DEPENDENT CARE
ASSISTANCE PROGRAM
SUMMARY PLAN DESCRIPTION

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DEPENDENT CARE ASSISTANCE PLAN INTRODUCTION

We are pleased to announce that we have established a "Dependent Care Assistance Plan" to aid you and other eligible employees with your day care costs. Under this program, you will be able to choose to receive your full compensation as taxable wages or redirect a portion of your non-taxed wages into a Dependent Care Account for payment of your dependent care expenses. This Summary Plan Description will tell you about other important information concerning the Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefit being offered is one that you are already paying for, but normally with money that has first been subject to income and social security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income, social security, or most state and local income taxes are withheld. This means that you will pay less tax and have more money to spend and save.

Read this Summary Plan Description carefully so that you understand the provisions of our Plan and the benefits you will receive. We want you to be fully informed before you enroll in the Plan and while you are a participant. You should direct any questions you have to the Plan Administrator. There is a Plan document on file, which you may review if you desire. In the event there is a conflict between this Summary Plan Description and the Plan document, the Plan will control.

I
GENERAL PLAN REQUIREMENTS AND TERM DEFINITIONS

1. **When will I become a participant in the Plan?**
   You will have the opportunity to enroll prior to the beginning of the Plan Year. If you begin employment during the Plan Year you must meet the eligibility requirements as outlined in "General Plan Information" of your company's Plan document. You must enroll within thirty (30) days after your "entry date".

2. **When is my entry date?**
   Your entry date will be the first day of the period coinciding with or following the date you meet the eligibility requirements.

3. **What must I do to enroll in the Plan?** You must complete an Enrollment Application. The amount you redirect for the Plan Year can not be changed unless you experience a "family status change" as outlined in this article, paragraph 5.

4. **If I give birth to or adopt a child during the Plan Year can I enroll at that time?** Yes, birth or adoption of a child qualifies as a Family Status Change.

5. **What other Family Status Changes permit me to change my election during the Plan Year?** The IRS and your Plan specifically define a Family Status Change as:

   - your marriage, divorce or legal separation
   - death of a spouse or dependent
   - birth or adoption of a dependent
   - termination or commencement of your spouse's employment
   - you or your spouse changing employment from part-time to full-time or from full-time to part-time
   - you or your spouse taking an unpaid leave of absence
   - change in number of qualified dependents
   - change in cost of dependent care
   - change in coverage needed for dependent care

6. **Child care tax credit vs. Dependent Care Assistance Program?**
   The child care tax credit will vary depending on your income. For some people, the child care tax credit may offer more savings than a Dependent Care Assistance Program. Contact your Plan Administrator for a free personal tax analysis.

II
OPERATION

1. **How does this Plan operate?**

   Before the start of each Plan Year, you can elect to have a portion of your taxable income contributed to the Plan and used to pay your work-related dependent care expenses. The portion of your pay that is paid to the Plan is not subject to Federal income, social security or most state and local income taxes. In other words, this allows you to use tax-free dollars to pay for child, elder and adult care expenses, which you normally pay for with out-of-pocket, taxed dollars.

III
CONTRIBUTIONS

1. How much of my pay can I redirect?

Depending upon your circumstances, you can put up to $5,000 a year into your Dependent Care Account. If you file your income taxes as "head of household" or "married, filing jointly" you can put the full $5,000 a year into your account.

If any of the following situations apply to you, however, you may not be able to deposit the full amount:

- If you or your spouse earn less than $5,000 a year, you can contribute only as much as the lower of the two incomes.
- If you are married, but file a separate federal income tax return, you can contribute a maximum of $2,500 to your Dependent Care Account.
- If your spouse is a full-time student or incapable of self-care, your maximum contribution is $200 per month per child (during the months that the spouse is a full-time student or incapable of self-care) up to a maximum of $4,800.

2. What happens to contributions made by me to the Plan?

Your contributions will be used to pay for your work-related dependent care expenses as they arise during the Plan Year.

3. What happens if I don't spend all contributions?

Any monies left in your Dependent Care Account at the end of the Plan Year will be forfeited into the Benefit Plan Surplus and distributed to participants at the end of the Plan Year as outlined in paragraph 4 below. Thus, it is important that you carefully calculate your dependent care expenses.

4. What happens to the money in the Benefit Plan Surplus?

All monies forfeited into the Benefit Plan Surplus at the end of the Plan Year will be distributed among all participants of your Dependent Care Assistance Plan on a pro rata basis based on employee participation as soon as is administratively feasible.

5. When can I change the amount of my contributions?

You can increase, decrease or cease your contributions during the election period prior to the beginning of the Plan Year or when a Family Status Change occurs as outlined in Article I, paragraph 5. However, if you do not change the election already in place from the previous Plan Year, we will assume you want them to remain the same.

IV
BENEFITS

1. What are my choices?

You can choose to receive your entire compensation in taxable wages or redirect a portion of your before-tax wages for your eligible dependents' qualified dependent care expenses.

2. Who is an "eligible dependent"?

An eligible dependent is any member of your household for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses". Dependents must be under age 13 or physically or mentally unable to care for themselves.

3. What dependent care arrangements qualify?

- A Dependent (Day) Care Center, provided that the facility complies with all applicable state and local laws.
- An Educational Institution for preschool or kindergarten. For older children, only expenses for non-school care are eligible.

- An "Individual", either licensed or unlicensed, who provides care inside or outside your home. The "Individual" may not be a child of yours under age 19 or anyone who you may claim as a dependent for Federal tax purposes.

You may pay for part-time care such as before and after-school or during seminar only. You may also pay for camp if your child does not stay overnight.

V
BENEFIT PAYMENTS

1. How will I receive payments from my account?

The Plan Administrator will pay your child, elder or adult day care costs directly to your care provider. You may also choose to pay your care provider and be reimbursed. If you choose reimbursement you must submit to the Plan Administrator signed and dated receipts of expenses incurred (copy of check is not sufficient). If you choose direct payment to your care provider, you will enjoy the convenience of having the payment made for you with no receipts and no waiting to get your money back.

2. When will my day care payment be made?

You may choose for your care provider to be paid every week or once a month. Payments are mailed or direct deposited to the care providers on Friday of each week. Payments will be made to your care provider on your behalf only to the extent that there are sufficient funds in your Dependent Care Account to cover your incurred dependent care expenses.

3. What should I do if there is a change in the amount to be paid to my care provider or if a different care provider is to be paid?

You may submit to the Plan Administrator a dependent care payment change request either in writing or by telephone describing the change(s) to be made. Except under extreme circumstances, the Plan Administrator should be informed of any change at least two (2) weeks prior to the change taking place.

In addition to the normal change in family status rules allowing a participant to change their election, (i.e., due to marriage, divorce, birth/ adoption/death of child, unpaid leave of absence of either parent, either parent terminating employment or either parent changing from full to part-time or part to full-time), the following new rules have been added. On March 23rd, 2000, the IRS issued these additional new rules allowing participants to change the amount redirected into the program if any of the following occur:

- Your dependent reaches age 13 and no longer qualifies for the benefit (you can elect out of the program).

- Your care provider goes up on the cost (you can automatically increase your childcare deduction to the new amount if the care provider is not your relative).

- Your care provider reduces their charge (you can automatically decrease your childcare deduction to the new amount charged).

- You change care providers (you can adjust your childcare deduction up or down to the amount charged by the new care provider even if one of the providers is your relative).

- Your need of coverage changes. Example: your school-age child who normally requires after-school care only needs full-time care during the summer (you can increase or decrease your childcare deduction to the new amount charged).

- You give your nanny a raise (you can increase your childcare deduction to the increased wages).

4. What happens if I terminate employment?

If you leave your employ during the Plan Year, your right to benefits will be determined in the following manner:

- You will still be able to request payment for qualifying dependent care expenses for the remainder of the Plan Year from the balance remaining in your dependent account at the time of termination of employment. However, no further salary redirection contributions can be made on your behalf after you terminate.

It is your responsibility to notify your employer of a child or adult losing dependent status under the Plan, at least sixty (60) days prior to the event. It is the Employer's responsibility to notify the Plan Administrator of your death or termination of employment.

VI
HIGHLY COMPENSATED AND KEY EMPLOYEES

1. Do limitations apply to highly compensated employees?

Under the Internal Revenue Code, highly compensated employees and key employees generally are participants who are officers, shareholders or highly paid. You will be notified by your Employer each Plan Year if you are a highly compensated employee or a key employee.

If you are within these categories, the amount of contributions and benefits for you may be limited so that their Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. Federal tax laws state that a Plan will be considered to unfairly favor the key employees, if they, as a group, receive more than 25% of all the nontaxable benefits provided for under our Plan.

VII
PLAN ACCOUNTING

The Plan Administrator will provide you with a statement of your account, upon written request, that shows all deposits made to your account and all daycare disbursements made on your behalf.

VIII
ADDITIONAL PLAN INFORMATION

1. Your rights under ERISA.

Plan participants, eligible employees and all other employees of the Employer are entitled to certain rights and protections under the Employee Retirement Income Security Act (ERISA) including:

(a) right to examine, without charge, all Plan documents at the Employer's office, and

(b) the right to obtain copies of all Plan documents upon request and at a reasonable charge.

ERISA also imposes the duty upon the people responsible for operation (fiduciaries) of the benefit to do so prudently and in the best interest of the participants. If your claim for a benefit is denied, you will receive a written explanation of the reason for denial. You have the right to request a review and reconsideration. Decisions of the Plan Administrator are conclusive and binding.

If you feel that your rights have been violated, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal Court.

2. Claims Process

Enrollment Applications should be submitted to the Plan Administrator via mail or FAX. Requests for reimbursement must include a signed and dated receipt from the provider showing the amount paid.

3. Will my Social Security benefits be affected?

If you pay the maximum amount of social security tax each year, your Dependent Care Assistance Plan participation will not reduce the amount of your social security benefits. However, if your salary is below the social security wage base, participation in the Plan may result in a slight reduction of your social security benefits. Usually, the resulting reduction will be negligible and far out-weighed by the current increase in your spendable income.

4. Must I file the Income Tax Form 2441 (Child and Dependent Care Credit)?

You must file a completed Form 2441 in order for the benefits to remain non-taxable. Form 2441 is the same form used to claim the childcare credit on your income tax return. Instructions are provided with the tax form.

5. What if my provider does not report the money I pay for the care of my dependent?

Regardless of whether you claim the child care credit or not, the payment you make to the provider is still taxable income to the provider. If you elect into the DCAP, and decide not to account for the redirected amount on Form 2441, the amount redirected through this Plan will flow through to page 1, line 7 of your

Federal income tax return as taxable income. The letters “DCB” should be written on that same line.

IX
SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our Dependent Care Assistance Program will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings. If you have any questions, please contact the Plan Administrator.