

**APPENDIX B  
DEPENDENT CARE ASSISTANCE PLAN**

This Appendix B contains the terms and conditions specific to the DCAP benefit under Section 4.01(B) of the Flexible Benefits Plan. Under the Dependent Care Assistance Plan, a Participant may be reimbursed, on a pre-tax basis, for Qualified Dependent Care Expenses incurred during a Plan Year. Unless otherwise altered by the terms of this Appendix B, the terms and conditions of the Flexible Benefits Plan are incorporated into and made applicable to this Dependent Care Assistance Plan.

**ARTICLE B-I  
DEPENDENT CARE REIMBURSEMENT**

**Section B1.01 Qualified Dependent Care Expense.** The term “Qualified Dependent Care Expense” means an amount paid by the Participant for care of a Dependent, including related household services, which enables the Participant to be gainfully employed.

- (A) **Dependent Care Expenses That Are Not “Qualified.”** Qualified Dependent Care Expenses do not include the following:
- (1) Amounts paid to a child of the Participant who is under age 19;
  - (2) Amounts paid to an individual for whom the Participant or the Participant’s spouse is entitled to an exemption under Code § 151(c); and
  - (3) Amounts paid to a dependent care center that is not a Dependent Care Center as defined in Section B1.01(D) of this Flexible Benefits Plan.
- (B) **Special Rule for Services Performed Outside the Home.** Amounts paid for services performed outside the Participant’s household are not Qualified Dependent Care Expenses unless the expenses are for a Dependent as defined in Sections B1.01(C)(1) or B1.01(C)(2) of this Flexible Benefits Plan who spends at least eight hours each day in the Participant’s home.
- (C) **Dependent.** For purposes of this DCAP benefit, the term “Dependent” means an individual meeting one of the following:
- (1) Under the age of 13 who is a dependent of the Participant and for whom the Participant is entitled to an exemption under Code § 151(c); or
  - (2) A dependent or spouse of the Participant who is physically or mentally incapable of caring for himself/herself.

- (D) **Dependent Care Center.** The term “Dependent Care Center” means a facility, organized and operated in compliance with all applicable laws and regulations, for care of more than six persons, including one or more Dependents of the Participant, other than persons who reside there and which facility receives a fee, payment or grant for providing services for any of the six individuals regardless of whether the facility operates at a profit.

**Section B1.02 Reimbursement of Qualified Dependent Care Expenses.** The Employer will reimburse a Participant for his/her Qualified Dependent Care Expenses incurred during the Plan Year subject to the other limitations of this Flexible Benefits Plan. The Employer will only reimburse for Qualified Dependent Care Expenses incurred while the Participant participated in the DCAP benefit under the Flexible Benefits Plan.

Reimbursable Qualified Dependent Care Expenses do not include:

- (A) Education expenses for a child in the first grade or above;
- (B) Overnight care at a convalescent nursing home for a Dependent;
- (C) Overnight camp;
- (D) Expenses for lessons, tutoring or transportation;
- (E) Expenses paid through another policy or plan of the Participant or the Participant’s spouse; or
- (F) Expenses incurred before the Participant elected to participate in the DCAP benefit.

**Section B1.03 Maximum Amount of Reimbursement.** The maximum amount of reimbursement during a Plan Year may not exceed the lesser of the exclusion amount or the earned income limitation. The exclusion amount for any Plan Year is \$5,000 (\$2,500 if a married person filing a separate return). The earned income limitation is the earned income of an unmarried Participant or, for a married Participant, the lesser of the earned income of the Participant or the Participant’s spouse. The Plan Administrator will determine earned income pursuant to Code § 32(c)(2). In no event will the Employer reimburse more than the Participant’s DCAP.

**Section B1.04 Withholding - Accounting.** The Employer will establish and maintain a DCAP for each Participant who has elected to receive the DCAP benefit under this Flexible Benefits Plan. The Employer will credit to the Participant’s DCAP the amount by which the Participant elects to reduce his/her Compensation. The amounts credited to the Participant’s DCAP are the property of the Employer until the Employer actually makes reimbursement. The Employer will debit a Participant’s DCAP for the amount of the reimbursement made to the Participant. A Participant’s DCAP will never exceed the maximum amount specified in Section B1.03 of this Flexible Benefits Plan.

**Section B1.05 Year End Accounting - Forfeitures.** The Employer will use the amount credited to a Participant's DCAP for any Plan Year to reimburse the Participant for Qualified Dependent Care Expenses. If any balance remains in the Participant's DCAP for any Plan Year after the Employer has made all reimbursements for the Plan Year, the Participant will forfeit the unused amount.

**Section B1.06 Payment of Qualified Dependent Care Expenses.** The Participant must apply for reimbursement by completing the application form provided by the Claims Administrator, setting forth:

- (A) The amount, nature, and date of service of each expense with respect to which a benefit is requested;
- (B) The name of the person, organization or entity to which the expense was or is to be paid; and
- (C) Such other information as the Claims Administrator may from time to time require.

Such application shall be accompanied by bills, invoices, receipts or other statements or certifications showing the amounts of such expenses, together with any additional documentation which the Claims Administrator may request. Such application may be made before or after the Participant has paid such expense, but not before the Participant has incurred such expense.

The Employer will directly reimburse the Participant. Reimbursement for claims that have been approved by the Claims Administrator will be made on at least a weekly basis. Subject to Section B2.01 of this Flexible Benefits Plan, the Participant must submit the application for reimbursement for expenses for a Plan Year no later than the March 31 immediately following the end of the Plan Year.

**Section B1.07 Limitation on Reimbursements With Respect to Certain Participants.** Not more than 25% of the total amounts reimbursed from all DCAPs maintained by all Participants under the DCAPs during any Plan Year may be reimbursed with respect to the class of individuals who own more than 5% of the stock of the Employer (or their spouses or dependents). Notwithstanding any other provision of this Flexible Benefits Plan, the Plan Administrator may limit the amounts reimbursed with respect to any Participant who is a highly compensated employee (within the meaning of Code § 414(g)) to the extent the Plan Administrator deems such limitation to be advisable to assure compliance with the restriction described in the preceding sentence or with any nondiscrimination provision of the Code. Such limitation may be imposed whether or not it results in a forfeiture under Section B1.05 of this Flexible Benefits Plan.

**ARTICLE B-II**  
**TERMINATION OF DCAP COVERAGE**

**Section B2.01 Termination of Participation in DCAP Benefit.** If a Participant ceases to participate in the DCAP benefit for any reason, the Participant's election to receive reimbursement for Qualified Dependent Care Expenses terminates on the last day of the pay period in which participation ceases. A Participant may only receive reimbursement for Qualified Dependent Care Expenses incurred within the same Plan Year and prior to the first day after the day the Employee terminates participation in the DCAP benefit. If a Participant ceases participation in the DCAP benefit, the Participant must apply for reimbursement in accordance with Article B-I no later than the March 31 immediately following the end of the Plan Year.