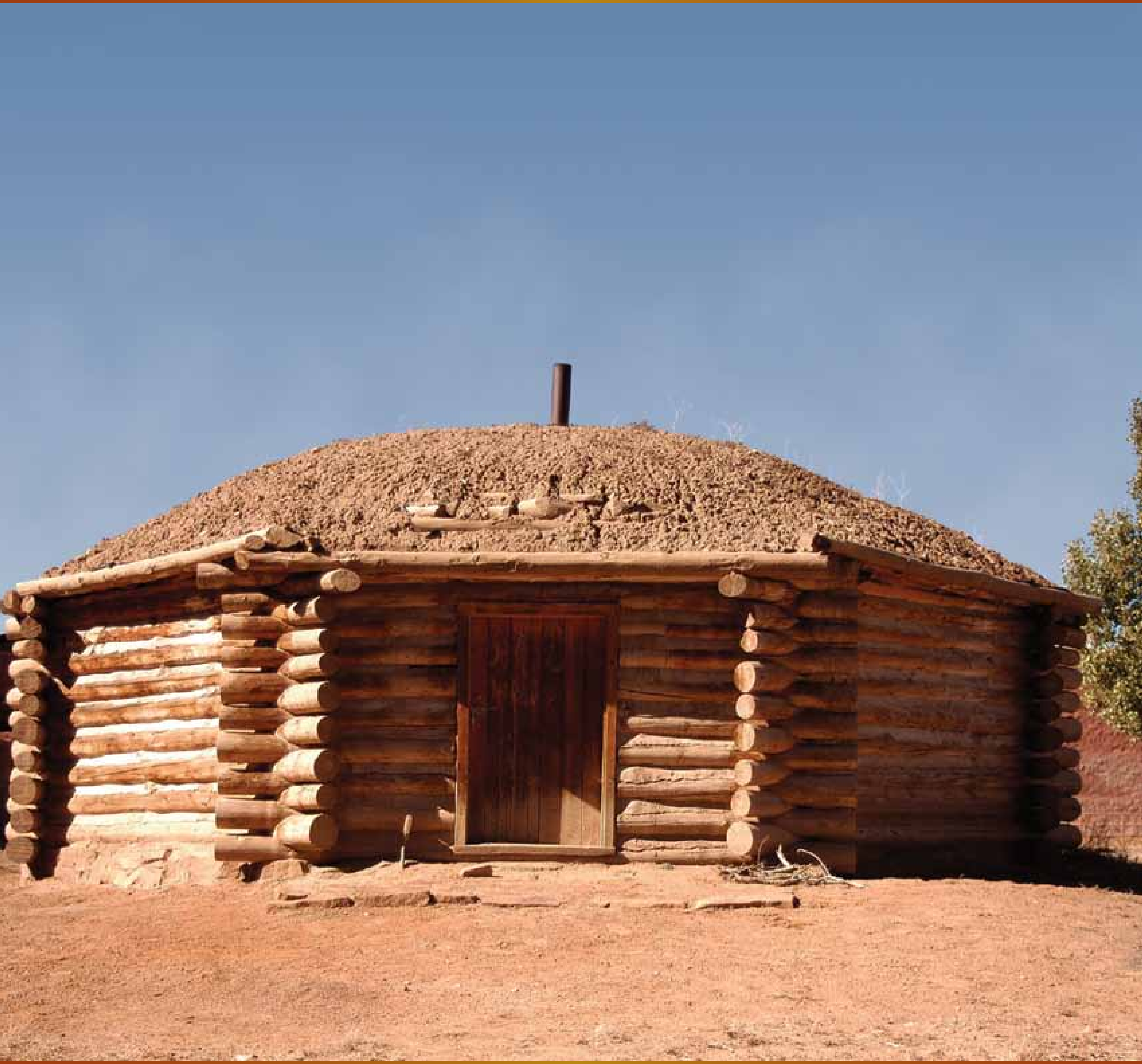
   

honor the past • enjoy the present • plan the future

Navajo Nation 401(k) Savings Plan
Summary Plan Description

As Diné, we have been taught to understand life, to be responsible, to work hard, to earn a living, and to provide for our families. Work is part of life, and the Navajo Nation 401(k) Savings Plan makes it possible to reap the benefits of our hard work. It is an easy and tax-effective way to save for the future. The Plan can provide you with income during retirement, but not without your participation.

Contents



Coyote built the first hogan to be a house for First Man, First Woman, and Talking God. Built in harmony with Mother Earth, the hogan surrounds the family with K'é, the promise of peace, shelter, strength, and all things good and beautiful. While we may live in more contemporary structures, the hogan is our spiritual home, Hózhǫ́ǫ́go.

Four

There are four sacred mountains that watch over our lands:

Sis Naajiní
Tsoodził
Dook'o'oosłííd
Dibé Nitsaa

And the sacred mountains within our borders are:

Dził Ná' oodił
Ch'óolii
Naatsis'áán

There are four cardinal directions:
Ha'a'aaj
Shádi'ááh
E'e'aah
Náhookǫs

There are four primary colors:
Łigai
Dootł'izh
Łitso
Łizhin

There are four seasons:
Daan
Shį́
Aak'ei
Hai

There are four original clans:
Kinyaa'aanii
Honaghaahnii
Todich'ii'nii
Hashtl'ishnii

Here are four reasons to participate in our 401(k) plan.

1. **You don't have to think about saving.** Contributions come out of your paycheck automatically. Your automatic contribution is 2% of eligible pay, but you can save from 1% to 100% of your eligible pay (up to the annual dollar limit set by the IRS) through convenient payroll deductions.

2. **It's flexible.** You can change your contributions and investment choices as your life changes.

3. **You save on taxes.** Your pretax savings are deducted before taxes are taken out, so it costs you less to save. If you decide to make Roth contributions, your contributions and earnings won't be taxed when they are paid to you.

4. **The Nation makes employer matching contributions to the Plan.** The employer matching contributions are $.50 for each $1.00 in employee contributions you make, up to a maximum matching contribution equal to 3% of compensation.

There are a number of terms, such as *plan administrator* and *plan year,* which have special meanings under the plan. These terms are written in *italics* the first time they appear.

For generations, the Diné have used gifts from Mother Earth to create beauty. Like weaving a beautiful basket, creating a secure retirement takes time, planning, patience, and the right tools. Our 401(k) plan gives us the tools we need to prepare for retirement.

Joining the Plan

Eligibility

If you belong to one of the following groups of employees, you are eligible to participate in the Plan on your first day of employment.

- All regular status employees of the Nation (as defined by the Navajo Nation Personnel Policies)
- The president and vice president of the Navajo Nation Council
- Members of the Council
- Political at-will employees
- Individuals serving at the pleasure of the president, the speaker of the Council, or the Council

The following groups are not eligible to participate in the Plan.

- Elected Chapter officials
- Certain union employees
- Independent contractors
- Certain nonresident aliens
- Temporary employees
- Employees on any type of leave without pay
- IPAs

Wells Fargo Retirement Service Center
1-800-SAVE123 (1-800-728-3123)

Wells Fargo Retirement Plan Website
wellsfargo.com/retirementplan

Enrolling in the Plan

You will be *automatically enrolled* in the Plan. 90 days after your date of hire (called the *automatic enrollment date*). Automatic enrollment is a feature of the Plan that makes it easier for you to save for your retirement. The automatic deferral rate is equal to 2% of your eligible pay, and automatic deferrals are made on a pretax basis. Your deferrals will begin with the payroll period that starts at least 90 days after your date of hire.

A packet of materials will be mailed to you prior to your automatic enrollment. The materials include information on how to change the amount and type of contributions you make to the Plan, as well as information about how to opt out (decline to participate) of the Plan.

If you are not contributing to the Plan but would like to, you may enroll by calling the Wells Fargo Retirement Service Center or signing on the Wells Fargo Retirement Plan Website.

The first time you sign on to the Wells Fargo Retirement Plan Website, you will be asked to register. To get started, select *one-time user registration process,* located in the **First Time User Registration** section of the homepage. Registration takes just a few minutes to complete and includes three simple steps.

- **Create your one-time registration ID.** On the User Identification screen, you will be asked to enter your Social Security number as your one-time registration ID and press **Continue.**
- **Enter your birth date.** After you have entered your one-time registration ID, enter your birth date in MM/DD/YYYY format (for example, 12/19/1974) and press **Continue.**
- **Complete the Security Information page.** For added security, the first thing you will be asked to do on the Security Information page is establish a new user ID and password. Your email address will also be requested. Additionally, you will select four security questions from the list provided on the screen. Once you submit your information on this page, you'll be

asked to answer the four security questions that you selected previously.

If you are already registered, sign on to the Wells Fargo Retirement Plan Website and select *Sign on now* in the **Account Access Box** of the homepage. On the **Login** page, enter your user ID and password.

When you enroll, if you do not provide investment instructions, your contributions will be invested in an age-appropriate target date fund (see the section titled Contributing to the Plan).

Rehired employees

If you end your employment with the Nation, you will no longer be eligible to make contributions. You will, however, remain a Plan participant until your vested account balance is paid to you. You will be able to continue to use the different investment funds available in the Plan and will also continue to have access to the Wells Fargo Retirement Service Center and Wells Fargo Retirement Plan Website.

If you are later rehired, you will be immediately eligible to participate in the Plan if you are employed as an eligible employee. You will be subject to the Plan's automatic enrollment provisions.

Opting out of the Plan

If you do not want to participate in the automatic enrollment feature of the Plan, you may opt out prior to your automatic enrollment date, and no contributions will be taken from your pay.

You may also opt out after your *automatic employee deferrals* start; however, no refunds will be paid to you from the Plan, and any changes you make will only affect your future contributions.

Contributions that you make to the Plan cannot be refunded, so it is important that you opt out well in advance of your automatic enrollment date.

To opt out of the Plan, you may call the Wells Fargo Retirement Service Center or sign on the Wells Fargo Retirement Plan Website.

Contributing to the Plan

Your contributions

You may make the following types of contributions.

- Pretax contributions
- Roth elective deferrals
- Catch-up contributions
- Rollover contributions

A separate bookkeeping account is created for each type of contribution you—and the Nation—make to the Plan on your behalf. All contributions are deposited in one tax qualified trust fund, which the *trustee* administers.

You may contribute as much as 100% of your *eligible pay* to the Plan, up to the maximum dollar amount allowed under the Internal Revenue Code (the Code). The maximum dollar amount for 2011 is $16,500. This amount is subject to annual cost-of-living increases.

Pretax contributions

Pretax contributions are deducted from your wages before your income tax withholding is calculated so are not subject to tax at the time you make the contribution to the Plan. When you make pretax contributions, you have less taxable income, so you pay less in taxes.

Automatic employee deferrals, at 2%, are pretax contributions; however, you may designate all, or just a portion of, your deferrals as pretax contributions.

Roth elective deferrals

Roth elective deferrals are after-tax contributions that are deducted from your pay after your income tax withholding is calculated. Roth elective deferrals do not reduce your income taxes at the time you make the contributions to the Plan; however, there are tax advantages to making Roth elective deferrals. Roth deferrals and their earnings may be tax exempt at the time they are distributed from the Plan. For more information about the tax rules related to Roth contributions, see the section titled Paying Taxes.

You may make after-tax Roth contributions to the Plan in addition to, or in lieu of, your pretax contributions. Roth elective deferrals are not eligible for *employer matching contributions*. To take full advantage of matching contributions be sure that you contribute at least 6% of your *eligible pay* as pretax contributions to the Plan before you make Roth elective deferrals.

Unless you specifically designate your contributions as Roth elective deferrals, your contributions will be treated as pretax contributions. The designation of a contribution as a Roth elective deferral is irrevocable; the contribution cannot be converted to pretax contribution at a later date.

Catch-up contributions

Catch-up contributions are additional contributions you may make if you are age 50 or older at any time during the calendar year. Catch-up contributions can be made on a pretax basis or an after-tax basis (as Roth elective deferrals). There is an annual dollar limit on the amount you may contribute as a catch-up contribution. In 2011, the limit is $5,500. This limit may be adjusted for annual cost-of-living increases.

Rollover contributions

Rollover contributions are monies distributed to you from another plan, which you, in turn, contribute to this Plan. The rollover must take place within 60 days of the date you receive the distribution from another qualified plan. Making a rollover contribution to this Plan allows you to keep your savings tax deferred and makes managing your investments easier by consolidating your retirement plan accounts.

You may be able to make a rollover contribution from another qualified retirement plan, such as a 401(k), 403(b), 457, pension or profit sharing plan, or from an individual retirement account (IRA) or a Roth IRA. You may also be able to rollover a spousal death benefit.

If you want to make a rollover contribution to the Plan, please contact Wells Fargo Retirement Plan Services for more details.

Eligible pay

Generally, the term eligible pay includes all taxable compensation received during a pay period in which you are a participant in the Plan. Your compensation is measured over the *plan year;* however, for the plan year in which you first become a participant, your compensation is measured from your date of hire through the end of the plan year.

Taxable fringe benefits, such as reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are not included in your compensation for Plan purposes. Certain nonroutine or noncash compensation may also be excluded. The Code limits eligible compensation to $245,000 in 2011. This amount may change due to cost of living increases.

Post-termination payments

Your eligible compensation may also include payments made to you after you terminate your employment with the Nation, providing the payments would have been made to you if you had not terminated your employment. Such payments include:

1) Compensation for services performed including: overtime or shift differential, commissions, bonuses, or other similar payments
2) Nonqualified unfunded deferred compensation, if the payment is includible in gross income
3) Amounts paid for unused sick, vacation, or other leave, if you would have been paid for this time prior to your termination of employment and you would have been able to use the leave if your employment with the employer had continued

To qualify as eligible compensation, post-termination payments must occur within the later of:

- 2½ months after you terminate employment
- The end of the year that includes the date of your termination

Any other payment that is made after termination of employment is not treated as compensation.

Changing your contributions

You may change (or stop) your contributions to the Plan at any time by calling the Wells Fargo Retirement Service Center, signing on the Wells Fargo Retirement Plan Website, or by visiting the Navajo Nation Retirement Services Department.

Changes to your contributions are typically effective as of the beginning of the next payroll period.

The Saver's Tax Credit

If you make contributions to the Plan, you may be eligible for the federal income tax Saver's Credit. This credit may reduce the federal income tax you pay dollar-for-dollar. The credit may range from 10% of your retirement savings contributions to 50% of your retirement savings contributions, depending on your adjusted gross income (the lower your adjusted gross income, the larger the credit). The credit rate also depends on your tax filing status.

Generally, the maximum Saver's Credit available is $1,000. If you are married and file a joint tax return, you may be eligible for a credit of up to $2,000 if both you and your spouse make contributions to this Plan or another employer's tax-qualified retirement plan or an individual retirement account (IRA).

To learn more about the Saver's Credit, review IRS Publication 590, *Individual Retirement Arrangements* and Form 8880, *Credit for Qualified Retirement Savings Contributions.* To obtain a copy of the publication and form, visit www.irs.gov or by call 1-800-TAX-FORM (1-800-829-3676).

Matching contributions

In addition to your contributions, the Nation may match a portion of your pretax contributions. You don't have to contribute to the Plan; however, if you wish to receive employer matching contributions, you must make pretax contributions to the Plan.

Currently, the employer matching contributions are $.50 for each $1.00 in pretax contributions, up to a maximum matching contribution equal to 3% of your compensation. If your pretax contributions are 6% of pay, the Nation gives you an additional 3% as matching contributions. The amount of employer matching contributions is determined by the Retirement Plan Administration Committee with approval by the Budget & Finance Committee of the Navajo Nation Council and may change at any time.

The Nation does not make matching contributions on Roth elective deferrals. If you want to receive matching contributions and make Roth elective deferrals to the Plan, you should make pretax contributions equal to at least 6% of your eligible pay and designate your contributions in excess of 6% as Roth elective deferrals.

Calculating matching contributions

Employer matching contributions are calculated on a pay period basis, and are paid only with respect to pay periods during which a participant makes pretax contributions to the Plan.

To maximize your employer matching contributions, it is best to make your pretax contributions on a level basis throughout the plan year. Your employer matching contributions generally will stop at the same time you stop making pretax contributions.

Sometimes, investing feels like you are riding a raging bull. The markets go up and down, and the value of your investments do the same. Few investments are risk free, and there are no guarantees that your investments will always be profitable. Just remember, the bull rider's goal is to stay on the bull; think long term and choose investments that are in line with the amount of risk you are willing to accept.

Investing in the Plan

Investing your contributions

The *plan sponsor* has selected an array of investment funds so that you can invest your contributions in a way that suits your financial situation and goals. The investment funds may change from time-to-time.

The default investment funds are age-appropriate Wells Fargo Target Date funds. They are a diversified mix of investments that are geared toward your retirement date. They are automatically rebalanced every month and are adjusted to become more conservative as you near retirement.

Your automatic employee deferrals are invested in a target date fund based on your date of birth. If we do not have your date of birth, your contributions will be invested in the Wells Fargo DJ Target Today fund. If you do not make an investment decision, your contributions will remain in the default target date fund.

While target date funds are an excellent tool for making investing easier, you may want to invest in the other funds that are available to you under the Plan. You may choose just one investment option, or you may direct your contributions among several investments. You'll need to indicate—in whole percentages—how much of your contributions you want to direct to each investment option. Your share of employer matching contributions are invested in exactly the same way as your contributions.

Making investment decisions

You should read the material about the investment funds carefully before making your investment decision. Evaluate the investment funds available under the Plan in the same way you would evaluate any investment to determine whether you are comfortable with the investment's risk and expected rate of return.

You can obtain additional information about the available investment funds by calling the Wells Fargo Retirement Service Center or going to the Wells Fargo Retirement Plan Website.

Valuing your accounts

The investment funds are valued at the end of each business day that the financial markets are open, and account balances will change due to market conditions. When the funds are valued, any earnings or losses for the fund are allocated to your accounts based on your total holdings in that particular investment fund.

The Plan does not promise you a set amount of retirement benefits when you retire. The amount that you receive depends on how much you and the Nation contribute, how well your investments perform, and the expenses you pay. The investment funds are not guaranteed by the Federal Deposit Insurance Corporation (FDIC).

Paying expenses

There are a number of expenses associated with running the Plan. Expenses that are specific to your accounts, such as investment fees, loan expenses, and distribution charges, are deducted directly from your accounts. In certain circumstances, general plan expenses may be charged to participants' accounts by allocating the expenses among all participants in proportion to account balances or on a per person basis. Any plan expenses that are deducted from your account will be reflected in your Plan account statements.

Changing your investments

You may change how your contributions are invested at any time by calling the Wells Fargo Retirement Service Center or visiting the Wells Fargo Retirement Plan Website. When you change your investments, you may do any of the following:

- Keep your old investment selections for your existing funds and change your choices only for future contributions
- Move your existing account balances to new investment choices but keep your existing investment selection for future contributions
- Move your existing account balances and your future contributions to your new investment selections

A generation ago, a man with many sheep, cattle, and horses felt secure knowing that he had provided well for his family. Today, few of us work the land, and security is more often measured by our financial wealth. Our 401(k) plan allows us to save and invest for the future. In this way, we can provide financial security for ourselves and our loved ones.

Vesting in Benefits

Vesting

Vesting means ownership. It is the term that refers to the portion of your account that belongs to you and cannot be taken away from you.

Your contributions and earnings

Your contributions to the Plan are always fully vested. This includes the amounts credited to your pretax contributions account, your Roth elective deferrals account, and your rollover contributions account.

Matching contributions and earnings

Employer matching contributions are subject to a vesting schedule. Amounts credited to your employer matching contributions account, if any, are 100% vested when you meet any one of the following conditions:

- You complete three years of vesting service
- You reach your normal retirement age under the Plan while you are still working for the Nation
- You separate from employment with the Nation due to disability
- You pass away while employed by the Nation
- The Plan is terminated or all employer matching contributions are permanently discontinued

Although you own the vested part of your accounts, the distribution of your accounts may be postponed in accordance with the Plan distribution rules, and the value of your accounts may go up or down depending on how well your investments perform.

Calculating vesting

Your vested interest in your employer matching contributions account is based on your years of vesting service. A year of vesting service is based on 365 days of continuous employment beginning on your date of hire. Certain absences, such as qualified military service and maternity or paternity leave, are credited as continuous employment. If you have more than one period of vesting service, the separate periods are aggregated to determine your vested interest under the Plan. This can occur if you terminate your employment with the Nation and are later rehired.

Ending your employment

If you end your employment with the Nation before you are fully vested, your unvested employer contributions will be forfeited. Amounts that are forfeited are used to pay Plan expenses or to fund future employer matching contributions made by the Nation.

If you return within one year of the date you ended your employment, your vesting service will be restored. For example, if you work for the Nation for two years and leave, you will not be 100% vested, and you will forfeit the balance of your matching contributions account. If your are reemployed by the Nation before one year has passed, the balance in your employer matching contributions account will be restored to you.

In-service Distributions

Distributions and loans

The purpose of the Plan is to provide you with a source of income during your retirement years. The Plan does, however, allow you to take certain in-service distributions including: loans, age 59 ½ distributions, certain military service distributions, and hardship distributions. Each type of distribution is explained below.

Loans

When you request a loan from the Plan, you are actually borrowing money held in your Plan accounts. Plan loans are a temporary use of funds and may be taken for any lawful purpose. If you are actively employed by the Nation, you may borrow up to 50% of your vested accounts balances, subject to the $50,000 loan maximum. The minimum loan amount is $500.

You will be required to pay a reasonable rate of interest on a loan from the Plan set at the *Prime Rate* for that day plus 1%. You will also pay a one-time loan processing fee of $50 when you apply for the loan. Most loans must be repaid within five years from the date of the loan; however, you may take up to 15 years to repay a loan used for the purchase or construction of your principal residence. Payments are made by payroll deduction. There is no penalty for early repayment.

Failure to repay a Plan loan may result in a default, which will convert your loan to a taxable distribution. Income taxes will be due on the outstanding balance of your loan, and, if you are less than age 59½, an early withdrawal penalty may apply.

The Plan does not allow loan refinancing or consolidations. In addition, if you are married, your spouse must consent to the loan. Plan loan repayments will be suspended for periods of Qualified Military Service.

To request a loan or for more information concerning loans and processing fees, call the Wells Fargo Retirement Service Center or sign on the Wells Fargo Retirement Plan Website.

Age 59½ distributions

If you are age 59½ and still working for the Nation, you may request a distribution of any portion of your pretax contributions, Roth elective deferrals, catch-up contributions, rollover contributions, and the earnings on those contributions. Employer matching contributions and their earnings are not available for an age 59½ distribution.

The minimum distribution amount available is $500. You may not make more than one age 59½ distribution in any 12 month period. Additionally, if you are married, your spouse must consent to the distribution.

Distributions related to military service

If you are called to active duty with the U.S. military while you are working for the Nation, please contact the plan administrator as soon as possible. Several special provisions of the Plan may apply to your military service, including provisions allowing qualified reservist distributions and active duty distributions.

The minimum distribution amount available is $500. If you are married, your spouse must consent to any distributions that you request.

Hardship distributions

Because the emphasis of the Plan is on long-term savings, the government strictly limits distributions before age 59½ to cases of financial hardship.

You may be eligible to take a hardship distribution if you have an immediate and heavy financial need for one of the following reasons:

- To pay medical expenses for you, your spouse, your dependents, or your noncustodial children
- To pay for post-secondary education costs including tuition, related educational fees, and room and board expenses, which you, your spouse, your children, or your dependents will incur during the next 12 months
- To pay costs directly related to the purchase of your principal residence (excluding mortgage payments)
- To prevent eviction and/or foreclosure on your primary residence
- To pay burial or funeral expenses for your deceased parent, spouse, children, or dependents
- To repair damages to your principal residence that would qualify for the casualty deduction under IRC Section 165
- Any other circumstances or expense designated by the commissioner of the Internal Revenue Service as a deemed hardship

Qualifying for a hardship distribution

In order to qualify for a hardship distribution, you will be required to certify that your financial need cannot be reasonably relieved by any other means, including obtaining a bank loan on reasonable terms, a loan and/or distributions at age 59½ from this Plan, or any available distribution (or nontaxable loans) available from all retirement plans maintained by the Nation. For example, if you are allowed to take a loan from this Plan, you must do so before applying for a hardship distribution, unless the loan would make the financial hardship more severe.

The amount and sources of funds

The hardship distribution cannot be more than the amount to meet your immediate and heavy financial need plus the amount required to pay income taxes on the hardship distribution.

Hardship distributions are limited to **your contributions** held in your pretax contributions account, your Roth elective deferrals account, and your rollover contributions account. Employer matching contributions and earnings on your contributions are not eligible for hardship withdrawals.

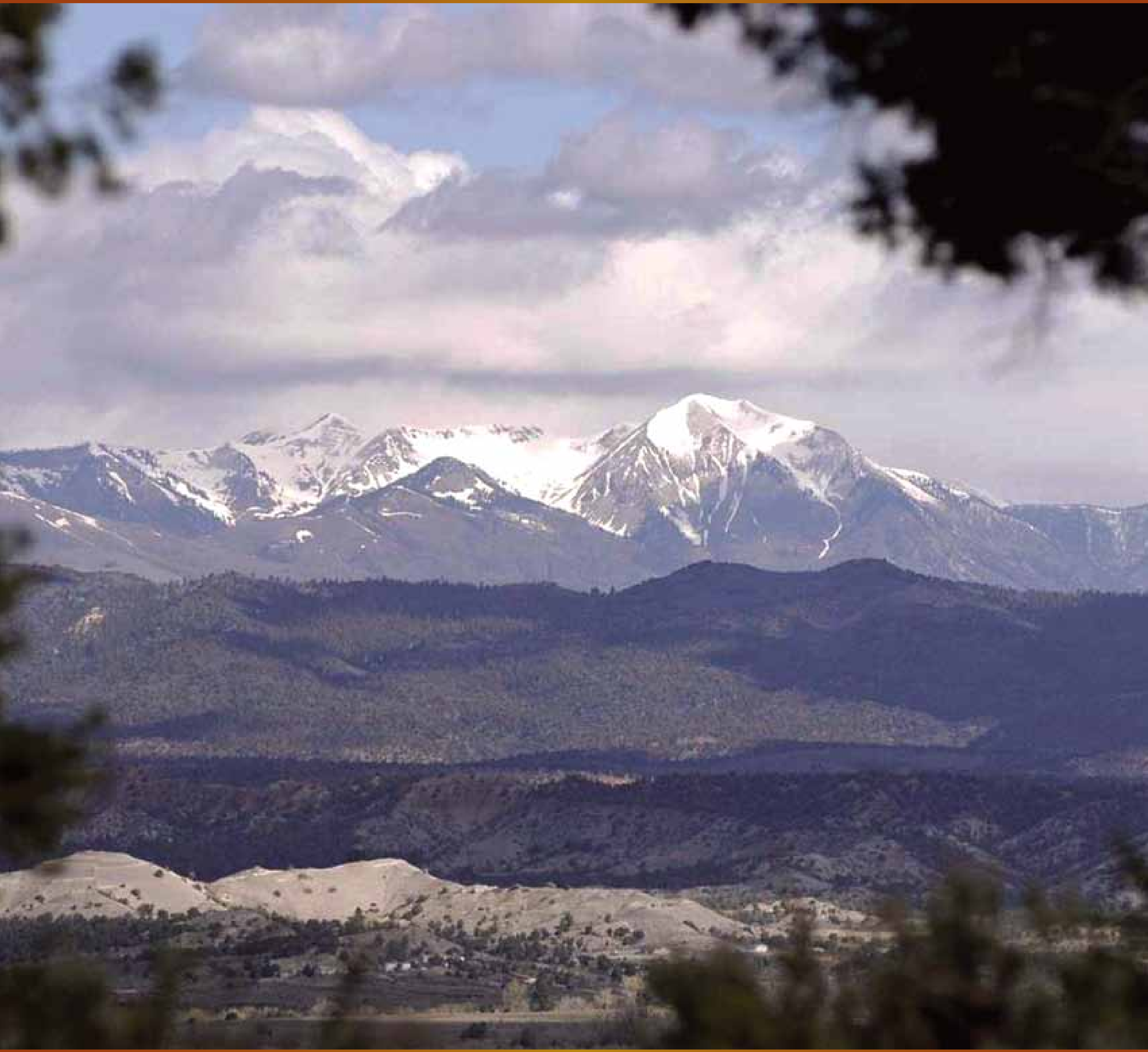
Taxes on hardship distributions

Hardship distributions are taxable income in the year taken. In addition to regular income taxes, if you are under age 59½ at the time of the distribution, you may also have to pay a 10% early distribution penalty on the amount you withdraw. The tax laws governing distributions are complex, so you should consult with a professional tax advisor for a complete explanation of how a distribution of benefits could affect your taxes.

Suspending your contributions

If you receive a hardship distribution, you may not make pretax contributions, Roth elective deferrals, or catch-up contributions to this Plan for a period of six months after receipt of the hardship distribution. This means that you will also not be eligible to receive employer matching contributions, if any, during the six month period following a hardship distribution. When the six month period ends, you will again be able to make contributions to the Plan.

To find out if your situation qualifies for a hardship distribution, call the Wells Fargo Retirement Service Center and speak with a customer service representative. If eligible, you will be able to request a hardship distribution at that time.



There are four seasons: Daan (spring), Shį́ (summer), Aak'ei (fall), and Hai (winter). Each year holds a time of new life, growth, and harvest, followed by a time when the land can rest. Each winter is followed by spring. There are four stages of life: birth, youth, maturity, and death. Each generation is followed by another. While we are here, we strive to live in harmony with Mother Earth and Father Sky and to give our children the knowledge they will need to live in peace and harmony.

Receiving Your Benefits

When benefits are paid

You will be eligible to receive benefits when you retire or otherwise separate from service with the Nation and all other Nation entities.

If you continue working past your *normal retirement age* your active participation in the Plan will continue, and your benefits will not be paid to you until after your employment ends. Generally, normal retirement age under the Plan is age 60; however, normal retirement age for participants who are commissioned law enforcement officers is age 55.

If the balance in your account is $1,000 or less (including any rollovers), a lump-sum distribution of your Plan balance will be paid to you as soon as administratively practicable after the termination of your employment. This distribution may be made without your consent.

If your vested benefit under the Plan is more than $1,000, you may elect to leave your account balance in the Plan until you reach age 70½, or you may choose to receive your benefits in the form of a lump-sum payment, in installments, or in the form of a direct rollover to an IRA or other tax qualified plan. If you are married, your spouse may also need to give written consent to the distribution.

Once you reach age 70½ and you are no longer working for the Nation, the IRS requires that you begin taking required minimum distributions form the Plan.

At the time of your termination of employment the plan administrator will provide you with further information regarding your distribution rights.

Keeping your address up-to-date

In order to ensure that you receive your benefit distributions, you must keep the plan administrator up to date on any address changes so that the Plan may correctly process your distribution. All changes of address should be mailed or delivered to the plan administrator.

If you pass away before benefits are paid

If you pass away before receiving the total value of your Plan account, your vested account balance will be paid to your designated beneficiary.

If the total vested amount of your Plan balance is $1,000 or less (including rollovers), your beneficiary will receive a cash distribution for the full value of your account.

If your account balance is greater than $1,000, your beneficiary may elect to delay payment of the benefit. If your beneficiary is not your surviving spouse, distribution must be made to your beneficiary of your entire vested Plan account no later than December 31 of the year containing the fifth anniversary of your death.

If you are married, your spouse may roll over your account balance into a traditional IRA. A beneficiary who is not your spouse may request that a direct transfer of a distribution be made to an *inherited IRA*. The amount transferred to the inherited IRA is subject to the nonspouse minimum distribution rules. A beneficiary should consult with a qualified tax advisor before requesting a rollover.

Naming your beneficiary

If you are married, your beneficiary is automatically your spouse unless your spouse consents in writing to another beneficiary designation. If you are single, you are free to name any beneficiary you want to receive the distribution from your Plan. If you later get married, your new spouse will automatically become your beneficiary and your prior designation will no longer be in effect. If your beneficiary is not living or cannot be located, your surviving spouse is your beneficiary, then your surviving children, including legally adopted children, and lastly your estate. You may change your beneficiary at any time by completing a new beneficiary designation form and filing it with the Retirement Services Department. Be sure to change your beneficiary if you are divorced or widowed to insure that your Plan benefits go to the person(s) of your choosing.

Qualified Domestic Relations Order

If you are going through a divorce, your Plan benefits may be affected by a property settlement included in the divorce. Your benefit under the Plan may be divided upon divorce if the Plan is presented with a *qualified domestic relations order* (QDRO).

A QDRO is a court order that provides child support, alimony, or marital property rights to an *alternate payee* (your spouse, former spouse, or dependent) from your account in the Plan. A QDRO must be issued pursuant to a state domestic relations law and must meet certain technical requirements. A QDRO cannot require the Plan to provide any type or form of payment or any option not permitted by the Plan; although, it can require payment before you terminate employment. Under a QDRO, a former spouse may be entitled to the same rights as a current spouse with respect to some or all of your account. If this is the case, then any provisions in the Plan that require spousal approval, such as naming a nonspouse beneficiary or (if applicable) choosing certain optional forms of payment, may apply to your former spouse with respect to the portion of your account designated for the former spouse.

If the total vested amount of all your account balances is $1,000 or less on the date the QDRO is effective, the alternate payee under the QDRO will receive a cash distribution for the full value of his or her share of the account.

If it appears that you may be subject to a QDRO, you should contact the plan administrator immediately. You can obtain, without charge, a copy of the Plan's QDRO procedures from the plan administrator.

Protection from creditors

Our Plan is a defined contribution plan in which the benefits you receive are based on your actual accounts balances at the time they are paid.

Your plan accounts generally may not be attached, garnished, assigned, used as collateral for a loan outside of this Plan, or otherwise seized except in the case of an IRS tax levy or a QDRO.

If you are on military leave

Our Plan is designed to comply with military leave rules as set forth in IRC Section 414(u)(4). Under these rules, if you are reemployed after completing a *qualified military service,* you may be entitled to make up missed contributions, and you may be able to receive missed employer matching contributions under the Plan. You may also be entitled to credit for service for vesting purposes for your period of leave.

If you are a veteran and are reemployed, you may be eligible for benefits if you became disabled while on active duty. In addition, if you pass away while performing in the uniformed services, your beneficiary may be entitled to receive additional benefits provided under the Plan, as if you had been employed on the day before your death.

If you must take military leave, contact the plan administrator to confirm whether the leave falls within these rules and what you must do to take advantage of these special benefits. If you believe these provisions apply to you, contact the plan administrator immediately and ask for further details.

Paying Taxes

Tax considerations

Generally, distributions from the Plan are taxable income in the year received. You can preserve the tax benefits associated with your Plan contributions if you elect to rollover your Plan distribution.

Rollovers

A rollover is way to move a distribution from one tax-advantaged plan to another without paying taxes on the distribution. When you rollover a distribution, you are not subject to income tax or early withdrawal penalties on the amount rolled over.

There are two ways you can roll your distribution over into an IRA or another qualified retirement plan:

- You can elect a direct rollover, in which the trustee of this Plan pays the amount directly to the trustee of the IRA or other qualified retirement plan.
- You can receive your distribution in a lump sum and make a rollover within 60 days of the date you received the distribution.

If you receive a lump-sum distribution, it will be subject to 20% federal withholding taxes. To obtain the maximum tax benefit, you must also contribute an amount equal to the amount of taxes withheld. If you do this, when you file your income tax form, you will receive a credit for taxes paid from the IRS for the amount withheld.

While most distributions qualify for a rollover, certain distributions do not. Distributions that cannot be rolled over include:

- Any portion of your distribution that is not taxable
- A hardship distribution
- A distribution in the form of installments for a period of ten years or more
- If your distribution begins after you reach age 70½, a portion of it may not be eligible for rollover

Taxable distributions

Any taxable distributions you receive will generally be taxed under federal income tax laws as ordinary income in the year that you receive the distribution. Also, if you receive a distribution of any taxable amount from the Plan, that amount may be subject to an additional 10% federal tax penalty if you haven't yet reached age 55 when you end your employment with the Nation or age 59½ if you are still employed by the Nation.

Nontaxable Roth distributions

Your Roth elective deferrals are not taxable income, because they were made after taxes were deducted from your pay. Earnings related to your Roth contributions may also be tax-free if the distribution occurs after any one of the following events:

- Your attainment of age 59½
- Your disability
- Your death

In addition, the distribution **must** occur after the expiration of a five-year participation period. The five-year participation period is the five-year period beginning on January 1 of the calendar year in which you first make Roth elective deferrals and ending on the last day of the calendar year that is five years later. For example, if you make your first Roth deferral under this Plan on November 30, 2010, your participation period will end on December 31, 2014.

If a distribution from your Roth elective deferrals account is not a qualified distribution, the earnings distributed with the Roth deferrals will be taxable to you at the time of distribution unless you roll over the distribution to a Roth IRA or other qualified retirement plan.

The tax rules regarding Roth elective deferrals are complicated. Speak with your personal tax advisor if you are not sure whether Roth elective deferrals are appropriate for your situation.

First Man and First Woman created Tł'éhonaa'éí (the Moon). They bordered it with white shells, and they put on its face sheet lightening and water. Tł'éhonaa'éí, Johona'éí (the Sun), and Sǫ' (the Stars) guide our daily and our seasonal paths. Our songs and prayers reflect this relationship between the heavenly bodies and the five-fingered ones (humans).

Filing a Claim for Benefits

The plan administrator has established the following procedures for filing a claim for benefits. If you file a claim for benefits, the plan administrator will review the claim based on the terms of the Plan and will apply the rules of the Plan to be consistent with similar claims. If you do not follow the procedures explained in this section, you will lose your right to sue in court.

If the claim is wholly or partially denied, the plan administrator must notify you of the adverse decision within 90 days after it receives your completed claim form. If the plan administrator determines that an extension of time for processing the claim is needed, it must notify you of the reasons for the extension and the extended due date before the end of the initial 90-day period. The extended period may not exceed 180 days after the date you filed the claim.

If your claim is denied, a notice of a benefit denial will be provided in written or electronic form. The notice will provide the following information, written in a manner to be understood by you:

- The specific reason(s) for the denial
- Reference to the specific Plan provisions on which the denial is based
- A description of any additional information necessary for the claim to be granted and an explanation of why such information is necessary
- A description of the Plan's claim review procedures and the time limits under the procedures
- A statement that you may lose your right to sue if you fail to file a timely appeal with the plan administrator

Upon receipt of this notice, you may appeal to the plan administrator. You have 60 days following receipt of the notice of the denial to file an appeal. You may submit written comments, documents, records, and other information related to the benefit claim on appeal, and you may request, free of charge, access to and copies of all documents, records and other information relevant to the benefit claim.

The review on appeal will consider all information submitted by the you. The plan administrator must notify you of the appeals decision within a reasonable period of time, but no later than 60 days after receipt of the appeal.

If the plan administrator determines that an extension of the time for processing the claim is needed, it must notify you of the reasons for the extension and the extended due date before the end of the 60-day period. The extended period may not exceed 120 days after the date the appeal is filed.

Notice of a benefit determination on appeal must be provided in written or electronic form. If the claim is denied, the notice must provide the following information, written in a manner to be understood by you:

- The specific reason(s) for the benefit denial
- Reference to the specific Plan provisions on which the determination is based
- A statement that you are entitled to receive, upon request and free of charge, access to and copies of all documents, records, and other information relevant to the benefit claim.

In general, the above rules also apply to claims for benefits and the review of claims for benefits based on *disability.* There are, however, different time frames:

- The time period for responding to your claim is shortened from 90 days to 45 days. The time to respond may be extended by up to 60 days.
- You must file your request for review within 180 days after the date you received notice that your claim has been denied. The time period for responding to your claim is shortened from 60 to 45 days. The time to respond may be extended by 45 days.

If the plan fiduciary that reviews an appeal of a benefit denial is a committee that holds regularly scheduled meetings at least quarterly, special rules apply to the timing of notices. Contact the plan administrator for a copy of these procedures.

Plan Administration

Plan sponsor

The Navajo Nation is the sponsor of the Plan. Its official name, address, and telephone number are:

Navajo Nation Retirement Services Department
Retirement Plan Administration Committee
P.O. Box 5100
Window Rock, AZ 86515
928-871-6944

Tax ID

The Navajo Nation's federal tax identification number is 75-2092136.

Plan number

The three-digit number assigned to this Plan by the Navajo Nation is 002.

Plan year

The plan year begins January 1 and ends December 31.

Plan effective date

The original effective date of the Plan is October 1, 1984. The Nation has amended and updated the Plan on several subsequent occasions. The Plan was most recently updated effective January 1, 2010. This SPD describes the terms of the Plan as of September 1, 2010.

Paying expenses

Plan expenses that are attributable to the overall plan administration may be paid directly by the Navajo Nation or paid with plan assets that are not allocated to participants' accounts, such as forfeitures or investment credits. In certain circumstances, such general plan expenses may be charged to participants' accounts.

Plan administrator

The Navajo Nation Retirement Plan Administration Committee (the RPAC) is the plan administrator and is authorized, at its discretion, to interpret the Plan, determine questions of eligibility for participation and benefits, and establish any rules or regulations necessary for the efficient operation of the Plan. The RPAC may delegate certain powers and duties to an outside service provider or other consultants.

The contact information for the plan administrator is:

Navajo Nation Retirement Services Department
P.O. Box 5100
Window Rock, AZ 86515
928-871-6944

Plan trustee

The trustee is responsible for the safekeeping of plan assets and for the day-to-day administration of the trust fund. The trustee manages the trust fund, investing contributions to the Plan and paying benefits as they come due. The Nation has appointed Wells Fargo Bank N.A. to serve as the trustee of the Plan. The contact information for the Trustee is:

Wells Fargo Bank, N.A.
510 Marquette Building, Suite 500
75 South 5th St.
Minneapolis, MN 55402-1101

Agent for service of legal process

Service of legal process may be made upon:

Navajo Nation
Office of the Attorney General
P.O. Box 2010
Window Rock, AZ 86515
928-871-6343

Laws governing the Plan

The Plan is intended to constitute a tax qualified retirement plan under the Internal Revenue Code, Section 414(d). Except as otherwise required by the Code, this Plan will be construed and interpreted in accordance with the laws of the Navajo Nation. Nothing in or related to the Plan will be construed as a waiver of sovereign immunity. The Nation's sovereign immunity may be waived only by express resolution of the Navajo Nation Council. The Nation is not required to grant an immunity waiver, and if granted, a waiver will be construed narrowly.

Changing or terminating the Plan

Although the Navajo Nation expects the Plan to be permanent, it is not obligated to continue the Plan, and it reserves the right to amend or terminate the Plan at any time. If the Plan is terminated, your employer matching contributions account will be fully vested.

Disclaimer

This summary plan description is intended to provide you with easy-to-understand general explanations of the most important features of the Plan. Every effort has been made to make this explanation as accurate as possible; however, the provisions of the Plan are highly technical in nature. As lengthy as this summary of provisions seems, it is still merely a summary. If you have questions that aren't answered in this summary, you should feel free to contact the plan administrator. If any conflict should arise between this summary plan description and the provisions of the Plan, or if, after the best efforts of all involved in writing this summary, any provision is not covered or only partially covered, the terms of the actual plan document, which are available to you for review at the offices of the plan administrator, will govern.

Plan provisions change from time to time. Those changes occur because the law changes or because the employer changes the Plan. Changes made to the Plan are effective on certain dates specified in the Plan amendments.

Answers to questions about your contributions and account balances, investment elections, requests for distributions and loans, can be obtained by calling the Wells Fargo Retirement Service Center or by logging onto the Wells Fargo Retirement Plan Website.

Our daily lives are surrounded by beauty. Visitors from around the world come to our land to enjoy amazing landscapes, deep blue daytime skies, star-filled nights, and brilliantly colored sunsets. Their visits are brief, while our time in this place stretches out before us. Create a beautiful future by contributing to the 401(k) Plan.

From left to right:
Rodger Martinez, Jamie Wood, Andrea Holmes, Evelyn Wilson, Delphine Martinez, Helen Hale, Carol Martinez, Jackie Cordell, Rick Hoskie

Navajo Nation Retirement Services Department
Retirement Plan Administration Committee
P.O. Box 5100
Window Rock, AZ 86515