

Dear Plan A Participants;

The American University of Beirut has been working hard to make the Retirement Program for U.S. Citizen and Resident Alien Employees of the American University of Beirut (the "Plan") better than ever. As a result, we are pleased to announce an exciting enhancement to the program. **We anticipate that beginning April 1, 2010, the Plan will offer hardship loans and hardship withdrawals.**

These loans and withdrawals will be offered only for the purpose of alleviating certain documented financial hardships.

For example, certain medical expenses, amounts used for the purchase of your primary residence, payments required to prevent eviction from your primary residence, certain tuition and related educational expense payments, certain expenses incurred in the repair of damage to your principal residence and certain funeral expenses may be permissible hardship expenses. (See "Hardship Eligible Expenses" below for more detail on eligible hardship expenses.) Hardship loans and hardship withdrawals are subject to minimum and maximum amount limits, and hardship withdrawals will only be permitted after available hardship loan options have been exhausted.

Amount Available for Hardship Loans

The minimum hardship loan amount you may request is \$1,000. You may request amounts greater than \$1,000 in increments of \$500 up to the lesser of \$50,000, 40% of your employee account balance (including earnings), or the applicable legal limit. You may have no more than 2 loans outstanding at any time.

Loan Term, Interest Rate and Fees

The term for all loans will be between one and five years, and the interest rate for loans will be the Prime Rate plus 1% as determined at the time you apply for the loan. Participants who apply for loans will be charged a one-time administration fee of \$50 if the participant applies over the internet (\$100 if s/he applies by phone) and an annual loan maintenance fee of \$50 while the loan is outstanding. Loan repayments will be made by payroll deduction. Loans will be fully due and payable upon severance from employment.

Hardship Distribution Limits and Taxation

The minimum hardship distribution you may request is \$500. Hardship distributions will be limited to no more than 40% of your employee contribution account balance (not including earnings on your pre-tax employee contributions, employee catch-up contributions, Roth contributions and Roth catch up contributions, but including earnings on your other available employee contribution sources, if any), and this limit will be reduced by the amount of any outstanding loans. You must take all available Plan loans before you will be permitted to take a hardship distribution. Hardship distributions will be taxable to you (except to the extent they represent after-tax contributions) and may be subject to an additional 10% penalty tax if you are under the age of 59 ½. Hardship distributions cannot be rolled over into an IRA or another qualified plan.

Hardship Distribution Contribution Suspension

It is important to note that if you take a hardship distribution from the Plan, you will be prohibited from making contributions to the Plan or having employer contributions made to your account under the Plan for a period of six months.

Application Process

You may enter your requests for a hardship loan or hardship withdrawal online at **Vanguard.com** or by phone at **800-523-1188**. (Please note that phone applications will be subject to a higher initial administration fee.) **You will be instructed at that time to prepare the appropriate hardship documentation forms and submit them to AUB Human Resources in Beirut.** You can find the documentation needed on the following link:

<http://www.aub.edu.lb/hr/benefits/Documents/academics/Plan-A-Hardship-Doc-Withd-Form.pdf>

You will be notified when your loan or withdrawal application is accepted or denied.

The net proceeds of your loan or withdrawal can be sent to you in two ways: ACH to your bank or a check to your address of record. Please note, if you are located in Beirut and select the check option, the check will be delivered to you through the AUB-NY Office.

Please consult the Plan document or contact **AUB Human Resources (Ms. Hala Bikhazi, Benefits Office, extension 2313)** for more information on the availability of hardship loans and hardship withdrawals. This document is intended to function as a summary of material modifications to the Plan. In the case of a conflict between this description and the Plan terms, the Plan terms will control.

Hardship Eligible Expenses

For purposes of plan loans and hardship distributions, only the following expenses will be considered permissible hardship expenses.

- i. The payment of expenses for (or necessary to obtain) medical care described in Section 213(d) of the U.S. Internal Revenue Code (determined without regard to whether the expenses exceed 7.5% of your adjusted gross income), or expenses for (or necessary to obtain) medical care described in Section 213(d) of the U.S. Internal Revenue Code for your Primary Beneficiary (determined as if your primary Beneficiary were your spouse recognized for purposes of federal law);
- ii. The purchase (excluding mortgage payments) of your principal residence;
- iii. The payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for you, your federally-recognized Spouse, children, or dependents (as defined in U.S. Internal Revenue Code Section 152, without regard to U.S. Internal Revenue Code Sections 152(b)(1), (b)(2) and (d)(1)(B)) or, for such post-secondary education of your Primary Beneficiary;
- iv. Prevention of your eviction from, or your foreclosure on the mortgage of, your principal residence;
- v. Payments for burial or funeral expenses for your deceased parent, federally-recognized Spouse, children, or dependents (as defined in U.S. Internal Revenue Code Section 152, without regard to U.S. Internal Revenue Code Section 152(d)(1)(B)), or for your Primary Beneficiary; or
- vi. Expenses for the repair of damage to your principal residence that would qualify for a casualty deduction under U.S. Internal Revenue Code Section 165 (determined without regard to whether the loss exceeds 10% of your adjusted gross income).

You must take all available Plan loans before you will be permitted to take a hardship withdrawal.

Vanguard.com: A great resource

If you're not yet registered for secure online account access on Vanguard.com, which is required for online loan or hardship applications, sign up today. Registration is free and it only takes a few minutes:

- Visit www.vanguard.com/register.
- Click **Start**.
- Follow the instructions provided.

You will need your plan number to register: 094200.

Once you're signed up, you can use Vanguard.com to quickly and easily:

- Check your balance.
- Transfer money between funds.
- Research funds.
- View your quarterly account statements.

Connect with Vanguard®

It's easy to access your account:

- **Online.** Log on to **Vanguard.com** to check account balances, conduct transactions, research funds, use financial planning tools, and more. Not yet registered for immediate online account access? Go to **www.vanguard.com/register** and use your plan number (094200) to sign up.
- **By phone.** Call the 24-hour automated VOICE® Network at **800-523-1188**. You will need your personal identification number (PIN) to conduct transactions, get detailed fund information, and more. If you do not know your PIN, contact Vanguard.
- **With personal assistance.** You can speak with a Vanguard Participant Services associate at **800-523-1188** Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

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Benefits Office.

Plan A: Hardship documentation required for application processing

Reason for Hardship Withdrawal	Documentation
Non reimbursed medical expense	Attach copies of the medical bills and your insurance provider's statements showing the amounts covered and not covered by the insurance.
Purchase of Principal Residence or construction of same	Attach copies of the pre-agreement (or construction) contract or loan agreement if applicable and "No ownership" Certificate in the name of the applicant from the Land Registry (obtained from the Ministry of Finance).
Tuition Expenses	Attach a copy of the University's bill showing the amount you owe for the next semester or 12 month period and an official enrollment certificate.
Major Home Repair	Written explanation and/or photos with construction estimates

All requests are reviewed by the Plan Administrator.