have between five and ten years of vesting service and the present value of your vested benefit exceeds \$25,000, the vested benefit would be payable at your normal retirement age
- If you have ten or more years of vesting service at the time you leave the Company your benefit would be available in a reduced amount as early as age 55 or you may elect to postpone payments until any age between age 55 and your normal retirement age (for early commencement factors see tables on pages 6-7).

### **Choosing a Form of Payment**

At the time you commence your benefit from the Plan you will be asked to select from the optional forms of payment listed below. Once you receive your first pension check, you cannot make a change in the form of payment or joint annuitant you have selected.

### **Normal Forms of Payment**

- If you are single, your normal form of payment is a Life Annuity\*
- If you are married, your normal form of payment is the 50% Joint and Survivor Annuity\*

\* You may elect another form of payment when you commence your monthly benefit.

### **Optional Forms of Payment**

If you wish, you may elect to have your Pension Plan benefit paid under one of the Plan's optional forms of payment listed below:

- Life Annuity: This option pays you a monthly pension benefit for as long as you live. No further benefits are paid after your death. If you are married, you will need the written consent of your spouse to choose this option. A notary public must witness your spouse's signature.
- 10 Years Certain and Life Annuity: This option pays a reduced benefit for your lifetime with payments continuing to your beneficiary if you die before receiving 120 payments (10 years). If you are married, you will need the written consent of your spouse to choose this option. A notary public must witness your spouse's signature.

If you die within 10 years after your benefits begin, your beneficiary will receive a monthly payment for

the balance of the 10-year period. If you die after you have received benefits for 10 or more years, no benefits will be provided to your beneficiary after your death. If your beneficiary survives you, but dies before payments have been made for 10 years, the present value of the remaining benefit will be paid to his or her estate in a lump sum.

- 50% Joint and Survivor Annuity: This option pays a reduced benefit for your lifetime, with continued payments of 50% of your benefit to your surviving spouse after your death.
- 66 2/3% Joint and Survivor Annuity: This option pays a reduced benefit for your lifetime, with continued payments of 66 2/3% of your benefit to your surviving spouse after your death.
- 75% Joint and Survivor Annuity: This option pays a reduced benefit for your lifetime, with continued payments of 75% of your benefit to your surviving spouse after your death.
- 100% Joint and Survivor Annuity: This option pays a reduced benefit for your lifetime, with continued payments of 100% of your benefit to your surviving spouse after your death.
- Lump Sum Payment: If the present value of your benefit when you leave employment is \$25,000 or less, your benefit may be payable as a single lump sum payment. If it is \$1,000 or less, it will be automatically be paid as a lump sum payment. These are the only circumstances in which a benefit earned under the Pension Plan can be paid as a lump sum payment.

## Surviving Spouse Benefit

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If you leave employment with a vested benefit but die before commencing payments or if you are an active employee who has a vested benefit but die prior to reaching age 55 and completing ten years of vesting service, the Plan will pay a benefit to your surviving spouse if you were married for at least one year prior to your death. The benefit is equal to one-half of your vested pension benefit, payable in the form of a Life Annuity.

If you are an active employee who has a vested benefit but die after reaching age 55 and completing 10 years of vesting service, the Plan will pay a benefit to your surviving spouse if you were married for at least one year prior to your death. The benefit is payable in the form of a 100% Joint & Survivor annuity, with your spouse as the joint annuitant.

Payments to the surviving spouse may commence:

- The first day of the month following your death if you are age 55 or older at the time of death and had at least 10 years of vesting service; or, the first of the month after the date you would have reached age 55, if you die prior to your 55th birthday. The early commencement factors would apply if the benefit is commenced prior to your normal retirement age and had completed 10 years of vesting service (see pages 6-7).
- The date at which you would have reached your normal retirement date if you had at least 5, but fewer than 10 years of vesting service.

Your surviving spouse may elect to delay payments until your normal retirement age and receive an unreduced monthly benefit. If your spouse dies before benefits begin, no other death benefit is payable. If the present value of the spouse's benefit from the Plan is \$25,000 or less, your spouse would be eligible to receive the benefit in a lump sum payment. If the value is \$1,000 or less, it will be automatically be paid as a lump sum payment.

**The Plan does not provide pre-retirement death benefits for anyone other than a surviving spouse.**

## How to Start Your Pension Benefit

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To begin your monthly pension benefit you or your beneficiary should contact Your Benefits Resources (YBR) at 1-866-717-7699 or online at [www.ybr.com/landolakes](http://www.ybr.com/landolakes) at least 30 days and no more than 90 days before you wish benefits to begin.

### Information Needed to Start Benefit Payments

To ensure that your first payment is timely, you should have the following information available at the time you call YBR:

- Exact dates of birth for yourself and your spouse/beneficiary
- Social Security Numbers for yourself and your spouse/beneficiary
- Your permanent address
- Your last day of work (if you are still active)
- The date you wish to start your pension benefit (if you are an active employee you are eligible to begin your first payment the first of the month following your last day of work)
- The optional form of payment you wish to receive (see page 9-10)
- Direct deposit and tax withholding information.

### Determination of Eligibility for Benefits

Benefit claims will normally be processed within 90 days after filing. You or your beneficiary may file claims for Plan benefits and appeal adverse claim decisions, either yourself or through an authorized representative. An “authorized representative” means a person you or your beneficiary authorize, in writing, to act on your behalf. The Plan also will recognize a court order giving a person authority to submit claims on your behalf.

If you receive an adverse benefit determination (i.e. any denial, reduction, or termination of a benefit, or a failure to provide or make a payment), you will receive a written notification of the adverse determination within that 90-day period. If special circumstances require an extension of time for processing the claim, the 90-day period may be extended for up to an additional 90 days. Before the initial 90-day period expires, the Plan Administrator must notify you of the special circumstances that make an extension necessary and indicate the date a final decision is expected to be made.

If the extension is necessary due to your failure to submit necessary information, the Plan’s time frame for making a benefit determination on review is stopped from the date the Plan Administrator sends you the extension notification until the date that you respond to the request for additional information.

The adverse benefit determination notice will explain:

- The specific reason(s) for the adverse benefit determination
- Reference to the specific Plan provisions on which the benefit determination is based
- A description of any additional material or information necessary for you to make the claim acceptable and an explanation of why it is necessary
- A description of the Plan’s appeal procedures and time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA after an adverse determination on appeal.

## **Appeal Procedure**

Within 60 days after receiving an adverse benefit determination, you, your beneficiary or your authorized representative have the right to:

- Submit written comments, documents, records and other information relating to the claim for benefits
- Request, free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim. For this purpose, a document, record or other information is relevant if it:
  - Was relied on in making the benefit determination
  - Was submitted, considered or generated in the course of making the benefit determination, regardless of whether such document, record or other information was relied upon in making the benefit determination
  - Demonstrates compliance with the administrative processes and safeguards required in making the benefit determination
- A review that takes into account all comments, documents, records and other information submitted by you relating to the claim, regardless of whether such information was submitted or considered in the initial benefit determination.

The Plan Administrator will notify you of the Plan's benefit determination on review within a reasonable period of time, but not later than 60 days after receipt of your request for review by the Plan. This 60-day period may be extended for up to an additional 60 days if the Plan Administrator determines that special circumstances require it and notifies you of the extension before the initial 60-day period ends of the date by which the Plan expects to make a determination on review.

## **Additional Information**

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### **Social Security**

In addition to your benefits from this Plan, you may be eligible for Social Security benefits. Social Security retirement benefits can begin as early as age 62. To find out more about your Social Security benefits, go to [www.ssa.gov](http://www.ssa.gov) or call 1-800-772-1213.

### **Limits on Benefits**

#### **Minimum Benefits**

Certain minimum benefits are payable to employees who participated in previous pension plans. When you retire, your benefit from this Plan may be adjusted to reflect other benefits you receive or are eligible to receive from other pension plans maintained by the Company.

#### **Maximum Benefits**

Federal regulations limit the maximum benefit amount you may receive from the Pension Plan. In addition, regulations limit the amount of annual salary that can be included in your benefit calculation. The annual salary limit is \$270,000 for 2017 and may be adjusted periodically by the IRS.

## **Suspension of Benefits**

If you are reemployed by the Company after starting to receive pension benefits and you complete 1,000 or more hours of service with a participating employer in a calendar year, your monthly pension payments will be suspended. Your pension benefit will be recalculated when you once again are eligible to begin receiving a benefit. The Company will inform you of how to obtain an advance determination of whether your renewed employment will qualify for the suspension. After your pension benefit has been recalculated and you are no longer working for the Company your payments will resume under the optional form you elected previously.

## **Plan Cost and Funding**

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The Company pays the full cost of the Pension Plan benefits; employee contributions are not allowed. The amount of the Company contribution is determined with the help of an actuary. An actuary is an independent expert who calculates how much money the Company must contribute to the pension trust to cover benefits provided by the Plan. The actuary uses participant data and the provisions of the Plan to determine the amount of any Company contributions required.

The Plan assets are held in a trust. The money in the trust will be used to pay benefits and administrative costs of the Plan. These funds cannot be returned to the Company until all benefits have been paid. The Plan Trustee is Wells Fargo Bank, N.A. All participant payments from the Plan are made from the trust. The Retirement Plan Committee in conjunction with independent investment managers, named by the committee, determines how to invest the assets.

## **Future of the Plan**

Land O'Lakes, Inc. expects to continue the Pension Plan, but reserves the right to change or end the Plan at any time. The decision to change or end the Plan may be due to changes in federal or state laws governing pension benefits, the requirements of the Internal Revenue Code or the Employee Retirement Income Security Act of 1974 (ERISA) or other reasons.

The Board of Directors has the authority to amend, alter or revise the Plan prospectively or retrospectively at any time by adopting a resolution. The Land O'Lakes Board has delegated authority to the Retirement Plan Committee to make certain changes to the Plan by adopting a resolution.

If the Plan is terminated or you are affected by a partial termination for any reason, you will automatically become 100% vested in the benefit you have earned as of the Plan's termination or partial termination date. This is true regardless of how much service you have earned under the Plan at that time.

Whether you eventually receive all or part of your Plan benefit depends on if the Plan is fully funded and if the benefit is insured by the Pension Benefit Guaranty Corporation (PBGC). The law establishes priorities as to how the fund's assets will be used to provide benefits after a Plan termination. Assets are used to pay for the following benefits, in the order described below, until the Plan assets are depleted:

- Benefits for those who have received or who were entitled to receive benefits from the Plan for at least three years before the Plan termination date
- All other benefits insured by the PBGC
- Vested benefits that are not insured by the PBGC
- Any other benefits earned under the Plan. This includes those benefits that are vested due to the Plan's termination.

## Pension Benefit Guaranty Corporation (PBGC)

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Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their Plan, but some people may lose certain benefits. The PBGC guarantee generally covers normal and early retirement benefits and certain disability and survivor benefits.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates
- Some or all benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates
- Benefits that are not vested because you have not worked long enough for the Company
- Benefits for which you have not met all of the requirements at the time the Plan terminates
- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement benefit greater than your monthly benefit at the Plan's normal retirement age
- 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 your Plan Administrator or contact the PBGC, PO Box 151750, Alexandria, VA 22315-1750 or call toll-free 1-800-400-7242. TTY/TDD users may call the federal relay service at 1-800-877-8339 and ask to be connected to 1-800-400-7242. PBGC's fax number is 1-202-326-4047. Additional information about the PBGC's pension insurance program is available through the PBGC's website [mypension@pbgc.gov](mailto:mypension@pbgc.gov)

### **Recovery of Overpayments**

Land O'Lakes, Inc. has the right to recover any excess benefit payments. For example, excess payments may occur if Pension Plan benefits were paid because of a mistake or incorrect information was received regarding your pay, service or entitlement to benefits. Land O'Lakes will recover any excess amount paid to you by reducing or suspending future benefit payments, requesting direct payment from you or any other method permitted by law.

### **Assignment of Benefits**

Plan benefits cannot be assigned, sold, transferred, pledged by you or acquired by your creditors or anyone else except under limited circumstances. The exception to this is all or a portion of your vested benefit at the time of divorce may be assigned to your former spouse by a Qualified Domestic Relations Order (QDRO), a court-approved agreement that assigns benefits between divorcing parties. Any amount awarded to a former spouse will reduce your pension benefit. To receive a copy of the Plan's procedures that govern QDRO determinations or for model language, contact Your Benefits Resources (YBR) Qualified Order Center. You can send an email to [QOCenter@aonhewitt.com](mailto:QOCenter@aonhewitt.com). Information is also available at [www.QOCenter.com](http://www.QOCenter.com) or by calling YBR at 1-866-717-7699 for more information.

### Situations Affecting Plan Benefits

The Pension Plan is designed to provide you with a continuing income after retirement; however, the following situations could affect your Plan benefits:

- If you leave the Company for any reason before you have five years of vesting service, no benefits are payable
- If you begin receiving a benefit and return to work full-time for Land O'Lakes or a participating employer, payments will be discontinued until you terminate employment
- If you do not apply for benefits or fail to provide any information requested by the Company, benefits will be delayed. Payments will begin once your application is made and approved. In addition, if you do not keep a current address on file with YBR, benefit payments may also be delayed
- If the Plan is terminated, you will be notified of the termination. If Plan funds are insufficient to pay the full amount of benefits you have earned, benefits are paid in an order specified by law.

### No Guarantee of Employment

Participation in this Plan does not give you the right to continued employment by the Company. Neither does it guarantee you the right to a benefit you have not earned under the terms of the Plan.

### Top-heavy Provisions

Under a complicated set of IRS rules set out in the Plan document, the Plan may become a "top-heavy plan." A top-heavy plan is one where more than 60% of the benefits have been allocated to "key employees." Key employees are generally officers and other owners. The Plan Administrator is responsible for determining whether the Plan is a top-heavy plan each year. In the unlikely event the Plan becomes top-heavy in any year, non-key employees may be entitled to certain minimum benefits and special rules will apply. If the Plan becomes top-heavy, the Plan Administrator will advise you of your rights under the top-heavy rules.

## Plan Administration

|   |   |
|---|---|
| Plan Name   | Land O'Lakes, Inc. Employee Retirement Plan   |
| Plan Number   | 001   |
| Employer Identification Number  | 41-0365145  |
| Plan Sponsor  | Land O'Lakes, Inc.<br>4001 Lexington Avenue North<br>Arden Hills, MN 55126<br>Mailing address: MS 1085<br>P.O. Box 64101<br>St. Paul, MN 55164-0101   |
| Plan Administrator-Fiduciary<br>Responsible for ongoing operations and ensuring that the Plan is fair for all participants. | Land O'Lakes, Inc. Retirement Plan Committee<br>4001 Lexington Avenue North<br>Arden Hills, MN 55126<br>1-800-906-3336<br>Mailing address: MS 1085<br>P.O. Box 64101<br>St. Paul, MN 55164-0101 |

|  |  |
|--|--|
| Serving Legal Process  | Land O'Lakes, Inc. Retirement Plan Committee<br>4001 Lexington Avenue North<br>Arden Hills, MN 55126<br>Mailing address: MS 1085<br>P.O. Box 64101<br>St. Paul, MN 55164-0101  |
| Plan Record Keeper<br>Responsible for day to day participant administration and reporting.                                   | Your Benefit Resources (YBR)<br>Aon Hewitt Associates<br>4 Overlook Point, P.O. Box 1422<br>Lincolnshire, IL 60069-1422<br>1-866-717-7699 <a href="http://www.ybr.com/landolakes">www.ybr.com/landolakes</a>                                       |
| Plan Trustee<br>Responsible for safeguarding Plan assets and investments, which are used to provide benefits under the Plan. | Wells Fargo Bank<br>Institutional Retirement and Trust Services<br>550 S. 4 <sup>th</sup> St – Bldg. 68 MAC N9310-090<br>Minneapolis, MN 55415   |
| Type of Funding and Source of Contributions  | Benefits are paid from a Trust funded by contributions from Land O'Lakes, Inc. and other participating employers.  |
| Plan Year  | January 1 – December 31  |
| Type of Plan   | Defined benefit<br>This type of plan determines your benefit by a formula, which is outlined in the terms of the Plan. A defined benefit is established for each participant and necessary contributions are made to provide the promised benefit. |

## Your Rights Under Federal Law

The Pension Plan described in this document is provided as part of your total compensation from Land O'Lakes which include pay plus benefits. This document has been prepared to explain those Pension Plan benefits and is known as a Summary Plan Description (SPD).

### Employee Retirement Income Security Act (ERISA)

Plan participants are entitled to certain rights and protections pursuant to the Employee Retirement Income Security Act (ERISA) of 1974. As a participant in the Plan — either as an employee or as the eligible dependent of an employee — you have the right to information about the Plan, such as how it operates and an explanation of the benefits to which you are entitled under the terms of the Plan.

ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of



the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.

- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, what your benefits would be at Normal Retirement Age if you stopped working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to obtain a right to a pension benefit. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.
- You may not be discharged or discriminated against for pursuing a benefit or for exercising your ERISA rights.

### **Plan Fiduciaries**

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

### **Enforcing Your ERISA Rights**

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

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file a suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court.

If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### **Assistance with Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Pension and Welfare

Benefits Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the Pension and Welfare Benefits Administration at 1-866-444-3272 or submitting request electronically at [askebsa.dol.gov](http://askebsa.dol.gov).

### **Uniformed Services Employment and Reemployment Rights Act**

The Uniformed Services Employment and Reemployment Rights Act (USERRA) is a federal law that guarantees certain rights to individuals who enter military service. In general, you are eligible for the rights guaranteed by USERRA if:

- You give advance notice of your leave to Land O'Lakes (unless notice is precluded by military necessity)
- You receive an honorable discharge
- Your leave does not exceed five years (this limit is cumulative but does not include certain types of service such as required training for reservists or members of the National Guard)
- You report back to Land O'Lakes or apply for reemployment within the required time period.

The general rule is that an employee on USERRA leave is entitled to the same rights and benefits Land O'Lakes provides to similarly situated employees on other types of leave. For more information regarding USERRA's impact on your Land O'Lakes benefits or for general information about USERRA, contact the YBR toll-free at 1-866-717-7699.

### **Family and Medical Leave Act**

Under the Family and Medical Leave Act (FMLA), you have certain rights to take time off for special health reasons and still keep certain coverages and rights under various Land O'Lakes benefit plans. FMLA absences will not constitute a break in service.

## **Glossary**

It is important for you to understand the meaning of the following terms and phrases as they apply to the Pension Plan.

### **Annuity**

A payment method through which you receive your pension benefit in monthly payments over a defined period, such as your lifetime.

### **Covered Compensation (CC)**

One of the three factors of the Pension Plan benefit formula. It is the 35-year average of the maximum Social Security Taxable Wage Base. The covered compensation amount varies with the year you were born and the year your employment ends.

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

One of the three factors of the Pension Plan benefit formula. In general, you receive one month of credited service up to a maximum of 360 months (30 years) for any month in which you work one hour or more with a participating employer and are eligible to participate in the Pension Plan.

**Defined Benefit**

A type of retirement benefit plan that “defines” the benefit amount you will receive from the Company.

**Early Retirement Age**

You are eligible to receive anytime between the age of 55 and your normal retirement age as long as you have at least 10 years of vesting service.

**Final Average Pay (FAP)**

This is one of the three factors of the Pension Plan benefit formula. It is your average monthly eligible pay during your highest paid 60 consecutive months out of the last 132 months that you work for the Company.

**Form of Payment**

The form of monthly annuity payments available under the Pension Plan. All forms provide a guaranteed lifetime income to the participant. The joint options also provide lifetime income to the spouse of the participant.

**Frozen Benefit**

If you chose the Enhanced version of the 401(k) Savings Plan during the Retirement Choice period in 2006, your benefit in the Pension Plan was “frozen” as of December 31, 2006. It is the frozen monthly annuity you are eligible to receive at your normal retirement age.

**Normal Retirement Age (NRA)**

The age at which you can receive unreduced Pension Plan benefit payments: age 65 if born before 1938, 66 if born between 1938 and 1954, or 67 if born on or after 1955.

**Pension Plan Formula**

The formula used to determine your benefit from the Pension Plan:

$$\begin{aligned}
 & \text{Final Average Pay (FAP) x 1.08\%} \\
 & \quad (+) \text{ plus} \\
 & \quad \{ \text{FAP} - \text{Covered Compensation (CC)} \} \text{ x .52\%} \\
 & \quad \quad (x) \text{ times} \\
 & \text{Years and months of Credited Service (CS) (Up to a maximum of 30 years)} \\
 & \quad \quad (=) \text{ equals} \\
 & \text{Your Pension Plan Life Annuity benefit payable at normal retirement age}
 \end{aligned}$$

**Retirement Eligible Pay**

Generally, this pay includes base earnings, overtime pay, bonuses, commissions, and variable pay. For truck drivers, it may include mileage, stop time, and percentage of load pay.

**Vesting**

The process of building ownership rights to your benefit. The Pension Plan requires 5 years of vesting service to become entitled to benefits under the Plan. For the Pension Plan, you earn one year of vesting service for each calendar year during which you work at least 1,000 hours for Land O'Lakes or a Qualified Employer.

This document is called a Summary Plan Description (SPD), which is a summary of the benefits under the Land O'Lakes, Inc. Employee Retirement Plan. It is not intended to give advice and it does not provide every Plan detail. Every effort has been made to ensure the accuracy of this summary. The official Plan document governs this Plan and is always used in cases requiring a legal interpretation of the Plan. If there are any discrepancies between this SPD and the Plan document, the Plan document will control in all cases.