

THE PLAN

The California Institute of Technology Restated TIAA-CREF Defined Contribution Retirement Plan (the “Plan”) is a Defined Contribution Plan. Benefits are provided through fixed-dollar annuities issued by the Teachers Insurance and Annuity Association (TIAA) or through variable annuities offered by TIAA’s companion organization, the College Retirement Equities Fund (CREF). TIAA is an insurance company founded in 1918 and incorporated under New York State Law. CREF is registered with the Securities and Exchange Commission as an open-end diversified investment company. A CREF prospectus, which contains more information about CREF certificates, can be obtained by writing to: CREF, 730 Third Avenue, New York, N.Y. 10017. You also can receive a CREF prospectus by calling 1-800-842-2733.

The Plan operates under Section 403(b) of the Internal Revenue Code and uses TIAA and CREF Retirement Annuities to provide benefits. The Administrator of the Plan is the Institute. The Plan year begins on January 1 and ends on December 31.

ELIGIBILITY

You are an Eligible Employee if you are in an employment category as stated below:

- Faculty. A person who holds an Institute appointment as a member of the faculty except those faculty members who are Research Fellows, Part-Time Lecturers, Visiting Associates, and Visitors.
- Key Staff Employee. A person who is regularly scheduled to work 20 or more hours per week in any one of the following two categories:

- (1) A campus employee promoted to or hired in a classification of:

Member of the Professional Staff;
 Librarian;
 Associate Librarian;
 Member of Beckman Institute.

Not applicable to JPL employees on and after March 17, 1997.

- (2) On or after the following effective dates

JPL March 17, 1997*

Campus First pay period in
 October 1999**

A Benefit-Based employee (but not a Post Doctoral Scholar) who is receiving Regular Salary (see definition on page 7.6) equal to at least the “Minimum Compensation Level”. The Minimum Compensation Level as indexed is \$93,964 as of October 1, 2008.

* If you were an Eligible Employee at JPL, and were considered a Key Staff Employee on March 16, 1997 according to the Plan’s terms in effect at that time, you are a Key Staff Employee (even though in 1997 and later years your Regular Salary is less than the Minimum Compensation Level).

If any JPL employee (other than as described in the preceding paragraph) receives Regular Salary that falls below the applicable Minimum Compensation Level for the year, that employee will participate in the Plan as a Staff Employee effective with the first of the month coincident with or following the salary change until such time as the employee again receives

Regular Salary equal to the applicable Minimum Compensation Level.

- ** If you were an Eligible Employee on campus on April 30, 2002 and
 - (a) were considered a Key Staff Employee in accordance with (1) on page 7.1, and
 - (b) Regular Salary is less than the Minimum Compensation Level on that date,
 you are a Key Staff Employee even though in 2002 and later years your Regular Salary is less than the Minimum Compensation Level.

If any campus employee (other than as described in the preceding paragraph) receives Regular Salary that falls below the applicable Minimum Compensation Level for the year and does not meet the definition in (2) on page 7.1, such employee will participate in the Plan as a Staff Employee until such time as the employee again receives Regular Salary equal to the applicable Minimum Compensation Level.

- Staff Employee. A person who meets the definition on page 2.3, is not a Faculty or Key Staff Employee, and is not covered by any other Institute-funded retirement plan. In addition, effective July 1, 2005, a Staff Employee will include a Post Doctoral Scholar (including senior Post Doctoral Scholars) who has completed two (2) years of Eligibility Service except where noted otherwise.

An Eligible Employee does not include (i) any leased employee deemed to be an employee of the Institute as provided in Internal Revenue Code (Code) section 414(n) or (o), (ii) any individual

who has not been considered to be, nor treated as, a common law employee of the Institute, including individuals classified by the Institute as independent contractors, and (iii) effective September 1, 1999, any employee whose employment is incidental to being a student.

PARTICIPATION

Commencement Of Participation

Eligible Employees will begin participation in this Plan as follows:

- Faculty.

Except as provided below, participation in this Plan is mandatory for an Eligible Employee who is a Faculty member. Participation begins on the first of the month coincident with or next following the date the employee meets the eligibility conditions.

A Faculty member described below may participate on an optional basis at any time at which he or she is not considered a “highly compensated employee” under the Code and is either:

- (1) A Faculty member who is neither a citizen of the United States nor a permanent resident alien; or
- (2) Visiting Professorial Faculty.

An election to participate on an optional basis is irrevocable for the individual’s entire period of service with the Institute whether in this classification or under any other Eligible Employee classification under the Plan. Participation on an optional basis begins the first of the month coincident with or next following the date the individual returns a completed Plan enrollment application.

If a faculty member described in (1) or (2) on page 7.2 becomes a “highly compensated employee” and was not participating under the Plan on an optional basis, he or she will participate on a mandatory basis beginning on the first day of the Plan year for which the employee is determined to be a “highly compensated employee.” An employee is a highly compensated employee for 2009 if he or she earned more than \$105,000 in 2008 and is among the top-20% paid. The \$105,000 may be adjusted annually to reflect cost of living changes in \$5,000 increments. The amount applicable for 2009 earnings is \$110,000 which will be used to determine if an employee is highly compensated for 2010.

- Key Staff Employees

New Hires. Participation of an Eligible Employee who is a Key Staff Employee is mandatory and will begin on the first of the month coincident with or next following the date of hire as a Key Staff Employee.

Promotions or Attainment of Minimum Compensation Level. If a Staff Employee who is not a Postdoctoral Scholar is promoted to Key Staff Employee status or reaches the Minimum Compensation Level, his or her participation will begin as of the first of the month coincident with or next following the effective date of promotion or reaching the Minimum Compensation Level.

However, if a Staff Employee under age 55 is promoted to a Key Staff classification or level, or reaches the Minimum Compensation Level and such employee is considered a “nonhighly compensated employee” under the Code, he or she may elect to remain in the Staff Employee eligible class of employees for purposes of the Plan. Any election to remain in the Staff Employee eligible class remains in effect even if the employee has a salary increase taking him/her above the HCE threshold, until the first of the month coincident with or next following the employee’s 55th birthday, on which date the employee will participate in the Plan as a member of the Key Staff Employee

eligible class provided he/she still satisfies the definition of Key Staff Employee.

- Staff Employees.

Effective January 1, 2001, participation in this Plan is mandatory for an eligible Staff Employee (excluding Postdoctoral Scholars as described below) who has completed six months of Eligibility Service. Participation for someone in this class will begin the first of the month coincident with or next following the later of (i) the date the Staff Employee completes six months of Eligibility Service or (ii) the date he or she becomes a member of the Staff Employee eligible class.

Effective July 1, 2005, participation in this plan is mandatory for an eligible Post Doctoral Scholar, who has completed two (2) years of Eligibility Service. Participation will begin on the first of the month coincident with or next following the later of (i) the date the Postdoctoral Scholar completes twenty-four months of Eligibility Service or (ii) the date he or she becomes a Postdoctoral Scholar.

Your Eligibility Service is a period of service with the Institute during which you complete 1 hour of service. All time periods are combined, beginning with your date of employment and ending on your “severance from service date” (and beginning on any following date of reemployment and ending on your next “severance from service date”). Fractional periods of a year are expressed in terms of days. Thirty days are considered to be one month in the case of aggregation of fractional months.

Your “severance from service date” is:

- (A) the date you retire, quit, die, or are discharged. However, if you are reemployed within 12 months of such date, the period of absence will be treated as service; or
- (B) the first 12-month anniversary of the date you are first absent from service for any other reason (other than a paid leave or a disability leave), or the date within such

12-month period that you quit, are discharged, die, or retire. However, if you are reemployed within 12 months of the first day of absence, the period of absence will be treated as service. In determining Eligibility Service, paid leaves or disability leaves are treated as service.

Eligibility Service will also include all periods after your initial date of employment during which you worked in a student or postdoctoral scholar position whether or not your wages were subject to FICA taxes.

The Institute will notify you when you have completed the requirements necessary to participate in the Plan. All determinations about eligibility and participation will be made by the Institute. The Institute will base its determinations on its records and the official Plan document on file with the Plan Administrator. Each Eligible Employee must complete any necessary forms for enrollment in the Plan.

Your participation in the Plan will continue until the earlier of the date you are no longer an Eligible Employee or the date the Plan is terminated.

Election Not To Participate

Within 30 days of first becoming eligible to participate in the Plan, you may make a written election not to participate. However, once made, your election cannot be revoked and applies to your entire service with the Institute.

Participation Upon Reemployment

If you are an Eligible Employee who has met the eligibility requirements for participation under the Plan, you will participate immediately upon reemployment as an Eligible Employee, unless you had previously irrevocably elected not to participate under the Plan.. If you have begun income payments prior to reemployment you may be required to stop payments depending on the type of income you selected. Contact TIAA-CREF for information regarding your retirement account.

Participation During An Approved Leave of Absence

During a paid leave of absence, the Institute's contributions on your behalf and your contributions will continue. The contributions will be based on your rate of pay in effect at the time of your leave.

During an unpaid leave of absence granted for any reason other than your disability or for certain leaves for qualified military service as described below, both Institute and Participant Plan Contributions will stop.

Participation In the Event of Military Leave

The Institute (Caltech/JPL) supports calls to military training and active duty and complies with the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994. Eligible employees may qualify for paid leave, unpaid leave, or a combination of paid and unpaid leave, continuation of benefits and reinstatement. Effective January 1, 2009, during a period of qualified military service, the Institute will continue making Institute contributions, based on your rate of pay in effect on the last day worked and taking into account the Minimum Compensation Level on that date. For a complete description of the Institute's policies for military leaves, please contact the Benefits Office for a copy of the policy.

Participation In The Event Of Disability

If you become Disabled (as defined by the Institute), the Institute will continue to make contributions on your behalf while you are disabled until the end of the month in which you reach your normal retirement date, provided that, if you are a Key Staff Employee, you continue to make required mandatory Participant Contributions on an after-tax basis until such date. Contributions for Faculty and Key Staff Employees will be based on the Regular Salary you were receiving at the time you became disabled. Participant Contributions usually required by Faculty and Key Staff Employees are

not required after the end of the month in which you reach your normal retirement date. Contributions for Staff Employees will be based on the rate of pay you were receiving at the time you became disabled.

PLAN CONTRIBUTIONS

When you begin participation in the Plan, contributions will be made to a Retirement Annuity with TIAA-CREF. The contributions are based on a percentage of your pay and a contribution schedule. If you participate in the Plan for only a part of a year, your allocation will be based on the portion of salary applicable to the period in which you participate. Plan contributions by you are made on a pre-tax (salary reduction) basis.

For Faculty and Key Staff Employees:

Institute Contributions

Before age 55: The Institute will contribute 8.3% times your annual Regular Salary up to the Social Security taxable wage base, plus 14% of your annual Regular Salary above the Social Security taxable wage base.

After age 55: Beginning with the first of the month coincident with or next following your 55th birthday, the Institute will contribute 12.3% of your annual Regular Salary up to the Social Security taxable wage base, plus 18% of your salary above the Social Security taxable wage base.

Regular Salary

For Faculty, "Regular Salary" means the salary stated in the academic year contract. For Key Staff Employees, "Regular Salary" means salary (including a regular salary increase which is paid in a lump sum) exclusive of benefits, overtime, bonuses, commissions, extended work week compensation, per diems, shift differential, field rate bonuses, flight bonuses, offset service pay, and similar pay. Regular Salary includes any differential wage payments made during a period of qualified military service. Regular Salary excludes all compensation paid after severance of

employment, except as permitted under Code Section 415.

Regular Salary includes, in the case of a Faculty member or Key Staff Eligible Employee, the lump sum payment, if any, paid under the Institute's Early Retirement Option.

In no event will the Regular Salary taken into account under the Plan exceed the limits of Code Section 401(a)(17). (The limit for 2009 is \$245,000. This amount is adjusted under the Code to reflect cost of living increases.)

For the purposes of determining whether or not Regular Salary exceeds the Minimum Compensation Level, a participant's hourly rate of pay (a regular salary increase which is paid in a lump sum is excluded when determining a participant's hourly rate) is compared to the equivalent Minimum Compensation Level hourly rate. The equivalent Minimum Compensation Level hourly rate is determined as follows:

- The annual Minimum Compensation Level is converted to a full-time weekly salary rate and truncated to whole dollars, and
 - This weekly salary rate is converted to an hourly rate assuming a full-time workweek.

Faculty and Key Staff Participant Contributions

You pay 5.7% of your annual Regular Salary, which is in excess of the Social Security taxable wage base.

Participant Contributions will be divided evenly over the year and will not be limited to the period you are not paying Social Security taxes.

However, Participant Contributions will not be required for the following amounts:

- A Regular Salary increase which is paid in a lump sum instead of being paid throughout the year if before the increase, your Regular Salary was not in excess of the Social Security

taxable wage base and you were not already making Participant Contributions; and

- Lump sum payments made under the Institute’s Early Retirement Option.

The Social Security taxable wage base means the contribution base on which the Old-age, Survivors, and Disability Insurance (OASDI) portion of your Social Security taxes are determined. For 2009, the Social Security taxable wage base is \$106,800.

Adjustment to contribution rates if Social Security tax rates increase: The Social Security tax rate for old age benefits is considered to be 5.7%. This rate has been in effect for many years and may be adjusted. If this Social Security tax rate changes, the contribution rates described above will be adjusted as follows:

- Before age 55, the 8.3% Institute contribution rate on annual Regular Salary up to the Social Security taxable wage base will equal 14% minus the new Social Security tax rate.
- After age 55, the 12.3% Institute contribution rate on annual Regular Salary up to the Social Security taxable wage base will equal 18% minus the new Social Security tax rate.
- Employee contribution percentages will change to equal the new Social Security tax rate.

For Staff Employees and Postdoctoral Scholars

Institute Contributions

Completed Years of Service	Plan Contribution Percentage*
Six months (two years for Postdoctoral Scholars) but less than ten years	5.0%
Ten or more, but under age 50	8.0%
Ten or more, and age 50 or older	12.0%**

* Plan Contribution Percentages are effective the first of the month after an Eligible Employee’s completion of full Years of Service as described above.

** An Eligible Employee must be at least age 50 and have 10 or more Years of Service with the Institute. The stated Plan Contribution Percentage is effective the first of the month following an Eligible Employee’s 50th birthday or completion of 10 Years of Service, whichever is later.

Staff Retirement Plan Earnings

Effective January 1, 2002, “Retirement Plan Earnings” means W-2 wages for the period plus pre-tax contributions made to an eligible plan of deferred compensation (such as pre-tax contributions for medical/dental benefits, TDA contributions, etc.). In the event a participant is receiving Short Term or Long Term Disability benefits, Institute contributions are based on the Participant’s rate of pay in effect at the time of Disability. During a period of qualified military service, Institute contributions are based on the Participant’s rate of pay in effect on the last day worked. Retirement Plan Earnings excludes all compensation paid after severance of employment, except as permitted under Code Section 415.

Determining Years Of Service For Purposes Of Institute Contributions For Staff Employees and Postdoctoral Scholars

Eligibility Service is used to determine a Staff Employee’s initial eligibility to participate in the Plan and is defined on page 7.3.

A Staff Employee’s Years of Service are used to determine Institute contributions to the Plan. Years of Service are credited for the following periods of employment with the Institute in an Eligible Employee classification. (See page 7.1 for a definition of Eligible Employee.)

Years of Service include the following periods of service as an Eligible Employee:

- Up to six months of Eligibility Service completed before the Staff Employee became

a Participant. However, if a Staff Employee becomes eligible for the Plan on or after July 1, 2005 and had previous service as a Postdoctoral Scholar, service as a Postdoctoral Scholar will be included up to a maximum of two years.

Up to two years of Eligibility Service completed before a Postdoctoral Scholar became a Participant. However, for those Postdoctoral Scholars who become participants on July 1, 2005, Years of Service shall be defined by the Plan as of July 1, 2005 without regard to the two year limitation;

- The period beginning with the date the Staff Employee or Postdoctoral Scholar becomes a Participant in the Plan and ending on the Severance from Service Date. After July 1, 2005, Years of Service will also include all periods after the eligible employee's initial date of employment during which he/she worked in a student or postdoctoral scholar position whether or not wages were subject to FICA taxes; and
- Any subsequent period beginning on a reemployment date and ending on a Severance from Service Date.

A Year of Service is credited for each 12-month period of service described above. Fractional periods of service are expressed in terms of days. Thirty days are considered to be one month in the case of aggregation of fractional months.

The "severance from service date" for this purpose is:

- the date the Staff Employee retires, quits, dies or is discharged; or
- the first 12-month anniversary of the date he or she is first absent from service for any other reason (other than a paid leave or a disability leave), or the date within such 12-month period that he or she quits, is discharged, dies or retires.

In determining Years of Service, paid leaves or disability leaves lasting longer than 12 months are treated as service.

Limitations On Contributions

The total amount of contributions made on your behalf for any year will not exceed the limits imposed by Sections 402, 403, and 415 of the Internal Revenue Code. These limits may be adjusted from time to time. For more information on these limits, contact TIAA-CREF.

When Contributions Are Made

Contributions will be forwarded to the funding vehicles at least monthly.

Vesting Of Contributions

You are fully and immediately vested in the benefits arising from contributions made to your TIAA and CREF Retirement Annuities under this Plan. Such amounts are nonforfeitable.

PLAN FUND SPONSORS AND FUNDING VEHICLES

Contributions may be invested in one or more of the following fund sponsors and their funding vehicles which are currently available under this Plan:

Teachers Insurance and Annuity Association (TIAA):

- **TIAA Traditional Annuity** guarantees your principal and a specified interest rate, with the opportunity for additional growth through dividends. Unlike any of the other choices, a TIAA accumulation can never decrease. It will increase by at least the guaranteed rate, but the total rate will vary up or down from one year to another.

College Retirement Equities Fund (CREF):

- **CREF Bond Market Account** has a goal of favorable long term returns, achieved mainly through high current income and preservation of capital. It invests primarily in high and medium quality fixed-income securities.
- **CREF Equity Index** seeks favorable long-term returns from a diversified portfolio of publicly traded U. S. stocks, as represented by a broad stock market index, the Russell 3,000.
- **CREF Global Equities Account** has an objective of a favorable long-term rate of return through the appreciation of capital and investment income. It invests in a broadly diversified portfolio of foreign and domestic stocks.
- **CREF Growth Account** seeks favorable long-term returns, mainly by investing in a diversified portfolio of common stocks that have the potential for significant capital appreciation.
- **CREF Inflation-Linked Bond Account** has a goal that seeks long-term returns which are expected to generally keep pace with inflation. It invests in U.S. Treasury Inflation-Indexed Securities and other inflation-indexed bonds.
- **CREF Money Market Account** has an objective of high current income consistent with liquidity and capital preservation.
- **TIAA Real Estate** seeks favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the account. The Account also invests in publicly traded securities and other investments that are easily converted to cash to make redemptions, purchase or improve properties or cover other expenses.
- **CREF Social Choice Account** is a balanced fund with a goal of investment returns that reflect the performance of the financial markets overall, with social and environmental considerations to the investments it makes.

- **CREF Stock Account** seeks a favorable long-term rate of return through investment income and capital appreciation. It avoids the extremes of both conservatism and high risk.

Mutual Funds:

TIAA-CREF also offers lifecycle funds that invest in underlying funds according to an asset allocation strategy designed for investors planning to retire in or within a few years of their targeted retirement year.

- Lifecycle 2010
- Lifecycle 2015
- Lifecycle 2020
- Lifecycle 2025
- Lifecycle 2030
- Lifecycle 2035
- Lifecycle 2040

The Plan's default investment option for a Participant who does not make an affirmative investment election is the lifecycle fund that corresponds to the Participant's date of birth.

Any additional Accounts offered by TIAA-CREF under institutional retirement plans will automatically be made available to you under this Plan unless the Institute elects otherwise.

The Institute's current selection of fund sponsors and funding vehicles is not intended to limit future additions or deletions of fund sponsors and funding vehicles. You will be notified of any additions or deletions.

Contributions To TIAA and CREF Retirement Annuities

TIAA: Contributions to a TIAA Traditional Annuity are used to buy a contractual or guaranteed amount of future retirement benefits for you. Once purchased, the guaranteed benefit of principal plus interest cannot be decreased, but it can be increased by dividends. Once you begin receiving annuity income, your accumulation will provide an income consisting of the contractual, guaranteed amount plus dividends that are declared

each year and which are not guaranteed for the future. Dividends may increase or decrease, but changes in dividends are usually gradual.

For a recorded message of the current interest rate for contributions to TIAA, call 1-800-842-2252.

CREF: You have the flexibility to accumulate retirement benefits in any of the CREF variable annuity accounts approved for use under the Plan, as indicated above. Each account has its own investment objective and portfolio of securities. Contributions to a CREF account are used to buy Accumulation Units, or shares of participation in an underlying investment portfolio. The value of the Accumulation Units changes each business day. For more information on the CREF accounts, you should refer to the CREF prospectus.

For a recorded message of the latest Accumulation Unit Values for the CREF Accounts and the seven-day yield for the CREF Money Market Account, call 1-800-842-2252 or access the TIAA-CREF Web site on the Internet (<http://www.tiaa-cref.org>). The recording is updated each business day.

Allocating Contributions Among Available Investment Choices

You may allocate contributions among the TIAA Traditional Annuity and the CREF Accounts in any whole-number percentage, including full allocation to any Account or Lifecycle Funds. You specify the percentage of contributions to be directed to the TIAA Traditional Annuity and/or the CREF Accounts on the “Application for TIAA-CREF Retirement Annuity Contracts” when you begin participation.

You may change your allocation of future contributions after participation begins by writing to TIAA-CREF’s home office at 730 Third Avenue, New York, New York 10017, by phone using TIAA-CREF’s Automated Telephone Service (ATS) toll free at 1-800-842-2252, or via the Internet using TIAA-CREF’s Inter/ACT System at www.tiaa-cref.org. The automated service is available 24 hours a day, seven days a week. TIAA-CREF’s Telephone Counseling

Center (1-800-842-2776) is available Monday through Friday, between the hours of 5:00 a.m. and 8:00 p.m. Pacific Time, and 6:00 a.m. to 3:00 p.m. Pacific Time on weekends. However, TIAA-CREF reserves the right to suspend or terminate a participant’s right to change allocations by phone or the Internet. When you receive your contracts, you will also be sent a Personal Identification Number (PIN). The PIN enables you to change your allocation by using the ATS or the Internet. For more information on allocations, ask for the TIAA-CREF booklet entitled *A Guide to the TIAA-CREF Accounts*.

Transferring Accumulations In TIAA-CREF

Accumulations may be transferred among the CREF Accounts. Accumulations in the CREF Accounts also may be transferred to the TIAA Traditional Annuity. Complete transfers may be made at any time. Partial transfers may be made from a CREF Account to the TIAA Traditional Annuity or among CREF Accounts at any time as long as at least \$1,000 is transferred each time. Transfers may be made until the date annuity income begins. There is no charge for transferring accumulations in the TIAA-CREF system.

If you transfer your entire accumulation in a CREF Account to the TIAA Traditional Annuity and decide later to allocate premiums to a CREF Account, you are not required to complete another application. Your account stays open as long as you have an accumulation remaining in TIAA or one of the CREF Accounts

You may complete CREF transfers either by phone, over the Internet by using TIAA-CREF’s Inter/ACT system, or in writing. CREF transfers, as well as premium allocation changes, will be effective as of the close of the New York Stock Exchange (usually 4:00 p.m. Eastern time) on the day the instructions are received by CREF, unless you choose the last day of the current month or any future month. Instructions received after the close of the New York Stock Exchange are effective as of the close of the Stock Exchange on the next

business day. The toll-free number to reach the Automated Telephone Service is 1-800-842-2252. The Inter/ACT System is accessible on the Internet at www.tiaa-cref.org.

TIAA accumulations may be transferred to any of the CREF Accounts through the Transfer Payout Annuity (TPA). Transfers will be made in substantially equal annual amounts over a period of 10 years. Transfers made under the TPA contract are subject to the terms of that contract. The minimum transfer from TIAA to a CREF account is \$10,000 (or the entire accumulation if it totals less than \$10,000).

Alternatively, if your total TIAA accumulation is \$2,000 or less, you can transfer your entire TIAA accumulation in a single sum to any of the CREF Accounts. If you have an existing TIAA TPA contract in force, you will not be eligible to make this single sum TIAA to CREF transfer. Instead, you must transfer your TIAA accumulation based on the 10 year TPA.

Information Regularly Furnished About Your Annuities

The *Annual Retirement Planner Report* that TIAA-CREF sends you shows the total accumulation value at year-end for your Retirement Annuities, which is the amount of death benefits your spouse or other Beneficiary would have received on that date. It also includes an illustration of the annuity income you would receive at retirement under certain stated assumptions as to future premiums, your retirement age, the income option and payment method selected, TIAA dividends, and the investment experience of the CREF Accounts. These factors affect the amount of your retirement income.

TIAA-CREF also sends you a *Retirement Portfolio Quarterly Review*. This report shows the accumulation totals within each asset class, a summary of transactions made during the period, TIAA interest credited, net investment gain and loss, and the number and value of CREF

accumulation units. You also may receive Premium Adjustment Notices. These notices summarize any adjustments made to your annuities and are sent at the time the adjustments are processed.

And once a year, you will receive the *TIAA-CREF Annual Report*. The Annual Report summarizes the year's activity, including details on TIAA and CREF investments, earnings, and investment performance.

DEATH BENEFITS

Death Before Retirement Benefits Begin

If you die before beginning retirement benefits, the full current value of your annuity accumulation is payable as a death benefit. Your entire interest must normally be paid out within five years after your death. Calendar year 2009 will not be counted in the five year period, so if the five years would otherwise include 2009, the period is extended by one year. Under a special rule, death benefits may be payable over the life or life expectancy of a designated Beneficiary if the distribution of benefits begins not later than one year from the date of your death. If the designated Beneficiary is your spouse, the commencement of benefits may be postponed until you would have attained age 70 ½ had you continued to live.

Federal tax law puts limitations on when and how beneficiaries receive their death benefits. TIAA-CREF will notify your Beneficiary of the applicable requirements at the time he or she applies for benefits.

You should review your Beneficiary designation periodically to make sure that the person you want to receive the benefits is properly designated. You may change your Beneficiary by completing the "Designation of Beneficiary" form available from TIAA-CREF. You may also change your beneficiary designation on the internet by using your Personal Identification Number (PIN) on TIAA-CREF's secured web site at www.tiaa-cref.org. If you die without having named a

Beneficiary, your spouse will automatically receive half of your accumulation. Your estate will receive the other half. If there is no spouse, your estate receives the entire accumulation.

Death Benefit Distribution Options

You may choose one or more of the options listed in your annuity contracts for payment of the death benefit, or you may leave the choice to your Beneficiary. The payment options include:

- Income for the lifetime of the Beneficiary with payments stopping at his or her death.
- Income for the lifetime of the Beneficiary, with a minimum guaranteed period of payments of either 10, 15, or 20 years, as selected.
- Income for a fixed period of at least two but not more than 30 years, as elected, but not longer than the life expectancy of the Beneficiary.
- A single sum payment. A single sum must be paid if your Beneficiary is your estate, a corporation, association or other entity that is not a natural person.
- A minimum distribution option for beneficiaries required to begin retirement benefits under federal law. This option pays the required federal minimum distribution each year.

Both Spouse and non-spouse Beneficiaries have certain direct rollover rights that may apply to single sum payments or payments over periods of less than 10 years.

Death After Distributions Begin

If you die after distributions begin, your remaining interest will be paid at least as rapidly as under the method of distribution used before your death.

IN-SERVICE WITHDRAWALS

Withdrawals from your accounts are not available before you terminate employment with the Institute or while you are on Disability as defined by the Plan. If you reached age 70-1/2 before 2000, you must begin receiving distributions by your Required Beginning Date. (See page 7.13.)

WHEN ANNUITY INCOME PAYMENTS CAN BEGIN

Although income usually begins on the normal retirement date, you may begin to receive income at any time following termination of employment, which may be either earlier or later than the normal retirement date. You may not withdraw any funds from your account while you are still employed by the Institute, including periods while you are on leave of absence or on Disability as defined by the Plan.

The beginning date of your payments is subject to federal law that sets a date by which payments must begin (see “Required Benefit Beginning Date” on page 7.13).

Normal Retirement Under The Plan

The normal retirement date under the Plan for tenured Faculty members is the June 30 coincident with or next following their 65th birthday. The normal retirement date under the Plan for all other Eligible Employees is the first day of the month coincident with or next following their 65th birthday.

Termination Of Employment Before Retirement

If you terminate employment before normal retirement, your Retirement Annuities remain in force, including all benefits purchased by the Institute’s contributions. You do not forfeit any of the benefits that have already been set aside for you.

If you relocate to one of the many other institutions with a TIAA-CREF funded retirement plan, you may be able to participate in that institution's plan immediately. Even if you do not participate in another institution's retirement plan, or if you stop contributions to your TIAA and CREF annuities for another reason, your accumulations in TIAA will continue to be credited with the same interest and dividends as they would have been had you continued contributions. Accumulations in the CREF Accounts will continue to participate in the market experience of those Accounts.

When you terminate employment, you will continue to have the flexibility to make CREF transfers any time before beginning income, or to start receiving annuity income from the broad range of income options offered by TIAA-CREF (see "Distribution Options" on page 7.13).

Beginning TIAA And CREF Retirement Annuity Income At Different Times And Under Different Options

Once you decide to receive your benefits as income, you have the flexibility to begin payment of all or a portion of your benefits from your TIAA annuity on one date and your CREF annuity on another date provided you have at least \$10,000 of accumulation in your annuity or account on the date payment begins. Under current administrative practice, you can also elect to receive income from your TIAA and/or CREF annuities under more than one distribution option, provided your accumulations under each option selected are at least \$10,000.

Required Benefit Beginning Date

Except for your accumulations as of December 31, 1986 (not including investment earnings after 1986) which are not required to begin payments before the date you reach age 75, retirement benefits must begin:

- (A) if you reach age 70 ½ before the calendar year 2000, no later than April 1 of the calendar year following the year in which you reach age 70 ½; or
- (B) if you reach age 70 ½ after December 31, 1999, no later than April 1 of the calendar year following the later of the calendar year in which you reach age 70 ½ or the calendar year in which you retire.

If you reach age 70 ½ during 2009, you are not required to begin benefits until April 1 of 2011.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50% excise tax on the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

TIAA-CREF will automatically contact you several months before the date you scheduled your benefits to begin on your application. You may decide, however, to begin receiving income sooner, in which case you should notify TIAA-CREF about two months in advance of that date. Usually, the later you begin to receive payments, the larger they will be: in TIAA, more dollars each month for life; in CREF, more Annuity Units each month for life.

DISTRIBUTION OPTIONS

You may choose from among several types of income options when you retire or terminate employment. If you are married at the time you elect to begin retirement income, your right to choose an income option will be subject to your spouse's right (under federal pension law) to survivor benefits (see "Spouse's Rights Under the Plan" on page 7.16), unless this right is waived by you and your spouse. The following income options are available:

Retirement Annuity Income Options

One-Life (Single Life) Annuity — is designed to pay you an income for as long as you live. This option provides a larger monthly income for you than other annuity options, with all payments stopping at your death. This option is also available with a 10, 15, or 20 year guaranteed payment period (but not exceeding your life expectancy at the time you begin annuity income). If you die during the guaranteed period, payments in the same amount that you would have received continue to your Beneficiary for the rest of the guaranteed period.

Survivor Annuity — pays you a lifetime income, and if your spouse (or other Second Annuitant) lives longer than you, he or she continues to receive an income for life. The amount continuing to the survivor depends on which of the following three options you choose:

- **Two-thirds Benefit to Survivor.** At the death of either you or your Second Annuitant, the payments are reduced to two-thirds the amount that would have been paid if both had lived, and are continued to the survivor for life.
- **Full Benefit to Survivor.** The full income continues as long as either you or your Second Annuitant is living.
- **Half Benefit to Survivor.** The full income continues as long as you live, and if your Second Annuitant survives you, he or she receives for life one-half the income you would have received if you had lived. If your Second Annuitant dies first, the full income continues to you for life.

These options are also available with a 10, 15, or 20 year guaranteed period, but not longer than the joint life expectancies of you and your spouse (or other Second Annuitant). The period may be limited by federal tax law.

Retirement Transition Benefit Option (Combining Partial Cash Withdrawal And Annuity)

Under the Retirement Transition Benefit Option, you can receive a one lump-sum payment of up to 10% of your TIAA and CREF accumulations at the time you start to receive your income as an annuity. The one lump-sum payment cannot exceed 10% of each account's accumulation then being converted to annuity payments.

A Minimum Distribution Option (MDO)

This option is for Participants age 70 ½ or older. Under the MDO, you will receive the required federal minimum distribution while preserving as much of your accumulation as possible. The minimum distribution will be paid to you annually.

TIAA Interest Payment Retirement Option (IPRO)

TIAA Participants between ages 55 and 69 ½, with a TIAA accumulation of at least \$10,000, may elect the TIAA Interest Payment Retirement Option (IPRO) which allows you to receive income while preserving your accumulation. Under this option, you can receive monthly payments equal to the interest (guaranteed plus dividends) that would otherwise be credited to your TIAA annuity. Payments will be made at the end of each month. Your accumulation is not reduced while you are receiving interest payments. Payments under the IPRO will consist of the contractual interest rate (currently 3%, plus dividends as declared by TIAA's Board of Trustees). Dividends are declared each March for a 12-month period and are not guaranteed for the future. If you elect the IPRO, these rates will be used to determine your monthly payment rather than be credited to your annuities.

Interest payments made under the IPRO must continue for at least 12 months. Once you start to receive interest income payments, you must continue receiving them until you begin receiving your accumulation under an annuity income

option. Usually, you may delay beginning your annuity income benefits as late as permitted under federal law. When you do begin annuity income from your TIAA accumulation, you may choose any of the lifetime annuity income options available under your TIAA contracts.

If you die while receiving interest payments under the IPRO, your Beneficiary will receive the amount of your starting accumulation, plus interest earned but not yet paid. If you die after you have begun to receive your accumulation as an annuity, your Beneficiary will receive the benefits provided under the annuity income option you have selected.

Payments Over A Fixed Period

CREF — You may elect to receive 100% of your total accumulations from your CREF Accounts over a fixed period of between two and 30 years. At the end of the selected period, all benefits will end. If you die during the period, payments will continue in the same amount to your Beneficiary until the end of the selected period. Current tax law requires that the period chosen not exceed your life expectancy or the joint life expectancy of you and your Beneficiary.

TIAA — TIAA accumulations may be withdrawn through the Transfer Payout Annuity (TPA) (see “Transferring Accumulations in TIAA-CREF” on page 7.9), and will be paid to you in substantially equal annual payments over a period of 10 years when you terminate employment. Payments made under the TPA contract are subject to the terms of that contract.

Single Sum Payments CREF Accumulations

If you have terminated employment, you can elect to receive 100% of your entire CREF accumulations.

Small Sum Repurchase Of Retirement Annuities

If you have terminated employment, you can request to “repurchase” small sums of

accumulations in your Retirement Annuities. Upon repurchase, your entire accumulation will be payable by TIAA-CREF to you in a lump sum. This will be in full satisfaction of your rights and your spouse’s rights to retirement or survivor benefits. To request a repurchase, you must satisfy all of the following conditions at the time you request the repurchase:

- The total accumulation in all your TIAA Retirement Annuities (including contributions to Retirement Annuities under plans of other employers) is \$2,000 or less.
- You do not have a TIAA Transfer Payout Annuity (TPA) in effect.

ROLLOVER OF DISTRIBUTIONS

If you are entitled to receive a distribution from your contract which is an eligible “rollover distribution” (subject to any lump sum withdrawal limits), you may roll over all or a portion of it, either directly or within 60 days after receipt, into another eligible retirement plan, a traditional IRA, or a Roth IRA. Your payment can not be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible retirement plan” includes a plan qualified under Section 401(a) of the Internal Revenue Code (i.e. a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), a section 403(b) plan, and an eligible section 457(b) plan maintained by a governmental employer. An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment or a payment which is part of a fixed period payment over ten or more years. The distribution will be subject to a 20% federal withholding tax *unless* it is rolled over directly into another retirement plan or into a traditional IRA — this process is called a “direct” rollover. If you roll over your distribution to a Roth IRA, you will be subject to federal income tax on the full amount of

your distribution.

If you have the distribution paid to you, then the plan must withhold 20% for federal income tax even if you intend to roll over the money into another retirement plan or into a traditional IRA within 60 days. To avoid withholding, instruct the fund sponsor to directly roll over the money for you.

RETIREMENT PLAN LOANS

Effective April 1, 2004 you may borrow against your TIAA CREF Retirement Annuity (RA) Plan. The loan provision gives you the flexibility to use up to 50% of your retirement plan savings (your accounts due to your mandatory contributions and Institute contributions) as collateral for a loan of the same amount – while continuing to preserve the advantages of tax deferral, investment growth opportunity and security.

Loans are available from a minimum of \$1,000 to a maximum of \$50,000. The amount you are eligible to borrow is calculated by TIAA-CREF and is based on a variety of factors. In addition, if you are married, your spouse must consent in writing to your request for a plan loan. Contact TIAA-CREF if you have questions about the loan program or you wish to apply for a loan either by phone at 1-800-842-2776 Monday through Friday from 5 a.m. to 7 p.m. and Saturday from 6 a.m. to 3 p.m. Pacific time or through their website at www.tiaa-cref.org.

During a period of qualified military service, your loan payments may be suspended. Contact TIAA-CREF for more information.

SPOUSE'S RIGHTS UNDER THE PLAN

Benefits must be paid to married Participants in the Plan only as described below, unless a written waiver of the benefits by the Participant and a

written consent to the waiver by the spouse is filed with TIAA and CREF. This provision applies to both retirement benefits and pre-retirement death benefits.

If benefits began before your death, your surviving spouse at your death will continue to receive income that is at least half of the annuity income payable during the joint lives of you and your spouse (joint and survivor annuity). If you die before annuity income begins, the full current value of your annuity accumulation becomes payable (pre-retirement death benefit). Federal law requires that at least 50% of such benefit be paid to your spouse (with the remaining 50% paid to your designated Beneficiary) unless your spouse has waived, and consented in writing to an alternate Beneficiary for, such benefit. Pre-retirement death benefits are payable in a single sum or under one of the income options offered by TIAA and CREF.

Married Participants and their spouses may waive the spouse's right to a joint and survivor annuity or his or her pre-retirement death benefit only if a written waiver of the benefit signed by the Participant and the spouse (and notarized) is filed with TIAA and CREF. The necessary forms will be provided to the Participant by TIAA and CREF.

For post-retirement survivor benefits (joint and survivor annuity), the waiver may be made only during the 180-day period before benefits begin. The waiver also may be revoked during the same period. It may not be revoked after annuity income begins.

The period during which you and your spouse may elect to waive the pre-retirement survivor death benefit begins on the first day of the Plan year in which you reach age 35. The period continues until the earlier of your death or the date you start receiving annuity income. If you die before reaching age 35 — that is, before you have had the option to make a waiver — 50% of the current value of the annuity accumulation is payable automatically to your surviving spouse in a single sum, or under one of the income options offered by TIAA and CREF; the remaining 50% is payable to your designated Beneficiary. If you terminate

employment before age 35, the period for waiving the spousal pre-retirement death benefit begins no later than the date of termination. The waiver also may be revoked during the same period.

If a judgment, decree or order made following a state domestic relations law establishes the rights of another person (the “alternate payee”) to your benefits under this Plan, and if such an order (called a “qualified domestic relations order”) is for providing child support, alimony or other marital property payments, then payments will be made according to that order provided the order does not conflict with the provisions of the Plan or the terms of a previous qualified domestic relations order. If a court issues a qualified domestic relations order, the order overrides the usual requirements that your spouse be considered your primary Beneficiary for a portion of the accumulation. Copies of the Plan’s procedures relating to qualified domestic relations orders are available on written request to the Plan Administrator.

CLAIM PROCEDURES

The following rules describe the claim procedures under the Plan:

- **Filing a claim for benefits** — A claim or request for Plan benefits is filed when the requirements of a reasonable claim-filing procedure have been met. A claim is considered filed when a written communication is made to the Director of Benefits, Human Resources.
- **Processing the claim** — The Plan Administrator must process the claim within 90 days after the claim is filed. If an extension of time for processing is required, written notice must be given to you before the end of the initial 90-day period. The extension notice must indicate the special circumstances requiring an extension of time and the date by which the Plan expects to make its final decision. In no event can the extension period exceed a period of 90 days from the end of the initial 90-day period.

- **Denial of claim** — If a claim is wholly or partially denied, the Plan Administrator must notify you within 90 days following receipt of the claim (or 180 days in the case of an extension for special circumstances). The notification must state the specific reason or reasons for the denial, specific references to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for claim approval, and appropriate information about the steps to be taken if you wish to submit the claim for review. If notice of the denial of a claim is not given to you within the 90/180-day period, the claim is considered denied and you must be permitted to proceed to the review stage.
- **Review procedure** — You or your authorized representative has at least 60 days after receipt of a claim denial to appeal the denied claim to an appropriate named fiduciary or individual designated by the fiduciary and to receive a full and fair review of the claim. As part of the review, you must be allowed to see all Plan documents and other papers that affect the claim and must be allowed to submit issues and comments and argue against the denial in writing.

Decision on review — The Plan must conduct the review and decide the appeal within 60 days after the request for review is made. If special circumstances require an extension of time for processing (such as the need to hold a hearing if the Plan procedures provide for such a hearing), you must be furnished with written notice of the extension. Such notice must be provided no later than 120 days after receipt of a request for review. The decision on review must be written in clear and understandable language and must include specific reasons for the decision as well as specific references to the pertinent Plan provisions on which the decision is based. For a plan with a committee or board of trustees designated as the appropriate named fiduciary, a decision does not have to be made within the 60-day limit if the committee or board meets at least four times a year

(about every 90 days). Instead, it must be made at the first meeting after the request is filed, except that when a request is made less than 30 days before a meeting, the decision can wait until the date of the second meeting following the Plan's receipt of request for review. If a hearing must be held, the committee can wait to decide until the first meeting after the hearing. However, it must notify you and explain the delay, which can be no later than the third meeting of the committee or board following the Plan's receipt of the request for review. If the decision on review is not made within the time limits specified above, the appeal will be considered denied. If appeal is denied, in whole or in part, you have a right to file suit in a state or federal court.

ADDITIONAL PLAN INFORMATION

Since the Plan is a defined contribution plan, it is not insured by the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC is the government agency that guarantees certain types of benefits under covered plans.

The benefits are provided by retirement annuity contracts issued to Participants by TIAA and CREF.

Teachers Insurance and Annuity Association
College Retirement Equities Fund
730 Third Avenue, New York, NY 10017
1-800-842-2733

TERMS YOU SHOULD KNOW

Accumulation Units

Shares of participation in an underlying investment portfolio. Your contributions to a CREF variable annuity account are used to buy Accumulation Units in the underlying portfolio of securities held in that account. (See page 7.9.)

Annual Regular Salary

Your Regular Salary paid for the Plan Year. Regular Salary is described on page 7.5.

Eligible Employee

Eligible Employee is defined in the section titled "Eligibility" beginning on page 7.1.

Eligibility Service

A period used in determining the initial eligibility of a Staff Employee to participate in the plan (See page 7.3.)

Faculty

See the Eligibility Section on page 7.1, under the heading "Faculty."

Key Staff Employee

See the Eligibility Section on page 7.1 under the heading "Key Staff Employee."

Minimum Compensation Level

As described on page 7.1, the Minimum Compensation Level is \$93,964 as of October 1, 2008. This amount will be adjusted each October 1 to reflect future cost of living increases.

Participant Contributions

Those contributions which certain Faculty and Key Staff Participants are required to make as described on page 7.5.

Plan Administrator

The California Institute of Technology.

Postdoctoral Scholars

See the Eligibility Section on page 7.2 under the heading "Staff Employee"

Retirement Annuities

A form of payment generally providing periodic payments at fixed intervals during retirement. Different payment options are available for your retirement annuity. (See page 7.11.)

Retirement Plan Earnings for Staff Employees

If you are a staff employee, your earnings as reported on your W-2 Box 1 plus pre-tax

contributions to an eligible plan of deferred compensation (such as medical/dental plans, 403(b), 457(b) etc.) are used to determine Institute Contributions. See page 7.6.

Salary Reduction Agreement

The enrollment form you must complete to authorize your contributions to a Tax Deferred Account (see page 7.19). A new agreement is required each time you start, increase, decrease, or stop your contributions. You may also use this form to change your remittance instructions among the TDA investment companies.

Second Annuitant

The person designated under a survivor annuity form of payment to receive benefits after your death. (See page 7.12.)

Staff Employee

See the Eligibility Section on page 7.2 under the heading “Staff Employee.”

Year of Service

A 12-month period of service used to determine the amount of Institute contributions for staff employees. (See page 7.5)

TAX DEFERRED ACCOUNTS

This section describes opportunities offered by the Institute for voluntary 403(b) retirement savings called Tax Deferred Accounts (TDAs). You may select from investment vehicles offered by Fidelity and the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). Participation in these plans is voluntary, and the Institute does not favor any one investment company over another.

All faculty, Postdoctoral Scholars, senior Postdoctoral Scholars, students and staff employees working regular scheduled hours (20 hours or more per week or 1000 hours in a preceding 12 months) who are on the Caltech or JPL payroll may participate in a Tax Deferred Account (TDA). This summary highlights the

details of the TDAs. The TDAs are not sponsored by Caltech and are not governed by the Employee Retirement Income Security Act of 1974 (ERISA). More detailed information is available from the Campus or JPL Benefits Office.

TDA

A TDA is a 403(b) tax-deferred retirement savings program available to employees of education and research institutions and certain tax-exempt organizations. It allows you to:

- Set aside money for retirement on a pre-tax basis.
- Reduce your taxable income, thus lowering your current income taxes.
- Defer taxes on TDA investment income until you begin receiving payments.

YOUR CONTRIBUTIONS

You may contribute as much as allowed by federal tax law (Sections 402(g), 403(b), and 415(c) of the Internal Revenue Code). The maximum contribution allowed depends on a number of different factors, such as your salary*, length of service, and amount of prior contributions. You can find out your maximum contribution from the Campus or JPL Benefits Office.

Contributions are deducted from your paycheck on a pre-tax basis and are forwarded to the funding vehicles at least monthly. Your contributions are invested in the TDA account(s) of your choice. You may invest your contributions with either or both of the two available investment companies and in any combination of investments.

** Fellowship stipends distributed by Caltech are not considered “salary” eligible for pre-tax contributions.*

Changing Or Stopping Your Contributions

A salary reduction agreement is required to start, change, or stop your monthly TDA contribution.

You may change your remittance instructions among the TDA investment companies as often as monthly by submitting a new salary reduction agreement. You may generally change your investment selections within a TDA investment company as often as daily by contacting the TDA investment company directly.

Return from Military Leave

If you have returned to work from a military leave as defined in the Institute's military leave policy, you may be eligible to "catch up" on contributions you were not able to make during your leave. Contact the Benefits Office immediately upon return to work for options available to you.

Rollover Contributions

Your TDA account is considered "an eligible retirement plan". Therefore, you can roll over any distribution of pre-tax contributions and investment gains or losses you may be entitled to receive from your prior employer's retirement plan into your TDA contract. You may not roll over distributions from after-tax contribution accounts or Roth contribution accounts into your TDA account. Please contact TIAA-CREF or Fidelity as appropriate to obtain information on any restrictions on rollover contributions and the procedures that must be followed to make a rollover contribution.

INVESTMENT OPTIONS

Each of the available TDAs offers a variety of investment options. It is up to you to choose which investment option is right for you, based on the amount of risk and potential rate of return. Before you choose an investment, you should investigate the performance of the investment options offered and determine if they meet your individual needs. Description of the individual funds may be obtained by contacting the carrier, or by calling the Benefits Office on Campus or JPL.

The following is a brief summary of the options offered by each company. However, the options may change periodically, so you should check with

the individual company for the most recent investment option information, and review your investments periodically so they can be revised when your investment needs change.

Your investment allocation may be changed as often as you like. You may change future contributions and leave your existing balances intact or you may choose to change your accumulated balances among investment funds, as allowed. Also, various educational workshops and printed materials are offered by the TDA investment companies to assist you with managing your investments and preparing for your retirement.

Fidelity Investments

Fidelity offers over 100 mutual fund options with different levels of risk and return. Descriptions of the individual funds are contained in the Fidelity TDA information packet, available by calling Fidelity or the Benefits Office on Campus or JPL.

Your mutual fund options are divided into the following categories:

- **Money Market Funds** are the most conservative of all mutual funds. They are managed to maintain a stable \$1 share price and pay a variable rate of monthly income.
- **Income (or Bond) Funds** invest largely in bonds with the goal of achieving regular income. Share price, yield, and return will vary.
- **Asset Allocation Funds** allocate investments among stocks, bonds, and short-term instruments seeking high total return with reduced risk over the long term. Share price, yield, and return will vary.
- **Growth and Income Funds** blend the growth potential of common stocks with regular income and stability of bonds. Share price, yield, and return will vary.
- **Growth Funds** invest primarily in common stocks for long-term capital appreciation and,

therefore, have high potential for fluctuations in value based on a variety of factors, including market conditions. Share price and return will vary.

- **Freedom Funds** that vary asset allocation among stocks, bonds and short-term investments with target maturity or retirement dates. The fund manager selects an asset allocation to maximize total returns given the target retirement date and generally will decrease exposure to stocks in favor of bonds and short-term investments as the remaining time to the fund's maturity date declines. After the fund's target maturity date, the fund's investment objective will be to seek high current income and, as a secondary objective, capital appreciation.

Refer to the Fidelity web site at <http://www.fidelity.com/non-profits> for more specific information.

TIAA-CREF Supplemental Retirement Annuity (SRA)

Descriptions of the TIAA-CREF accounts are included in the TIAA-CREF informational packet available by calling TIAA-CREF or the Benefits Office. TIAA-CREF currently offers ten investment options with varied levels of risk and return. The investment options are as follows:

- **TIAA Traditional Annuity** guarantees your principal and a specified interest rate, with the opportunity for additional growth through dividends. Unlike any of the other choices, a TIAA accumulation can never decrease. It will increase by at least the guaranteed rate, but the total rate will vary up or down from one year to another.

While this is the identical fund as the TIAA Traditional Annuity fund available under the regular Retirement Plan (RA) the SRA rules are more flexible when it comes to transfers among the funds and cashability at retirement, and low asset charges apply. Voluntary contributions may also be made to your

regular retirement (RA) account if you were allocating such contributions on or before April 2006.

- **CREF Bond Market Account** has a goal of favorable long term returns, achieved mainly through high current income and preservation of capital. It invests primarily in high and medium quality fixed-income securities.
- **CREF Equity Index** seeks favorable long-term returns from a diversified portfolio of publicly traded U. S. stocks, as represented by a broad stock market index, the Russell 3,000.
- **CREF Global Equities Account** has an objective of a favorable long-term rate of return through the appreciation of capital and investment income. It invests in a broadly diversified portfolio of foreign and domestic stocks.
- **CREF Growth Account** seeks favorable long-term returns, mainly by investing in a diversified portfolio of common stocks that have the potential for significant capital appreciation.
- **CREF Inflation-Linked Bond Account** has a goal that seeks long-term returns which are expected to generally keep pace with inflation. It invests in U.S. Treasury Inflation-Indexed Securities and other inflation-indexed bonds.
- **CREF Money Market Account** has an objective of high current income consistent with liquidity and capital preservation.
- **TIAA Real Estate** seeks favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the account. The Account also invests in publicly traded securities and other investments that are easily converted to cash to make redemptions, purchase or improve properties or cover other expenses.
- **CREF Social Choice Account** is a balanced fund with a goal of investment returns that reflect the performance of the financial

markets overall, with social and environmental considerations to the investments it makes.

- **CREF Stock Account** seeks a favorable long-term rate of return through investment income and capital appreciation. It avoids the extremes of both conservatism and high risk.

You may make transfers among TIAA-CREF funds at any time.

You may refer to the TIAA-CREF web site at <http://www.tiaa-cref.org> for more specific information. Please see a CREF Prospectus for additional information regarding the CREF Accounts.

Prudential MEDLEY Program

The Prudential Medley Program is closed for new enrollments and contributions. If you have a Prudential TDA, you may refer to the Prudential web site at <http://www.prudential.com> for status on your account.

Mutual Benefit Life

Mutual Benefit Life is closed for new enrollments. However, if you have a Mutual Benefit Life TDA, you may call Sun America (formerly Mutual Benefit Life) at 1-877-999-9205 for information on the status of your account, or the Campus or JPL Benefits Office.

WITHDRAWALS

These plans are intended to help you save for your retirement. In general, you may begin receiving your benefits following termination of employment. You may withdraw your funds anytime after age 59½ regardless of employment status without penalty. All withdrawals are subject to federal and state income tax. If you choose a lump sum withdrawal and do not directly rollover the funds to another eligible retirement plan or Individual Retirement Account (IRA), your withdrawal will be subject to a 20% federal tax withholding.

Direct Transfers

Accumulations may be transferred among any of the voluntary retirement investment companies offered by Caltech at any time (direct transfers). See individual contracts for any restrictions that may apply.

Hardship Withdrawals

Under certain circumstances, you may be permitted to withdraw your contributions in the case of a financial hardship, as defined by the IRS. These withdrawals are limited to the amount you have contributed and do not include any earnings you have accumulated. Contact the individual carrier for information about hardship withdrawals.

Lump sum withdrawals during active employment before age 59½ are permitted only if you are called to active military duty for more than 30 days or if you experience a bona fide hardship as defined by the IRS, and are subject to a 10% federal penalty tax.

If you take a hardship withdrawal from your Tax Deferred Accounts, you must stop any existing employee voluntary pre-tax deferrals for a period of six months. You must complete a Salary Reduction Agreement form and submit it to the Human Resources Benefits Office for suspension immediately following your hardship withdrawal.

Withdrawals During Active Military Duty

If you are called to active military duty for more than 30 days, you are eligible to withdraw part or all of your TDA account, even though you may be considered still actively employed. In that event, your voluntary pre-tax deferrals to your TDA account will be suspended for six months.

Penalties For Early Withdrawals

If you terminate employment with the Institute, you may elect to receive a lump sum distribution before you reach age 59½. However, it may be subject to a 10% federal penalty tax.

In general, you may defer receiving your benefits until the April 1 following the calendar year in which you reach age 70½. If you reach age 70½ during 2009, you have the option of deferring receipt of your benefits until April 1, 2011.

Direct Rollovers

Following termination of employment you can choose a direct rollover of all or any portion of your distribution that is an “eligible rollover distribution”. You may rollover your funds anytime after age 59½ regardless of employment status. In a direct rollover, the eligible rollover distribution is paid directly from your 403(b) account to a traditional IRA, a Roth IRA, or another eligible retirement plan that accepts rollovers. Your payment can not be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible retirement plan” includes a plan qualified under Section 401(a) of the Internal Revenue Code (i.e. a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), a section 403(b) plan and an eligible section 457(b) plan maintained by a governmental employer.

If you choose a direct rollover to an eligible retirement plan or a traditional IRA, you are not taxed on the distribution until you actually take it out of the receiving eligible retirement plan or traditional IRA account. If you have the distribution paid to you, then the plan must withhold 20% for federal income tax even if you decide to roll over the money into another retirement plan or into a traditional IRA within 60 days. If you choose a direct rollover to a Roth IRA,

you will be taxed on the full amount of your distribution in the year of distribution but you may be eligible for tax benefits when you take a distribution from the Roth IRA if certain conditions are satisfied.

Effective for distributions after December 31, 1999, a financial hardship withdrawal cannot be rolled over to another eligible retirement plan (i.e. 401(k), 403(b), etc.) or an IRA.

PAYMENT OF BENEFITS

The Campus or JPL Benefits Office and the individual TDA investment companies have more detailed information about your payment options. The rules of each individual TDA may vary slightly, but in general they each offer the following payment options:

- **Lump Sum** — you will be paid the entire balance of your account in one lump sum payment.
- **Installment Payments** — you may receive payments over a specified number of years, not to exceed your life expectancy. In the event of your death, payments are continued to your Beneficiary for the remainder of the specified period.
- **Annuity Income** — you may choose from a variety of annuity income options, which pay benefits either over the remainder of your life, with optional guaranteed periods. You may also choose options that will continue all or a percentage of your benefits to your spouse or other Beneficiary in the event of your death.

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