

Tenneco Benefits Committee
Qualified Domestic Relations Orders
General Guidelines

For Participants the Case Corporation Pension Plan for Hourly-paid Employees
Prior to its Merger into the Tenneco Inc. Retirement Plan

Effective December 31, 1992, the J.I. Case Frozen Pension Plan for Former Participants in the International Harvester Non-contribution Retirement Plan (IH Plan) was merged into the Case Corporation Pension Plan for Hourly-Paid Employees (Old Case Plan). Effective December 31, 1993, the resulting merged plan was merged into the Tenneco Inc. Retirement Plan (TRP). Effective June 30, 1994, benefit accruals for hourly employees of Case Corporation were frozen under the TRP. Additional benefit accruals relating to service or benefit increases which occur on or after July 1, 1994 will be made under a new plan, maintained by Case Corporation, called the Case Corporation Hourly Employees' Pension Plan. The Tenneco Inc. Retirement Plan which is sponsored by Tenneco Inc. and administered by the Tenneco Benefits Committee is subject to the requirements of the federal Employee Retirement Income Security Act of 1974, as amended (ERISA).

In order to satisfy statutory requirements and maintain tax qualification status, the Tenneco Inc. Retirement Plan (TRP) provides that a Participant's benefits are not subject to assignment or alienation, whether voluntary or involuntary. However, an exception to this prohibition exists for payments of benefits to an "Alternate Payee" pursuant to a "Qualified Domestic Relations Order" (QDRO). The federal statutory requirements for a QDRO may be found both in ERISA and in the Internal Revenue Code, 29 U.S.C.A. § 1056(d) and 26 U.S.C.A. § 414(p). Employees may participate in other retirement, compensation or welfare arrangements to which these Guidelines do not apply.

Because of the legal and actuarial complexities involved, the Tenneco Benefits Committee strongly encourages parties involved in domestic relations disputes to reach a property settlement agreement using financial assets that does not involve the TRP, especially due to the many involved contingencies with respect to that Plan. However, benefits under the TRP may be awarded by the order to either the Participant or to the "Alternate Payee". Each "Alternate Payee" must be either the Participant's spouse, former spouse, child or other dependent of the Participant.

The Tenneco Benefits Committee will expect a court order to contain the following items in order for it to be considered a QDRO:

1. The order, decree or judgment (including a *court approved* property settlement agreement) must relate to the provision of child support, alimony payments or marital property rights and must be issued under state domestic relations law.

2. The order must create or recognize an Alternate Payee's right to receive directly all or a portion of the benefits otherwise payable to a Participant under the Tenneco Inc. Retirement Plan.

3. The order must include the full name and the last known mailing address of the Participant and each Alternate Payee. Each Alternate Payee must provide the Tenneco Benefits Committee with his/her social security number and date of birth before any distribution can be made. The Alternate Payee must also comply with reasonable requirements of the Benefits Committee regarding the submission of appropriate applications and supporting documents.

4. The order must specifically and accurately name the Tenneco Inc. Retirement Plan (with language further limiting the order to benefits accrued under the Case Corporation Pension Plan for Hourly-Paid Employees now merged with Tenneco Inc. Retirement Plan) in referring to the disposition of benefits under the Plan. If the order fails to name a Plan and dispose of the benefits under the TRP, the order will not be considered a QDRO with respect to the TRP and any hold on the payment of benefits under the TRP will be released to enable the distribution of benefits to the Participant. Suggested provisions are attached that may be used to divide the benefits under the TRP between the Participant and the Alternate Payee.

5. The order must clearly specify the amount or percentage of the benefit payable from the TRP which was formerly the obligation of the Case Corporation Retirement Plan for Hourly-Paid Employees to the Alternate Payee or the exact manner in which such part of the benefit is to be determined, and the number of payments or period to which such order applies. General references to methods of benefit division set forth in named court cases are usually not sufficient. Specific details (*e.g.* specific calculated percentages rather than mathematical formulas) must be given. In addition, it must be clearly specified what portion, if any, of a death benefit will be payable to an Alternate Payee as well as what happens in the event the Alternate Payee predeceases the Participant. Each benefit required pursuant to the order must be in a form provided by Participant. Each benefit required pursuant to the order must be in a form provided by the Plan and must not require the Plan to provide increased benefits. All parties must

understand that while benefit increases may be negotiated with Case Corporation after June 30, 1994, such increases are not the obligation of the Tenneco Inc. Retirement Plan.

In summary, every possible fact situation under the Plan must be covered in the order's division of benefits. If the parties decide to use the suggested decree language below for the TRP, that language should not be varied without consultation with the QDRO Administrator, since that language has been very carefully crafted to be in harmony with the actuarial, investment, and accounting structure of the Plan.

6. The order cannot require the Plan to provide increased benefits, determined actuarially. The order should properly allow for the fact that the Participant, Alternate Payees, and any subsequent beneficiaries will probably have different life expectancies.

7. The order must not require payments to an Alternate Payee that were previously awarded to another Alternate Payee under an earlier QDRO.

Retirement Plan - Considerations for Participants who Have Not Yet Commenced Benefit Payments.

As stated earlier, only those benefits accrued under the Case Corporation Retirement Plan for Hourly-Paid Employees prior to July 1, 1994 have been preserved in the TRP. Accordingly, when dividing such benefits, DO NOT USE formulas which contemplate service beyond June 30, 1994. For example: one of the most common formulas is as follows:

<u>YOCS Accumulated During Marriage</u>		Retirement
Total YOCS Accumulated	x 50% x	Benefit
at <i>Time of Retirement</i>		Payment

"YOCS" means Years of Credited Service (including fractions).

Use of such a formula is not appropriate for the TRP since the TRP WILL NOT RECOGNIZE any YOCS after June 30, 1994. Therefore, if the Participant has continued employment with Case beyond June 30, 1994 and the intent is to assign benefits which may accrue after June 30, 1994, a separate QDRO to the new Case Corporation Retirement Plan for Hourly Employees sponsored by Case Corporation must be pursued.

To simplify matters, drafters should compute the percentage of the accrued benefit as of June 30, 1994 to be assigned and use that percentage in the QDRO. Very simply, since the period of marriage is known and YOCS is frozen at June 30, 1994, the exact

percentage can now be calculated.

Certain Subsidized Factors and Benefits.

The Case Hourly Plan had certain factors or benefits supplements which were conditioned upon the termination of the Participant at certain points in time, *i.e.* termination before age 55 or age 62. Obviously, where the Participant has not yet terminated employment with Case Corporation the subsidy or supplement cannot be commenced under the TRP. While the Alternate Payee has the right to commence benefits at the Earliest Retirement Age, this right can only be applied to benefits which are definitely determinable at that time. Thus, the attached draft QDRO form contemplates that any such subsidies or supplementary benefits which become due upon the actual termination of the Participant will be subject to division with an Alternate Payee at the time such subsidy or supplement becomes payable.

Special Notice for Participants With Both Salaried and Hourly Benefits Accrued Under the TRP.

Some participants have served both as an Hourly employee and as a Salaried employee. Separate QDRO language is required for salaried benefits accrued under the TRP. The provisions of the former Hourly Plan, which have been preserved as required by law, dictate different QDRO handling. Please contact the QDRO administrator for further information.

Retirement Plan - Considerations for Participants Who Have Commenced Benefit Payments.

If a Participant has begun receiving benefit payments, different rules will govern how benefits may be split by a QDRO. Contact the QDRO administrator for guidelines for hourly retirees.

Procedure for Review of Domestic Relations Orders.

Upon receipt of a CERTIFIED COPY of an order (but not a draft order), the Tenneco Benefits Committee will place a hold on the Participant's interests in the Plan apparently covered by the order to preclude the distribution of benefits until the issue is resolved about whether the order is a QDRO and the Plan it affects. If a Plan is not properly named or mentioned at all, no hold will be placed on any Plan.

If the issue about whether such order is a QDRO is not resolved within eighteen (18)

months after the date on which the first payment is required under the order, the benefits will be distributed to the person(s) who would have been entitled to receive the benefits if there had been no order.

An order which is submitted to the Tenneco Benefits Committee will be reviewed using the guidelines described above. The Participant and any Alternate Payee will be promptly notified by the Tenneco Benefits Committee of its receipt of an order and these procedures for determining the qualified status of such order. If the order does not meet all of the above requirements, it will not be considered a QDRO, and therefore the Plan Administrator is prohibited by federal law from making any payments to an Alternate Payee from the benefit plans. Orders submitted for review should be sent to the following address:

Tenneco Benefits Committee
Attn: QDRO ADMINISTRATOR, T-27
P.O. Box 2511
Houston, Texas 77252-2511

If there are any questions regarding these guidelines, they should be directed to the QDRO Administrator. To save time and money, draft orders may be sent for review prior to court submission. Drafts may be faxed to 713/757-2439. Voice phone is 713/757-3586.

Attachments

STATE OF WISCONSIN

CIRCUIT COURT
FAMILY COURT BRANCH

@ @ ____ COUNTY

IN THE MARRIAGE OF

@ @ _____,

Petitioner,

and

@ @ _____,

Respondent.

Case No. @ @ _____
@ @ (classification code) ____

QUALIFIED DOMESTIC RELATIONS ORDER

WHEREAS, this matter having been heard before the Court on @ @ _____, 19 ____, and the Court having taken evidence and having filed its Findings of Fact, Conclusions of Law and Judgment herein, and certain provisions therein having dealt with @ @ Petitioner's/Respondent's interest in a retirement plan of the @ @ Petitioner/Respondent pursuant to the provision of @ @ child support/alimony payments/marital property rights, and this Order being necessary to carry forward such provisions:

THEREFORE, the following are the terms and conditions of this Qualified Domestic Relations Order:

1. *Definition of Terms.* Wherever used herein the following terms have the

following meanings, unless a different meaning is clearly required by the context:

- a. "Domestic Relations Order" has the meaning set forth in Internal Revenue Code § 414(p)(1)(B).
- b. "Qualified Domestic Relations Order" has the meaning set forth in Internal Revenue Code § 414(p)(1)(A).
- c. "Participant" means the employee spouse. In this matter, the Participant is the @@Petitioner/Respondent.
- d. "Alternate Payee" has the meaning set forth in Internal Revenue Code § 414(p)(8). In this matter, the Alternate Payee is the @@Petitioner/Respondent.
- e. "Earliest Retirement Age" has the meaning set forth in Internal Revenue Code § 414(p)(4)(B).

2. *Factual Recitals.*

a. The name, last known mailing address, date of birth and social security number of the Participant is:

Name	@@_____
Address	@@_____
City, State, Zip	@@_____
Date of Birth:	@@_____
SSN:	@@_____

b. The name, last known mailing address, date of birth and social

security number of the Alternate Payee is:

Name @@ _____

Address @@ _____

City, State, Zip @@ _____

Date of Birth: @@ _____

SSN: @@ _____

- c. The date of marriage is @@ _____.
- d. The date of dissolution of marriage is @@ _____.
- e. The name of the Plan to which this Order applies is the Tenneco Inc.

Retirement Plan, referred to herein as the "Plan." The benefits awarded herein are only those accrued prior to July 1, 1994 while the Participant was employed by Case Corporation under the Case Corporation Pension Plan for Hourly-Paid Employees prior to its merger with the Tenneco Inc. Retirement Plan.

- f. The name and address of the Plan Administrator is:

Tenneco Benefits Committee
Attn: Pension Administrator
P.O. Box 2511
Houston, Texas 77252-2511.

3. *Award of Benefits.* @@[**The Award of Benefits should clearly specify the amount or percentage of the Participant's benefits, accrued as of not later than June 30, 1994, to be paid by the Plan to the Alternate Payee. It should also clearly set forth when benefit payments to the Alternate Payee are to begin, and the rights of**

each party upon the death of the other. Two examples are attached. One is referred to as rights of each party upon the death of the other. Two examples are attached. One is referred to as a "Stream of Payments" settlement and other as a "Separate Interest" settlement. Failure to use these examples greatly increases the likelihood of rejection of an order as a QDRO. See document entitled intlang.ten in form file for model versions of language]

4. *Status of Order.* It is intended that this Order will qualify as a Qualified Domestic Relations Order pursuant to Internal Revenue Code section 414(p), and this Order shall be administered and interpreted in conformity with said statute, as amended from time to time, and any regulations promulgated pursuant thereto.

5. *Jurisdiction.* The Court retains jurisdiction to amend this Order, but only for the purpose of establishing or maintaining its qualification as a Qualified Domestic Relations Order; provided that no such amendment shall require the Plan to provide any type or form of benefit, or any option not otherwise provided under the Plan, and further provided that no such amendment or the right of the Court to amend will invalidate this Order as "qualified."

6. *Participant and Alternate Payee to Keep Plan Administrator Apprised of Whereabouts.* The Participant and the Alternate Payee shall at all times keep the Plan Administrator informed of their respective permanent addresses.

7. *Service Upon Plan Administrator.* A certified copy of this Order shall be

served upon the Plan Administrator forthwith by the Alternate Payee or @@his/her attorney. Said Order shall take effect immediately and remain in effect until further Order of the Court.

Date: March ____, 1997.

BY THE COURT:

@@__
Circuit Court Judge Branch @@__

Drafted by:

Attorney for @@Petitioner/Respondent

Address: @@_____
City, State, Zip @@_____
Telephone @@_____
State Bar ID # @@_____

Approved as to Form:

Attorney for @@Petitioner/Respondent

Address: @@_____
City, State, Zip @@_____
Telephone @@_____
State Bar ID # @@_____

3. *Award of Benefits.*

a. *Amount of Benefit.* The Plan shall provide directly to the Alternate Payee @@___ % of the Accrued Benefits as of @@(enter date but no date later than June 30, 1994). The benefit will be adjusted. If necessary, for commencement before the Participant's Normal Retirement Date using the appropriate reduction factors under the Plan based on the Participant's age and service, and adjusted for the Alternate Payee's life expectancy as prescribed by Plan provisions.

b. If the Participant is still employed by Case Corporation at the date of divorce, the term "Accrued Benefit" refers to the benefit the Participant would have been entitled to receive under the Plan at Normal Retirement Date as a Deferred Vested Participant if the Participant had terminated employment as of the date of the divorce or June 30, 1994, whichever is earlier. If the Participant has actually terminated employment with Case Corporation on or before the date of divorce, then "Accrued Benefit" refers to the benefit the Participant would be entitled to receive under the Plan at Normal Retirement Date as a Deferred Vested Participant in accordance with the date of termination of employment or June 30, 1994, whichever is earlier.

c. In the event the Alternate Payee elects to begin to receive @@his/her benefits awarded under this Order at the earliest retirement date of the

Participant, and the Participant subsequently retires with a subsidized early retirement benefit based only upon service prior to June 30, 1994, it is ordered that the amount payable to the Alternate Payee is to be recalculated so that the Alternate Payee also receives the same percentage share of the subsidized benefit (based only upon service prior to the surviving Alternate Payee will be limited to a preretirement survivor annuity based on the Alternate Payee's interest as set forth in subparagraph a. above. The Alternate Payee shall be treated as a "surviving spouse" pursuant to Internal Revenue Code § 414(p)(5) for these purposes.

d. If the Participant is vested and dies before the Participant's annuity stating date, or the Participant dies after the annuity starting date, the survivor annuity available under the Plan with respect to the Participant's death for a subsequent surviving spouse (if any) shall be based only on the amount of benefit remaining to the Participant, carving out the amount separately awarded to the Alternate Payee.

e. If, at the Participant's death, the Alternate Payee had commenced receiving his or her retirement benefits at his or her election prior to the Participant's death, then the surviving Alternate Payee shall not be entitled to any survivor benefits.

f. *Plan Termination.* In the event that any of the Plan(s) to which this Order applies is terminated with an unfunded liability and the Pension Benefit

Guaranty Corporation ("PBG") pays benefits in connection with such Plan, and if the amount of the total benefit to be paid to both the Participant and Alternate Payee is thus decreased, then the Participant's benefit and the Alternate Payee's benefit each will be decreased proportionally in accordance with the formula set forth under subparagraph a. above.

g. *Change in Benefit.* The division of benefits in this Order cannot be changed later unless (1) the change can be accomplished without unreasonable cost or administrative burden to the Plan, and (2) the change is actuarially feasible.

3. *Award of Benefits.*

a. *Amount of Benefit.* The Plan shall pay directly to the Alternate Payee @@___ % of the retirement benefit payment accrued as of @@(**enter date but no date later than June 30, 1994**) that would otherwise be paid in full to the Participant.

For purposes of this Order, "retirement benefit payment" includes all annuity payments to the Participant as a result of @@his/her commencement of benefits under the Plan including any early retirement subsidies payable by reason of the Participant's termination of employment prior to Normal Retirement Date.

b. *Form of Benefit.* The form of benefit shall be selected by the Participant, subject to the survivor annuity rules set forth below. As provided in the Plan, the Plan Administrator will distribute to the Alternate Payee the lump sum value of his or her benefit provided that: (1) the Participant is vested, and (2) the lump sum value of the Participant's interest (prior to this court order) is less than \$3,500.

c. *Period of Benefit Payments.* Retirement benefit payments to the Alternate Payee will commence on the date retirement benefit payments commence to the Participant. Retirement benefit payments to the Alternate Payee will cease on the earlier of the Alternate Payee's death or the death of the

Participant.

d. *Death of Alternate Payee.* The benefits payable to the Alternate Payee pursuant to subparagraph a. above will cease as soon as administratively feasible following notification to the Plan Administrator of the Alternate Payee's death. Thereafter, if the Participant has survived the Alternate Payee, benefit payments will be made in full to the Participant (without reduction for the Alternate Payee's share).

e. *Death of Participant.* If the Participant should die before the Participant's Annuity Starting Date, then the Alternate Payee shall only receive such death benefits as are available to him or her pursuant to the survivor annuity rules set forth below.

If the Participant should die after the Annuity Starting Date, all benefits payable pursuant to subparagraph a above will cease upon the Participant's death. Thereafter, if the Alternate Payee has survived the Participant, the Alternate Payee shall be entitled to only such benefits as are available to him or her pursuant to the survivor annuity rules set forth below.

f. *Survivor Annuity Rules.* The Alternate Payee @@shall/shall not be treated as the surviving spouse of the Participant for purposes of IRC §§ 401(a)(11) and 417(c) with respect to the preretirement survivor annuity and the qualified joint and survivor annuity. Such survivor annuity shall be based

@@(**CHOOSE ONE:** upon the Participant's entire retirement benefit payment amount **OR** a survivor annuity based only upon his or her interest in the Participant's retirement benefit payment) as set forth in subparagraph a. above.

(NOTE: If the duration of the marriage was over the same period of time as benefits were accrued, it appears equitable that the Alternate Payee receive all of the survivor annuity payable. If, however, the marriage was less than the period of benefit accrual, the Alternate Payee should only receive the same percentage of the death benefit as the ratio of the length of the marriage over the time of benefits accrual.)

g. *Plan Termination.* In the event that any of the Plan(s) to which this Order applies is terminated with an unfunded liability and the Pension Benefit Guaranty Corporation ("PBGC") pays benefits in connection with such Plan, and if the amount of the total benefit to be paid to both the Participant and Alternate Payee is thus decreased, then the Participant's benefit and the Alternate Payee's benefit each will be decreased proportionately in accordance with the formula set forth under subparagraph a. above.

h. *Change in Benefit.* The division of benefits in this Order cannot be changed later unless (1) the change can be accomplished without unreasonable cost or administrative burden to the Plan, and (2) the change is actuarially feasible.