the Duke
457(b) Deferred Compensation Plan
SAVE MORE FOR RETIREMENT

Through Your 457(b) Deferred Compensation Plan

Duke’s Deferred Compensation Plan can provide you with an excellent opportunity to significantly increase your retirement savings. Deferred compensation plans enable you to set aside a portion of your salary on a before-tax basis. Amounts you defer plus earnings are not taxable for federal or state income tax purposes, until the funds are withdrawn, or otherwise made available by the plan.

Each year, your contribution amount is limited to a maximum dollar amount specified by the Internal Revenue Service. Please check the Retirement Manager web site at www.hr.benefits.edu/benefits/retirementmanager for the maximum contribution limit for this year. This amount is in addition to the maximum contribution you and Duke contribute to the 403(b) plan. In order to participate in the 457(b) plan, you must select the maximum program option for the 403(b) plan.

Highlights of the 457(b) Deferred Compensation Plan

**Investment Options**
You have a wide range of investment options available to you through AIG VALIC, Fidelity, TIAA-CREF and Vanguard.

**Withdrawal/Distributions**
Assets are eligible for distribution when you leave employment, retire, or upon your death (benefits will be paid to your beneficiary). Distribution options offered under the plan are annuities, lump sum, systematic withdrawals or minimum distribution option (MDO). You must elect a distribution option when you enroll in the plan. However, the distribution option can be changed as often as you like as long as it is done within 60 days from the time you separate from service. All distributions will be taxed as normal income.

**Enrollment**
You can enroll in the plan upon eligibility. Elections for deferrals must be made in the month prior to the month the compensation is earned. (For example: deferrals elected in March will affect the April paycheck). Enrollment instructions are provided on page 6.

**457(b) Plan Legal Requirements**
Eligible 457(b) plans covering employees of tax-exempt (non-governmental) employers must be unfunded. Since contributions are deferred compensation, all assets under the plan remain part of Duke’s general assets and are subject to the claims of its general creditors.
Q: What is a 457(b) plan?
A: A 457(b) plan is a non-qualified tax-deferred compensation plan that works very much like other retirement plans, such as the 403(b) Faculty and Staff Retirement Plan.

Q: How does a 457(b) plan work?
A: Employees set aside money for retirement on a pre-tax basis through a deferred compensation agreement with the employer. Under this arrangement, the employee agrees to take a reduction in salary. The money reduced is directed into an investment company offered by the employer. The 457(b) contributions grow tax deferred until withdrawal at retirement or termination of employment. The right to direct investments of the plan contributions and the right to designate a beneficiary are granted to plan participants. However, assets in the plan remain part of Duke's general assets until they are distributed and are subject to the claims of its general creditors.

Q: Who is eligible to participate?
A: Faculty and staff of Duke University or Duke University Health System whose annualized compensation equals or exceeds 150% of the Social Security taxable wage base are eligible. The applicable annual compensation for this year is available on the Duke Retirement Manager web site at www.hr.duke.edu/benefits/retirementmanager. Faculty and staff are eligible only if they have enrolled in the Faculty and Staff Retirement Plan and elected to maximize their 403(b) elective deferrals through the maximum program option.

Q: How much can I contribute?
A: Each year, your contributions are limited to a maximum dollar amount specified by the Internal Revenue Service. You can find the amount for this year on the Retirement Manager web site.

Q: How often can I change the amount I choose to defer?
A: You can make changes to your deferral election or stop your deferrals at any time by completing a new deferred compensation agreement available on line through the Duke Retirement Manager web site. Your change will become effective the month after the change in election is made. For example, if you log on to make your change in October, the change will affect the November paycheck.

Q: Does Duke contribute to the plan?
A: No, this is a voluntary deferred compensation plan. Duke does not make a contribution.

Q: Can I write a personal check directly to the 457(b) plan or to the investment carrier?
A: No, all contributions must be made through payroll deduction.
Q: If account balances in the plan are not funded, would I be better off taking my money in cash and investing it elsewhere?
A: The plan provides significant tax advantages to you because contributions and investment earnings grow tax-deferred until distributed. You should consult with a tax or financial advisor to evaluate the benefits under the plan compared to the rewards and risks of alternative investment strategies.

Q: How often can I change my fund selections?
A: You may change fund selections at any time by contacting your selected investment carrier(s). You will receive notification of the fund change and the effective date from the investment carrier.

Q: How do I add an investment carrier or redirect future contributions to a different investment carrier?
A: You may add an investment carrier or redirect future contributions to a different investment carrier at any time by logging onto the Duke Retirement Manager web site at www.hr.duke.edu/benefits/retirementmanager. You can choose from any of the investment options offered through AIG VALIC, Fidelity, TIAA-CREF and Vanguard.

Q: Can my investment selections be different from those selected in my Faculty and Staff Retirement Plan account?
A: Yes, investment elections for this plan are independent of your Faculty and Staff Retirement Plan account. Changes made to one plan do not change investment selections in the other plan.

Q: Does the plan provide for any catch-up provision?
A: No, there is no catch-up provision with the Duke University 457(b) Deferred Compensation Plan at this time.

Q: What happens during a leave of absence?
A: You remain in the plan. However, since deferrals must be made from income earned during the year, contributions will be suspended during unpaid leave. You may still contribute the maximum amount for the year.

Q: When can I receive distributions from this account?
A: Distributions can be made on the 61st day following separation from active service in accordance with the distribution option you elected. You will have 60 days following separation from active service or retirement to change your distribution option. If no option has been selected you will receive a lump sum distribution on the 75th day after separation from active service. Distributions from the plan are taxed as normal income. Distributions must begin by April 1 of the year following attainment of age 70½, unless you are actively employed at Duke. If actively employed at Duke after age 70½ you may defer distribution until no later than April 1 of the year following your retirement.

Q: What forms of payment are available under the plan?
A: Distributions available under the plan are the following, subject to the rules of the investment carrier:

1. A single, lump-sum payment.
2. Single Life Annuity. An annuity payable in equal installments for the life of the participant that terminates upon the participant’s death.
3. Joint Life Annuity. An annuity payable in equal installments for the joint lives of the participant and his or her beneficiary.
4. Fixed Period Payments. Payments for a fixed period of not less than one (1) year and not more than fifteen (15) years.
5. Minimum Distribution Option. The amount required by federal law to be paid from tax-favored retirement plans, generally beginning by April 1 of the calendar year following the year in which the participant turns 70½ or retires, whichever is later.

When you enroll in the plan you must select a distribution option and a projected retirement date or age. Your selection can be changed as often as you like as long as it is done within 60 days from the time you separate from service.
Q: What happens if I separate from service before retiring?
A: You will still have the same distribution options and 60 days from the time you separate from service to change any distribution option previously selected. Remember, if you do not select a distribution option, a lump sum will be paid to you on the 75th day after separation from service.

Q: Can I take a loan against the account balance?
A: No, loans are not available under the plan.

Q: Does the plan provide withdrawals for an unforeseeable emergency?
A: Yes, withdrawals for an “unforeseeable emergency” are permitted; however, they are subject to review and approval by the Plan Administrator. Generally, an “unforeseeable emergency” means a severe financial hardship resulting from a sudden and unexpected illness or accident of the participant or a dependent, loss of the participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. Conversely, events such as divorce, school tuition, or credit card debt would not qualify as “unforeseeable emergency” and therefore would not permit you to withdraw funds. Any funds approved for withdrawal are taxed as ordinary income.

Q: How are my salary deferrals taxed?
A: Amounts that you defer plus earnings are not taxable for federal or state income tax purposes during the year in which the monies are deferred. However, they will be taxed as ordinary income when these monies (contributions plus earnings) are distributed to you. Unlike 403(b) plans, there is no additional tax penalty for withdrawal before age 59½ or for an unforeseeable emergency.

Q: Can I assign my benefits?
A: No, you cannot sell, assign or transfer in advance of receipt, any of your rights under the plan except as otherwise provided by a Qualified Domestic Relations Order (QDRO).

Q: Can I rollover distributions from the plan into another qualified retirement account?
A: No, you cannot rollover any monies to other types of tax-advantaged plans, i.e., 403(b), 401(k), or Individual Retirement Account (IRA); however you may be able to transfer the funds to another 457(b) plan if that 457(b) plan is willing to accept the transfer.

Q: How do I change my beneficiary?
A: While you have the opportunity to name a beneficiary for your account, if you fail to do so your benefits will be paid to your estate.

Q: How do I track my deferrals?
A: You will receive quarterly statements from your investment carrier(s).

Q: Who administers the plan?
A: Duke University is the Plan Administrator and has the responsibility for operating and interpreting the plan.

Q: Whom can I contact if I have questions about the plan?
A: If you have any questions about the plan, please contact Duke Human Resources at 919-684-5600. If you have questions about specific funds, please contact the investment carriers:

<table>
<thead>
<tr>
<th>Investment Carrier</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG VALIC</td>
<td>877-375-2424</td>
</tr>
<tr>
<td>Fidelity</td>
<td>800-343-0860</td>
</tr>
<tr>
<td>TIAA-CREF</td>
<td>800-842-2776</td>
</tr>
<tr>
<td>Vanguard</td>
<td>800-523-1188</td>
</tr>
</tbody>
</table>

NOTE: These frequently asked questions are highlights of Duke’s 457(b) Deferred Compensation plan. The plan document is available on request and its terms and conditions govern the operations of the plan.