

**YALE
DEPENDENT CARE
REIMBURSEMENT ACCOUNT PROGRAM
(Restated 2005)**

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DEPENDENT CARE REIMBURSEMENT ACCOUNT PROGRAM

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ARTICLE I
INTRODUCTION

1.1. Name of Program. This document, made and entered into by Yale University (the "University"), for the exclusive benefit of eligible employees of the University, amends and restates the terms of the Yale Dependent Care Reimbursement Account Program (Restated 2003) and shall be known hereafter as the "Yale Dependent Care Reimbursement Account Program (Restated 2005)," referred to herein as the "Program."

1.2. Program Document. The Program is established under and is a part of the Yale University Welfare and Fringe Benefits Plan (the "Plan"). This document evidences the provisions of the Program, including the types and amounts of benefits and any other conditions or limitations regarding enrollment, coverage and benefits, pursuant to which reimbursement of certain dependent care assistance expenses are provided to eligible Covered Participants and its provisions are incorporated in the Plan.

1.3. Purpose of Program. The purpose of the Program is to enable eligible Covered Participants to receive reimbursement for certain dependent care assistance expenses subject to the terms, conditions, and limitations set forth herein. It is intended that the Program qualify as a dependent care assistance program within the meaning of Code Section 129(d) and that the benefits payable under the Program be eligible for exclusion from gross income under Code Section 129(a).

1.4. Effective Date of 2005 Restated Program. The effective date of this amended and restated Program shall be January 1, 2005. The terms of the Program shall apply to individuals employed by the University on or after that date unless otherwise specified in the Program and the rights and benefits, if any, of employees or participants whose employment with the University terminated prior to January 1, 2005 shall be determined in accordance with the provisions of the Program then in effect unless otherwise provided herein.

ARTICLE II DEFINITIONS

The Definitions set forth in the Yale University Welfare and Fringe Benefits Plan shall have the same meaning for purposes of the Program except as provided in this Article II or elsewhere in the Program unless a different meaning is clearly required by the context. Additional terms shall have the meaning as provided in this Article II.

2.1. Coverage Level. "Coverage Level" shall mean the amount, not to exceed the Program Benefit Limitation, that a Covered Participant elects or is deemed to elect to have credited to his or her Dependent Care Reimbursement Account for a Coverage Period pursuant to Section 3.2.

2.2. Dependent. "Dependent" shall mean any person who is (i) a dependent of a Covered Participant who is under the age of 13 and with respect to whom the Covered Participant is entitled to a deduction under Code Section 151(c) or (ii) a dependent or spouse (or a common-law spouse if satisfactory proof of such status, as determined by the University, is submitted to the University prior to enrollment in the Program) of the Covered Participant who is physically or mentally incapable of caring for himself or herself.

2.3. Dependent Care Expenses. "Dependent Care Expenses" shall mean expenses incurred by a Covered Participant which are: (i) incurred for the care of a Dependent of the Covered Participant or for related household services; (ii) paid or payable to a Dependent Care Service Provider; (iii) incurred to enable the Covered Participant to be gainfully employed for any period for which there are one or more Dependents with respect to the Covered Participant but excluding, however, expenses incurred for services outside the Covered Participant's household for the care of a Dependent unless the Dependent is a dependent who is under the age of 13 and with respect to whom the Covered Participant is entitled to a deduction under Code Section 151(c) or regularly spends at least 8 hours each day in the Covered Participant's household; provided, however, such term shall not include any amount paid for services outside the Covered Participant's household at a camp where the Dependent stays overnight. A Dependent Care Expense is "incurred" when the dependent care services giving rise to the Dependent Care Expense are provided and not when the Dependent Care Expense is paid. The Plan Administrator shall determine, in its sole discretion, whether an expense is a Dependent Care Expense and such determination shall be binding and conclusive on all Participants and for all purposes of the Program.

2.4. Dependent Care Reimbursement Account. "Dependent Care Reimbursement Account" shall mean the account described in Article IV.

2.5. Dependent Care Service Provider. "Dependent Care Service Provider" shall mean a person who provides care for a Dependent of a Covered Participant or for related household services, but shall not include (i) a related individual described in Code Section 129(c), or (ii) a dependent care center (as defined in Code Section 21(b)(2)(D)), unless the requirements of Code Section 21(b)(2)(C) are satisfied, provided, however, the limitations set forth in this clause (ii) shall not apply with respect to services provided inside the Covered Participant's household.

2.6. Earned Income. "Earned Income" shall mean wages, salaries, tips and other employee compensation, plus net earnings from self-employment, computed without regard to any community property laws and excluding any amounts received as a pension or annuity, or paid or incurred by an employer for dependent care assistance including reimbursement of Qualifying Dependent Care Expenses. A Covered Participant's spouse who is either a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself shall be deemed, for each month during which such spouse is either a full-time student at an educational institution or physically or mentally incapable of caring for himself or herself, to be gainfully employed and to have Earned Income of not less than:

(a) \$250 per month if the Covered Participant has only one (1) Dependent for the Coverage Period; or

(b) \$500 per month if the Covered Participant has two (2) or more Dependents for the Coverage Period; or

(c) such other dollar amounts as may be permitted under Code Section 21(d), which are hereby, incorporated in the Program by this reference.

The University or the Plan Administrator shall not be responsible for determining the actual or deemed Earned Income of a Covered Participant's spouse.

2.7. Effective Date. "Effective Date" means, for this amended and restated Program, January 1, 2005. The Program was adopted originally by the University on February 6, 1982.

2.8. Eligible Employee. "Eligible Employee" means any Employee who is (i) a faculty member or a post-doctoral associate who regularly works 50% or more of the required full-time workload or (ii) a staff member who regularly works 20 hours or more per week. The term shall not include any post-doctoral fellow or any individual whose employment is incidental to his or her educational or training program.

2.9. Enrollment Election. "Enrollment Election" means the enrollment election forms prescribed by the University pursuant to which an Eligible Employee for each Coverage Period (i) elects enrollment under a Benefit Program, (ii) elects his or her Coverage Level, and (iii) agrees to pay his or her Participant Contributions, in such manner as determined under Plan Section 2.17, either by completing a Salary Reduction Agreement or by remitting his or her Participant Contributions directly to the University.

2.10. Flexible Benefits Program. "Flexible Benefits Program" shall mean the Yale University Flexible Benefits Program for Faculty and Staff Employees as amended from time to time.

2.11. Grace Period. "Grace Period" shall mean the period ending on the fifteenth day of the third calendar month (i.e., the 2-1/2 month period) following each Coverage Period.

2.12. Open Enrollment Period. "Open Enrollment Period" means the period during which an Eligible Employee may submit an Enrollment Election as further defined in Section 2.6 of the Flexible Benefits Plan.

2.13. Plan. "Plan" shall mean the Yale University Welfare and Fringe Benefits Plan of which this Program is a part, as amended from time to time.

2.14. Program. "Program" shall mean the Yale Dependent Care Reimbursement Account Program (Restated 2005) as set forth herein, as amended from time to time.

2.15. Program Benefit Limitation. "Program Benefit Limitation" shall mean the minimum and maximum Coverage Level an Eligible Employee may elect to have credited to his or her Dependent Care Reimbursement Account for the Coverage Period. For each Coverage Period or at such other times as the University may determine, the Program Benefit Limitation as determined by the University, in its sole discretion, shall be reflected in the Enrollment Elections provided to Covered Participants and shall be incorporated in the Program by this reference; provided, however, that the maximum Coverage Level shall not exceed the least of the following amounts:

(a) \$5,000 for a Covered Participant who is single or who is married and files a joint federal income tax return, or \$2,500 for a Covered Participant who is married and files a separate return;

(b) the Covered Participant's anticipated Earned Income for the Coverage Period; or

(c) if the Covered Participant is married on the last day of the Coverage Period, the greater of (i) his or her spouse's anticipated Earned Income for the Coverage Period or (ii) the spouse's deemed Earned Income for the Coverage Period.

Notwithstanding the foregoing, the maximum Coverage Level for any Coverage Period shall not exceed the exclusion limitations set forth in Code Sections 129(a)(2) and 129(b), and any changes to such exclusion limitations are hereby incorporated in Program. For purposes of this Section, marital status shall be determined under Code Section 21(e).

2.16. Qualifying Dependent Care Expenses. "Qualifying Dependent Care Expenses" shall mean Dependent Care Expenses incurred by a Covered Participant during (i) a Coverage Period and (ii) the Grace Period following such Coverage Period. Notwithstanding the foregoing, Qualifying Dependent Care Expenses shall not include:

(a) Dependent Care Expenses for which reimbursement is not applied for by the end of the run-out period(s) described in Section 6.1.

(b) Dependent Care Expenses for which a deduction or credit is claimed on the Covered Participant's income tax return.

(c) Dependent Care Expenses which have been or will be reimbursed or paid under a dependent care assistance program other than the Program.

(d) Dependent Care Expenses incurred by a Covered Participant or a former Covered Participant during a Grace Period following a Coverage Period if he or she was not a Covered Participant on the last day of such Coverage Period.

ARTICLE III ENROLLMENT

3.1. Enrollment of Covered Participants. An Eligible Employee may elect enrollment in the Program during an Open Enrollment Period. Upon enrollment, an Eligible Employee shall become a Covered Participant under the Program for the Coverage Period. For subsequent Coverage Periods, if a Covered Participant fails to return a completed Enrollment Election, he or she shall be deemed to have waived enrollment in the Program unless the Covered Participant is eligible to make a late enrollment election under Section 4.2(c) of the Flexible Benefits Program, in which case such late enrollment election shall govern. An Eligible Employee may submit an Enrollment Election and a Covered Participant may terminate an existing Enrollment Election during a Coverage Period if permitted under Section 4.3 of the Flexible Benefits Program.

3.2. Enrollment Elections. A Covered Participant shall elect a Coverage Level for the Coverage Period or the remainder of the Coverage Period at the time of enrollment. For subsequent Coverage Periods, if a Covered Participant fails to elect a Coverage Level, he or she shall be deemed to have waived enrollment unless the Covered Participant is eligible to make a late enrollment election under Section 4.2(c) of the Flexible Benefits Program, in which case such late enrollment election shall govern. A Covered Participant may change his or her Coverage Level during a Coverage Period if permitted under Section 4.3 of the Flexible Benefits Program.

3.3. Leaves of Absence. A Covered Participant who takes a paid Leave of Absence shall be treated in the same manner as if he or she was actively employed by the University for purposes of the Program. A Covered Participant who takes an unpaid Leave of Absence may continue enrollment in the Program during such Leave or change or terminate enrollment as provided under Section 3.2 of the Flexible Benefits Program. If a Covered Participant's enrollment in the Program is reinstated during the Coverage Period in which the Leave begins pursuant to Section 3.2 of the Flexible Benefits Program, (i) his or her Participant Contributions shall resume at the rate in effect before his or her Leave began and (ii) his or her Coverage Level elected for the Coverage Period shall be reduced to reflect Participant Contributions not made during the suspension period unless the Covered Participant elects to make up such missing Participant Contributions.

3.4. Suspension of Enrollment. If a Covered Participant's enrollment in the Program is suspended pursuant to Section 3.3 above or under Section 3.3 of the Flexible Benefits Program, his or her enrollment in the Program shall be suspended and shall terminate at the end of the Coverage Period in which the suspension occurs unless active participation is reinstated earlier. If a Covered Participant's enrollment in the Program is reinstated during the Coverage Period in which the suspension begins pursuant to Section 3.3 of the Flexible Benefits Program, (i) his or her Participant Contributions shall resume at the rate in effect before his or her suspension began and (ii) his or her Coverage Level elected for the Coverage Period shall be reduced to reflect Participant Contributions not made during the suspension period unless the Covered Participant elects to make up such missing Participant Contributions.

3.5. Termination of Enrollment. A Covered Participant's enrollment in the Program shall terminate in accordance with Section 4.9 of the Flexible Benefits Program. If a Covered

Participant's enrollment in the Program is reinstated during a Coverage Period in which a Severance occurs pursuant to Section 3.4 of the Flexible Benefits Program, (i) his or her Participant Contributions shall resume at the rate in effect before his or her Severance and (ii) his or her Coverage Level elected for the Coverage Period shall be reduced to reflect Participant Contributions not made during the severance period unless the Covered Participant elects to make up such missing Participant Contributions.

3.6. Extended Enrollment. Continuation Coverage is not available under the Program, provided, however, a Covered Participant may extend his or her enrollment in the Program as follows:

(a) A Covered Participant may extend his or her enrollment during a Salary and/or Benefits Continuation Period.

(b) Notwithstanding the foregoing or anything in the Plan or the Flexible Benefits Program to the contrary, if a Covered Participant's enrollment is suspended or terminated during a Coverage Period, Qualifying Dependent Care Expenses incurred during the remaining portion of the Coverage Period shall continue to be reimbursed until such time as the balance in his or her Dependent Care Reimbursement Account is reduced to zero so long as reimbursement is applied for by the end of the run-out period described in Section 6.1.

ARTICLE IV
DEPENDENT CARE REIMBURSEMENT ACCOUNT

4.1. Establishment of Accounts. The Plan Administrator shall establish and maintain on its books a Dependent Care Reimbursement Account with respect to each Covered Participant for the Coverage Period.

4.2. Crediting of Accounts. The Dependent Care Reimbursement Account of each Covered Participant shall be credited on a pay period basis with an amount equal to his or her Participant Contributions made for such pay period. The amount credited to the such Account shall only be used to reimburse or pay for Qualifying Dependent Care Expenses incurred by the Covered Participant during such Coverage Period and, if applicable, the Coverage Period's Grace Period, and shall not be used to provide any other type of Benefit.

4.3. Debiting of Accounts. The Dependent Care Reimbursement Account of each Covered Participant shall be debited from time to time by the amount of any reimbursement or payment for Qualifying Dependent Care Expenses made to (or on behalf of) the Covered Participant during the Coverage Period and, if applicable, the Coverage Period's Grace Period. To the extent the reimbursement is for Qualifying Dependent Care Expenses incurred by the Covered Participant during a Grace Period, such amounts shall first be debited against any remaining amounts in the Account attributable to the prior Coverage Period.

4.4. Forfeiture of Accounts. At the end of each Coverage Period or, if applicable, the Coverage Period's Grace Period, any unused balance in a Covered Participant's Dependent Care Reimbursement Account shall be segregated from any credits to the Account for the following Coverage Period and shall be held for the run-out period(s) described in Section 6.1. At the end of the applicable run-out period(s), any remaining amounts in the Account attributable to the prior Coverage Period shall be forfeited.

ARTICLE V
PAYMENT OF BENEFITS

5.1. Reimbursement of Expenses. The University or, if so designated by the University, the Contract Administrator shall reimburse a Covered Participant for Qualifying Dependent Care Expenses incurred during a Coverage Period for which the Covered Participant submits a written application and documentation in accordance with Sections 6.2 and 6.3. No reimbursement of Qualifying Dependent Care Expenses shall at any time exceed the balance then credited to a Covered Participant's Dependent Care Reimbursement Account for the Coverage Period at the time of the reimbursement. If Qualifying Dependent Care Expenses cannot be immediately reimbursed because the Covered Participant's Dependent Care Reimbursement Account is insufficient, the unpaid portion of the claim shall be paid thereafter on such intervals as established by the University when and if the balance in the Covered Participant's Dependent Care Reimbursement Account during the Coverage Period in which the expense was incurred is sufficient to cover the reimbursement remaining due.

5.2. Maximum Reimbursement. Reimbursements under the Program for a Coverage Period shall not exceed the Coverage Level elected by the Covered Participant for the Coverage Period.

5.3. Discharge. Any reimbursement made under the Program shall fully discharge the obligations of the Program to the extent of such payment. The University may, at its option, discharge the obligations of the Program to reimburse a Covered Participant for Qualifying Dependent Care Expenses by directly paying the service provider and such payment shall be treated as a reimbursement to the Covered Participant for purposes of the Program.

ARTICLE VI
CLAIMS FOR BENEFITS

6.1. Claims for Benefits. A written claim for benefits shall be filed with the University or, if so designated by the University, the Contract Administrator no later than the last day of the two month period (or such other run-out period as determined by the University) immediately following the close of the Coverage Period or, if applicable, the Coverage Period's Grace Period in which the expense was incurred. Failure to file a claim for benefits by the last day of the run-out period following the close of each Coverage Period or, if applicable, the Coverage Period's Grace Period shall invalidate in full any claim to such benefits unless the person claiming benefits under the Program can demonstrate to the University (whose determination shall be final and conclusive) that it was not reasonably possible to file such claim timely and that the claim will be filed as soon as reasonably possible. Persons claiming benefits under the Program shall cooperate with the University and provide any and all information necessary to implement the provisions of the Program.

6.2. Requirement of Proof. A written application for benefits shall be filed on forms prescribed by the University setting forth: (i) the amount, date and nature of the expense with respect to which a payment is requested; (ii) the name of the person, organization or entity to which the expense was or is to be paid; (iii) the taxpayer identification number of such person, organization or entity; provided, however, this clause (iii) shall not apply in the case of an organization described in Code Section 501(c)(3); (iv) the name of the person for whom the expense was incurred and the relationship of the person to the Covered Participant; and (v) the amount reimbursed or paid under any other arrangement or program, with respect to the expense. The application shall be accompanied by bills, invoices, receipts, canceled checks or other statements showing the amount of the expense, together with any additional information or documentation that the University may request.

6.3. Claims Procedures. The Plan Administrator shall review a claim for benefits in accordance with the procedures established by the Plan Administrator subject to the administrative procedures for the reviewing a claim that is not a Health Claim or a Disability Claim set forth in Plan Section 7.4. The Plan Administrator may, in its discretion, designate a Contract Administrator or claim official to review a claim for benefits.

6.4. Appeals Procedures. If a Notice of Denial is issued under Plan Section 7.4, a claimant may appeal such Notice by following the appeal procedures for Notices of Denial for claims that are not Health Claims or Disability Claims set forth in Plan Section 7.5. A claimant must exhaust such appeals procedures prior to seeking any other form of relief. The Plan Administrator shall review an appeal in accordance with the procedures established by the Plan Administrator subject to the administrative procedures for reviewing Notices of Denial for claims that are not Health Claims or Disability Claims set forth in Plan Section 7.5. The Plan Administrator may, in its discretion, designate a Contract Administrator or claim official to review an appeal of a Notice of Denial.

6.5. Review Procedures for Eligibility Determination. If an Employee has not filed a claim for benefits and has not been issued a Notice of Denial pursuant to Plan Section 7.4 but

believes that he or she is being denied enrollment under the Program, such Employee shall follow the administrative procedures for review as set forth in Plan Section 7.6.

ARTICLE VII
MISCELLANEOUS

7.1. Amendment or Termination of Program. The University reserves the right to amend the provisions of the Program or terminate or eliminate the Program at any time or times and for any or no reason as set forth in Plan Article III. Upon termination or discontinuance of the Program, all enrollment shall end but reimbursements for previously incurred expenses shall be made in accordance with Article V.

7.2. Funding Status of Program. The Program is unfunded and all contributions shall not be placed in trust but shall be considered a part of the general assets of the University. Nothing in the Plan or Program shall be construed to require the University to establish a trust or maintain any fund or segregate any amount for the benefit of any Covered Participant unless otherwise required by law.

7.3. No Guarantee of Tax Consequences. Neither the University nor the Plan Administrator makes any commitment or guarantee that reimbursements made under the Program shall be excludable from the Covered Participant's gross income for federal or state tax purposes, or that any other federal or state tax treatment shall apply to or be available to any Covered Participant. It shall be the obligation of each Covered Participant to notify the University if he or she has reason to believe that any reimbursements made under the Program are not so excludable.

7.4. Reimbursement by Covered Participants. If any Covered Participant receives reimbursements under Article V that are not for Qualifying Dependent Care Expenses, the Covered Participant shall reimburse the amount to the University and shall hold the University harmless from any liability each may incur for failure to withhold federal or state income taxes, payroll or employment taxes from the reimbursement.

7.5. Statement of Expenses. The University shall furnish to each Covered Participant, on or before January 31 of a Coverage Period, a written statement showing the amount of Qualifying Dependent Care Expenses reimbursed or paid under the Program to such Covered Participant during the previous Coverage Period as required by Code Section 129(d)(6).

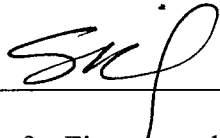
7.6. Governing State Law. The Program shall be construed and enforced according to the laws of the State of Connecticut to the extent not preempted by federal law.

7.7. Interpretation. The provisions of the Program shall in all cases be interpreted in a manner that is consistent with (i) the Program qualifying as a dependent care assistance program within the meaning of Code Section 129(d) and (ii) the exclusion from gross income of payments or reimbursements made hereunder in accordance with Code Section 129(a). The headings of the Articles and Sections of the Program are inserted for convenience only and shall not be deemed to constitute a part of the Program nor used in the interpretation or construction thereof.

IN WITNESS WHEREOF, Yale University hereby executes this instrument, evidencing the terms of the Yale Dependent Care Reimbursement Account Program (Restated 2005) as amended and restated through December 31, 2005.

YALE UNIVERSITY

By:

A handwritten signature in cursive script, appearing to read 'SK', is written over a horizontal line.

Shauna King
Vice President for Finance and Administration