

**SEATTLE PACIFIC UNIVERSITY
DEFINED CONTRIBUTION RETIREMENT PLAN**

EFFECTIVE JULY 1, 2016

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SEATTLE PACIFIC UNIVERSITY
DEFINED CONTRIBUTION RETIREMENT PLAN

THIS Plan is made and entered into by Seattle Pacific University, having its principal place of business at Seattle, Washington, organized under the laws of the State of Washington, hereinafter “Employer.”

WHEREAS, on July 1, 1989, Employer established for the exclusive benefit of its Employees eligible to participate, and their beneficiaries, a money purchase pension plan, which was and is intended to provide a measure of security for eligible Employees and their beneficiaries; and

WHEREAS, Employer previously amended and restated the Plan effective December 1, 2008, (1) to reflect the removal of individual non-discretionary Trustees and the establishment of an Investment Committee, (2) to incorporate previously adopted amendments, and (3) to restate the Plan as an individually-designed plan;

WHEREAS, Employer amended and restated the Plan effective July 1, 2013, to incorporate previously adopted amendments and to make other minor changes;

WHEREAS, Employer now wishes to amend and restate the Plan effective July 1, 2016, to incorporate previously adopted amendments;

NOW, THEREFORE, this Plan shall be amended and restated in its entirety, effective as of July 1, 2016, except as otherwise specifically stated herein, as follows:

ARTICLE I

Name

This Plan shall be known as the Seattle Pacific University Defined Contribution Retirement Plan (the “Plan”). This amended and restated Plan controls the rights of all Participants who accrue benefits hereunder on or after July 1, 2016. The rights of persons who received Plan benefits prior to July 1, 2016, or persons who terminated employment with Employer before July 1, 2016, with a vested Accrued Benefit, are controlled by the terms of the Plan in existence prior to July 1, 2016, except as otherwise specifically provided herein.

ARTICLE II

Definitions

- A. **“Accrued Benefit”** means the balance of a Participant’s accounts at any time.
- B. **“Advisory Committee”** means the Advisory Committee appointed by the Board of Trustees of Seattle Pacific University.
- C. **“Anniversary Date”** means the last day of each Plan Year.

D. **“Code”** means the Internal Revenue Code of 1986, as amended from time to time.

E. **“Compensation”** for Plan contribution purposes means an Employee’s W-2 compensation from Employer, including any elective deferral of income under an eligible deferred compensation plan under Code Section 457, tax-sheltered annuity plan under Code Section 403(b), or simplified employee pension plan pursuant to Code Section 402(h)(1)(B), and including any salary reduction contributions to Employer’s Code Section 125 flexible benefits plan including “deemed Section 125 compensation” and Code Section 132(f)(4) transportation fringe benefit plan, if any, but excluding Employer Contributions hereunder pursuant to Paragraph A of Article IV, Employer Contributions to any other similar retirement plan, and payments by Employer (other than Section 125 contributions) on account of medical, disability and life insurance. Notwithstanding the foregoing, for purposes of calculating Employer contributions to the Plan, amounts attributable to scholarships and educational assistance that are otherwise includable in gross income, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation, welfare benefits, and loan forgiveness and subsidies, shall be excluded. Compensation for Plan contribution purposes shall also include (1) for non-Highly Compensated Employees only, the value of meals and lodging that are otherwise excluded from gross income under Code Section 119, and (2) for all Employees, the ministerial housing allowance that is otherwise excluded from gross income under Code Section 107.

Effective January 1, 2009, (i) an individual receiving a differential wage payment, as defined by Code Section 3401(h)(2), is treated as an Employee of Employer making the payment, (ii) the differential wage payment is treated as Compensation, and (iii) the Plan is not treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment. However, subsection (iii) applies only if all Employees of Employer performing service in the uniformed services described in Code Section 3401(h)(2)(A) are entitled to receive differential wage payments (as defined in Code Section 3401(h)(2)) on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by Employer, to make contributions based on the payments on reasonably equivalent terms (taking into account Code Sections 410(b)(3), (4), and (5)).

With respect to the reemployment of a Participant in or following qualified military service as defined in Code Section 414(u)(5), Compensation means the Compensation the Participant would have received during such period if the Participant were not in qualified military service, determined in accordance with Code Section 414(u).

In addition to other applicable limitations set forth in this Plan, and notwithstanding any other provision of this Plan to the contrary, the annual Compensation of each Employee taken into account under this Plan shall not exceed the annual compensation limit as provided in Code Section 401(a)(17). The annual compensation limit (e.g., \$265,000 for the 2016 Plan Year), shall

be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For purposes of Plan contributions, Compensation shall remain unchanged from the definition in this Article II, Paragraph E, and shall not be adjusted in the same manner as Code Section 415 Compensation pursuant to the remainder of this Article II, Paragraph E, provided, however, that Compensation for Plan contribution purposes shall not include any amounts that are not considered compensation within the meaning of Code Section 415(c)(3) and Regulations Section 1.415(c)-2.

For purposes of the Code Section 415 limitations on contributions and benefits (Article V, Section C hereof) and the Code Section 416 top heavy requirements (Article XIV and Article XV hereof), "Compensation" means wages, salaries, fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with Employer maintaining this Plan to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, reimbursements, and expense allowances), Code Section 132(f)(4) transportation fringe benefit plan salary reduction contributions, and, any elective deferrals as defined in Code Section 402(g)(3), and any amount which is contributed to or deferred by Employer at the election of the Employee and which is not includable in the gross income of the Employee by reason of Code Sections 125, 132(f), or 457. Such compensation does not include:

1. Contributions to a plan of deferred compensation, which are not includable in the Employee's gross income for the taxable year in which contributed;
2. Employer Contributions to a simplified employee pension described in Code Section 408(k) to the extent deductible by the Employee;
3. Distributions from a plan of deferred compensation regardless of whether such amounts are includable in gross income when distributed (except that amounts paid to an Employee under an unfunded nonqualified plan of deferred compensation will be considered as compensation for purposes of Code Sections 415 and 416 in the year such amounts are includable in gross income);
4. Amounts realized from the exercise of a nonqualified stock option or when restricted property becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

5. Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

6. Other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in gross income) or contributions made by Employer (whether or not under a salary reduction agreement) towards the purchase of an annuity contract described in Code Section 403(b) (whether or not contributions are excludable from gross income).

Effective July 1, 2007, any amount includible in a Participant's gross income due to noncompliance with Code Section 409A shall be included in Compensation for purposes of Code Section 415 limitations on contributions and benefits.

Effective July 1, 2007, for purposes of applying the Code Section 415 limitations on contributions and benefits, the following Compensation shall be considered: (1) a Participant's regular Compensation received for services rendered during the Participant's regular working hours that is paid during a post-severance payment period, (2) a Participant's Compensation for services rendered outside regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments that would have been paid to the Participant before a severance of employment had the Participant continued in employment with Employer (provided such amounts are paid during the post-severance payment period). The post-severance period is the period from the Participant's severance from employment until the later of 2-1/2 months after severance or the end of the limitation year in which severance occurred. In no event shall the Compensation for purposes of Code Section 415 for a given limitation year exceed the maximum amount of Compensation recognized for purposes of limiting contributions or benefits payable with respect to a plan under Code Section 401(a)(17) for that same limitation year.

Notwithstanding any provision of this Plan to the contrary, long term disability payments received by a permanently disabled Participant from an Employer sponsored plan or policy shall be treated as eligible Compensation both for Plan contribution purposes and for Internal Revenue Code Section 415 purposes, even if such long term disability payments are received by such a Participant after he or she has terminated employment with Employer.

F. **“Designated Beneficiary”** means the individual who is designated as the beneficiary under Article VII, Paragraph B (including any individual who is a default beneficiary), and is the Designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4, Q&A-1, of the Treasury Regulations.

G. **“Effective Date”** means July 1, 2016, the effective date of the amendment and restatement of this Plan, except as otherwise specifically provided herein. Employer’s Plan was originally adopted July 1, 1989.

H. **“Eligibility Computation Period”** initially means the 12-consecutive-month period beginning with the Employment Commencement Date, or in the case of an Employee who has had a One-Year Break in Service, the 12 consecutive-month period beginning with the first date on which the Employee completes an Hour of Service following the last computation period in which a One-Year Break in Service occurred (the “Reemployment Commencement Date”). After the initial Computation Period, the succeeding Eligibility Computation Periods shall be the Plan Year that includes the first anniversary of the Employment Commencement Date or Reemployment Commencement Date and each succeeding Plan Year.

I. **“Employee”** means any person in the service of Employer receiving a regular wage or salary. Solely for testing purposes, Employee also means any employee of any other employer aggregated under Code Section 414(b), (c), (m) or (o) and the regulations thereunder. A leased employee as defined in Code Section 414(n)(2) shall be considered an Employee hereunder solely for purposes of Code Section 414(n)(3) unless (i) leased employees constitute less than twenty percent (20%) of Employer’s non-Highly-Compensated workforce as defined in Code Section 414(n)(5)(c)(ii) and (ii) the leased employee is a participant in a plan described in Code Section 414(n)(5)(B). A leased employee for purposes of Code Section 414(n)(3) means any person who is not an Employee of Employer and who provides services for Employer pursuant to an agreement between Employer and a leasing organization, who has performed such services for Employer and related persons on a substantially full-time basis for a period of at least one year, and whose services are performed under the primary direction or control of Employer. Notwithstanding that a leased employee is treated as an Employee hereunder solely for purposes of Code Section 414(n)(3), such a leased employee shall not be considered an eligible Employee or receive credit for service or share in Employer Contributions under this Plan. Only those persons designated as Employees by the Advisory Committee shall qualify as Employees under this Plan.

J. **“Employer”** means Seattle Pacific University. The term “Employer” also refers to any other company or entity that executes a Participation Adoption Agreement adopting this Plan.

K. **“Employment Commencement Date”** means the date on which the Employee first performs an Hour of Service for Employer.

L. **“Enrollment Date”** means the date on which an Employee who has complied with the eligibility requirements shall become eligible to participate in this Plan. The Enrollment Dates shall be the first day of each calendar quarter (July 1, October 1, January 1, and April 1).

M. **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended from time to time and any regulations promulgated thereunder.

N. **“Event of Forfeiture”** means, with respect to a Participant who terminates employment, the incurring of five consecutive One-Year Breaks in Service or receiving a cash-out payment in full in a single lump sum of all of a Participant’s vested Accrued Benefit, subject to the reinstatement of forfeitures requirements of Article V, Section D. A Participant who terminates employment with no vested Accrued Benefit shall be deemed to have received a cash-out payment.

O. **“Fiscal Year”** means Employer’s fiscal year for federal tax purposes. As of the Effective Date, Employer’s fiscal year begins on July 1 and ends on June 30.

P. **“Fund”** means the following in which all of the assets of the Plan are held: (1) the Trust Agreement(s) between Employer and the Trustee, and (2) Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities (CREF) individual annuity contracts.

Q. **“Highly-Compensated Employee”** means any Employee who during the Plan Year or the preceding Plan Year is a more than five percent owner (as defined by Code Section 416(i)(1)), or an Employee who for the preceding Plan Year received Compensation in excess of \$120,000 for 2016 and thereafter as adjusted as provided in Code Section 414(q)(1).

For purposes of determining whether an Employee is a Highly-Compensated Employee, annual Compensation means Compensation as set forth in Article II, Paragraph E, for purposes of applying the Code Section 415 limitations on contributions and benefits for the applicable Plan Year or preceding Plan Year.

The employer for purposes of this Section is the entity employing the Employee and includes all other entities aggregated with such employing entity under the aggregation requirements of Code Sections 414(b), (c), (m) or (o).

A former Employee shall be considered a Highly-Compensated Employee if the Employee was a Highly-Compensated Employee when separated from service or if the Employee was a Highly-Compensated Employee at any time after attaining age 55.

R. **“Hour of Service”** means:

(a) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, by Employer for the performance of duties. These hours shall be credited to the Employee for the computation period or periods in which the duties are performed. An Employee in qualified military service as defined in Code Section 414(u)(5) shall be credited with Hours of Service at Employee’s customary rate; and

(b) Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship was terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 Hours of Service shall be credited under this subsection (b) for any single continuous period (whether or not such period occurs in a single computation period). Hours under this subsection (b) shall be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations which are incorporated herein by this reference; and

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by Employer. The same Hours of Service shall not be credited under subsection (a) or (b), as the case may be, and under this subsection (c). These hours shall be credited to the Employee for the Eligibility or Vesting Computation Periods to which the award or agreement pertains rather than the computation period in which the award, agreement, or payment is made.

All Employees shall be credited with actual hours (i) for which they are paid or entitled to payment by Employer, and (ii) for purposes of determining whether a One-Year Break in Service has occurred, at their regular rate during an unpaid leave of absence.

Provided, that for the purpose of determining whether an Employee has incurred a One-Year Break in Service (i) Hours of Service described in subsection (b) shall be credited without regard to the 501-hour limitation of subsection (b); (ii) hours at the Employee's customary rate shall be credited during any period the Employee is on authorized leave of absence or temporary layoff, and (iii) in the case of an Employee who is absent from work for any period by reason of pregnancy, birth of a child, placement with the Employee of a child for adoption, or caring for such child immediately following birth or placement, Hours of Service (up to 501 hours) shall be credited equal to the Hours of Service that otherwise would normally have been credited to the Employee but for such absence (or if such hours cannot be determined, equal to 8 Hours of Service per day of absence). The hours credited under (iii) above shall be credited to the applicable computation period in which the absence begins if such crediting will prevent a One-Year Break in Service, or otherwise to the following computation period. No such credit shall be given unless the Employee provides the Advisory Committee with timely information (including, if requested, a written statement of a doctor or adoption official) to establish that the absence is for reasons referred to in this paragraph and the number of days for which there was such an absence. Provided, further, there shall be no duplication of credit under this Plan. If an authorized leave of absence is granted, it shall be on a nondiscriminatory basis.

Hours of Service for any other trade or business that is along with Employer a member of a group of trades or businesses (whether or not incorporated) which are under common control, as defined in Code Section 414(b) and (c), or an affiliated service group as defined in Code Section 414(m) as modified by Code Section 414(m)(5) and (6), and any other entity required to

be aggregated with Employer pursuant to Code Section 414(n) or 414(o) and the regulations thereunder shall be considered Hours of Service for Employer.

In crediting Hours of Service for such Employees for reasons other than the performance of duties during a computation period, such Hours of Service shall be credited in accordance with the rules of paragraphs (b) and (c) of Labor Reg. Section 2530.200b-2, which the Plan, by this reference, specifically incorporates in full.

S. **“Investment Committee”** means the Investment Committee appointed by the Advisory Committee.

T. **“Maximum Permissible Percentage”** means the lesser of (i) or (ii) where (i) is the greater of (a) 5.7% or (b) the percentage equal to the portion of the tax rate under Code Section 3111(a) in effect at the beginning of the Plan Year which is attributable to old-age insurance, and (ii) is twice the percentage determined by dividing the Employer Contribution allocated to the account of each Participant based upon Compensation below the Social Security taxable wage base by such Employee’s Compensation below the Social Security taxable wage base.

U. **“Normal Retirement Age”** means age 65 for all Participants.

V. **“One-Year Break in Service”** means the applicable Eligibility or Vesting Computation Period during which an Employee fails to complete more than 500 Hours of Service.

W. **“Participant”** means an Employee who has satisfied the eligibility requirements and has been enrolled in accordance with Article III.

X. **“Plan”** means the Plan set forth in this agreement and all subsequent amendments thereto.

Y. **“Plan Year”** means the twelve-month period on which the records of this Plan are kept. Each Plan Year shall end on June 30.

Z. **“Spouse”** means the lawful husband or wife of the Participant.

AA. **“Trust”** means the Trust(s) maintained for the Plan pursuant to the separate Trust Agreement(s) established between Employer and the Trustee(s).

BB. **“Trust Agreement”** means the separate Trust Agreement(s) between Employer and the Trustee.

CC. **“Trustee”** means (1) with respect to all Plan assets other than TIAA-CREF individual annuities, State Street Bank and Trust Company, and (2) for purposes of Articles IX

and X, TIAA-CREF as the issuer of individual annuities, and any successor Trustee(s) appointed by Employer through action of its Board of Trustees.

DD. **“Valuation Date”** means the date upon which the assets of the Trust are valued. Each business day of the Plan Year on which Plan assets for which there is an established market are valued and the Trustee is conducting business shall be Valuation Dates, and the Investment Committee is authorized to establish additional Valuation Dates in its discretion.

EE. **“Vesting Computation Period”** for purposes of determining a Participant’s nonforfeitable Accrued Benefit means the Plan Year.

FF. **“Year of Service”** means the applicable computation period during which an Employee completes at least 1,000 Hours of Service as defined in Article II, Paragraph R. Provided that for vesting purposes, for Participants with at least three Years of Service as of July 1, 2010, a Year of Service will be calculated using the definitions of Year of Service and Hours of Service in effect prior to July 1, 2010.

GG. **“Miscellaneous.”** Unless some other meaning and intent is apparent from the context, the plurals shall mean the singular, and vice versa, and masculine, feminine, and neuter words shall be used interchangeably.

ARTICLE III Eligible Employees

The Advisory Committee may request each eligible Employee to apply for Plan participation in writing on a form to be supplied by the Advisory Committee, agreeing to the terms of this Plan and giving such information as may be required by the Advisory Committee, including beneficiary designation. An Employee shall not be precluded from Plan participation if Employee does not complete such form.

A. **Exclusions From Eligibility.** Notwithstanding any provision of this Plan to the contrary, any individual who is classified as an independent contractor by Employer (regardless of whether such individual is classified as an employee by any federal, state or local agency) and any individual who performs services pursuant to an agreement between Employer and a leasing organization shall not be eligible to participate in this Plan.

Employees shall be excluded from those eligible to participate if they are adjunct faculty or students. For Plan purposes, “adjunct faculty” means faculty members who are employed pursuant to a term contract to teach on a per-course basis (one contract can cover multiple courses) or by contract agrees to a status of adjunct faculty.

B. **Participation.** Each Employee who was a Participant on June 30, 2016, shall continue to be a Participant as of July 1, 2016, subject to the provisions of this Plan. Each

Employee who is not already a Plan Participant and who is not otherwise excluded by reason of this Article III shall become eligible to participate in this Plan upon the later of July 1, 2016, or completion of one Year of Service and attainment of age 21 and shall be enrolled as a Participant for purposes of making such contributions as of the Enrollment Date coinciding with or following completion of such requirements.

If such an Employee has met the above eligibility requirements and is not otherwise excluded under this Article III but is not employed by Employer on his/her Enrollment Date, he/she shall become eligible to participate in this Plan on his/her Reemployment Date, which is the date on which such Employee first completes one Hour of Service upon reemployment by Employer, and shall be enrolled as a Participant on the Enrollment Date coinciding with or next following his/her Reemployment Date.

C. Years of Service. In counting Years of Service for eligibility purposes, the Advisory Committee shall apply the following rules using the applicable Eligibility Computation Period to determine Years of Service and One-Year Breaks in Service:

1. Except as hereafter provided, the Employee shall receive credit for each Year of Service with Employer.

2. With respect to any Employee who was an Employee as of July 1, 1989 and who was employed by another higher education organization immediately prior to the date of employment or reemployment with Employer, such Employee shall receive credit for each year of service with such higher education organization.

3. In the case of a Participant who has five consecutive One-Year Breaks in Service prior to the time he/she has any nonforfeitable right to an Accrued Benefit, and who returns to employment, service prior to the break shall not be counted if the number of consecutive One-Year Breaks in Service equals or exceeds the aggregate number of Years of Service (whether or not consecutive) prior to the last such break.

4. In the case of a Participant who terminates employment and is rehired, and prior service is not disregarded under 3 above, he/she shall become eligible to participate in this Plan on his/her Reemployment Date, which is the date on which he/she first completes one Hour of Service upon reemployment by Employer, and shall be enrolled as a Participant on the Enrollment Date coinciding with or next following his/her Reemployment Date.

ARTICLE IV Contributions

A. Employer Contributions. For each Plan Year, Employer will contribute on behalf of each Active Participant an amount equal to 9% of the Compensation received in the Plan Year by such Participant, plus an amount equal to 5.7% (but limited to the Maximum

Permissible Percentage) of Compensation in excess of 100% of the Social Security taxable wage base in effect as of the first day of the Plan Year. Compensation for purposes of this Paragraph A is Compensation as defined in Article II, Paragraph E, of this Plan.

Notwithstanding any provision of this Plan to the contrary, if a person became enrolled as a Participant during a Plan Year on an Enrollment Date other than the first day of the Plan Year, only that portion of his/her Compensation attributable to Hours of Service performed while he/she was a Participant shall be considered in determining his/her allocation of Employer's contribution under this Article IV, Paragraph A, for such Plan Year

Notwithstanding any provision of this Plan to the contrary, effective with respect to reemployments, Employer Contributions with respect to qualified military service shall be made in accordance with Code Section 414(u).

Employer's determination of such contribution shall be binding on all Participants, the Advisory Committee, and the Investment Committee.

B. Active Participants Receive Allocations. Only an Active Participant shall be entitled to share in Employer's Contributions for a particular Plan Year pursuant to Article IV, Paragraph A.

Effective July 1, 2011, for Participants who are classified as Short Hour Employees working less than .5 FTE, and Temporary Employees not expected to work more than 6 months, an Active Participant means a Participant who completes at least 1,000 Hours of Service during the Plan Year.

For all Participants other than Short Hour Employees and Temporary Employees, an Active Participant means any employee who performs service during the Plan Year.

Nothing in this Article shall permit the reduction of a Participant's Accrued Benefit.

Employer's determination of such contributions shall be binding on all Participants, the Advisory Committee and the Investment Committee.

C. Date of Payment. Employer shall pay to the Trustee, within the time provided by law for filing of Employer's income tax return (including extensions), the amount to be contributed pursuant to Article IV, Paragraph A.

Employer shall make contributions at least annually and currently intends to make contributions monthly for Participants who are Active Participants throughout the Plan Year. For Short Hour Employees working less than .5 FTE, and Temporary Employees not expected to work more than 6 months, contributions will commence each Plan Year when Employer has

determined that the Participant has met or will meet the requirements of Article V, Paragraph B, of this Plan. Any part of the contributions for a Plan Year not contributed prior to this determination will be included in the contributions made for the Plan Year after the determination.

ARTICLE V
Participant's Accounts, Valuation, Maximum Contribution

A. **Participant's Accounts.** The Advisory Committee or its delegate shall maintain a separate Employer contribution account (Employer Contribution Account) and a separate Rollover Account, where applicable for each Participant, which accounts shall reflect the Participant's Accrued Benefit. The Advisory Committee shall furnish, or cause to be furnished, to the extent required by ERISA, each Participant who requests the same in writing a statement reflecting, on the basis of the latest available information, his/her Accrued Benefit and the nonforfeitable portion thereof or if no benefits are nonforfeitable, the earliest date on which benefits will be nonforfeitable. Employer may appoint the Trustee or any qualified third party to perform recordkeeping functions.

B. **Valuation of Fund.**

As of each Valuation Date, the Trustee(s) shall value the Fund pursuant to the terms of the Trust Agreement(s). Employer, the Advisory Committee, the Investment Committee, and the Trustee do not in any manner or to any extent whatever warrant, guarantee or represent that the value of a Participant's accounts shall at any time exceed or equal the amount previously contributed thereto.

C. **Maximum Contributions.**

1. **Annual Addition.** The term "annual addition" for any Plan Year means the sum of:

(a) Employer's contributions on a Participant's behalf to Employer's defined contribution plan(s) including a 403(b) annuity contract purchased for the benefit of a Participant who is in control of Employer within the meaning of Code Section 414(b) or (c), as modified by Code Section 415(h) (any profit sharing, money purchase pension, stock bonus, and target benefit pension plans);

(b) Any forfeitures allocated to the Participant's account under a profit sharing plan maintained by Employer;

(c) Amounts allocated for a Plan Year to a Code Section 415(l)(2) individual medical account that is part of a pension or annuity plan maintained by Employer; and

(d) Amounts paid or accrued for post-retirement benefits allocated to a separate account in a Code Section 419(e) welfare benefit fund maintained by Employer. These amounts will not be subject to the present limitations of Code Section 415(c)(1)(B); and

(e) Amounts allocated under a simplified employee pension plan established pursuant to Code Section 408(k).

Notwithstanding any other provision hereof, the annual addition to a Participant's accounts for any Plan Year shall not exceed the lesser of (i) \$53,000 for 2016, and in later years as adjusted under Code Section 415(d), or (ii) 100% of the Participant's Compensation from Employer for the Plan Year as defined for purposes of Code Section 415 in Article II, Paragraph E.

The compensation limit referred to in the preceding paragraph shall not apply to (i) any contributions for medical benefits (within the meaning of Code Section 419A(f)(2) or 401(h)) which are made after severance from employment and which are otherwise treated as an annual addition; (ii) catch-up contributions; or (iii) any amount otherwise treated as an Annual Addition under Code Section 415(1)(l) or 419A(d)(2).

If a short limitation year is created because of an amendment changing the limitation year to a different 12-consecutive month period, the maximum permissible amount will not exceed the defined contribution dollar limitation multiplied by the following fraction:

$$\text{Number of months in the short limitation year} / 12$$

If the Plan is terminated as of a date other than the last day of the limitation year, the Plan is deemed to have been amended to change its limitation year and the maximum permissible amount shall be determined shall be prorated for the resulting short limitation year.

The limitation year is the Plan Year.

2. **Excess Annual Addition.** Effective for limitation years beginning on or after July 1, 2007, if the annual additions (within the meaning of Code Section 415) are exceeded for any Participant, then this Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Revenue Procedure 2013-12 or any superseding guidance, including, but not limited to, the preamble of the final Code Section 415 regulations.

3. For the purpose of this Article V, Paragraph C, the following rules shall control:

(a) The \$53,000 maximum shall be deemed adjusted for any Plan Year to conform to increases in the cost of living in accordance with regulations to be adopted by the Secretary of Treasury.

(b) All qualified defined contribution plans (whether terminated or not) ever maintained by Employer shall be treated as one defined contribution plan.

(c) If Employer is a member of a controlled group of corporations, trades or businesses under common control (as defined by Code Section 1563(a) or Code Section 414(b) and (c) as modified by Code Section 415(h)) or is a member of an affiliated service group (as defined by Code Section 414(m)), all employees of such employers shall be considered to be employed by a single employer.

D. Forfeitures and Reinstatement of Forfeitures. The nonvested Accrued Benefit of each Participant with respect to whom an Event of Forfeiture has occurred and who is not in the employ of Employer at such time shall be forfeited. Such a forfeiture shall occur on or shortly after the date a Participant incurs an Event of Forfeiture, but in no event later than the last Valuation Date of the Plan Year in which the Event of Forfeiture occurs. If a Participant terminates employment with Employer, incurs an Event of Forfeiture, is thereafter reemployed, and has not incurred five consecutive One-Year Breaks in Service as of the Anniversary Date coinciding with or following the date of reemployment, his/her forfeited Accrued Benefit shall be reinstated as if that nonvested Accrued Benefit had not been forfeited, provided the terminated Participant repays the amount of the vested Accrued Benefit previously distributed which was attributable to Employer Contributions, back to the Plan Trustee to be credited to the Participant. Such a repayment must occur before the earlier of (1) the date five years after the first date on which the Participant is subsequently re-employed by Employer, or (2) the date the Participant would have incurred five consecutive One-Year Breaks in Service following the date of the distribution had he/she not been re-employed. Such a reinstatement shall occur on the Anniversary Date coinciding with or following such Participant's date of repayment, by allocating the required amount to the Participant's Employer Contribution Account, first, from forfeitures occurring on such Anniversary Date, second, from Trust earnings allocated as of such Anniversary Date, and third, from extraordinary Employer Contributions as required.

Forfeitures may be applied first to offset eligible Plan expenses in the Plan Year of the forfeiture and then to reinstate any nonvested Accrued Benefits required to be reinstated for the Plan Year of the forfeiture. Any remaining forfeitures shall be applied to reduce future Employer Contributions due in the current year, or if none, to reduce Employer Contributions due in the Plan Year following the Plan Year in which the forfeiture occurred.

E. Missing Participants. Subject to the terms of the funding vehicle, in the event that a terminated Participant's current address and whereabouts are unknown and the Advisory Committee has made a good faith effort to locate the missing Participant, if the Participant cannot be located after that good faith effort, the nonforfeitable Accrued Benefit of the missing

Participant may be forfeited subject to reinstatement of the benefit (unadjusted for gains or losses subsequent to the forfeiture) if the missing Participant is later found or makes a claim for Plan benefits.

ARTICLE VI
Nonforfeitable Accrued Benefit

A. **Allocations Not Vested.** Allocations to Participants in accordance with the provisions of Article V shall not vest any right or title to any specific assets of the Trust.

B. **Vesting Period.** A Participant’s Rollover Account shall be 100% vested at all times.

A Participant’s Employer Contribution Account shall vest in accordance with the following schedule:

Completion of 1 Year of Service	0%
Completion of 2 Years of Service	20%
Completion of 3 Years of Service	40%
Completion of 4 Years of Service	60%
Completion of 5 Years of Service	80%
Completion of 6 Years of Service	100%

In crediting Years of Service to determine a Participant’s nonforfeitable Accrued Benefit, the Advisory Committee shall apply the following rules using the Vesting Computation Period for purposes of determining Years of Service and One-Year Breaks in Service:

1. Except as specifically hereinafter provided, all of an Employee’s Years of Service with Employer both prior to becoming a Participant and thereafter shall be taken into account.
2. With respect to any Employee who was an Employee as of July 1, 1989 and who was employed by another higher education organization immediately prior to the date of employment or reemployment with Employer, such Employee shall receive credit for each year of service with such higher education organization.
3. Except as specifically hereinafter provided, if a leased employee subsequently becomes an Employee, all Hours of Service with Employer both in their capacity as a leased employee and as an Employee prior to becoming a Participant and thereafter shall be taken into account for establishing Years of Service. Notwithstanding the foregoing, such a Participant shall not receive credit for Compensation for service performed while a leased employee.

4. In the case of a Participant who terminates employment with Employer and has no nonforfeitable right to an Accrued Benefit, Employer shall not give credit for Years of Service occurring before a One-Year Break in Service if, on the date the Participant first completes an Hour of Service following the date of termination, the number of consecutive One-Year Breaks in Service equals or exceeds the aggregate number of Years of Service (whether or not consecutive) prior to the last such break if the number of consecutive One-Year Breaks in Service is five or more. Years of Service before the break shall not include Years of Service not required to be taken into account by reason of any other rule under this Paragraph B.

5. Employer shall not give credit for Years of Service that are not disregarded under Paragraph 4 above until the Participant has completed a Year of Service upon return during the Vesting Computation Period.

6. The nonforfeitable percentage of a Participant's Accrued Benefit derived from Employer Contributions made prior to five consecutive One-Year Breaks in Service shall be determined without regard to Years of Service occurring after such five consecutive One-Year Breaks in Service. Separate accounting shall be maintained for the pre-break Accrued Benefit.

C. Amendment to Vesting Computation Period or Vesting Schedule. Employer may amend this Plan to provide for a different Vesting Computation Period so long as the new Vesting Computation Period, as amended, begins prior to the last day of the preceding Vesting Computation Period. No Plan amendment shall reduce a Participant's nonforfeitable Accrued Benefit. If this Plan's vesting schedule is amended or this Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, or if a different vesting schedule is applicable because a previously Top-Heavy Plan is no longer Top-Heavy, each Participant with at least three (3) Years of Service with Employer may elect, within a reasonable period after the adoption of the amendment, to have nonforfeitable Accrued Benefit (accrued before and after the amendment) computed under this Plan without regard to such amendment. The period during which the election may be made shall commence with the date the amendment is adopted and shall end on the later of:

1. Sixty (60) days after the amendment is adopted;
2. Sixty (60) days after the amendment becomes effective; or
3. Sixty (60) days after the Participant is issued written notice of the amendment by Employer or Committee.

D. Full Vesting. If a Participant attains Normal Retirement Age, dies, or becomes permanently and totally disabled and such event occurs while the Participant is still employed by Employer, the full amount credited to the Participant's Employer Contribution Account pursuant to Article V shall become fully vested and nonforfeitable.

In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the Participant's survivors are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service), such as full vesting upon death, provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

E. Participant's Commencement of Excluded Employment. In the event a Participant transfers to an employment category excluded under Article III, then for purposes of determining the nonforfeitable percentage of the Participant's Accrued Benefit, Hours of Service performed while the Participant was in an excluded category shall be counted. Notwithstanding the foregoing, such a Participant shall not receive credit for Hours of Service for purposes other than vesting and shall not receive credit for Compensation for service performed while the Participant is in an excluded category.

F. Transfer of Participants. The transfer of a Participant from the employ of one Employer to another Employer who is a member of a controlled group of trades or businesses under Code Section 414 shall for no purpose constitute a termination of employment hereunder for vesting purposes, nor shall such Participant receive a distribution from this Plan until such time as he/she terminates employment with all Employers. The respective Employers shall notify the Advisory Committee of the transfer of employment, and the Advisory Committee shall adjust its records accordingly. If an Active Participant transfers during a Plan Year, he/she shall receive an allocation of each of Employer's contributions based upon Compensation from each such Employer and Years of Service with all Employers.

ARTICLE VII Distribution of Benefits

A. Retirement Date and Options. The Normal Retirement Age shall be age 65 for all Participants, and each Participant or former Participant shall be entitled to retire upon such date, which day shall be his/her Normal Retirement Date.

1. **Employment After Normal Retirement Age.** If a Participant continues in the employ of Employer beyond Normal Retirement Date, he/she shall, pursuant to the terms of this Plan, continue to share in Employer contributions and increases and decreases in value, including fees and expenses until actual retirement.

(a) **Election to Receive Benefits While Still Employed.** A Participant who has attained age 62 may elect in writing to receive his/her nonforfeitable Accrued Benefit prior to his/her actual retirement date in accordance with procedures established by the Advisory Committee. Such a Participant shall pursuant to the terms of this Plan continue to share in Employer Contributions and increases and decreases in value, including fees and expenses, until actual retirement.

(b) **Required Receipt of Benefits.** Distribution of benefits shall commence to each Participant upon such Participant's Required Beginning Date, regardless of whether or not he/she is still actively employed by Employer.

The Required Beginning Date of a Participant is the later of the April 1 of the calendar year following the calendar year in which the Participant attains age 70½ or retires, except that benefit distributions to a more than five percent (5%) owner (as defined in Code Section 416) must commence by the April 1 of the calendar year following the calendar year in which the Participant attains age 70½.

A Participant is treated as a more than five percent (5%) owner for purposes of this section if such Participant is a more than five percent (5%) owner as defined in Code Section 416 at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70½. Once distributions have begun to a more than five percent (5%) owner under this section, they must continue to be distributed, even if the Participant ceases to be a more than five percent (5%) owner in a subsequent year.

A Participant to whom this subparagraph (b) applies shall, pursuant to the terms of this Plan, continue to share in Employer Contributions and increases and decreases in value, including fees and expenses, until actual retirement.

2. **Date of Retired Participant's First Payment.** A Participant who retires hereunder on or after his/her Normal Retirement Date shall begin receiving benefits as soon as is reasonably practicable after retirement date but no later than the date sixty (60) days after the close of the Plan Year in which the Participant retires on or after his/her Normal Retirement Date, unless he/she elects to defer payment (or whether he/she is deemed to have deferred payment) pursuant to subparagraph 3 below.

3. **Deferral of Benefits.**

A Participant who retires hereunder or terminates employment with a nonforfeitable Accrued Benefit in excess of \$5,000 shall not be required to receive a distribution prior to his or her Required Beginning Date without his or her consent. The Participant may defer the commencement of his or her Plan benefits to a later date, but not later than his or her Required Beginning Date as defined in Article VII, Paragraph A.1(b), above.

Failure of a Participant and the Participant's Spouse to properly consent to a distribution in accordance with subparagraph 5. below while a nonforfeitable Accrued Benefit in excess of \$5,000 is immediately distributable shall be deemed an election to defer commencement of payment until the Participant's Required Beginning Date unless the Participant and the Participant's Spouse affirmatively elect an earlier distribution date.

For purposes of this Article VII, Paragraph A.3, the value of a Participant's nonforfeitable Accrued Benefit shall not include that portion of the Accrued Benefit that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).

(a) Small Account Values

A lump sum payment will be made without consent of the Participant, Participant's Spouse or Beneficiary if the value of the vested Accrued Benefit is \$5,000 or less, subject to the following rules.

(i) \$1,000 or Less: If the vested Accrued Benefit payable to a Participant or Beneficiary under this Article VII at the Participant's termination of employment or retirement is \$1,000 or less, that distribution will be paid directly to the Participant or the Beneficiary, unless the Participant or the Beneficiary affirmatively elects (within a timeframe established by the Advisory Committee of not fewer than 30 days) a direct rollover to a specific Eligible Retirement Plan, subject to the direct rollover rules set forth in Article XVIII.

(ii) More than \$1,000 but Less than or Equal to \$5,000: If the vested Accrued Benefit payable to a Participant or Beneficiary under this Article VII at the Participant's termination of employment or retirement is more than \$1,000 but less than or equal to \$5,000, that distribution will be made in the form of a direct rollover to an individual retirement account (IRA) designated by the Advisory Committee, unless the Participant or the Beneficiary affirmatively elects (within a timeframe established by the Advisory Committee of not fewer than 30 days) either (i) a direct rollover to a specific Eligible Retirement Plan, subject to the direct rollover rules set forth in Article XVIII -- or (ii) a direct payment to the Participant or the Beneficiary.

(b) One-Time Sweep

As soon as administratively feasible on or after April 1, 2015, the Advisory Committee or its delegate will perform a one-time review of the vested Accrued Benefit of each Participant who terminated employment prior to that date. If, as a result of this review, it is determined that a terminated Participant has a vested Accrued Benefit with a lump sum value of more than \$1,000 but less than or equal to \$5,000 remaining in the Plan, such Participant will be subject to the distribution provisions set forth in Section a.(2) above.

4. Form of Payment.

Within the election period, a Participant who is eligible to receive benefits under this paragraph may elect, in writing on a form provided by the Advisory Committee (and, if married,

with Spouse's consent), a choice from the following options for distribution of nonforfeitable Accrued Benefit:

(a) With respect to the portion of a Participant's nonforfeitable Accrued Benefit held by TRANSAMERICA Retirement Solutions (formerly known as Diversified Investment Advisors immediately prior to April 1, 2013) ("TRANSAMERICA"), such a Participant may elect one or a combination of the following distribution options with respect to account balances held by TRANSAMERICA, subject to the terms of the funding vehicle. Such options may include but are not limited to:

(i) Systematic withdrawal providing for monthly, quarterly, or annual installments over a period not exceeding the life expectancy of the Participant or the joint life expectancies of the Participant and the designated beneficiary; or

(ii) A nontransferable annuity contract which will be an annuity for the life of the Participant, with a survivor annuity for the life of the Spouse which is 50% of the amount payable during the joint lives of the Participant and the Spouse (a qualified joint and survivor annuity); or

(iii) A nontransferable annuity contract which will be an annuity for the life of the Participant, with a survivor annuity for the life of the Spouse which is 75% of the amount payable during the joint lives of the Participant and the Spouse (a qualified optional survivor annuity); or

(iv) A nontransferable annuity contract which will be a monthly straight life annuity for the life of the Participant; or

(v) A single payment equal to the Participant's nonforfeitable Accrued Benefit as of the Valuation Date coinciding with or immediately preceding the date of such payment, plus any contributions and minus any withdrawals since such date, paid either in cash to the Participant or as a direct rollover to an Eligible Retirement Plan, pursuant to Article XVIII; or

(vi) A partial payment of a specific dollar amount of the Participant's nonforfeitable Plan benefits in accordance with procedures established by the Advisory Committee; provided, that when such Participant attains age 70-1/2, if the Participant has terminated employment or is a more than 5% owner of Employer and has not yet received all of his/her nonforfeitable Plan benefits, the Participant must elect to receive the remainder of nonforfeitable Plan benefits in a lump sum or installment payments within the time required by the minimum distribution rules of Paragraph A.7 below for a lump sum and Paragraph A.6 below for installments.

(b) With respect to the portion of a Participant's nonforfeitable Accrued Benefit held by TIAA-CREF or the Trustee hereunder, such a Participant may elect one or a combination of the forms of payment available from TIAA-CREF (which may vary for the available annuity products and for CREF accounts), subject to the terms of the funding vehicle. Such options may include but are not limited to:

(i) A nontransferable annuity contract which will be an annuity for the life of the Participant, with a survivor annuity for the life of the Spouse which is 50% of the amount payable during the joint lives of the Participant and the Spouse (a qualified joint and survivor annuity); or

(ii) A nontransferable annuity contract which will be an annuity for the life of the Participant, with a survivor annuity for the life of the Spouse which is 75% of the amount payable during the joint lives of the Participant and the Spouse (a qualified optional survivor annuity); or

(iii) A nontransferable annuity contract which will be a monthly straight life annuity for the life of the Participant; or

(iv) A minimum distribution option for a Participant who is age 70-1/2 or older, in which a Participant may elect installment payments equal to the required minimum distribution described in Paragraph A.7 below; or

(v) A single payment equal to the Participant's nonforfeitable Accrued Benefit as of the Valuation Date coinciding with or immediately preceding the date of such payment, plus any contributions and minus any withdrawals since such date, paid either in cash to the Participant or as a direct rollover to an Eligible Retirement Plan, pursuant to Article XVIII. Notwithstanding the foregoing, lump sum distributions and cash withdrawals are restricted for the TIAA annuity products.

5. **Other Form of Payment Requirements.**

The Participant's nonforfeitable Accrued Benefit shall be valued as of the applicable Valuation Date coinciding with or immediately preceding the date of a payment, plus any contributions and minus any withdrawals since such Valuation Date.

All annuity contracts at the time of purchase shall have a value equal to the Participant's Nonforfeitable Accrued Benefit as of the applicable Valuation Date coinciding with or immediately preceding the date such contract(s) are purchased, plus any contributions and minus any withdrawals since such Valuation Date.

Within the election period, the Spouse of a married Participant must consent in writing to the election of a form of benefit other than a 50% joint and survivor annuity and acknowledge the effect of the consent. The consent shall be witnessed by a Plan representative or a notary public. Within a period no less than 30 days and no more than 180 days (effective July 1, 2007) before the annuity starting date, the Advisory Committee shall furnish such a married Participant a written explanation in nontechnical language of the terms and conditions of a 50% joint and survivor annuity (a qualified joint and survivor annuity), the right to elect some other form of benefit, and the rights of the Spouse. Prior to the annuity starting date, such a married Participant may request the Advisory Committee to furnish a written explanation of the specific amount of the particular joint and survivor annuity he/she will receive and the financial effect of election of some other form of benefit. The Participant and the Spouse may change their election as provided herein at any time prior to the annuity starting date. The Spouse may revoke a consent to a form of benefit other than a qualified joint and survivor annuity at any time prior to the annuity starting date. If an annuity is to be the form of benefit, the Advisory Committee shall instruct the Trustee to purchase a nontransferable annuity contract from an insurance company authorized to do business in the State of Washington and to distribute the annuity to the Participant.

The annuity starting date for a distribution in a form other than a qualified joint and survivor annuity may be less than 30 days after receipt of the written explanation described in the preceding paragraph, provided: (a) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the qualified joint and survivor annuity and elect (with spousal consent) to a form of distribution other than a qualified joint and survivor annuity; (b) the Participant is permitted to revoke any affirmative distribution election at least until the annuity starting date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the qualified joint and survivor annuity is provided to the participant; and (c) the annuity starting date is a date after the date that the written explanation was provided to the Participant.

Notwithstanding the foregoing, the Plan Administrator may provide the Participant the written explanation described above after the annuity starting date, in which case the election

period shall not end before the 30th day after the date on which such explanation is provided, subject to waiver of the 30-day period as provided in the preceding paragraph.

A Participant may change election any time prior to the annuity starting date.

In the event a Participant's benefits are to commence and he/she has made no election of the form of payment prior to the annuity starting date, distribution shall be made pursuant to a qualified joint and survivor annuity if married and a single life annuity if not married.

The annuity starting date means the first day of the first period for which an amount is payable hereunder in the form of an annuity or in the case of a benefit not payable in the form of an annuity, the first date on which all events have occurred which entitle the Participant to the benefit. Except as provided above, the election period is the 180-day period ending on the annuity starting date.

6. **Minimum Distributions at Age 70½ if Installments Elected.** If a Participant's distribution is required to commence due to attainment of age 70½, and if the Participant has elected to receive installment payments, then at least an amount equal to the minimum required annual distribution shall be paid to the Participant, determined in accordance with Code Section 401(a)(9).

7. **Minimum Required Distribution Under Final Regulations.** With respect to minimum required distributions made on or after the Effective Date as defined in Section 7.a.i below, the following provisions shall apply:

(a) **General Rules.**

(i) **Effective Date.** The provisions of this Article VII, Paragraph A.7 will apply for purposes of determining required minimum distributions for calendar years beginning with the 2002 calendar year.

(ii) **Precedence.** The requirements of this Article VII, Paragraph A.7 will take precedence over any inconsistent provisions of this Plan as to the required minimum amount payable, provided that any provision of this Plan requiring faster payment or greater payments will remain in effect.

(iii) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Article VII, Paragraph A.7 will be determined and made in accordance with the Treasury regulations under Code Section 401(a)(9) and the minimum distribution incidental benefit requirement of Code Section 401(a)(9)(G).

(iv) **TEFRA Section 242(b)(2) Elections.** Notwithstanding the other provisions of this Article VII, distributions may be made under a

designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of this Plan that relate to Section 242(b)(2) of TEFRA.

(b) **Time and Manner of Distribution.**

(i) **Required Beginning Date.** The Participant's nonforfeitable Accrued Benefit will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date, as defined in subparagraph e.v. below.

(ii) **Death of Participant Before Distributions Begin.** If the Participant dies before distributions begin, the Participant's nonforfeitable Accrued Benefit will be distributed, or begin to be distributed, no later than as follows:

A. If the Participant's surviving Spouse is the Participant's sole designated beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later, unless subparagraph iii. below applies.

B. If the Participant's surviving Spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, unless subparagraph iii. below applies.

C. If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire nonforfeitable Accrued Benefit will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

D. If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this subparagraph ii, other than subparagraph ii.A, will apply as if the surviving Spouse were the Participant.

For purposes of this subparagraph ii. and Article VII, Paragraph A.7.d, unless subparagraph ii.D. above applies, distributions are considered to begin on the Participant's Required Beginning Date. If subparagraph ii.D. above applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under subparagraph ii.A. above. If this Plan permits an annuity contract as a form of payment and distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse

under subparagraph ii.A), the date distributions are considered to begin is the date distributions actually commence.

(iii) Five-Year Rule. If the Participant dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified above in subparagraph b.ii., as long as the Participant's entire nonforfeitable Accrued Benefit will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death ("five-year rule"). If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this election will apply as if the surviving Spouse were the Participant.

Beneficiaries may elect on an individual basis whether the foregoing 5-year rule or the life expectancy rule specified in subparagraph b.ii above and subparagraph d.ii below applies to distributions after the death of a Participant who has a designated beneficiary. The election must be made no later than the earlier of (a) December 31 of the calendar year in which distribution would be required to begin under subparagraph b.ii, or (b) December 31 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving Spouse's) death. If the beneficiary does not make an election under this Paragraph, distributions will be made in accordance with the five-year rule.

A designated beneficiary who is receiving payments under the 5-year rule may make a new election to receive payments under the life expectancy rule until December 31, 2003, provided that all amounts that would have been required to be distributed under the life expectancy rule for all distribution calendar years before 2004 are distributed by the earlier of December 31, 2003 or the end of the 5-year period.

(iv) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, then for each distribution calendar year distributions will be made in accordance with Paragraphs A.7.c and A.7.d of this Article VII. If this Plan permits an annuity contract as a form of payment and the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Sections 401(a)(9) and 401(a)(9)(G) of the Code and the Treasury regulations.

(c) Required Minimum Distributions During Participant's Lifetime.

(i) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

A. the quotient obtained by dividing the Participant's nonforfeitable Accrued Benefit by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 Q&A-2 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

B. if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's nonforfeitable Accrued Benefit by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 Q&A-3 of the Treasury regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

(ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Article VII, Paragraph A.7.c. beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

(i) Death On or After Date Distributions Begin.

A. Participant Survived by Designated Beneficiary.

If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's nonforfeitable Accrued Benefit by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

1. The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

2. If the Participant's surviving Spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

3. If the Participant's surviving Spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life

expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

B. No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's entire nonforfeitable Accrued Benefit by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

A. Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's nonforfeitable Accrued Benefit by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Article VII, Paragraph A.7.d.i above.

B. No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire nonforfeitable Accrued Benefit will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

C. Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole designated beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Article VII, Paragraph A.7.b.ii.A above, this Article VII, Paragraph A.7.d.ii will apply as if the surviving Spouse were the Participant.

e. Definitions.

(i) Designated beneficiary. The individual who is designated as the beneficiary under Article VII, Paragraph B of this Plan (including any individual who is a default beneficiary identified under Article VII, Paragraph B of this Plan), and is the designated beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4, of the Treasury regulations.

(ii) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year

which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Article VII, Paragraph A.7.b.ii. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) **Life expectancy.** Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 Q&A-1 of the Treasury regulations.

(iv) **Participant's nonforfeitable Accrued Benefit.** The Participant's nonforfeitable Accrued Benefit as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the nonforfeitable Accrued Benefit as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. The nonforfeitable Accrued Benefit for the valuation calendar year includes any amounts rolled over or transferred to this Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(v) **Required Beginning Date.** The date specified in Article VII, Paragraph A.1.b. of this Plan.

Notwithstanding any provision of this Plan to the contrary, a Participant or beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 required minimum distributions"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 required minimum distributions or (2) one or more payments in a series of substantially equal distributions (that include the 2009 required minimum distributions) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2009 required minimum distributions"), will receive those distributions for 2009 unless the Participant or beneficiary chooses not to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In the event that a Beneficiary waives such a distribution and the five-year rule set forth in Code Section 401(a)(9)(B)(ii) applies to such Beneficiary, the five-year period shall be determined without regard to the Plan Year the distribution is waived.

B. **Death.** Each Participant shall designate a beneficiary or beneficiaries on a form to be furnished by the Advisory Committee. The beneficiary of a married Participant shall be the

Spouse, unless the Spouse consents in writing to the designation of another specific beneficiary and acknowledges the effect of the consent. In order to be effective, the consent must be witnessed by a Plan Representative or a notary public. Such designation shall be filed with the Advisory Committee and may be changed by the Participant from time to time by filing a new designation in writing (together with the Spouse's consent where required). The designation last filed with the Advisory Committee shall control. In the event that a Participant has designated by name his/her Spouse as the primary beneficiary and the Participant and the Spouse are subsequently divorced, the beneficiary designation shall be deemed revoked. If the Participant dies before making a new beneficiary designation, the benefits shall be paid as if there were no beneficiary designation.

If any Participant shall fail to designate a beneficiary or if the person or persons designated predecease the Participant and there is no designated successor, the Participant's beneficiary shall be the following in the order named:

- (a) Surviving Spouse at date of death,
- (b) Then living issue, per stirpes (lawful issue and adopted),
- (c) Then living parents, in equal shares,
- (d) Brothers and sisters, in equal shares, provided that if any brother or sister is not then living, the share shall be distributed to then living issue, per stirpes, and
- (e) Estate of the Participant.

Notwithstanding the foregoing, in the event that a TIAA legacy contract provides for a different default beneficiary, the terms of the TIAA legacy contract shall control with respect to the portion of the Participant's nonforfeitable Accrued Benefit invested in such TIAA legacy contract.

1. **Death Prior to Commencement of Benefits.** A Participant's beneficiary may elect to receive the Participant's nonforfeitable Accrued Benefit in installment payments over a period not exceeding the beneficiary's life expectancy on the date payments commence, in a single payment, in a partial payment of a specific dollar amount of the Participant's nonforfeitable Plan benefits in accordance with procedures established by the Advisory Committee and subject to the required distribution dates and lump sum payment requirements of this Paragraph B.1. The beneficiary may select the date such payment or payments commence, subject to the following rules:

- (a) A beneficiary may elect to have payments commence on any date that is a reasonable time after the Participant's death.

(b) All payments to the beneficiary shall be completed by December 31 of the calendar year in which the fifth anniversary of the Participant's death occurs, except that such payments may extend beyond that five-year period if:

(i) The Participant designated a beneficiary who is not the Participant's Spouse, and that beneficiary elects to receive installment payments, over a period of time permitted above, commencing not later than December 31 of the calendar year immediately following the calendar year in which the Participant died; or

(ii) The Participant designated a beneficiary who is the Participant's Spouse, and that beneficiary elects to have payments commence not later than the later of (a) December 31 of the calendar year in which the Participant would have attained age 70½, or (b) December 31 of the calendar year in which the fifth anniversary of the Participant's death occurs.

The beneficiary's selection of the form and date of payment shall be provided to the Advisory Committee in accordance with procedures established by the Advisory Committee. If the beneficiary is the Participant's Spouse and the Spouse elects to postpone payment of the Participant's Accrued Benefit, the Spouse shall designate a beneficiary or beneficiaries in accordance with the provisions of this Paragraph B as if the Spouse were the Participant. If such Spouse dies before payments commence hereunder, the provisions of this Paragraph B shall be applied as if the Spouse was the Participant.

If the Participant's beneficiary fails to make a valid election as to the form and time of payment before December 31 of the calendar year in which the fifth anniversary of the Participant's death occurs, and the Participant did not designate the Spouse as beneficiary, the Advisory Committee shall direct the Trustee to pay the benefit in a single sum to the Participant's beneficiary not later than such December 31. If the Participant's Spouse as designated beneficiary fails to make a valid election as to the form and time of payment before the later of (i) December 31 after the Participant would have attained age 70½, or (ii) December 31 of the calendar year in which the fifth anniversary of the death of the Participant occurs, the Advisory Committee shall direct the Trustee to distribute the Participant's Accrued Benefit in a single sum on or before the later of December 31 of the calendar year in which the Participant would have attained age 70½ or December 31 of the calendar year in which the fifth anniversary of the death of the Participant occurs.

Payments hereunder shall be valued as of the Valuation Date coinciding with or preceding the date of such payment, plus any contributions and minus any withdrawals since such Valuation Date.

2. **Death After the Commencement of Benefits.** In the event that a Participant dies after the commencement of installment payments as provided in Paragraph A.4, such installment payments shall be paid to the Participant's beneficiary during the remainder of

the payment period elected by the Participant; provided, however, that the Advisory Committee may direct the Trustee to accelerate such payments upon the written request of the beneficiary.

All distributions under this Paragraph B will comply with the minimum required distribution provisions under Paragraph A.7 of this Article.

If the Participant elects to receive distribution of his/her vested Accrued Benefit in the form of an annuity as provided in Paragraph A.4, then the Advisory Committee shall provide to such Participant, at the time(s) described below, a written explanation of (a) the death benefit provided by this Plan to the Participant's Spouse, (b) the Participant's right to designate a beneficiary other than his/her Spouse to receive that death benefit, provided he/she obtains the Spouse's written consent witnessed by a notary public or Plan representative, and (c) the Participant's and Spouse's right to revoke that designation or consent, and the effect of such a revocation. Such notice shall be provided to a Participant both at the time he/she wishes to elect a beneficiary other than his/her Spouse and during whichever of the following applicable periods ends last:

- (i) The period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;
- (ii) A reasonable period after the individual becomes a Participant;
- (iii) A reasonable period after separation from service, in case of a Participant who separates from service before attaining age 35, or
- (iv) A reasonable period following the date on which the Participant first becomes entitled to a vested Accrued Benefit.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year after separation. If such a Participant thereafter returns to employment with Employer, the applicable period for such Participant shall be redetermined.

Any beneficiary designation made prior to the first day of the Plan Year in which the Participant attains age 35 and which designates a beneficiary other than the Participant's Spouse is invalid on and after that date, unless the Participant completes another beneficiary designation form, again obtains his/her Spouse's written consent to the designation of a beneficiary other than the Spouse, and the Spouse's consent is witnessed by a notary public or a Plan representative.

C. **Disability.** Disability means (1) a period of disability during which a Participant qualifies for disability benefits under Employer's long-term disability plan, or (2) if a Participant does not participate in such a plan, or if Employer discontinues to sponsor such a plan for a Participant, a period of disability during which the Participant is determined to be totally and permanently disabled by the Social Security Administration. In the event of disability, such Participant's Accrued Benefit shall be distributed to if so elected in the same manner as if he/she had attained full retirement age as provided in Paragraph A above. Such benefit shall be valued as of the Valuation Date coinciding with or immediately preceding the date of distribution.

D. **Termination of Employment.** In the event a Participant voluntarily or involuntarily terminates employment with a nonforfeitable Accrued Benefit of \$5,000 or less, the Participant shall be paid such Accrued Benefit in a single payment as soon as is reasonably possible after the date he/she terminates employment, subject to the election rules set out in Article VII, Paragraph A.3(a) above. If the Participant's nonforfeitable Accrued Benefit exceeds \$5,000 at the time it first becomes available for distribution, such benefit shall be paid as provided in Paragraph A.4 of this Article within sixty (60) days after the close of the Plan Year in which the Participant attains Normal Retirement Age, unless the Participant consents to an earlier distribution or elects to defer payments as provided in Paragraph A.3 of this Article.

If, at the time a Participant terminates employment, the Participant has completed 1,000 Hours of Service in the Plan Year, the vesting percentage used to compute the distribution shall reflect an additional Year of Service.

The Advisory Committee shall file such reports with the Secretary of Labor and Treasury and provide such information to a terminated Plan Participant as is required by applicable law and regulations.

Anything in this Article VII, Paragraph D, to the contrary notwithstanding, the forfeitable portion of a Participant's account shall be subject to the forfeiture provisions of Article V, Paragraph F.

In the event a distribution to a Participant is less than the Accrued Benefit, the Advisory Committee shall transfer the remainder of the terminated Employee's Accrued Benefit to a separate account which shall be known as the "Termination Account." At any relevant time prior to an Event of Forfeiture, the Participant's vested portion of the Termination Account shall not be less than an amount ("X") determined by the following formula:

$$X = P (AB + (R \times D)) - (R \times D)$$

For purposes of applying the formula: P is the vested percentage at the relevant time; AB is the Termination Account balance at the relevant time; R is the ratio of the account balance at the relevant time to the account balance after distribution; and D is the amount distributed when the Employee terminated employment.

E. Time of First Payment. Upon a Participant's death, attainment of Normal Retirement Age after separation from service with Employer, termination of employment with a vested Accrued Benefit of more than \$5,000 or receipt by the Advisory Committee of a disabled Participant's election to receive disability benefits, distribution of an affected Participant's nonforfeitable Accrued Benefit shall commence as soon as is reasonably possible, but in no event shall distribution commence later than sixty (60) days following the Plan Year during which such aforementioned event occurs, provided that if a Participant or Beneficiary is entitled to elect to defer receipt of such a distribution pursuant to the provisions of Paragraphs A.3 or B of this Article VII and such an election is made, commencement of benefits shall be deferred to the date elected by the Participant or Beneficiary. All distributions required under this Plan shall be determined and made in accordance with the regulations under Income Tax Regulations 1.401(a)(9)-2 through 1.401(a)(9)-9 and the minimum incidental benefit requirement of Code Section 401(a)(9)(G).

F. Distribution of Allocation Attributable to Last Year of Participation. The amount, if any, allocated to the Participant's account for the Plan Year in which an event described in Paragraph E occurs shall be paid no later than sixty days after the end of such Plan Year, unless the Participant or beneficiary elects to defer the commencement of benefits in accordance with Paragraphs A.3 or B of this Article VII.

G. Distribution to Persons Under Disability. Distributions to minors may be made by the Trustee either (1) directly to the minor, (2) to the legal guardians of the minor, or (3) to the parent of the minor. Distributions to incompetents may be made by the Trustee either (1) to a court appointed legal guardian, (2) to an individual holding a valid power of attorney for the incompetent, or (3) to any other individual recognized as having the authority to act for the incompetent under the laws of the State of Washington. The Trustee shall not be required to see to the application of any such distribution so made to any of said persons, but receipts therefor shall be a full discharge of the Trustee.

H. No Reduction in Benefits by Reason of Increase in Social Security Benefits. Notwithstanding any other provision of this Plan, in the case of a Participant who is receiving benefits under this Plan, or in the case of a Participant who has terminated employment with Employer and who has a nonforfeitable Accrued Benefit, such benefits will not be decreased by reason of any increase in the benefit levels payable under Title II of the Social Security Act.

ARTICLE VIII Provision Against Alienation

A. No Alienation of Benefits. Until distribution pursuant to the terms hereof and except as hereinafter provided in this Article VIII, no Participant shall have the right or power to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits, proceeds, or avails of the funds set aside under the terms of this Plan, and no such benefits, proceeds, or avails

shall be subject to seizure by any creditor of the eligible Employee under any writ or proceedings at law or in equity.

B. Qualified Domestic Relations Orders. Notwithstanding any other Plan provision, and in compliance with Code Section 414(p)(6)(B), the following procedures shall apply when any domestic relations order is received by this Plan with respect to a Participant.

1. The Advisory Committee shall promptly notify the Participant and (a) each person named in the order as entitled to payment of Plan benefits and (b) any other person entitled to any portion of the Participant's Plan benefits (persons referred to in (a) and (b) are hereafter referred to as "alternate payees") of the receipt of such order and of the Advisory Committee's procedures for determining the qualified status of the order. The Advisory Committee shall permit each alternate payee to designate a representative for receipt of copies of notices.

2. Immediately upon receipt of such order, the Advisory Committee shall segregate in a separate account the amounts which are in pay status and which are payable to the alternate payee under the order.

3. The Advisory Committee shall meet promptly after receipt of the order and determine whether the order is a Qualified Domestic Relations Order. The Advisory Committee shall promptly notify the Participant and each alternate payee of its decision. A Qualified Domestic Relations Order is any judgment, decree or order (including approval of a property settlement agreement) that:

(a) Relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child or other dependent of a Participant;

(b) Is made pursuant to a State domestic relations law (including a community property law);

(c) Creates or recognizes the existence of an alternate payee's right to receive all or a portion of a Participant's Plan benefits;

(d) Clearly specifies (i) the name and last known mailing address, if any, of the Participant, and the name and mailing address of each alternate payee covered by the order; (ii) the amount or percentage of the Participant's benefits to be paid by this Plan to each alternate payee, or the manner in which the amount or percentage is to be determined; (iii) the number of payments or period to which the order applies; and (iv) the plan to which the order applies; and

(e) Does not require this Plan to provide any form of benefit not otherwise provided by this Plan or any increased benefits, and does not require the payment of

benefits to an alternate payee that are required to be paid to another alternate payee under another order previously determined to be a Qualified Domestic Relations Order.

4. The Advisory Committee's decision shall be final unless the Participant or an alternate payee gives written notice of appeal within 60 days after receipt of the Advisory Committee's decision.

5. If within 18 months an order is finally determined to be a Qualified Domestic Relations Order, the segregated amounts plus interest (if any) shall be paid to the persons entitled thereto, and thereafter the alternate payee shall receive payments pursuant to the terms of the order. Amounts subject to the order, which are not in pay status, shall be transferred to a separate account in the name of the alternate payee and thereafter held for such payee's benefit pursuant to the terms of the order. If within 18 months the order is determined not to be a Qualified Domestic Relations Order, or if the issue has not been finally determined, the Advisory Committee shall pay the segregated amounts to the person who would have been entitled thereto as if there had been no order. Any determination that an order is qualified after the close of the 18-month period shall be applied prospectively only.

6. An appeal of the Advisory Committee's decision shall generally conform to this Plan's claims procedures.

7. Notwithstanding any provisions of this Plan to the contrary, an alternate payee pursuant to a Qualified Domestic Relations Order shall be entitled to elect to receive a distribution from this Plan following the date such order is determined by the Advisory Committee to be a Qualified Domestic Relations Order and as specified in such Order. Provided, however, that for purposes of such a distribution, the amount distributed shall be valued as of the Valuation Date coinciding with or immediately preceding the date the withdrawal is processed, with payment or payments commencing as soon as reasonably possible after such Valuation Date. Payments made pursuant to this paragraph shall not be treated as a violation of the requirements of subsections (a) and (k) of Section 401 or Section 409(d) of the Code.

8. Effective April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order will not fail to be a qualified domestic relations order solely because the order is issued after, or revises, another domestic relations order or qualified domestic relations order or solely because of the time at which the order is issued.

ARTICLE IX

Advisory Committee and Investment Committee

A. **Appointment of Advisory Committee.** Employer shall appoint an Advisory Committee of one or more persons. The Advisory Committee shall perform administrative

duties set forth in part hereinafter and serve for such terms as Employer may designate or until a successor has been appointed or until removal by Employer. Employer shall advise the Trustee in writing of the names of the members of the Advisory Committee and any changes thereafter made in the membership of the Advisory Committee. Vacancies due to resignation, death, removal, or other causes shall be filled by Employer. Members shall serve without compensation for service. All reasonable expenses of the Advisory Committee shall be paid by Employer. The number of Advisory Committee members may be changed by Employer at any time.

B. Appointment of Investment Committee. The Advisory Committee shall appoint an Investment Committee of one or more persons. The Investment Committee shall be the named fiduciary with respect to the management and control of the assets of this Plan in selecting the investment funds to be offered to Plan Participants and in monitoring the investment performance of those funds, subject to the terms of this Plan. The Investment Committee members shall serve for such terms as the Advisory Committee may designate or until a successor has been appointed or until removal by the Advisory Committee. The Advisory Committee shall advise the Trustee in writing of the names of the members of the Investment Committee and any changes thereafter made in the membership of the Investment Committee. Vacancies due to resignation, death, removal, or other causes shall be filled by the Advisory Committee. Members shall serve without compensation for service. All reasonable expenses of the Investment Committee shall be paid by Employer. The number of Investment Committee members may be changed by Employer at any time.

C. Advisory Committee and Investment Committee Action. The Advisory Committee and the Investment Committee shall each choose a secretary who shall keep minutes of the Advisory Committee's or Investment Committee's proceedings and all data, records, and documents pertaining to such committee's duties under this Plan. The Advisory Committee and the Investment Committee shall act by a majority of its members at the time in office, and such action may be taken either by a vote at a meeting or in writing without a meeting. The Advisory Committee and the Investment Committee may by such majority action authorize its secretary or any one or more of its members to execute any document or documents on behalf of such committee, in which event such committee shall notify the Trustee in writing of such action and the name or names of those so designated. The Trustee thereafter shall accept and rely conclusively upon any direction or document executed by such secretary, member, or members as representing action by the Advisory Committee or the Investment Committee until the Advisory Committee and the Investment Committee shall file with the Trustee a written revocation of such designation. A member of the Advisory Committee or the Investment Committee who is also a Participant hereunder shall not vote or act upon any matter relating solely to himself/herself. In the case of an abstention of a member of the Advisory Committee or the Investment Committee, he/she will not be considered in determining whether a majority has been achieved.

D. **Rights and Duties.** The Advisory Committee shall be the Plan Administrator and named fiduciary of this Plan, shall have the power and authority in its sole, absolute and uncontrolled discretion to control and manage the operation and administration of this Plan, and shall have all powers necessary to accomplish these purposes. The responsibility and authority of the Advisory Committee shall include but shall not be limited to the following:

1. Determining all questions relating to the eligibility of Employees to participate;
2. Computing and certifying to the Trustee the amount and kind of benefit payable to Participants, Spouses and beneficiaries;
3. Authorizing all disbursements by the Trustee from the Trust;
4. Establishing and reducing to writing and distributing to any Participant or beneficiary a claims procedure, and administering that procedure including the processing and determination of all appeals thereunder;
5. Maintaining all necessary records for the administration of this Plan other than those which the Trustee has specifically agreed to maintain pursuant to this Plan and the Trust Agreements; and
6. Interpretation of the provisions of this Plan and publication of such rules for the regulation of this Plan as in the Advisory Committee's sole, absolute and uncontrolled discretion are deemed necessary and advisable and which are not inconsistent with the terms of this Plan.

E. **Investments.** The Advisory Committee shall have no authority or discretion with respect to the management and control of the investments of this Plan, all of which authority and discretion is hereby specifically allocated to the Investment Committee, including the selection of the investment funds to be offered to Plan Participants and the monitoring of the investment performance of those funds, in accordance with the investment policy and subject to the provisions of Paragraph G of this Article.

F. **Information - Reporting and Disclosure.** To enable the Advisory Committee to perform its functions, Employer shall supply full and timely information to the Advisory Committee on all matters relating to the compensation of all Participants, their continuous regular employment, their retirement, death, or the cause for termination of employment, and such other pertinent facts as the Advisory Committee may require, and the Advisory Committee shall furnish the Trustee such information as may be pertinent to the Trustee's performance of its duties under the Trust Agreement. The Advisory Committee as Plan Administrator shall have the responsibility of complying with the reporting and disclosure requirements of ERISA to the extent applicable.

G. Standard of Care Imposed Upon the Advisory Committee and the Investment Committee. The Advisory Committee and the Investment Committee shall discharge their duties with respect to this Plan solely in the interest of the Participants and beneficiaries and (1) for the exclusive purpose of providing benefits to Participants and their beneficiaries and defraying reasonable expenses of this Plan; (2) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; (3) with respect to the Investment Committee, by diversifying the investments of this Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and (4) in accordance with this Plan and the Trust Agreements. Provided, however, that the Advisory Committee and the Investment Committee shall not be liable for any loss or for any breach of fiduciary responsibility, which results from a Participant's exercise of control over the investment of his/her Plan accounts. Where a Participant is directing the investment of his/her Plan accounts among the Plan Funds, the Advisory Committee and Investment Committee shall have no responsibility to maintain diversification of such accounts.

H. Allocation and Delegation of Responsibility. The Advisory Committee and the Investment Committee may by written rule promulgated under Article IX, Paragraph D, above allocate their fiduciary responsibilities to one or more Advisory Committee or Investment Committee members and may delegate to persons other than Advisory Committee or Investment Committee members the authority to carry out fiduciary responsibilities under this Plan, provided that no such responsibility shall be allocated or delegated to the Trustee without the Trustee's written consent.

In the event that a responsibility is allocated to an Advisory Committee or an Investment Committee member, no other Advisory Committee or Investment Committee member shall be liable for any act or omission of the person to whom the responsibility is allocated except as may be otherwise required by law. If a responsibility is delegated to a person other than an Advisory Committee member or an Investment Committee member, the Advisory Committee and the Investment Committee shall not be responsible or liable for an act or omission of such person in carrying out such responsibility except as may otherwise be required by law.

I. Bonding. Where required by law, each fiduciary of this Plan and every person handling Plan funds shall be bonded. It shall be the obligation of the Advisory Committee to assure compliance with applicable bonding requirements.

J. Claims Procedure. The Advisory Committee shall establish a claims procedure that shall be reduced to writing and provided to any Participant or beneficiary whose claim for benefits under this Plan has been denied. The procedure shall provide for adequate notice in writing to any such Participant or beneficiary and the notice shall set forth the specific reasons for denial of benefits written in a manner calculated to be understood by the Participant or beneficiary. The procedure shall afford a reasonable opportunity to the Participant or beneficiary for a full and fair review by the Advisory Committee of the decision denying the claim. The

Trustee shall have no responsibility for establishing such a procedure or assuring that it is carried out.

K. Indemnification. Employer does hereby indemnify and hold harmless each Advisory Committee member and each Investment Committee member from any loss, claim, or suit arising out of the performance of obligations imposed hereunder and not arising from said Advisory Committee member's or Investment Committee member's willful neglect or misconduct or gross negligence.

L. Compensation, Expenses. The Advisory Committee members and the Investment Committee members shall serve without compensation for services under this Plan. All expenses of Plan administration shall be paid by the Trust to the extent that Employer does not elect to pay in accordance with applicable law. Such expenses shall include any expenses incident to the functioning of the Advisory Committee and the Investment Committee, including but not limited to accountants, actuary, counsel, and other specialists, and other costs of administering this Plan. Provided, however, that the investment fees relating to the acquisition and disposition of Trust investments may be a charge against and paid from the appropriate Plan Participants' accounts. Provided, further, that reasonable fees may be charged to Participants' Plan accounts in accordance with applicable law.

ARTICLE X Investment of Trust Funds

A. Plan Investment Authority. The Investment Committee shall be the named fiduciary with respect to the management and control of the assets of this Plan in selecting the investment funds to be offered to Plan Participants and in monitoring the investment performance of those funds, subject to the provisions of this Article. For investment purposes, each Participant shall have the right to allocate contributions made to his/her Plan Accounts among the separate investment funds selected by the Investment Committee, in accordance with rules adopted by the Investment Committee and uniformly applied. With respect to the assets in the accounts of Participants who do not allocate contributions on their behalf among the Plan Funds, such assets shall be invested in the Fund(s) selected by the Investment Committee.

A Participant's authority to direct the investment of Accounts shall be subject to such limitations and restrictions as the Investment Committee and the Trustees may impose for administration purposes or to comply with applicable law. Employer and the members of the Investment Committee and the Advisory Committee shall not be liable for any loss or diminution of the Fund. Employer has the power and duty to appoint the Trustees and shall have the power to remove any Trustees and appoint a successor at the times set forth in the agreements with the Trustees.

Without limiting the generality of the foregoing, in following a Participant's instructions or in following the Investment Committee's instructions in investing the Accounts of Participants

who do not elect to direct the investment of their Accounts, the Trustees may invest in common stock, collective investment funds (the terms of which are incorporated herein by reference), regulated investment companies, real estate, government, municipal or corporation bonds, debentures or notes, common or preferred stocks or any other form of income-producing property, whether real, personal, or mixed, including corporate stock and life insurance policies on key employees of Employer for the benefit of the Trust; provided, that the Trustees may invest in common or preferred stock, bonds, debentures or convertibles issued by Employer. Any portion of the Trust assets may be invested in a Collective Investment Plan and Trust. Such Trust was created by an instrument, which is incorporated as a part of this Plan and Trust. Assets of the Trust may be commingled with assets of other qualified employee benefit trusts in the Collective Investment Funds under such Trust, and shall be held and administered under the Collective Investment Trust instrument as it now exists and may later be amended.

B. Standard of Care Imposed Upon Trustee.

The Trustees shall discharge their responsibilities hereunder solely in the interests of the Participants and beneficiaries for the exclusive purpose of providing benefits to Participants and their beneficiaries, and defraying reasonable expenses of administering this Plan. The Trustee shall not be liable for any loss that results from a Participant's exercise of control over all or part of the investment of Plan Accounts. Where a Participant is directing the investment of all or part of his/her Accounts, the Trustee shall have no responsibility to maintain diversification of the self-directed portion of such Accounts.

C. Appointment of Investment Manager. The Investment Committee may appoint an Investment Manager or Managers to manage all or any portion of the Plan assets. Such Investment Manager or Managers shall be registered as an investment advisor under the Investment Advisor Act of 1940 or shall be a bank or insurance company exempt from registration. If an Investment Manager or Managers is appointed to manage and control all or any portion of the Plan assets, the Trustee shall exercise no authority or discretion in the management and control of such assets. The Trustee shall invest and reinvest such assets in accordance with the instructions of the Investment Manager or Managers appointed by the Investment Committee. The Investment Manager or Managers shall invest and reinvest the principal and income of the Fund pursuant to this Article X as if the Manager were the Trustee.

The Investment Committee may terminate the appointment of any Investment Manager or modify the terms of such appointment by written notice to the Trustee and the Investment Manager. No appointment of any Investment Manager shall be effective until the Investment Manager has acknowledged in writing that it is a fiduciary of this Plan and has complied with all applicable bonding requirements of ERISA.

An Investment Manager appointed by the Investment Committee shall discharge its duties in accordance with the standard of care imposed by Paragraph A of this Article X.

The Investment Committee and the Advisory Committee shall not be liable for the acts or omissions of such Investment Manager or Managers appointed by the Investment Committee nor be under any obligation to invest or otherwise manage any asset of the Trust Fund which is subject to the management of such Investment Manager or Managers.

D. Funding Policy. The Investment Committee shall be responsible for establishing and carrying out a funding policy for this Plan. In establishing such a policy, the short-term and long-term liquidity needs of this Plan shall be determined to the extent possible by considering among other factors the anticipated retirement date of Participants, turnover and contributions to be made by Employer. The funding policy and method so established shall be communicated to the Trustee.

ARTICLE XI Trust Construction

This agreement shall be construed in accordance with ERISA and regulations issued thereunder and, to the extent applicable, the laws of the State of Washington. The powers and duties of the Trustee(s), as well as procedures for resignation or removal of the Trustee(s), are stated in the Trust Agreement(s).

ARTICLE XII Mergers and Consolidations

In the case of any merger or consolidation with any other plan or a transfer of assets or liabilities to any other plan, each Participant shall be entitled to receive a benefit immediately after such a merger, consolidation or transfer, which is equal to the benefit he/she would have been entitled to immediately before if this Plan had been terminated.

ARTICLE XIII Amendment and Termination of Plan and the Trust

A. Right to Amend and Terminate. Employer represents that this Plan and the Trust is intended to be a continuing and permanent program for Participants, but reserves the right to terminate this Plan and the Trust at any time. Employer may modify, alter, or amend this Plan and the Trust in whole or in part, provided that no such modification, alteration, or amendment shall enlarge the duties or liabilities of the Trustee without its consent, nor reduce the Participant's Accrued Benefit hereunder, except to the extent permitted by Code Section 412(d)(2) (Code Section 412(c)(8) for Plan Years beginning before 2008). For purposes of this Article, a Plan amendment that has the effect of (1) eliminating or reducing an early retirement benefit or retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing the Accrued Benefit except to the extent permitted under Treasury Regulations 1.411(d)-3 and 1.411(d)(4) (or successor regulations). In the case of a retirement-type subsidy, the preceding

sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the preamendment conditions for the subsidy. Notice of any amendment shall be given to the Trustee and the Advisory Committee by delivering copies of the amendment promptly after its adoption.

Subject to the provisions set forth above, the Board of Trustees delegates to the Senior Vice President for Planning and Administration, the right to make administrative amendments to the Plan and the Trust Agreement(s). An amendment will be considered an administrative amendment properly within the delegated authority of the Senior Vice President for Planning and Administration, if the amendment is required by a change in the law, or is of an administrative nature which does not make major Plan design changes, affect Plan eligibility, or change the benefit or contribution formulas. Any such amendment shall be effective as of the date established by the Senior Vice President for Planning and Administration.

B. No Reversion. No termination, modification, alteration, or amendment shall allow a reversion to Employer of any part of the principal or income of the Trust, except as otherwise permitted by this Plan.

C. Exclusive Benefit of Employees. Except as specifically otherwise authorized by this Plan and applicable law, at no time during the existence of this Plan and the Trust or at its termination may any part of the Plan assets be used for or directed to purposes other than for the exclusive benefit of the Participants hereof or their beneficiaries or for defraying reasonable expenses of administering this Plan.

D. Termination.

This Plan and the Trust shall terminate upon the occurrence of any of the following:

- (a) Written notice of Employer to the Trustee;
- (b) Complete discontinuance of contributions by Employer;
- (c) The dissolution or merger of Employer unless a successor to the business agrees to continue this Plan and Trust by executing an appropriate agreement, in which event such successor shall succeed to all the rights, powers and duties of Employer.

In the event that Employer is taken over by a successor who agrees to continue this Plan, the employment of any Employee who is continued in the employ of such successor shall not be deemed to have been terminated or severed for any purpose hereunder.

Notwithstanding any provision hereof to the contrary, upon termination or partial termination of this Plan and Trust, or upon complete discontinuance of contributions to this Plan,

the interest of all affected Employees including amounts in their Termination Accounts, if any, and all unallocated units, shares, or amounts shall fully vest and become nonforfeitable. Upon termination, the Fund shall be liquidated by the Trustee as promptly as shall then be reasonable under the circumstances, and each Participant shall receive his/her Accrued Benefit.

ARTICLE XIV
Top Heavy Plans Defined and Other Definitions

A. **Top Heavy Plan.** This Plan is Top Heavy and subject to the requirements of this Article and Article XV if for a Plan Year, as of the Determination Date, the Accrued Benefits of Key Employees in this Plan aggregated with the Accrued Benefits of Key Employees in all qualified plans maintained by Employer and each member of the Controlled Group exceed 60% of the Accrued Benefits of all employees (excluding Non-Key Employees who were Key Employees in a prior plan year) in all qualified plans maintained by Employer and all members of the Controlled Group which are in the Required Aggregation Group (the Top Heavy Test). Provided, the foregoing shall not apply and this Plan shall not be Top Heavy if this Plan is Permissively Aggregated and as a result the Top Heavy Test results in a percentage of 60% or less.

B. **Additional Definitions for Use in this Article and Article XV.**

1. **Accrued Benefits means:**

(a) for each defined contribution plan, the Employee's account balances as of the Valuation Date coinciding with the Determination Date, adjusted for contributions required to be made under Code Section 412, and to be allocated as of a date not later than the Determination Date, although not yet contributed and

(i) Effective for Plan Years beginning after December 31, 2001, increased by the distributions made with respect to the Employee under this Plan and any plan aggregated with this Plan under Code Section 416(g)(2) during the 1-year period ending on the Determination Date.

(ii) The preceding shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with this Plan under Code Section 416(g)(2)(A)(i). In the case of a distribution made for a reason other than severance from employment, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period" and

(iii) the Accrued Benefits of any individual who has not performed services for Employer during the 1-year period ending on the determination date shall not be taken into account.

(b) for each defined benefit plan, the present value as of the Valuation Date coinciding with the Determination Date of the employee's accrued benefits determined under (i) the method, if any that uniformly applies for accrual purposes under all defined benefit plans maintained by the employer, or (ii) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

In computing (a) and (b), all benefits attributable to Employer Contributions and all benefits attributable to Employee contributions (excluding deductible Employee contributions, if any) are to be taken into consideration. All such benefits of individuals who have not performed services for Employer or a member of the Controlled Group maintaining this Plan any time during the one-year period ending on the Determination Date are not taken into consideration. All distributions made in the Plan Year including the Determination Date are to be added back, including distributions from a terminated plan of a member of the Controlled Group, and excluding amounts which were rolled over or transferred to a plan of a member of the Controlled Group under circumstances which require such amounts to be considered part of the accrued benefit under the recipient plan. Rollovers and transfers to this Plan or a plan of a member of the Controlled Group initiated by an Employee and made in the Plan Year including the Determination Date, are not to be taken into consideration in computing (a) and (b) above. No accrued benefits of a Non-Key Employee with respect to this Plan (or any plan aggregated under Paragraph 7 or 8 below) for a Plan Year shall be taken into consideration if the Non-Key Employee was a Key Employee with respect to such plan for any prior Plan Year.

2. **Controlled Group** means all employers required to be aggregated under Code Section 414(b), (c) or (m).

3. **Determination Date** means the last day of the Plan Year preceding the Plan Year in question or, in the first Plan Year, the last day thereof. Where plans other than this Plan are in question, the Determination Date for each plan shall be the last date of the Plan Year that falls within the same calendar year.

4. **Key Employee** means, effective for Plan Years beginning after December 31, 2001, any Employee or former Employee (including the beneficiary of any such deceased person) who at any time during the Plan Year that includes the Determination Date is or was:

(a) an officer receiving annual Compensation greater than \$130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2001);

(b) an employee owning more than five percent of Employer;

(c) an employee receiving annual Compensation in excess of \$150,000 and owning one percent of Employer.

For this purpose, annual Compensation means Compensation as set forth in Article II, Paragraph E. The determination of who is a Key Employee will be made in accordance with Code Section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder.

In determining ownership of an employer, the rules of Code Section 318 shall be applied substituting 5 percent for 50 percent in subparagraph (C) of Code Section 318(a)(2). In the case of an unincorporated employer, ownership shall be determined in accordance with regulations promulgated by the Secretary of the Treasury. Code Section 414(b),(c) and (m) shall not apply for purposes of determining ownership of an employer.

5. **Minimum Benefit Accrual** means a benefit payable in the form of a life annuity at normal retirement age under a defined benefit plan which equals not less than the lesser of (1) 20% of average Compensation or (2) 2% of average Compensation times Years of Service. Average Compensation means the average of the employee's Compensation for the five consecutive years when the employee had the highest aggregate Compensation. A Year of Service is disregarded if this Plan is not Top Heavy for the Plan Year ending during the Year of Service. Compensation in years following the last Plan Year in which this Plan is top heavy is not taken into account.

6. **Non-key Employee** means any employee who is not a Key Employee.

7. **Permissively Aggregated** means:

(a) the Required Aggregation Group; and

(b) such additional plans that may be aggregated without violating the requirements of Code Sections 410 and 401(a)(4).

8. **Required Aggregation Group** means:

(a) all qualified plans of Employer and each member of the Controlled Group in which a Key Employee is a participant; and

(b) each other qualified plan that must be considered along with the plans in (a) in order for this Plan to meet the requirements of Code Sections 410 or 401(a)(4).

ARTICLE XV

Additional Requirements Applicable to Top Heavy Plans

A. Minimum Employer Contributions.

1. **General Rule.** Except as provided in Paragraphs 2 and 3 hereof, for each Plan Year that this Plan is subject to the provisions of this Article, each Non-Key Employee

Participant shall receive an allocation (Minimum Employer Contribution), without regard to any Social Security contribution, to the Employer Discretionary Contribution Account of the lesser of:

(a) three percent of his/her Compensation (as defined in Article II, Paragraph E), or

(b) the highest percentage of Compensation (as defined in Article II, Paragraph E) allocated to the account of a Key Employee. This subparagraph (b) shall not apply and the required contribution shall be 3% if exclusion of this Plan from the Required Aggregation Group would cause a defined benefit plan in the Required Aggregation Group to fail to meet the requirements of Code Section 401(a)(4) or 410.

In applying this Paragraph 1, failure of a Participant to complete a Year of Service, make mandatory contributions, if required, or receive Compensation sufficient to justify an allocation during the Plan Year shall not render such Participant ineligible to receive a minimum employer contribution under this Article XV, Paragraph A. In determining such contribution, Compensation for purposes of this Section is compensation attributable to Hours of Service performed while a Participant.

2. **Exceptions.** Paragraph 1 does not apply with respect to a Participant who

(a) terminates employment with Employer and all members of the Controlled Group prior to the last day of the Plan Year, or

(b) is a participant in another defined contribution plan which is in the Required Aggregation Group and receives an allocation to the employer contribution account in such plan equal to the above (for the Plan Year ending on or before the Determination Date), or

(c) is a participant in a defined benefit plan, which is in the Required Aggregation Group and receives thereunder for the Plan Year the Minimum Benefit Accrual for the Plan Year ending on or before the Determination Date.

3. **Employee Participating in Defined Benefit Plan.** For each Non-Key Employee Participant who is also a participant in a defined benefit plan which is in the Required Aggregation Group and which does not provide the Minimum Benefit Accrual for the Plan Year ending on or before the Determination Date, Paragraph 1 shall be applied substituting 5% of compensation for subparagraphs 1(a) and (b).

4. **Specific Rules.** In determining the Minimum Employer Contribution hereunder, the following rules shall govern:

(a) The Non-Key Employee's account will receive the Minimum Employer Contribution notwithstanding a waiver of the minimum funding requirements of Code Section 412.

(b) Tax-deferred contributions by Non-Key Employees to a qualified plan shall be disregarded; tax-deferred contributions by Key Employees shall be taken into account in determining the minimum required employer contribution hereunder.

ARTICLE XVI Right to Discharge Employees

Neither the establishment of this Plan and the Trust nor any modification thereof, nor the creation of any funds or accounts nor the payment of any benefit, shall be construed as giving any Participant, or any other person whomsoever, any legal or equitable right against Employer, the Trustee, the Advisory Committee, or the Investment Committee unless the same shall be specifically provided for in this agreement or conferred by affirmative action of the Advisory Committee, the Investment Committee, or Employer in accordance with the terms and provisions of this agreement or as giving any Employee or Participant the right to be retained in the service of Employer, and all Employees shall remain subject to discharge by Employer to the same extent as if this Plan and the Trust had never been adopted.

ARTICLE XVII Return of Contributions; Declaration of the Trust Contingent on Internal Revenue Service Approval

Contributions made hereto are conditioned on deductibility by Employer under Code Section 404, and such contributions may not be made under a mistake of fact.

Contributions may be returned to Employer, in the amount involved, within one year of the mistaken payment of the contribution, or disallowance of a deduction, as the case may be.

This Plan and the Trust shall be contingent upon a favorable Internal Revenue Service ruling as to the initial acceptability under Code Section 401(a), as amended, and exemption from income taxation under Code Section 501(a). In the event that the Commissioner of Internal Revenue determines that this Plan is not initially qualified under the Internal Revenue Code, and if Employer does not effect an amendment which will cure the defect, then this Plan and the Trust will thereupon terminate and be of no further force or effect, and the Trustee shall, upon written direction of the Advisory Committee, forthwith return to Employer the current value of all contributions made incident to that initial qualification by Employer (plus income, less any fees or expenses allocable thereto) within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing Employer's return for the taxable year in which this Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

ARTICLE XVIII
Rollover Contributions; Direct Rollovers

A. **Rollover Contributions to This Plan.** Subject to such terms and conditions as may from time to time be established by the Advisory Committee and to the funding vehicle and legacy contract provisions, an Employee of Employer, whether or not a Participant, may make a rollover contribution to this Plan, provided that the rollover contribution does not result in this Plan becoming a transferee plan as defined in Code Section 401(a)(11)(B)(iii)(III). If a rollover contribution is to be made to this Plan directly from another plan that is subject to the qualified joint and survivor annuity requirements, the proper participant waiver and required spousal consent to that waiver must be obtained by the other plan prior to the direct rollover contribution to this Plan. The Advisory Committee shall be provided evidence to its satisfaction that the distribution is an eligible rollover distribution as defined in Article XVIII, Paragraph C.1 below.

If an Employee has received an eligible rollover distribution from another eligible retirement plan, or from an IRA that holds only assets from an eligible retirement plan, the distribution must be contributed to this Plan within sixty (60) days following receipt of such amount by the Employee. All rollover contributions shall be accounted for separately but shall be invested and reinvested along with the assets of this Plan and treated in all respects as other assets of this Plan. The rollover contributions shall be credited to a separate Rollover Account on behalf of the Employee. The Rollover Account shall, at all times, be 100% vested and nonforfeitable. Subject to the rules established by the Advisory Committee, a Participant may take a distribution of all or part of his/her Rollover Account while still actively employed by Employer, provided that such a distribution may not be made more than once per Plan Year and that the Participant if married obtains the written consent of the Spouse with such consent witnessed by a notary public or Plan representative.

Notwithstanding the foregoing or Paragraph B below, with respect to Participant rollover contributions and direct rollovers of distributions made after December 31, 2001, this Plan will accept a direct rollover of an eligible rollover distribution or a Participant contribution of an eligible rollover distribution from: (1) a qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions; (2) an annuity contract or 403(b)(7) custodial contract described in Code Section 403(b), excluding after-tax employee contributions; and (3) an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Notwithstanding any provision of this Plan to the contrary, this Plan will not accept rollovers of Designated Roth Contributions.

B. **Direct Rollovers.** Notwithstanding any provision of this Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Advisory Committee, to have any portion of an eligible

rollover distribution that is equal to at least \$500 from this Plan paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than \$500, a distributee may not make the election described in the preceding sentence to roll over a portion of the eligible rollover distribution.

C. Definitions.

1. **Eligible Rollover Distribution.** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; (b) any distribution to the extent such distribution is required under Code Section 401(a)(9); (c) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); (d) hardship withdrawals, and (e) any other distribution that is reasonably expected to total less than \$200 during a Plan Year.

Provided, however, that a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

2. **Eligible Retirement Plan.** An Eligible Retirement Plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), that accepts the distributee's eligible rollover distribution, and effective for Plan Years beginning after December 31, 2001, an annuity contract described in Code Section 403(b) and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p).

For distributions of after-tax contributions made after December 31, 2006, an Eligible Retirement Plan shall also include an annuity contract described in Code Section 403(b), provided such contract separately accounts for such after-tax amounts. For distributions made

after December 31, 2007, an Eligible Retirement Plan shall also include an individual retirement account described in Code Section 408(A)(b).

3. **Distributee.** A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse.

A nonspouse "designated beneficiary" within the meaning of Code Section 401(a)(9)(E) may elect, at the time and in the manner prescribed by the Advisory Committee, to have any portion of an eligible rollover distribution made in a direct rollover to an individual retirement account described in Section 408(a) of the Code or to an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract). Notwithstanding the previous sentence, a distribution to a nonspouse designated beneficiary that is made prior to January 1, 2010 is not subject to the direct rollover requirements of Code Section 401(a)(31) (including Code Section 401(a)(31)(B)), the notice requirements of Code Section 402(f) or the mandatory withholding requirements of Code Section 3405(c).

4. **Direct Rollover.** A direct rollover is a payment by this Plan to the eligible retirement plan specified by the distributee.

IN WITNESS WHEREOF, the parties hereto have caused this Plan to be executed as of this 27th day of June, 2016.

SEATTLE PACIFIC UNIVERSITY

By 
Its DONALD W. MORTENSON
Senior Vice President
for Planning & Administration