**Section Three: Contributions -- Part A.1 Authorization of Elective Deferrals.**

Elective Deferrals Ineligible for Employer Match. Elective Deferrals which are not eligible for the Employer Matching Contribution described in Section Three, Contributions, Part C.2, Option 7 (i.e., Elective Deferrals in excess of 4% or 6% of Compensation, as elected by the Participant) shall not be made to this Plan but shall be made to the related Allegheny College Tax Deferred Annuity Plan (Plan 002; Account No. 151012).

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**Section Three: Contributions -- Part E.1 Authorization of Employer Contributions.**

Contributions to Disabled Participants. Notwithstanding the fact that Employer Contributions described in Section Three, Contributions, Part E, are not made to Participants generally, the sum of the Employer Matching Contribution described in Section Three, Contributions, Part C.2, Option 7 and the related Elective Deferrals (i.e., either eleven percent (11%) or fifteen percent (15%), based on the Elective Deferrals elected by the Participant) shall be treated as “Employer Contributions” made by the Employer (or by the Employer’s disability insurance carrier) on behalf of any and all Participants who incur a disability as permitted by Code Section 415(c)(3) and 401(a)(4). Such Employer Contributions shall be made on behalf of Employees who were making Deferrals immediately prior to their becoming disabled and who are entitled to benefits under the Employer’s long term disability policy and shall continue until the first to occur of: (i) the Participant ceasing to be entitled to long term disability benefits under the policy; (ii) the Participant’s reaching the maximum benefit period under the policy; (iii) the date Participant ceases to be eligible to receive contributions under the Plan or (iv) the date of the Participant’s death. [Adopted by the Board of Directors at 10/16/1999 meeting but effective as of 1/1/97]

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**In-Service Withdrawals on account of Change in Employment Status**

In-service withdrawals upon attainment of age 59 1/2 are not permitted. However, withdrawals are permitted to active Employees with 10 or more Years of Eligibility Service who incur a Change in Employment Status as defined in the Plan. The effect of such a Change in Employment Status, however, is that the Employee commences employment in a classification which is not eligible to participate in the Plan and, as such, ceases to be eligible to make Elective Deferrals or receive Matching Contributions. The following provisions of the Plan are hereby amended to implement the premises:

**Section 5, Distribution Events:**

Change in Employment Status: After participating in the Plan for a period of years equal to 10 and attaining age 59 1/2 and incurring a “Change in Employment Status”

**Section 6, Definitions:**
A new definition of “Change in Employment Status” is added to the definition section to read as follows:

**Change in Employment Status.** Means any change in the Participant’s employment status affirmatively authorized by the Employer after the date the Participant has both completed ten (10) Years of Eligibility Service and attained age 59-1/2 from: (a)(1) full-time faculty member; (2) full-time staff member; or (3) part-time staff member who is regularly employed on a part-time basis for 1,000 hours or more in a Year of Service; to the employment status of: (b)(1) adjunct faculty; (2) full-time employment as a “temporary” or other employee included within one of the categories of employees excluded from eligibility to participate in the Plan under Section Two, Eligibility, Part C, of the Adoption Agreement regardless of the number of Hours of Service worked (an “Excluded Employee”); or (3) part-time employment (other than as an Excluded Employee) who is regularly employed on a part-time basis for less than 1,000 hours in a Year of Eligibility Service. Participants who have previously incurred a severance from employment are not eligible. Notwithstanding anything in this definition to the contrary, an eligible faculty member electing the Transitional Sabbatical or Phased Retirement under the Early Retirement Incentive Program does not incur an Employment Status Change.
Continued Treatment as Qualified Contributing Participant while on a Transitional Sabbatical or Phased Retirement

At its meeting of February, 2008, the Board of the Employer adopted an Early Retirement Incentive Program under which eligible faculty members who elect the Transitional Sabbatical or Phased Retirement option shall be treated as: (i) eligible to continue to make Elective Deferrals to the Plan, (ii) eligible to receive Matching Contributions; and (iii) as active Participants in the Plan for all other purposes while such Transitional Sabbatical or period of Phased Retirement continues. The following provisions of the Plan are hereby amended to implement the premises:

Section 6, Definitions:

A new definition of “Early Retirement Incentive Program” is added to the definition section to read as follows:

Early Retirement Incentive Program. That certain program adopted by resolution of the Board of Directors of the Employer at a duly called and convened meeting held on February 2, 2008 at which a quorum was present and acting throughout under which full-time tenured faculty with at least 10 consecutive Years of Eligibility Service, who are at least 58 and who (subject to certain exceptions) are under age 63 may apply to the Employer to either commence a six-month Transitional Sabbatical or a two-year period of Phased Retirement and be provided with certain compensation and benefits for the duration of the Transitional Sabbatical or Phased Retirement. For purposes of this Plan, only those eligible faculty members whose application for a Transitional Sabbatical or Phased Retirement has been affirmatively approved by the Employer shall be considered as participating under the Early Retirement Incentive Program.

The definition of “Contributing Participant” is amended and restated by adding a new sentence to the end thereof to provide that persons who would not otherwise satisfy the 1,000 Hours of Service requirement of Plan section 3.03 and Adoption Agreement Section Three, Part C, for receipt of a Matching Contribution and/or to be treated as a Qualifying Contributing Participant solely because of their participation in the Early Retirement Incentive Program will nevertheless continue to be treated as a Contributing Participant / Qualifying Contributing Participant eligible to make Elective Deferrals and receive Matching Contributions (and to clarify that a Participant who incurs a Change in Employment Status, as described above, ceases to be eligible to remain a Contributing Participant) to read as follows:

Contributing Participant. Means a Participant who has enrolled as a Contributing Participant pursuant to plan Section 3.01 or 3.09 and on whose behalf the Employer is contributing Elective Deferrals (and Nondeductible Employee Contributions, if applicable) to the Plan. An Employee who is otherwise a Participant shall not cease to be a “Contributing Participant” solely because the Employee works (or is anticipated to work) less than 1000 Hours of Service in a Plan Year and/or Year of Eligibility Service, as applicable, as a result of such Employee’s participation in the Early Retirement Incentive Program. Notwithstanding anything in the previous sentence to the contrary, a Participant who incurs a Change in Employment Status shall cease to be eligible to remain a Contributing Participant.

The definition of “Year of Eligibility Service” is amended and restated by adding a sentence to the end thereof to provide that periods of time during which an Employee is on a Transitional
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Sabbatical or in a period of Phased Retirement under the Early Retirement Incentive Program would be included to read as follows:

**Year of Eligibility Service.** Means a 12-consecutive month period that coincides with an Eligibility Computation Period during which an Employee either: (A) completes at least 1,000 Hours of Service, or (B) is on a Transitional Sabbatical or in a period of Phased Retirement under the Early Retirement Incentive Program. An Employee does not complete a Year of Eligibility Service before the end of the 12 consecutive month period regardless of when during such period the Employee completes the required number of Hours of Service.

**Section 3, Contributions:**

The *first paragraph* of Plan section 3.03 – governing eligibility for receipt of Matching Contribution – is amended and restated to provide that the 1,000 Hour of Service requirement (in the Adoption Agreement) is waived with respect to those Contributing Participants on a Transitional Sabbatical or in a period of Phased Retirement under the Early Retirement Incentive Program to read as follows:

**3.03 Matching Contribution.** The Employer may elect to make Matching Contributions under the Plan on behalf of Qualifying Contributing Participants as provided in Adoption Agreement Section Three, part C. To be a Qualifying Contributing Participant for a plan year, the Participant must make Elective Deferrals (or Nondeductible Employee Contributions, if the Employer has agreed to match such contributions) for the Plan Year, satisfy any age and years of Eligibility Service and other requirements that are specified for Matching Contributions in the Adoption Agreement. Any additional Hours of Service or Last Day Requirements will be waived after the Contributing Participant’s (1) death, (2) Severance from Employment after incurring a Disability, (3) Severance from Employment after attaining Normal Retirement Age, or (4) commencement of a Transitional Sabbatical or period of Phased Retirement but solely with respect to any Matching Contribution otherwise payable during such period of Transitional Sabbatical or Phased Retirement. The Employer may make Matching Contributions at the same time as it contributes Elective Deferrals (or Nondeductible Employee Contributions, if applicable) or at any other time as permitted by law and regulation. The proper Matching Contribution amount may be determined by the Employer at any time during a Plan Year, including but not limited to, the period during which the Matching Contributions are funded or at the end of the Plan Year, so long as the amount of Matching Contributions is determined in a uniform and nondiscriminatory manner.

[Remainder of Plan Section 3.03 continued without modification]