BJC 401(k) Plan and BJC 403(b) Plan

LOAN POLICY

This Loan Policy has been established by the Plan Administrator under the BJC 401(k) Plan and the BJC 403(b) Plan (collectively, the “Plan”). The Plan Administrator may change these provisions at any time if and when the Plan Administrator finds it necessary or desirable to do so.

Revised and Effective: January 1, 2009

1. LOAN ELIGIBILITY

A Participant is eligible to take out a loan if he or she is an active participant in the Plan, has a vested account balance of $2,000 or greater, and meets the requirements of this Loan Policy as described below.

2. APPLICATION PROCEDURE

To apply for a loan, a Participant may access the WEB (www.vanguard.com), the VOICE® Network or call Vanguard Participant Services at 1-800-523-1188 and speak with a Participant Services Associate. Once the loan is confirmed, Vanguard will mail the loan check to the Participant’s address of record within three to five business days. The Participant’s endorsement of the check indicates his or her acceptance of the loan terms and the provisions contained in this Loan Policy.

Vanguard will mail a copy of the Truth-In-Lending disclosure statement to the Participant when the loan check is sent.

3. TERM OF LOAN

A Participant may select the term over which the Participant repays his or her loan. For general purpose loans, a Participant may select any repayment period up to a maximum of four (4) years with a minimum period of one (1) year. For loans the Participant uses to acquire his or her principal residence, a Participant may select any repayment period up to a maximum of fifteen (15) years with no minimum period. The term of the loan begins as of the date of the loan check.

4. AMOUNT AND NUMBER OF LOANS

The minimum amount of any general purpose loan is $1,000. The minimum amount of any principal residence loan is $5,000. A loan is only available from the Participant’s vested account balance.

No more than one loan may be granted in any one calendar year. No more than one loan may be outstanding at any time. In addition, once a Participant pays off his or her loan balance (including all principal and accrued interest) or has an offset against his or her vested account balance, the Participant will have to wait six (6) months from the date of payoff or offset before the Participant is permitted to take another loan from the Plan.

The maximum amount a Participant may borrow is 50% of the Participant’s vested account balance as of the date the loan is made up to a maximum of $50,000 less the highest outstanding loan balance, if any, the Participant had at any one time during the one-year period ending immediately before the date of the new loan.

At the time the loan is made, up to 50% of the Participant’s vested account balance under the Plan will be considered as security for the loan.

5. SOURCE OF FUNDS

The proceeds for a loan will be taken out of the Participant’s accounts under the Plan on a pro-rata basis. The proceeds for the loan will also be taken pro-rata from each of the investment funds in which the Participant’s accounts are invested.
6. **LOAN FEES**

For each loan, a Participant will be charged a one time only fee of $50 in the year of loan origination. This fee will be deducted from the Participant’s loan proceeds so that the check the Participant receives will be net of the origination fee. The Participant will also be charged a $25 annual maintenance fee that will be automatically deducted from the Participant’s account balance generally in July of the Plan Year.

7. **INTEREST RATE**

The interest for the loan will be calculated using the Prime Rate (as quoted in the Wall Street Journal when the loan is issued) plus 2%. The procedure for determining the interest rate is subject to change at the discretion of the Plan Administrator. A Participant may contact Vanguard for the current interest rate for a new Plan loan. The interest paid on the loan will be credited to the Participant’s account.

8. **LOAN REPAYMENT**

Loans are repaid by payroll deduction (on an after-tax basis). Payroll deductions will be made for each pay period, beginning as soon as reasonably possible after the loan amount is mailed to the Participant. If a Participant goes on a leave of absence (other than for military service as discussed below) without pay, or at a pay level not sufficient to make the Participant’s scheduled payments when he or she has an outstanding loan, payments will be made as described in Section 9, *Leave of Absence*, below.

A Participant’s loan repayments will be invested in accordance with the Participant’s current investment elections.

Loans may be prepaid in full at any time by certified check or money order sent to Vanguard. A Participant must contact Vanguard Participant Services at 1-800-523-1188 for the appropriate address and instructions for his or her loan prepayment. The loan must be paid off in a lump sum; no partial payoffs or accelerated payments are allowed (except as noted below in Section 12, *Failure to Make Any Loan Repayment*). A Participant may call Vanguard Participant Services at any time to verify the Participant’s outstanding loan balance.

9. **LEAVE OF ABSENCE**

Normally, loan payments are made by payroll deduction. However, if a Participant goes on a leave of absence (other than for military service as described below) without pay, or at a pay level not sufficient to make the Participant’s scheduled payments, before his or her loan is repaid, the Participant’s repayments may be suspended. The suspension can be in effect for no longer than 12 months, to the end of the term of the Participant’s loan, or until the Participant returns to full pay status, whichever is earliest. Notwithstanding the foregoing, when the leave of absence has ended, the Participant must resume payments as discussed below.

The term of a Participant’s loan will not change because of the Participant’s leave of absence. The Participant will not be required to make loan repayments during his or her leave for up to 12 months. A Participant will be required, however, to repay his or her outstanding loan balance by the final payment date on the Participant’s loan schedule even if it is earlier than his or her return to work date.

When a Participant returns to work, the Participant’s payments will resume over the remainder of his or her loan term through payroll withholding at a higher level, taking into account the suspended payments and additional interest accrued on the Participant’s loan during his or her leave of absence. Vanguard will track leaves of absence and will automatically send BJC the re-amortized loan deduction amount. The Participant may repay his or her loan in full upon his or her return to work.

If the Participant’s loan term expires prior to his or her return to work, the Participant must repay his or her total outstanding balance on the final payment date on the Participant’s original loan schedule. The Participant must contact Vanguard to receive the Participant’s payoff amount and to arrange the repayment.
If a Participant does not repay his or her loan under an approved arrangement, the Participant’s loan will default and the Participant’s outstanding balance will be subject to federal income taxes which may include a 10% early distribution penalty.

A Participant’s obligation to make loan repayments may be suspended during any leave of absence for a period of military service (as defined in chapter 43 of title 38, United States Code). Interest continues to accrue on the outstanding loan balance during the leave, and the repayment period may be extended to include the amount of time taken as military leave. Even when the military leave exceeds 12 months and the term of the loan is extended, IRS regulations provide that the suspension will not cause the loan to be deemed distributed if:

A. the loan repayments resume upon the completion of the military service taking into account the additional accrued interest during the period of suspension;

B. the frequency and amount of the repayments are not less than under the original terms of the loan; and

C. the loan is fully repaid by the end of the period equal to the original term of the loan plus the period of the Participant’s military service.

10. RETIREMENT OR SEVERANCE FROM EMPLOYMENT

Upon retirement or severance from employment, a Participant’s loan (including principal and accrued interest) becomes immediately due and must be repaid in a lump-sum within the ninety (90) day period following such retirement or severance from employment. If the Participant elects to defer distribution of his or her benefits, his or her loan must nevertheless be repaid upon retirement or severance from employment. If the loan is not repaid prior to any distribution or within the ninety (90) day period following retirement or severance from employment, whichever comes first, then the loan will be in default as of the earlier of the distribution date or the last day of the 90-day period. The Participant will be responsible for any additional accrued interest. (See Section 13, Taxation of Defaulted Loans.)

If the Participant is later re-hired within the 90-day period described above, the Participant must contact the BJC Benefits Department to determine the repayment obligations.

11. DEATH

If a Participant dies with an outstanding loan, his or her loan becomes due for repayment in full. The outstanding balance of the loan (including interest accrued) will be subtracted from the total account balance in determining the amount of the actual distribution of the Participant’s account to the Participant’s beneficiary. The outstanding loan balance will be taxable to the Participant’s estate, in accordance with federal income tax rules and regulations.

12. FAILURE TO MAKE ANY LOAN REPAYMENT

If an active Participant fails to make any loan repayment by its due date, the Plan Administrator will grant the Participant an extension to “cure” the missed payment. All missed repayments must be made no later than the end of the calendar quarter following the calendar quarter in which the expected payment amount(s) was(were) due to avoid a default of the loan. This extension does not delay or change the original loan term except to the extent that all of the missed repayments in the final calendar quarter of the original loan term are made within the calendar quarter immediately following the end of the original loan term and the original loan term is no longer than permitted in Section 3, Term of Loan, above. The Participant is responsible for contacting the BJC Benefits Department at (314) 362-0551 in the event of a missed loan repayment to discuss the extension and repayment options.

An active Participant must make up the missed repayments through: (1) payroll deductions (in multiples of the original repayment amount) during such “cure” period; or (2) a single lump-sum payment during such “cure” period. The active Participant must contact the BJC Benefits Department as soon as possible within the “cure” period to indicate whether he or she would like
to make up the missed repayments through payroll deduction, if possible, or a lump-sum payment. If a missed payment is made through payroll deduction or lump-sum payment during the “cure” period, no additional interest will accrue. Notwithstanding the foregoing, if loan repayments are missed due to untimely set-up of payroll deductions when the loan is first issued, the deduction from the Participant’s paycheck will be a multiple of the scheduled biweekly amounts (e.g., 2 times, 3 times) in order to catch up the missed payments within the “cure” period. If the active Participant does not have enough money in his or her paycheck to cover the multiple deductions, the Participant must make up the missed payments in a single lump-sum payment during the “cure” period to avoid default.

A Participant who has experienced a severance from employment must make up the missed repayments and pay the remaining balance of the loan (including principal and interest) in a single lump-sum payment during the time period noted in Section 10, Retirement or Severance From Employment, above.

Any Participant, whether a current or former employee, must make any single lump-sum payment by certified check or money order sent to Vanguard. The Participant must contact Vanguard Participant Services at 1-800-523-1188 for the appropriate address and instructions for his or her lump-sum payment.

Any loan repayment received during the “cure” period will be applied to the first missed repayment, and any subsequent missed repayment thereafter. If all of the missed repayments are not made by the end of the applicable “cure” period, then the loan will be in default as of the last day of the “cure” period and the Participant will be responsible for additional accrued interest.

13. TAXATION OF DEFAULTED LOANS

If a loan repayment is not made by the end of the “cure” period noted in Section 12, Failure to Make Any Loan Repayment, or the 90-day period described in Section 10, Retirement or Severance From Employment, the loan will be in default and will be taxable to the Participant in the year of default. The outstanding loan balance (including accrued interest) will be considered income to the Participant and the Participant will receive an IRS Form 1099-R reporting the income. If a default occurs and a cash distribution is not due to the Participant, the default is a “deemed distribution.” See Section 14, Repayment of Defaulted Loans, below for more information on when a deemed distribution is repaid.

In general, the IRS Form 1099-R will be mailed to the Participant in January of the year following the year of default. No other notice of the loan default will be provided to the Participant. If a default occurs and a Participant is not eligible for a distribution under the terms of the Plan, he or she will be subject to a 10% early distribution penalty and the Participant must report such penalty on his or her annual tax return in the year of default.

14. REPAYMENT OF DEFAULTED LOANS

If a Participant defaults on a loan, the entire amount of the defaulted loan is due and payable. In addition, the Participant will not be eligible to take another loan until he or she repays the balance of the defaulted loan (including all additional accrued interest).

If a Participant wants to repay his or her defaulted loan, the Participant must call Vanguard and speak to a Participant Services Associate who will inform the Participant of the total amount due. The Participant must repay both the defaulted amount and the interest that accrued since the date of the default in a single lump-sum payment by certified check or money order sent to Vanguard. The Participant must contact Vanguard Participant Services at 1-800-523-1188 for the appropriate address and instructions for his or her lump-sum payment.

If a distribution event has already occurred and the Participant has not repaid the defaulted loan, the Participant’s vested account balance will be reduced (offset) by the amount defaulted on the Plan loan (including additional accrued interest).
If a distribution event has not occurred, the Plan will subtract the default amount (including additional accrued interest) from the Participant's vested account balance as soon as a distribution event occurs (such as the Participant's severance from employment, attainment of age 59½, or death).