Lam Research Corporation Cafeteria Plan

Plan No. 502

Revised Effective January 1, 2015

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Article 1. Establishment

1.1 Establishment of the Plan

The Lam Research Corporation Group Welfare Benefit Plan (Plan Number 501), together with this Lam Research Corporation Cafeteria Plan (Plan Number 502), provide health and welfare benefits, including the applicable Cafeteria Plan provisions and Flexible Spending Accounts ("FSAs"), to eligible Employees.

The Lam Research Corporation Cafeteria Plan (the "Plan") was established to provide eligible Employees a choice among specified benefit options, and between those benefit options and Earnings. The Plan also provides eligible Employees with a choice between Earnings and eligibility for reimbursement or payment of eligible Health Care FSA Expenses under the Health Care Flexible Spending Account ("Health Care FSA") and/or Dependent Care Expenses under the Dependent Care Spending Account ("Dependent Care FSA") and/or the ability to contribute to a Health Savings Account ("HSA") on a pre-tax basis.

Effective January 1, 2015, the Company amends and restates the Cafeteria Plan. The provisions of the Cafeteria Plan that apply to the Health Care FSA are a part of, and incorporated by reference into the Lam Research Corporation Group Welfare Benefit Plan ("Group Welfare Benefit Plan"); however, the Cafeteria Plan provisions that are not subject to ERISA, such as the Dependent Care FSA, shall not be incorporated.

The administrative provisions of the Plan applicable to both Cafeteria Plan Participants and FSA Participants, along with definitions used in the Plan and in the Schedules hereto, are set forth in the main Plan document. The provisions of the Plan applicable only to Premium Payment Program Participants are set forth in Schedule A hereto. The provisions of the Plan applicable only to FSA Participants are set forth in Schedule B hereto, with Schedule B-1 containing the provisions applicable to FSA Participants for whom a Dependent Care FSA has been established and Schedule B-2 containing the provisions applicable to FSA Participants for whom a Health Care FSA has been established. The provisions of the Cafeteria Plan that allow for pre-tax contributions to an HSA are set forth in Schedule C hereto.

1.2 Legal Status of Plan and Programs

The Plan is intended to qualify as a "cafeteria plan" within the meaning of Section 125 of the Code, and it shall be construed and interpreted, to the greatest extent possible, in a manner consistent with the requirements of Code Section 125.

The provisions of the Dependent Care FSA, as set forth in Schedule B-1, are intended to qualify as a dependent care assistance program under the provisions of Section 129 of the Code, and it shall be construed and interpreted, to the greatest extent possible, in a manner consistent with the requirements of Code Section 129.

The provisions of the Health Care FSA, as set forth in Schedule B-2, are intended to qualify as a medical expense reimbursement program that provides benefits described by Sections 105 and 106 of the Code, and it shall be construed and interpreted, to the greatest extent possible, in a manner consistent with the requirements of Code Sections 105 and 106. The Health Care FSA Expenses reimbursed under such Health Care FSA are intended to be eligible for exclusion from participating Employees' gross income under Section 105(b) of the Code.

The Health Care FSA and the Dependent Care FSA components of the Cafeteria Plan are separate plans for purposes of administration and all reporting and nondiscrimination requirements imposed by Sections 105 and 129 of the Code. The Health Care FSA component of the Cafeteria Plan is subject to ERISA, HIPAA and COBRA; whereas, the Dependent Care FSA is not. If the Health Care FSA component is determined to not be a separate plan, the Cafeteria Plan shall be designated as a hybrid entity for purposes of HIPAA and the Cafeteria Plan shall be a covered entity only with respect to the Health Care FSA component. The Health and Welfare Plan and the Health Care FSA are intended to be part of an organized health care arrangement for purposes of HIPAA.

The HSA pre-tax feature referred to as the HSA Contribution Program, as set forth in Schedule C, is not intended to establish an ERISA plan or to otherwise be part of an ERISA benefit plan.

1.3 Applicability of the Plan

The provisions of this instrument shall apply only to individuals who are eligible Employees of Lam Research Corporation on and after January 1, 2015; provided that the enrollment procedures described in this instrument shall apply with respect to enrollments taking place in the fall of 2014 that relate to the 2015 Plan Year.

Article 2. Definitions

2.1 Definitions

The following words and phrases as used in the Plan, including the FSA, shall have the following meanings unless otherwise indicated in a Schedule hereto or unless a different meaning is required by the context.

(a) **"Account"** means, with respect to an FSA Participant, a Dependent Care FSA, General Purpose Health Care FSA or Limited Purpose Health Care FSA established under the FSA for such FSA Participant. The term Account(s) may also include the record of HSA contributions described in Schedule C.

(b) **"Affiliate"** means any corporation that is included with the Company in a "controlled group of corporations," as defined in Section 414(b) of the Code; any unincorporated business included with the Company in a group of trades or businesses under "common control," as defined by regulations prescribed by the Secretary of the Treasury under Section 414(c) of the Code; or any corporation included with the Company in an "affiliated service group," as defined in Section 414(m) of the Code; or any other entity required to be aggregated with the Company pursuant to regulations under Section 414(o) of the Code.

(c) **"Affordable Care Act"** means the Patient Protection and Affordable Care Act enacted on March 23, 2010 and the Health Care and Education Affordability Reconciliation Act enacted on March 30, 2010, as now in effect or as hereafter amended, including any regulations and rulings promulgated thereunder, and any successor statute of similar import. Reference to any section or subsection of the Affordable Care Act includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.

(d) **"Cafeteria Plan Benefit Option"** means a qualified benefit under Section 125(f) of the Code and related regulations that also is a Benefit Option under the Group Welfare Benefit Plan. Benefits prohibited under Section 125(f) of the Code and related regulations (such as long-term care insurance and certain exchange-participating qualified health plans) are not permitted Cafeteria Plan Benefit Options. The Summary Plan Description(s) will address which Benefit Options are Cafeteria Plan Benefit Options.

(e) **"Cafeteria Plan" or "Plan"** means the Lam Research Corporation Cafeteria Plan, as set forth herein, including all Schedules hereto and all documents incorporated herein by reference, as each is amended from time to time. The Cafeteria Plan consists of the following programs: the Premium Payment Program, the FSA and the pre-tax contribution feature attributable to an HSA. Depending on whether an Employee meets the eligibility requirements for each program, such Employee may participate in one or all programs.

(f) **"COBRA"** means the Consolidated Omnibus Budget Reconciliation Act of 1985, as now in effect or as hereafter amended, including any regulations and rulings promulgated thereunder and any successor statute of similar import. Reference to any section or subsection of COBRA includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection..

(g) **"Code"** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended, including any regulations and rulings promulgated thereunder, and any successor statute of similar import. Reference to any section or subsection of the Code includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.

(h) **"Company"** means Lam Research Corporation or any successor by merger, consolidation or purchase of substantially all of its assets. The Company is the Plan Sponsor as that term is defined by ERISA.

(i) **"Component Plan"** means any plan or program designated by the Company as a Component Plan, including, but not limited to:

(1) Qualified benefits, as that term is defined by Section 125(f) of the Code and the related regulations, designated in Schedule B of the Group Welfare Benefit Plan document and the Incorporated Documents (in particular the Summary Plan Description) as payable on a pre-tax basis under the Premium Payment Program attached as Schedule A.

(2) For FSA Participants, The Flexible Spending Account Program attached as Schedule B hereto, including provisions for reimbursement of Dependent Care Expenses and Health Care FSA Expenses as set forth in Schedule B-1 and Schedule B-2, respectively and described in the Incorporated Documents.

(3) For Participants who contribute towards an HSA, the HSA Contributions Program attached as Schedule C and described in the Incorporated Documents.

(j) "**Covered Person**" means an eligible Employee or eligible Dependent who is covered under a Component Plan who enrolls in the Cafeteria Plan in accordance with its terms, who has commenced participation in the Cafeteria Plan accordingly and whose participation has not terminated under any other applicable provision of the Cafeteria Plan or the terms of the Component Plan.

(k) **"Dependent"** means:

1. With respect to the Plan's provisions that do not apply to Dependent Care FSA Participants, a dependent as defined by Section 105(b) of the Code, as further defined by the applicable Summary Plan Description and Internal Revenue Service (IRS) guidance.

2. With respect to an FSA Participant for whom a Dependent Care FSA has been established and for purposes of receiving reimbursement from such Account, any individual who is either:

   A. A qualifying child (as defined in Section 152(c) of the Code) of the Dependent Care FSA Participant, under the age of 13; or

   B. A dependent of the Dependent Care FSA Participant, (as defined in Section 152 of the Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B)) of any age if he or she is physically or mentally incapable of caring for himself or herself and lives with the Dependent Care FSA Participant for more than one-half of the calendar year. In addition, he or she must be a U.S. citizen or resident;

   C. The Spouse of the Dependent Care FSA Participant, if the Spouse is physically or mentally incapable of caring for himself or herself , and who has the same principal place of abode as the Participant for more than half of the year; or

   D. If the FSA Participant is divorced or separated and is the:

      i. Custodial parent, the Dependent Care FSA Participant's child is an eligible Dependent even if the Dependent Care FSA Participant does not claim the child as a dependent on the Dependent Care FSA Participant's federal income tax return; or

      ii. Non-custodial parent, the Dependent Care FSA Participant generally cannot treat his child as an eligible Dependent for Dependent Care FSA purposes, even if the Dependent Care FSA Participant claims the child as a dependent on the Dependent Care FSA Participant's federal income tax return. However, if the custodial parent signs an agreement, and the non-custodial parent attaches the agreement to his tax return, he or she may be able to treat the child as an eligible Dependent. For this purpose, custodial parent means the parent that the child lives with for the greater number of nights in

the calendar year. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income.

The provisions of this section of the Plan shall, like all provisions of the Plan, be administered in accordance with the most current IRS rules.

(l) **"Dependent Care FSA"** means the bookkeeping account established on behalf of an FSA Participant in accordance with the provisions of the FSA for the reimbursement of Dependent Care Expenses under the FSA.

(m) **"Dependent Care Expenses"** must meet all of the following requirements to be eligible for reimbursement; such expenses must be:

1. In compliance with the Code;
2. For the care of a Dependent of the Dependent Care FSA Participant or for household services related to the care of a Dependent of the Dependent Care FSA Participant;
3. Paid or payable to a Dependent Care Service Provider;
4. For the purpose of enabling the Dependent Care FSA Participant (and the Dependent Care FSA Participant's spouse, if the Dependent Care FSA Participant is married) to work or look for work or for the Dependent Care FSA Participant's spouse to attend school full time (unless the spouse is disabled) during a period in which the Dependent Care FSA Participant has one or more Dependents; and
5. Reimbursed after the Dependent Care Expenses are incurred. Dependent Care Expenses are incurred at the time dependent care services are provided and not when the FSA Participant is formally billed, charged for, or pays for the dependent care.

(n) **"Dependent Care Service Provider"** means an individual or organization that provides services that result in Dependent Care Expenses, but shall not include, with respect to any Dependent Care FSA Participant and any Plan Year:

1. A child of the Dependent Care FSA Participant who is under the age of 19 as of the close of the tax year;
2. A Dependent Care FSA Participant's Spouse;
3. A parent of a Dependent Care FSA Participant's qualifying child under age 13 such as a former Spouse who is the child's noncustodial parent;
4. An individual with respect to whom the Dependent Care FSA Participant (or his Spouse) may claim a deduction under Section 151(c) of the Code for the Plan Year; or
5. Any individual or organization providing care outside a Dependent Care FSA Participant's household, unless the individual or organization providing the care complies with all applicable laws and regulations of a state or unit of local government.

(o) **"Earnings"** means, with respect to a Plan Year, that portion of a Plan Participant's compensation that can be used to purchase coverage for a Cafeteria Plan Benefit Option, consistent with Section 3.1 of Schedule A hereto and as defined in the applicable Summary Plan Description. "Earnings" also means, with respect to a Period of Coverage, that portion of an FSA Participant's compensation that can be used to contribute to (1) a Dependent Care FSA and/or a Health Care FSA consistent with Section 3.1 of Schedule B hereto and as defined in the applicable Summary Plan Description or (2) contribute on a pre-tax basis to an HSA as outlined in Schedule C.

(p) **"Employee"** means an individual who renders services to the Employer for compensation that the Employer determines is subject to federal income tax withholding and Federal Insurance Contributions Act (FICA) taxes payable by the Employer and classified by the Employer as a common-law employee of the Employer. "Employee" specifically excludes any individual

classified by the Employer as an intern, temporary employee or independent contractor, regardless of any later classification or reclassification of any such individual as a common-law employee of the Employer by the U.S. Department of Treasury, Internal Revenue Service or other government department or agency. Leased employees within the meaning of Section 414(n)(2) of the Code shall not be considered Employees, notwithstanding their inclusion, as required by law, in applicable nondiscrimination testing under relevant Code sections.

(q) **"Employer"** means the Company and each Affiliate participating in the Plan, as specified in the Group Welfare Benefit Plan.

(r) **"ERISA"** means the Employee Retirement Income Security Act of 1974, as now in effect or as hereafter amended, including any regulations and rulings promulgated thereunder and any successor statute of similar import. Reference to any section or subsection of ERISA includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.

(s) **"FMLA"** means the Family and Medical Leave Act of 1993 (FMLA), as now in effect or as hereafter amended, including any regulations and ruling promulgated thereunder and any successor statute of similar import. Reference to any section or subsection of the FMLA includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.

(t) **"FSA Participant"** means an eligible Employee who participates in one or both of the FSAs. For example, a Dependent Care FSA Participant is an FSA Participant who participates in the Dependent Care FSA and a Health Care FSA Participant is an FSA Participant who participates in the Health Care FSA.

(u) **"Flexible Spending Account"** or **"FSA"** means the Lam Research Corporation Flexible Spending Account program, offering a Dependent Care FSA and a Health Care FSA, attached as Schedules B, B-1, and B-2 hereto, as the same may be amended from time to time.

(v) **"FSA Submission Deadline"** means the date as may be specified in the applicable Summary Plan Description as the deadline for submission of claims for reimbursement under the Dependent Care FSA and/or the Health Care FSA.

(w) **"FSA Submission Minimum"** means, with respect to an FSA Participant, the minimum dollar amount for FSA claims submission as may be specified in the applicable Summary Plan Description.

(x) **"General Purpose Health Care FSA"** means a Health Care FSA that is not a Limited Purpose Health Care FSA.

(y) **"Group Welfare Benefit Plan"** means the Lam Research Corporation Group Welfare Benefit Plan, including all schedules thereto and all documents incorporated therein by reference, as each is amended from time to time. This Plan, including the Health Care FSA, is a part of, and incorporated by reference into the Group Welfare Benefit Plan; however, the Plan provisions that are not subject to ERISA, such as the Dependent Care FSA, shall not be incorporated. The Health Care FSA is incorporated into the Group Welfare Benefit Plan as a Component Plan.

(z) **"Health Care FSA"** means the bookkeeping Account established on behalf of an FSA Participant in accordance with the provisions of the FSA for the reimbursement of Health Care FSA Expenses described in Section 213(d) of the Code, as explained under Section 125 of the Code and related regulations.

(aa) **"Health Care FSA Expenses"** means expenses incurred by an FSA Participant for Medical Care for himself or for his eligible Dependents, which expenses are not reimbursed to him through insurance or otherwise (other than under the Health Care FSA). Health Care FSA Expenses shall be deemed incurred at the time Medical Care giving rise to the Health Care FSA Expense is

furnished and not when the FSA Participant is formally billed for, is charged for, or pays for the Medical Care.

Notwithstanding the foregoing, Medical Care does not include any expenses for premium payments for other health coverage; medicines or drugs without a prescription, except for insulin; elective cosmetic surgery or other similar procedures; or any other expense excluded under the terms of the FSA Plan and IRS regulations.

For purposes of the Limited Purpose Health Care FSA, Medical Care does not include any expenses that are incurred by a Participant or his Dependents unless such expenses are for vision care, dental care, or certain non-network preventive care (as defined in Section 223(c) of the Code) or for any expenses for Medical Care incurred after the deductible amount in a high-deductible health plan has been satisfied.

(bb) **"HSA"** means a health savings account established under Section 223 of the Code. Such arrangements are individual trusts or custodial accounts, each separately established and maintained by an Employee with a qualified trustee/custodian. Although funded by Salary Reduction Contributions under this Plan, the HSA is not part of or intended to be part of an ERISA-covered benefit plan.

(cc) "**HSA-Eligible Individual**" means, with respect to any month, any individual if such individual is covered under a high-deductible health plan as of the first day of such month and such individual is not, while covered under a high-deductible health plan, covered under any other health plan that is not a high-deductible health plan and is not covered under any health plan that provides coverage for any benefit which is covered under a high-deductible health plan.

(dd) "**Incorporated Document**" shall mean any and all of the following documents, each of which is incorporated by reference into this Plan document and made a part hereof, and as each is amended from time to time by the Company; an Incorporated Document describes the specifics of a Component Plan(s) including eligibility:

1. Summary Plan Description(s), including Summaries of Coverage and Summaries of Insurance;
2. Insurance Contract(s) or HMO Contract(s); and
3. Plan Materials.

(ee) **"Limited Purpose Health Care FSA"** means the bookkeeping account established on behalf of a Health Care FSA Participant in accordance with the provisions of the FSA for the reimbursement of Health Care FSA Expenses to the extent such expenses are for vision care, dental care, certain out-of-network preventive care, or any expenses for Medical Care after the deductible amount in a high-deductible health plan has been satisfied. If an eligible Employee elects to enroll in a medical Component Plan that is a high-deductible health plan with an HSA, Health Care FSA enrollment shall default to a Limited Purpose Health Care FSA.

(ff) **"Medical Care"** means amounts paid for items described in Section 213(d) of the Code, as explained under Code Section 125.

(gg) **"Participant"** means any eligible Employee who enrolls in a Component Plan in accordance with the eligibility provisions set forth in this Plan and the applicable Summary Plan Description, who has commenced participation in the Plan accordingly and whose participation has not terminated under any other applicable provision of the Plan.

(hh) **"Plan Administrator"** means the Company or such other person or entity that the Company designates to administer the Plan.

(ii) **"Plan Materials"** means updates to a Component Plan issued by a third party administrator, Insurer or HMO, for example, through an on-line benefit description or booklet, to the extent that such update is approved by the Plan Administrator or a delegate of the Plan Administrator.

(jj) **"Plan Sponsor"** means the sponsor of the Cafeteria Plan, as designated on the Form 5500 Annual Report for purposes of the Health Care FSA and other government filings; the Plan Sponsor is the Company.

(kk) **"Plan Year"** means the 12-consecutive-month period beginning on each January 1 and ending on the following December 31. For purposes of the Plan, "Plan Year" also means (a) for Employees who first become eligible to participate, it shall mean the portion of the Plan Year following the date on which participant commences participation, as described in Section 3.6 of Schedule A and Section 3.5 of Schedule B and (b) for Employees who terminate participation, it shall mean the portion of the Plan Year prior to the date on which participation terminates, as described in Section 3.9 of Schedule A and Section 3.8 of Schedule B.

(ll) **"Premium Payment Program"** means that portion of the Cafeteria Plan that permits Plan Participants to use Earnings to purchase one or more of the Cafeteria Plan Benefit Options set forth in the Plan and applicable Summary Plan Description consistent with Schedule A hereto. Notwithstanding the foregoing, the Premium Payment Program shall only be used with respect to qualified benefits under Section 125 of the Code and related regulations and guidance and shall never be used with respect to nonqualified benefits incorporated into the Cafeteria Plan, Group Welfare Benefit Plan, and/or described in an applicable Summary Plan Description.

(mm) **"Premium Payment Program Participant"** means any eligible Employee who enrolls in the Plan in accordance with Article 3 of Schedule A, who has commenced participation in the Premium Payment Program accordingly and whose participation has not terminated under any other applicable provisions of the Premium Payment Program.

(nn) **"Salary Reduction Contributions"** means amounts by which a Participant elects to reduce his Earnings on a pre-tax basis in order to (1) purchase benefits as part of the Premium Payment Program under the applicable Component Plan listed in Schedule B to the Group Welfare Benefit Plan, (2) contribute to an FSA under the terms of the FSA Program, or (3) contribute to an HSA as part of the HSA Contribution Program.

(oo) **"Spouse"** means a person of the opposite or same sex who is a husband or wife, pursuant to a legal union defined as a "marriage" conducted by any domestic or foreign jurisdiction having the legal authority to sanction marriages, which are recognized by any state, possession, or territory of the United States.

(pp) **"Summary of Coverage"** has the meaning ascribed to it under the Group Welfare Benefit Plan.

(qq) **"Summary of Insurance"** has the meaning ascribed to it under the Group Welfare Benefit Plan.

(rr) **"Summary Plan Description"** means a summary plan description, as defined under Section 102 of ERISA, of the Employer (and all summaries of material modifications thereto), prepared by the Plan Administrator, that designates the Plan as the applicable Plan and describes the provisions of the Plan.

(ss) **"USERRA"** means the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994, as now in effect or as hereafter amended, including any regulations and rulings promulgated thereunder and any successor statute of similar import. Reference to any section or subsection of USERRA includes references to any comparable or succeeding provisions of any legislation that amends, supplements, or replaces such section or subsection.

2.2 Construction

Whenever any words are used in the singular form, they shall be construed as though they were also used in the plural form in all cases where the plural would so apply. Headings of articles and Sections are inserted for convenience and reference, and they constitute no part of the Plan. Except where otherwise indicated by the context, any masculine terminology herein shall include the feminine and neuter.

Article 3. Administration of Plan

3.1 Plan Administrator

The Plan Administrator shall have the discretionary authority to interpret the Plan and to decide any and all matters arising hereunder. The Plan Administrator's discretionary authority shall include, but shall not be limited to, the following authority:

(a) To make and enforce such rules and regulations as the Plan Administrator deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the Plan, to decide all questions concerning the Plan, including without limitation the discretionary authority to resolve questions of fact and to remedy possible ambiguities, inconsistencies, or omissions, by general rule or particular decision, and to determine the eligibility of any Employee to participate in the Plan and the entitlement of any Participant to any benefits hereunder;

(c) To establish and maintain the Accounts described in the Plan and to maintain such other records of contributions of Cafeteria Plan Participants and/or FSA Participants as may be deemed necessary;

(d) To make available to each Participant under the Plan his records and related Plan materials as required by law;

(e) To appoint such agents, counsel, accountants, consultants, actuaries, or other persons to assist in administering the Plan;

(f) To designate specified other persons to carry out any of its responsibilities under the Plan, provided that any such designation shall be in writing and in accordance with applicable requirements of law; and

(g) To prepare, file, and disseminate all reports and disclosures required by applicable law.

The Plan Administrator's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties. The Plan Administrator may correct defects, make findings of fact, rectify any omission, or reconcile any inconsistency or ambiguity in the Plan.

3.2 Examination of Account Records

The Plan Administrator shall make available to each Cafeteria Plan Participant and to each FSA Participant upon his request, any Account records maintained under the Plan that pertain to such FSA Participant for examination at reasonable times during normal business hours.

3.3 Delegations of Authority by the Plan Administrator

The Plan Administrator may, in its discretion, delegate to any other person or persons authority to act on behalf of the Plan Administrator, including but not limited to the authority to make any determination or to sign checks, warrants, or other instruments incidental to the operation of the Plan, or to the making of any payment specified therein.

3.4 Records and Reports of the Plan Administrator

The Plan Administrator shall keep such written records as it shall deem necessary or proper, which records shall be open to inspection by the Company. The Plan Administrator shall prepare and submit to

the Company an annual report which shall include such information as the Plan Administrator deems necessary or advisable.

3.5 Named Fiduciary

To the extent that ERISA applies (for example, with respect to the Health Care FSA), the Named Fiduciary provisions outlined in the Group Welfare Benefit Plan document shall apply.

3.6 Employment of Assistants

The Plan Administrator and the Plan Sponsor are authorized to employ counsel and to employ persons to provide such actuarial, clerical, or other services as they may require in carrying out their duties under the Plan.

3.7 Indemnification

The Employer agrees to indemnify any person acting in good faith in his role as Plan Administrator, or an Employee of the Employer who is a delegate of any committee administering the Plan, against any and all liabilities, financial penalties, or damages, including attorney's fees, as a result of a lawsuit against the Plan or its fiduciaries occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

3.8 Reliance on Participants and Tables

The Plan Administrator may rely upon the direction, information, or election of a Participant as being proper under the Cafeteria Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant.

In administering the Plan, the Plan Administrator shall be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions, and reports furnished by, or in accordance with the instructions of, the administrators of the Group Welfare Benefit Plan, or by accountants, counsel or other experts employed or engaged by the Plan Administrator. All actions taken in a good faith reliance on advice from such advisors are conclusive and binding upon all persons.

3.9 Nondiscrimination

The Plan Administrator shall not operate the Plan in a manner that causes discrimination in favor of those Participants or Employees who are (or were) officers or highly compensated employees or key employees of the Employer (as defined in the Code). In addition, whenever in the administration of the Plan, any discretionary action by the Plan Administrator is required the Plan Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated shall receive substantially the same treatment.

3.10 Electronic Administration and Authorization of Payroll Deductions

The Plan Administrator may distribute and collect information or conduct transactions by means of electronic media, including, but not limited to, electronic mail systems, Internet, or voice response system, except when a specific provision of the Code, ERISA or other guidance of general applicability sets forth rules or standards regarding the media through which such dissemination of information or transaction may be conducted. By using electronic media, a Participant consents to deductions from his compensation in accordance with his elections made through the system.

3.11 Administrative Expenses

All expenses incurred prior to termination of the Cafeteria Plan that shall arise in connection with the administration of the Plan, including but not limited to administrative expenses, and compensation and other expenses and charges of any actuary, accountant, counsel, specialist or other person who shall be employed by the Plan Administrator in connection with the administration, shall be paid by the Plan Sponsor. All reasonable expenses incurred in administering the Cafeteria Plan may be paid by forfeitures to the extent provided with respect to Health Care FSA benefits and/or Dependent Care FSA benefits, and then by the Company. For HSA Benefits, a separate HSA trustee/custodial fee may be assessed by the Participant's HSA trustee/custodian. Any such fees will be paid by the Company while the Participant is an active Employee; however, the Company is not responsible for any fees that are not HSA trustee/custodial fees and such additional fees, such as an overdraft, shall be the responsibility of the Participant. If the Participant terminates employment with the Company, all fees will be the responsibility of the Participant; they will not be paid by the Company.

3.12 Bonding

To the extent required by ERISA or other applicable law with respect to benefits subject to ERISA, every fiduciary of the Cafeteria Plan or a Component Plan, including every person handling funds of the Cafeteria Plan or a Component Plan, shall be bonded. The Plan Administrator may apply for and obtain fiduciary liability insurance insuring the Cafeteria Plan against damages by reason of breach of fiduciary duty at the Plan's expense and insuring each fiduciary against liability to the extent permissible by law at the Plan Sponsor's expense.

3.13 Several Fiduciary Liability

To the extent permitted by law, the Plan Administrator shall not incur any liability for any acts or for failure to act, except for its own willful misconduct or willful breach of this Cafeteria Plan.

3.14 Compliance with Code, ERISA, and Other Applicable Laws

It is intended that the Cafeteria Plan meet all applicable requirements of the Code and ERISA and of all regulations issued thereunder. (ERISA applies to the medical and prescription drug, dental, vision, employee assistance program, life insurance, accidental death and dismemberment, long-term disability, short-term disability Component Plans of the Group Welfare Benefit Plan and the Health Care FSA component of the Cafeteria Plan but not to the Dependent Care FSA or the HSA Contribution Program. In addition, the Premium Payment Program is not, by itself, subject to ERISA; instead, it is a funding mechanism for benefits that generally are ERISA benefits as noted in Schedule b of the Group Welfare Benefit Plan. This Cafeteria Plan shall be construed, operated, and administered accordingly, and in the event of any conflict between any part, clause, or provision of this Cafeteria Plan and the Code and/or ERISA, the provisions of the Code and ERISA shall be deemed controlling, and any conflicting part, clause or provision of this Plan shall be deemed superseded to the extent of the conflict. In addition, the Cafeteria Plan will comply with the requirements of all other applicable laws.

3.15 Changes in Elections by Plan Administrator

Notwithstanding any other provision of the Cafeteria Plan, if the Plan Administrator determines at any time that the Cafeteria Plan, or any portion of the Cafeteria Plan, may fail to satisfy any nondiscrimination requirement imposed on the Cafeteria Plan, or such portion of the Cafeteria Plan, by the Code or any other applicable law, the Plan Administrator may take such action, as appropriate in the discretion of the Plan Administrator, to comply with the applicable requirement. Such action may include, without limitation, a modification of the elections of "highly compensated employees" or "key employees" (as defined in the relevant section of the Code), without the consent of the affected individuals.

Article 4. Amendment or Termination

4.1 Amendment or Termination

The Plan was established with the bona fide intention and expectation that it will be continued indefinitely. However, the Company, as Plan Sponsor, reserves the right to amend or terminate the Plan or any Component Plan at any time and from time to time and to any extent and in any manner that it deems advisable, by written resolution of the Board of Directors of the Company (the "Board"). The Board may, by written resolution, delegate to one or more persons the authority to exercise this right on its behalf, but the Board shall also retain at all times its own authority to exercise this right. Any delegation of authority pursuant to this Section 4.1 shall remain in effect until the Company revokes the delegation by written resolution of the Board, unless a shorter duration is specified in the initial delegation. In the case of any amendment that increases the benefits under the Cafeteria Plan of any person to whom the authority has been delegated under this Section 4.1 to amend the Plan, such amendment shall not become effective until approved by the Board by written resolution, unless such amendment applies generally to all Cafeteria Plan Participants or to all Participants of a Component Plan.

In the event that the Cafeteria Plan or a Component Plan is discontinued or terminated, all elections and agreements relating to the discontinued or terminated program shall terminate. No additional amounts shall be credited to Participants under such program, and payments under such program shall be made only with regard to expenses incurred during the remainder of the Plan Year, in accordance with the provisions of this Plan or a Component Plan, as the case may be. Written notice of any termination of the Cafeteria Plan and the effective date of such termination shall be provided to Participants.

The termination of a Component Plan (including terminating an Insurance Contract through which such benefits are provided), including a Component Plan under the Cafeteria Plan, is not a termination of the Cafeteria Plan; rather, it is an amendment to the Cafeteria Plan.

4.2 Effect of Amendment or Termination

(a) No amendment to or termination of the Cafeteria Plan or any Component Plan shall cause or permit the assets of the Cafeteria Plan to be used for any purpose other than to defray administrative expenses with respect to Component Plans and to pay benefits provided for under such Component Plan.

(b) All changes to this Cafeteria Plan shall become effective as of a date established by the Plan Administrator, as appropriate, except that no increase or reduction in benefits shall be effective with respect to covered expenses incurred prior to the date a change was adopted by such person(s), regardless of the effective date of the change. Upon termination or discontinuance, contributions and benefits (including benefit elections) relating to the Cafeteria Plan shall terminate.

(c) Upon termination of any Component Plan, any assets of the Cafeteria Plan funding such Component Plan shall be used to pay benefits that Participants have become entitled to receive under the terms of such Component Plan (or, if applicable, to pay premiums due to an Insurer or HMO with respect to such Component Plan) as of the date of termination, and to pay the administrative expenses incurred by the Cafeteria Plan before, and in connection with, the termination, all in accordance with the written direction of the Plan Administrator. The remaining assets shall be used to pay benefits that Participants have become entitled to receive under other Component Plans (or, if applicable, to pay premiums due to an Insurer or HMO with respect to such other Component Plans) and to pay the related administrative expenses of such other Component Plans in accordance with the written direction of the Plan Administrator. In no event shall the assets of the Cafeteria Plan inure to the benefit of the Company.

(d) Upon termination of the Cafeteria Plan, the assets of the Cafeteria Plan shall be used to pay benefits that Participants have become entitled to receive under the terms of a Component Plan, and to pay the administrative expenses incurred by the Cafeteria Plan relating to such Component Plan before and in connection with the termination, both in accordance with the written direction of the Plan Administrator. The Cafeteria Plan's remaining assets shall be disposed of in accordance with the written direction of the Plan Administrator. In no event shall the assets of the Cafeteria Plan inure to the benefit of the Company.

4.3 Certain New or Divested Employees

To the extent authorized by the Plan Administrator (or its designee), special provisions or accommodations may be made for individuals who become Participants by virtue of an acquisition by, or other transaction involving the Company or an Affiliate and for individuals who cease to be Participants by virtue of a divestiture by, or other transaction involving, the Company or an Affiliate.

Article 5. Miscellaneous

5.1 Governing Law

(a) This Plan shall be construed, administered and enforced according to the federal laws, including ERISA, governing employee benefit plans and, to the extent not inconsistent or preempted therewith, in accordance with the laws of the State of California. Any provision of this Plan in conflict with the law of any governmental body or agency which has jurisdiction over this Plan shall be interpreted to conform to the minimum requirements of such law.

(b) Except as otherwise provided in a Component Plan or in subsection (c), below, the Component Plans shall be governed by and administered under ERISA, the Code, and, to the extent not preempted thereby, under the laws of the State of California.

(c) In the case of Component Plans provided by an Insurer or HMO under an Insurance Contract or an HMO Contract, as the case may be, the Insurance Contract or HMO Contract shall be governed by ERISA, the Code, and, to the extent not preempted thereby, under such state law as is applicable to such Insurance Contract or HMO Contract.

(d) Such federal laws, to the extent applicable to a particular Component Plan or Cafeteria Plan, shall include but shall not be limited to:

1. **Continuation of Coverage under COBRA**. For each benefit made available under this Cafeteria Plan that is considered to be a "group health plan" under Section 5000(b)(1) of the Code due to Employees and their Spouses and Dependents being provided with health care benefits within the meaning of Section 213(d)(1) of the Code, the Cafeteria Plan (the Health Care FSA) shall provide health care continuation coverage to qualified beneficiaries in the manner and to the extent required by Section 4980B of the Code and Sections 601-608 of ERISA and related regulations, including applicable amendments to such sections.

2. **USERRA**. For each Component Plan that is subject to continuation coverage under the Uniformed Services Employment and Reemployment Rights Act of 1994, the Cafeteria Plan shall comply.

3. **HIPAA**. The Cafeteria Plan (the Health Care FSA) shall administer the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") dealing with special enrollment rights in the manner and to the extent required by the applicable requirements of Section 701 of ERISA to the extent applicable, as well as the provisions of the HIPAA Privacy Rule and the HIPAA Security Rule, as explained in Article 4 of Schedule B-2 of this Cafeteria Plan.

4. **GINA**. The Cafeteria Plan shall comply with the provisions of GINA and accordingly, shall not, unless expressly permitted by GINA or corresponding regulations, restrict enrollment or adjust premiums based on genetic information, or require or request genetic information or genetic testing, prior to, or in connection with, enrollment.

5. **Affordable Care Act**. The Cafeteria Plan shall comply with the relevant provisions of the Affordable Care Act.

5.2 Agent for Service of Legal Process

Service of legal process involving the Cafeteria Plan may be delivered to the Plan Administrator in care of:

Lam Research Corporation
4650 Cushing Parkway
Fremont, CA 94538
Attn: Benefits

5.3 No Vested Rights

To the maximum extent permitted by law, no person shall acquire any right, title, or interest in or to any portion of an Insurance Contract or HMO Contract otherwise than by the actual payment or distribution of such portion under the provisions of the Cafeteria Plan or a Component Plan, or acquire any right, title, or interest in or to any benefit referred to or provided for in the Cafeteria Plan or any Component Plan otherwise than by actual payment of such benefit. Further, no person has any right, title, or interest in or to the assets of the Company because of the Cafeteria Plan.

5.4 Information to be Furnished

Any person eligible to receive benefits hereunder shall furnish to the Plan Administrator, its delegate, an Insurer or HMO, as applicable, any information or proof requested by the Plan Administrator, its delegate, or any such Insurer or HMO and reasonably required for the proper administration of the Cafeteria Plan or a Component Benefit. Failure on the part of any person to comply with any such request within a reasonable period of time shall be sufficient ground for delay in the payment of any benefits that may be due under the Cafeteria Plan or a Component Plan until such information or proof is received by the Plan Administrator, its delegate, Insurer or HMO, as the case may be. If any person claiming benefits under the Cafeteria Plan or a Component Benefit makes a false statement that is material to such person's claim for benefits, the Plan Administrator, its delegate, Insurer or HMO, as the case may be, may offset against future payment any amount paid to such person to which such person was not entitled under the provisions of the Cafeteria Plan or a Component Benefit. Further, the Plan Administrator has the authority to take such additional action, as may be deemed necessary, to make the Cafeteria Plan whole, in accordance with the law.

5.5 Non-Alienation

To the extent required by law, the rights or interests of any Participant or his beneficiary to any benefits hereunder shall not be subject to attachment or garnishment or other legal process by any creditor of any such Participant, nor shall any such Participant have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits which he may expect to receive, contingently or otherwise, under this Plan, and any attempt to anticipate, alienate, commute, pledge, encumber, or assign any right to benefits hereunder shall be void. Notwithstanding the foregoing, the Plan Administer may pay Plan benefits directly to the provider of services. Such payment shall fully discharge the Plan Administrator from further liability under the Plan.

5.6 Non-Guarantee

Neither the Company nor any fiduciary shall be held or deemed in any manner to guarantee the Cafeteria Plan or a Component Benefit against loss or depreciation.

5.7 No Guarantee of Employment

Neither the establishment and maintenance of this Cafeteria Plan, nor any modification thereof, nor the creation of any Account, nor the payment of any benefits shall be construed as giving to any Employee or other person, any legal right or equitable right against the Company, any officer, director or employee of the Company, or against the Plan Administrator, except as herein provided. Under no circumstances shall the terms of employment of any Participant or Employee be modified or in any way affected by this Cafeteria Plan nor shall such establishment or continuance interfere with the right of the Company to discharge any employee or any other person or to deal with him without regard to the existence of the Cafeteria Plan or the Component Plan.

5.8 No Guarantee of Tax Consequences

Neither the Company nor the Plan Administrator makes any commitment or guarantee that any amounts paid or allocated to or for the benefit of a Participant under the Cafeteria Plan or any Component Plan will be excludable from Participant's gross income for federal, state, and/or local income tax purposes, or that any other federal, state, and/or local tax treatment will apply or be available to any Participant. It shall be the obligation of each Participant to determine whether any coverage, benefit, or other payment under the Cafeteria Plan is excludable from the Participant's gross income for federal, state, and/or local income tax purposes, and to notify the Company if the Participant has reason to believe that any such payment treated by the Company as nontaxable is, in fact, not so excludable.

If the Plan Administrator determines that any benefits which the Company had treated as nontaxable to any Participant for federal, state, and/or local income tax purposes are, in fact, taxable to the Participant due to any reason, including but not limited to erroneous information provided by the Participant or otherwise used by the Company, such Participant shall pay all such taxes (including any related penalties and interest) directly or reimburse the Company for any such taxes (including any related penalties and interest) paid by the Company.

5.9 Incapacity

If the Plan Administrator determines that a Participant entitled to benefits hereunder is unable to care for his affairs because of illness or accident, any benefit payment due to such Participant shall be paid to his duly appointed guardian or legal representative; provided that, if there shall be no such duly appointed guardian or legal representative, any benefit payment due to such Participant may be paid for the benefit of such Participant to his spouse, parent, brother, sister, or other third party deemed by the Plan Administrator to have incurred expenses for such Participant. Benefit payments made to a third party pursuant to this section shall completely discharge the Plan, the Plan Administrator, and the Employer of any liability to such Participant or other person arising under the Plan.

5.10 Death

Unless otherwise provided under the terms of an applicable Summary Plan Description, Summary of Coverage, Summary of Insurance, Insurance Contract, or HMO Contract, claims on behalf of a Participant after such Participant's death may be made by, and, unless denied, shall be paid to, such Participant's estate. Payments made pursuant to this Section 5.10 shall completely discharge the Plan, the Plan Administrator, the Employer, and if applicable, the Insurer or HMO of any liability to such Participant or other person arising under the Plan.

5.11 Incorporation by Reference

The Incorporated Documents, as each is amended from time to time, are hereby specifically incorporated into the Cafeteria Plan by reference. The Incorporated Documents will be incorporated into the Cafeteria Plan to the extent that such document references the Cafeteria Plan and specifies the ability to pay for benefits on a pre-tax basis as explained in the Premium Payment Program (Schedule A), references access to an FSA (Schedule B), or the ability to contribute on a pre-tax basis to an HSA (Schedule C).

5.12 No Examination or Accounting

Neither the Plan nor any action taken hereunder shall be construed as giving any person the right to an accounting or to examine the books or affairs of the Employer.

5.13 Participant Responsibilities

The provisions of any health benefit program under the Cafeteria Plan shall not be construed to limit a Participant with regard to the choice of medical treatment or services, such choices including, but not limited to, the kind, type, duration, amount, or results thereof. Obtaining medical or other health care treatment or services and determining which services to utilize shall be at the sole discretion of the Participant and shall not be construed, interpreted, or deemed as resulting from the Cafeteria Plan.

Each Participant shall be solely responsible for deciding the health care that the individual receives and shall make such a decision as to his health care independent of any determinations to whether reimbursement will or will not be made under the Cafeteria Plan for a health care service or supply. The determination of whether or not a service or supply is medically necessary is made solely for purposes of determining whether benefits will be paid under the Cafeteria Plan, and is not intended to be advice to an individual concerning that individual's health care treatment. Each Participant shall be solely responsible for selecting the health care professionals, hospitals, and other institutions that will provide health care services and supplies to that individual.

Each Participant shall be responsible for providing the Plan Administrator and/or the Company with the Participant's current U.S. mailing address and/or electronic address. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address furnished by the Participant and mailed either by regular U.S. mail or by electronic means as specified in Section 2520.104b-1(c) of ERISA. The Plan Administrator and the Company shall not have any obligation or duty to locate a Participant. In the event that a Participant becomes entitled to a payment under this Cafeteria Plan and such payment is delayed or cannot be made:

(a) Because of conflicting claims to such payments; or

(b) For any other reason, the amount of such payment, if and when made, shall be determined under the provisions of this Cafeteria Plan without payment of any interest or earnings.

5.14 Indemnification of Employer by FSA Participants

If any FSA Participant receives any payment(s) under Schedule B-1 that is not or are not for Dependent Care Expenses, such FSA Participant shall indemnify and reimburse the Employer for any liability the Employer may incur for failure to withhold federal, state, or local tax from such payment(s). In addition, if any FSA Participant receives any payment(s) under Schedule B-2 that is not or are not for Health Care FSA Expenses, such FSA Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold any federal, state, or local tax from such payment(s).

5.15 Clerical Error/Delay

Clerical errors made on the records of the Plan Administrator and delays in making entries on such records shall not invalidate coverage or cause coverage to be in force or to continue in force. Rather, the effective dates of coverage shall be determined solely in accordance with the provisions of this Cafeteria Plan regardless of whether any contributions with respect to Participants have been made or have failed to be made because of such errors or delays. Upon discovery of any such error or delay, an equitable adjustment of any such contributions will be made.

5.16 Severability

If any provision of the Plan is held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan. The Company shall have the privilege and opportunity to correct and remedy those questions of invalidity or illegality by amendment as provided in the Cafeteria Plan.

5.17 Waiver

The failure of the Plan Administrator to strictly enforce any provision of this Plan shall not be construed as a waiver of the provision. Rather, the Plan Administrator shall have the right to strictly enforce each and every provision of this Plan at any time regardless of the prior conduct of the Plan Administrator and regardless of the similarity of the circumstances or the number of prior occurrences.

5.18 Headings

The headings used in this Plan are for the purpose of convenience or reference only. Cafeteria Plan Participants and FSA Participants are advised not to rely on any provisions because of the heading. In all cases, the full text of this Plan shall control.

5.19 Legal Actions

In any action or proceeding involving the Plan assets or any property constituting part or all thereof, or the administration thereof, no Employee, former Employee, Cafeteria Plan Participant, Dependent, or any other person having or claiming to have an interest in this Plan shall be necessary parties and no such person shall be entitled to any notice or process, except to the extent required by applicable law. Any final judgment that is not appealed or appealable that may be entered in any such action or proceeding shall be binding and conclusive on the parties hereto and upon all persons having or claiming to have any interest in this Plan.

5.20 Misrepresentation or Fraud

A person who receives a benefit under the Plan as a result of false information or a misleading or fraudulent representation shall repay all amounts paid by the Plan and shall be liable for all costs of collection, including attorneys' fees.

5.21 Force Majeure

Should the performance of any act required by the Plan be prevented or delayed by reason of a natural catastrophe, strike, lock-out, labor dispute, war, riot, or any other cause beyond the Plan's control, the time for performance of the act shall be extended for a reasonable period of time, and non-performance of the act during the period of delay shall be excused. In such event, however, all parties shall use reasonable efforts to perform their respective obligations under the Plan.

SCHEDULE A. PREMIUM PAYMENT PROGRAM

Article 1. Establishment of, and Definitions for, the Premium Payment Program

1.1 Establishment of the Program

This Schedule A sets forth the provisions of the Premium Payment Program, which, along with the FSA and pre-tax contribution feature attributable to an HSA, is part of the Plan.

1.2 Definitions

Capitalized terms as used in the Cafeteria Plan shall have the meaning set forth in the main Plan document, unless a different meaning is required by the context.

Article 2. Eligibility For and Participation in the Premium Payment Program

2.1 Commencement of Participation

An Employee shall become a Premium Payment Program Participant on the later of:

(a) The effective date of the Cafeteria Plan, as amended and restated herein; or

(b) The day the Employee is eligible to enroll in any of the Component Plans.

Notwithstanding the foregoing, to be eligible to become a Premium Payment Program Participant, the Employee must meet all eligibility criteria set forth in the applicable Summary Plan Description for the Component Plans.

2.1 Cessation of Participation

A Premium Payment Program Participant shall cease to be a Premium Payment Program Participant on the earlier of:

(a) The date on which the Premium Payment Program terminates; or

(b) The date on which the Premium Payment Program Participant is no longer eligible to receive benefits under the Premium Payment Program as set forth in the applicable Summary Plan Description.

Article 3. Cafeteria Plan Benefit Options and Elections For the Premium Payment Program

3.1 Cafeteria Plan Benefit Options

The Cafeteria Plan Benefit Options available under the Premium Payment Program to a Premium Payment Program Participant shall be specified in the applicable Summary Plan Description and/or enrollment materials. Notwithstanding the foregoing, the Cafeteria Plan shall only be used to pay for qualified benefits under Section 125 of the Code. In no event shall a Cafeteria Plan Participant be permitted to utilize the Cafeteria Plan to pay for nonqualified benefits, as that term is defined by Section 125 of the Code.

In addition, the applicable Summary Plan Description and/or enrollment materials shall set forth whether a Premium Payment Program Participant's portion of the contributions and/or premiums for each available Cafeteria Plan Benefit Option may be:

(a) Paid for with Salary Reduction Contributions;

(b) Paid for by the Premium Payment Program Participant on an after-tax basis; or

(c) Paid for, at the election of the Premium Payment Program Participant, either with Salary Reduction Contributions or by the Premium Payment Program Participant on an after-tax basis.

The Premium Payment Program Participant may make an election, consistent with the applicable Summary Plan Description and/or enrollment materials and this Article 3, to reduce his Earnings by, or have deducted from his Earnings, an amount sufficient to pay his portion of the contributions and/or premiums with respect to those Cafeteria Plan Benefit Options in which he elects to participate. This election is referred to as a Salary Reduction Contribution election.

3.2 Available Credits

(a) The Employer may, but shall not be required to, make available to a Premium Payment Program Participant annual flex credits with respect to one or more Cafeteria Plan Benefit Options under which the Premium Payment Program Participant is eligible to elect coverage. The availability of flex credits shall be set forth in the applicable Summary Plan Description and/or enrollment materials. In the event such flex credits shall be made available for a particular Plan Year, the total flex credits available with respect to a Cafeteria Plan Benefit Option may be used by a Premium Payment Program Participant to pay his portion of the contributions and/or premiums with respect to such Cafeteria Plan Benefit Option. Any available flex credits for a Plan Year that are not used by a Premium Payment Program Participant to pay his portion of the contributions and/or premiums with respect to elected Cafeteria Plan Benefit Options for such Plan Year shall be paid, at the time and in the manner described in the applicable Summary Plan Description, to such Premium Payment Program Participant in cash during such Plan Year.

(b) The Employer may, but shall not be required to, make available to a Premium Payment Program Participant annual opt-out credits with respect to one or more Cafeteria Plan Benefit Options under which the Premium Payment Program Participant is eligible to elect coverage. The availability of opt-out credits shall be set forth in the applicable Summary Plan Description and/or enrollment materials. In the event such opt-out credits shall be made available for a particular Plan Year, the total annual opt-out credits available with respect to a Cafeteria Plan Benefit Option shall be paid, at the time and in the manner described in the applicable Summary Plan Description, to a Premium Payment Program Participant during the Plan Year for which the

Premium Payment Program Participant elects no coverage for himself or any of his eligible Dependents under that Cafeteria Plan Benefit Option because of coverage under another benefit plan.

(c) The Employer may, but shall not be required to, make available to a Premium Payment Program Participant other types of benefit credits with respect to one or more Cafeteria Plan Benefit Options under which the Premium Payment Program Participant is eligible to elect coverage. The availability of benefit credits shall be set forth in the applicable Summary Plan Description and/or enrollment materials. In the event such benefit credits shall be made available for a particular Plan Year, the total benefit credits available with respect to a Cafeteria Plan Benefit Option shall be paid, at the time and in the manner described in the applicable Summary Plan Description, to the Premium Payment Program Participant during the Plan Year for which the Premium Payment Program Participant satisfies the applicable requirements for receiving the benefit credits.

3.3 Elections

A Premium Payment Program Participant may make an election, consistent with the applicable Summary Plan Description and/or enrollment materials and this Article 3, to reduce his Earnings by, or have deducted from his Earnings, an amount sufficient to pay his portion of the contributions and/or premiums with respect to those Cafeteria Plan Benefit Options in which he elects to participate.

A Premium Payment Program Participant may make such a Salary Reduction Contribution election by formally enrolling in a manner prescribed by the Plan Administrator. The enrollment must set forth:

(a) The Premium Payment Program Participant's election of such available Cafeteria Plan Benefit Options as the Premium Payment Program Participant shall specify;

(b) The Premium Payment Program Participant's Salary Reduction Contribution election specifying the amount Earnings are to be reduced (or deducted from) to pay for each available Cafeteria Plan Benefit Option that the Premium Payment Program Participant elects; and

(c) The Premium Payment Program Participant's agreement that his future Earnings shall be altered by the amount of reduced (or deducted) Earnings in accordance with his elections.

3.4 Election Procedure

Before the commencement of each Plan Year, the Plan Administrator shall provide an enrollment opportunity to each eligible Premium Payment Program Participant. Each eligible Premium Payment Program Participant shall complete the enrollment, specifying his elections in accordance with Sections 3.1 and 3.3 of this Schedule A. The enrollment must be completed prior to the deadline prescribed by the Plan Administrator as described in annual enrollment materials and shall be effective as of the first day of the next succeeding Plan Year; provided that elections made pursuant to Section 3.6 or 3.8 of this Schedule A shall apply to the remaining portion of the Plan Year during which the enrollment occurs.

3.5 Failure to Elect

Unless otherwise provided in the Incorporated Documents, if a Premium Payment Program Participant fails to complete his enrollment by the deadline prescribed by the Plan Administrator before the beginning of a Plan Year in accordance with this Article 3 Schedule A, the Premium Payment Program Participant shall be defaulted into his prior elections for medical, dental and vision coverage, as well as employee-only elections for basic life insurance and basic accidental death and dismemberment insurance.

3.6 New Employees

Any Employee who, during a Plan Year, becomes a Premium Payment Program Participant in accordance with Section 2.1 of this Schedule A for the first time or becomes a Premium Payment Program Participant after having terminated employment with the Employer may, within the time period specified in the applicable Summary Plan Description and/or enrollment materials, enroll in accordance with this Article 3 of Schedule A, setting forth his elections with respect to the remaining portion of that Plan Year.

Notwithstanding the foregoing, to the extent required to preserve the qualification of the Plan as a cafeteria plan under Section 125 of the Code, a Premium Payment Program Participant who terminates employment with the Employer and is rehired by the Employer during the same Plan Year, and within 30 days of his date of the prior termination, may, with respect to the remaining portion of such Plan Year, elect only such coverage as was in effect immediately before his termination. Any election made by a Premium Payment Program Participant who is required to be reinstated to prior coverage under this Section 3.6 shall be effective as of the date of rehire. In the event that a Premium Payment Program Participant subject to this Section 3.6 (other than a Premium Payment Program Participant required to be reinstated to prior coverage under this Section 3.6) fails to enroll within the time period specified in the applicable Summary Plan Description and/or enrollment materials, such Employee shall be deemed to have made no election, unless the applicable Summary Plan Description and/or enrollment materials specifies a different result.

3.7 Irrevocability of Elections

Elections made under the Premium Payment Program shall be irrevocable by the Premium Payment Program Participant with respect to the Plan Year to which they apply, except as provided in Section 3.8 of this Schedule A.

3.8 Mid-Year Election Changes

A Premium Payment Program Participant may revoke his elections with respect to the remainder of the Plan Year in which a qualified change in status or other qualified event (collectively, “Qualifying Life Event”) occurs by completing an enrollment or a new enrollment, within the time period specified in the applicable Summary Plan Description after the occurrence of the Qualifying Life Event, in accordance with Section 3.3 of this Schedule A, that sets forth new elections (or revocations of elections) that are consistent with the Qualifying Life Event. The Plan Administrator shall have the authority to determine whether an event is a Qualifying Life Event for purposes of this Section 3.8; provided, however, that such determination shall be made in a manner consistent with the description of what constitutes a Qualifying Life Event as set forth in the applicable Summary Plan Description and in a manner consistent with regulations prescribed by the Secretary of Treasury under Section 125 of the Code and the special enrollment period rules under HIPAA. A new enrollment completed after a Qualifying Life Event shall be effective as of the date specified by the applicable Summary Plan Description.

3.9 Termination of Elections

Elections by a Premium Payment Program Participant in effect under the Premium Payment Program with respect to a Plan Year shall automatically terminate on the earliest of:

(a) The date on which the Premium Payment Program is terminated;

(b) The date on which the Company ceases to provide a Cafeteria Plan Benefit Option specified in Section 3.1 of this Schedule A, but such a termination shall affect only elections pertaining to the Cafeteria Plan Benefit Option that is no longer provided;

(c) The date on which the Premium Payment Program Participant ceases to be eligible for a Cafeteria Plan Benefit Option specified in Section 3.1 of this Schedule A, but such a cessation of eligibility shall affect only elections pertaining to the Cafeteria Plan Benefit Option for which the Premium Payment Program Participant has ceased to be eligible; or

(d) With respect to all elections, the last day of the Plan Year.

Article 4. Contributions For Premium Payment Program Participants

4.1 Crediting of Contributions

Except as provided in Sections 4.3 and 4.4 of this Schedule A, during a Plan Year with respect to which a Premium Payment Program Participant's elections are in effect, the Plan Administrator shall reduce, or deduct from, the Premium Payment Program Participant's Earnings substantially uniform amounts of the Salary Reduction Contributions. Contemporaneously with such reductions or deductions, the Plan Administrator shall credit to the Premium Payment Program Participant an amount equal to the reduction in, or deduction from, the Premium Payment Program Participant's Earnings. The amount of any reduction in, or deduction from, the Premium Payment Program Participant's Earnings shall be determined in accordance with the elections made by such Premium Payment Program Participant pursuant to Article 3 of this Schedule A; provided that no single reduction, or deduction, may exceed the Earnings that would otherwise be paid to a Premium Payment Program Participant at any time. No income or interest of any kind shall accrue on, or be credited to, the amounts credited to any Premium Payment Program Participant under the Premium Payment Program.

4.2 Transfers

An amount that is credited to a Premium Payment Program Participant for any particular Cafeteria Plan Benefit Option may not be transferred to any other Cafeteria Plan Benefit Option (of such Premium Payment Program Participant or of any other Premium Payment Program Participant) or to any Account established by such Premium Payment Program Participant (or any other Premium Payment Program Participant) under the FSA or HSA under any circumstances; nor may any amount allocable to a Plan Year be reallocated to any other Plan Year.

4.3 Leaves of Absence

(a) To the extent provided in the applicable Summary Plan Description and/or the Employer's leave of absence practice, a Premium Payment Program Participant shall remain eligible to participate in the Premium Payment Program during any paid or unpaid leave of absence approved by the Employer.

(b) Any such continued participation in the Cafeteria Plan pursuant to this Section 4.3 shall be administered under rules (including but not limited to rules requiring payment by the Premium Payment Program Participant to continue participation) established by the Employer as set forth in the applicable Summary Plan Description and/or the Employer's leave of absence practice. Such rules of administration shall be consistent with applicable law, including but not limited to the FMLA and USERRA.

(c) If an approved leave of absence terminates and the Premium Payment Program Participant does not resume active employment as an eligible Employee, then coverage shall be continued only to the extent required under federal or state COBRA continuation coverage laws.

4.4 Cessation of Crediting of Contributions

Salary Reduction Contributions and credits to a Premium Payment Program Participant, if not earlier suspended pursuant to an applicable Employer leave of absence practice, shall cease on the date the Premium Payment Program Participant's elections terminate in accordance with Section 3.9 of this Schedule A.

Article 5. Payment of Premium Payment Program Benefits

5.1 Payment By Employer

The Employer shall pay on behalf of each Premium Payment Program Participant the amount that the Premium Payment Program Participant elects as a Salary Reduction Contribution for each Cafeteria Plan Benefit Option that the Premium Payment Program Participant has elected; provided that no payment for a particular Cafeteria Plan Benefit Option at any time on behalf of a Premium Payment Program Participant during a Plan Year shall exceed, at the time of payment, the balance of the Premium Payment Program Participant's Salary Reduction Contributions allocable to such Cafeteria Plan Benefit Option for that Plan Year.

Schedule B. The Flexible Spending Account Program

Article 1. Establishment of, and Definitions for, the FSA

1.1 The Establishment of the FSA

This Schedule B, including Schedules B-1 and B-2, sets forth the provisions of the FSA, which, along with the Premium Payment Program and the pre-tax contribution feature attributable to an HSA, is part of the Plan. The FSA program is subject to Section 125 of the Code and related regulations and guidance; the FSA program is comprised of two separate FSAs: the Dependent Care FSA which also is subject to the provisions of Section 129 of the Code and related guidance and the Health Care FSA which also is subject to Section 105(b) of the Code and related guidance.

1.2 Definitions

Capitalized terms as used in the FSA shall have the meaning set forth in the main Plan document, unless a different meaning is specifically set forth herein or is required by the context.

Article 2. Eligibility For and Participation In the FSA

2.1 Eligibility

(a) **Commencement of Eligibility.** An Employee shall become eligible to participate in the FSA on the day the Employee has met all eligibility criteria set forth in the applicable Summary Plan Description. Notwithstanding any other provision of this Plan, an eligible Employee shall not be eligible for the Health Care FSA unless he is also eligible to participate in a medical option.

(b) **Termination of Eligibility.** Except to the extent provided under COBRA, an Employee shall cease to be eligible to participate in the FSA on the earliest of these dates:

1) The date on which he ceases to be an Employee as explained in the Summary Plan Description;

2) The date on which he ceases to be eligible to participate in the Plan; or

3) The date on which he ceases to meet any other eligibility criteria set forth in the applicable Summary Plan Description.

(c) **Reinstatement of Eligibility.** If an individual's eligibility to participate in the FSA ceases, he shall again be eligible to participate in the FSA as of the date on which he again becomes an Employee and meets all applicable eligibility criteria to participate in the FSA.

2.2 FSA Participant

(a) **Commencement of Participation.** An eligible Employee shall become an FSA Participant on the date on which his enrollment becomes effective in accordance with Article 3 of this Schedule B.

(b) **Cessation of Participation.** An FSA Participant shall cease to be an FSA Participant on the last day of the Plan Year if the FSA Participant does not have valid elections in effect under the FSA with respect to the following Plan Year.

If an FSA Participant ceases to be an FSA Participant for any reason, the FSA Participant's elections under the FSA for reimbursement of Dependent Care Expenses and/or Health Care FSA Expenses shall terminate, and the FSA Participant shall be entitled to reimbursement under the FSA only for the Dependent Care Expenses and/or Health Care FSA Expenses incurred while an FSA Participant.

Article 3. FSA Options and Elections

3.1 FSA Options

An eligible Employee may elect to forego receiving a portion of his Earnings with respect to a Plan Year and, in lieu of receiving the foregone Earnings in cash, shall be eligible to enroll in the FSA for reimbursement of the following expenses as he elects:

(a) **Dependent Care Expenses.** An eligible FSA Participant may elect to have an amount equal to his foregone Earnings credited to a Dependent Care FSA to be available for reimbursement of Dependent Care Expenses in accordance with the provisions of Schedule B-1. Amounts elected by an FSA Participant to be credited to his Dependent Care FSA may not exceed the limitations established in Schedule B-1.

(b) **Health Care FSA Expenses.** An eligible FSA Participant may elect to have an amount equal to his foregone Earnings credited to a General Purpose Health Care FSA or to a Limited Purpose Health Care FSA, as applicable, to be available for reimbursement of eligible Health Care FSA Expenses in accordance with the provisions of Schedule B-2. Amounts elected by an FSA Participant to be credited to his Health Care FSA may not exceed the limitations established in Schedule B-2.

3.2 Elections

An eligible Employee may make an election, as described in Section 3.1 of this Schedule B, by formally enrolling in a manner prescribed by the Plan Administrator. The enrollment must set forth:

(a) The eligible Employee's election to establish such Accounts as the Employee shall specify;

(b) The eligible Employee's election of the amount that the Plan Administrator shall credit to each of the Accounts that the Employee elects to establish; and

(c) The eligible Employee's agreement that his future Earnings shall be reduced by the amount of foregone Earnings credited to his Accounts.

3.3 Election Procedure

Before the commencement of each Plan Year, the Plan Administrator shall provide an enrollment opportunity to each eligible Employee. Each eligible Employee who wishes to participate in the FSA for the following Plan Year shall complete the enrollment, specifying his elections in accordance with Sections 3.1 and 3.2 of this Schedule B. The enrollment must be completed prior to the deadline prescribed by the Plan Administrator as described in the annual enrollment materials and shall be effective as of the first day of the next succeeding Plan Year; provided that elections made pursuant to Section 3.5 or 3.7 of this Schedule B shall apply to the remaining portion of the Plan Year during which the enrollment occurs.

3.4 Failure to Elect

Unless otherwise provided in the applicable Summary Plan Description and/or enrollment materials, if an eligible Employee fails to complete his enrollment by the deadline prescribed by the Plan Administrator before the beginning of a Plan Year in accordance with Section 3.3 of this Schedule B, the eligible Employee shall not be an FSA Participant and shall be deemed to have made no FSA election for the applicable Plan Year (i.e., the amount of any reduction in the eligible Employee's Earnings for purposes of contributing to an FSA shall be zero).

3.5 New Employees

Any Employee who, during a Plan Year, becomes eligible, in accordance with Article 3 of this Schedule B, to be an FSA Participant for the first time or to be an FSA Participant after having terminated employment with the Employer may, within the time period specified in the applicable Summary Plan Description and/or enrollment materials, enroll in accordance with Sections 3.1 and 3.2 of this Schedule B, setting forth his elections with respect to the remaining portion of that Plan Year.

Notwithstanding the foregoing, to the extent required to preserve the qualification of the Plan as a cafeteria plan under Section 125 of the Code, an FSA Participant who terminates employment with the Employer and is rehired by the Employer during the same Plan Year, and within 30 days of his date of the prior termination, may, with respect to the remaining portion of such Plan Year, elect only such coverage as was in effect immediately before his termination as explained in Treas. Reg. section 1.125-4(c)(4) example 8, provided there is no other intervening qualifying event that would permit a new election, as described in Section 3.7. Any election made by an FSA Participant who is required to be reinstated to prior coverage under this Section 3.5 shall be effective as of the date of rehire. Any other election pursuant to this Section 3.5 shall be effective as of the date of the election, and coverage from the date of hire to the date of the election shall be provided in accordance with the default elections set forth in the applicable Summary Plan Description and/or enrollment materials. In the event that an eligible Employee subject to this Section 3.5 (other than an FSA Participant required to be reinstated to prior coverage under this Section 3.5) fails to enroll within the time period specified in the applicable Summary Plan Description and/or enrollment materials, such Employee shall be deemed to have made no election as set forth in Section 3.4 of this Schedule B (i.e., the amount of any reduction in the Employee's Earnings for purposes of contributing to an FSA shall be zero).

3.6 Irrevocability of Elections

Elections made under the FSA shall be irrevocable by the FSA Participant with respect to the Plan Year to which they apply, except as provided in Section 3.7 of this Schedule B.

3.7 Mid-Year Election Changes

An FSA Participant may revoke his elections with respect to the remainder of the Plan Year in which a qualified change in status or other qualified event (collectively, "Qualifying Life Event") occurs by completing an enrollment or a new enrollment, within the time period specified in the applicable Summary Plan Description after the occurrence of the Qualifying Life Event, in accordance with Section 3.2 of Schedule A herein, that sets forth new elections (or revocations of elections) that are consistent with the Qualifying Life Event. The Plan Administrator shall have the authority to determine whether an event is a Qualifying Life Event for purposes of this Section 3.7; provided, however, that such determination shall be made in a manner consistent with the description of what constitutes a Qualifying Life Event as set forth in the applicable Summary Plan Description and in a manner consistent with regulations prescribed by the Secretary of Treasury under Section 125 of the Code. A new enrollment completed after a Qualifying Life Event shall be effective as of the date specified by the applicable Summary Plan Description.

3.8 Termination of Elections

Elections by an FSA Participant in effect under the FSA with respect to a Plan Year shall automatically terminate on the earliest of:

(a) The date on which the FSA is terminated;

(b) The date on which the Employer ceases to provide a Dependent Care FSA or Health Care FSA specified in Section 3.1 of this Schedule B, but such a termination shall affect only elections pertaining to the Account that is no longer provided;

(c) The date on which the FSA Participant ceases to be eligible for a Dependent Care FSA or Health Care FSA specified in Section 3.1 of this Schedule B, but such a cessation of eligibility shall affect only elections pertaining to the Account for which the FSA Participant has ceased to be eligible; or

(d) With respect to all elections, the last day of the Plan Year.

Notwithstanding the termination during a Plan Year of an FSA Participant's elections in accordance with this Section 3.8, an FSA Participant may submit claims for reimbursements from his Account(s), and the Plan Administrator shall make payments in accordance with Article 5 of this Schedule B, with respect to Account balances allocable to the Plan Year and Dependent Care Expenses or Health Care FSA Expenses reimbursable in accordance with Schedule B-1 or Schedule B-2, as applicable, until the FSA Submission Deadline.

Article 4. Contributions and Accounts for FSA Participants

4.1 Establishment of Accounts

The Plan Administrator shall establish a Dependent Care FSA and/or a General Purpose Health Care FSA and/or a Limited Purpose Health Care FSA for each FSA Participant who elects to establish such Account(s) in accordance with Article 3 of this Schedule B.

4.2 Contributions to Accounts

(a) Except as provided in Sections 4.4 and 4.5 of this Schedule B, during a Plan Year with respect to which an FSA Participant's elections are in effect, the FSA Participant's Earnings shall be reduced during the Plan Year through substantially uniform reductions. The amount of any reduction in the FSA Participant's Earnings shall be determined in accordance with the elections made by the FSA Participant pursuant to Article 3 of this Schedule B; provided that no single reduction may exceed the Earnings that would otherwise be paid to an FSA Participant at any time.

(b) Except as provided in Sections 4.4 and 4.5 of this Schedule B, the Plan Administrator shall credit an FSA Participant's Account(s) as provided in Schedule B-1 and/or Schedule B-2, as applicable, in accordance with the FSA Participant's elections made pursuant to Article 3 of this Schedule B. Each Account shall separately identify the credited amounts that are allocable to each Plan Year. No income or interest of any kind shall accrue on, or be credited to, the amounts credited to any FSA Participant's Account under the FSA.

4.3 Transfers

An amount that is credited to an FSA Participant's Account may not be transferred to any other Account (of such FSA Participant or of any other FSA Participant) or to any Cafeteria Plan Benefit Option available under the Cafeteria Plan or the Group Welfare Benefit Plan to such FSA Participant (or to any other FSA Participant) under any circumstances; nor may any amount allocable to a Plan Year be reallocated to any other Plan Year, except for any carryover amounts allowed under the Health Care FSA and described in Section 3.8 of Schedule B-2 herein.

4.4 Leaves of Absence

(a) To the extent provided in the applicable Summary Plan Description and/or the Employer's leave of absence policy, an FSA Participant shall remain eligible to participate in the FSA during any paid or unpaid leave of absence approved by the Employer.

(b) Any such continued participation in the FSA pursuant to this Section 4.4 shall be administered under rules (including but not limited to rules requiring payment by the FSA Participant to continue participation) established by the Employer as set forth in the applicable Summary Plan Description and/or the Employer's written leave of absence practice. Such rules of administration shall be consistent with applicable law, including but not limited to the federal FMLA and USERRA.

(c) If an approved leave of absence terminates and the FSA Participant does not resume active employment as an eligible Employee, then coverage shall be continued only to the extent required under federal or state COBRA continuation coverage laws. COBRA continuation coverage laws do not apply to the Dependent Care FSA .

4.5 Cessation of Crediting of Accounts

Reduction in the FSA Participant's Earnings and credits to the FSA Participant's Account(s), if not earlier suspended pursuant to an applicable Employer leave of absence practice, shall cease on the earlier of:

(a) The date the FSA Participant's elections terminate in accordance with Section 3.8 of this Schedule B; or

(b) The date the FSA Participant ceases to be an eligible Employee.

Article 5. Payment of FSA Benefits

5.1 Dependent Care FSA Reimbursement

The Employer or its designee shall reimburse Dependent Care Expenses incurred by the FSA Participant during the period of coverage for which an FSA election is in force, in accordance with the provisions of Schedule B-1; provided that, unless otherwise provided in the applicable Summary Plan Description, no payment at any time on behalf of an FSA Participant for Dependent Care Expenses incurred during a Plan Year shall exceed the balance of the FSA Participant's Dependent Care FSA at the time such expenses are paid; and provided further that, if the applicable Summary Plan Description provides for payment of Dependent Care Expenses in excess of the balance of an FSA Participant's Dependent Care FSA at the time such expenses are paid, in no event shall the aggregate payments of Dependent Care Expenses with respect to a Plan Year on behalf of an FSA Participant exceed the aggregate amount of Earnings that the FSA Participant has elected to forego with respect to that Plan Year pursuant to Section 3.1(a) of this Schedule B. The Plan Administrator shall debit the FSA Participant's Dependent Care FSA to reflect any payments of Dependent Care Expenses.

5.2 Health Care FSA Reimbursement

The Employer or its designee shall reimburse Health Care FSA Expenses incurred by the FSA Participant or his Dependents during the period of coverage for which an FSA election is in force, in accordance with the provisions of Schedule B-2; provided that the aggregate payments of Health Care FSA Expenses with respect to a Plan Year on behalf of an FSA Participant shall not exceed the aggregate amount of Compensation that the FSA Participant has elected to forego with respect to that Plan Year pursuant to Section 3.1(b) of this Schedule B. The Plan Administrator shall debit the FSA Participant's Health Care FSA to reflect any payments of Health Care FSA Expenses.

5.2 Forfeiture of Unused Account Balances

The balance of a Health Care FSA in excess of $500 or any amount in a Dependent Care FSA allocable to a Plan Year that remains standing to the credit of an FSA Participant at the FSA Submission Deadline and after reimbursement of all properly submitted claims for Health Care FSA Expenses or Dependent Care Expenses shall not be returned to the FSA Participant. All such forfeited balances may be used to pay the FSA's administrative expenses.

Schedule B-1. Dependent Care Reimbursements Under Lam Research Corporation Flexible Spending Account Program

Article 1. Definitions

1.1 Definitions

Unless otherwise indicated herein, each capitalized term shall have the meaning given to that term in the main Plan document. Notwithstanding the foregoing, the term “FSA Participant,” as used in this Schedule B-1, shall mean any eligible Employee for whom a Dependent Care FSA has been established under the FSA, unless a different meaning is required by the context.

Article 2. Participation

2.1 Eligibility

An Employee shall be eligible to have established a Dependent Care FSA described in this Schedule B-1 upon becoming eligible to participate in the FSA.

2.2 Commencement of Participation

An eligible Employee may become an FSA Participant by enrolling under the FSA and by electing thereupon to establish a Dependent Care FSA. As provided in the FSA, an FSA Participant's elections under the FSA shall be irrevocable by the FSA Participant during the Plan Year to which the elections apply, except as provided in Section 3.7 of Schedule B with respect to Qualifying Life Events.

2.3 Cessation of Participation

An FSA Participant shall cease to be an FSA Participant as of the earlier of:

(a) The end of the Plan Year if the FSA Participant does not have valid elections in effect under the FSA with respect to the following Plan Year; or

(b) The date on which his election to establish a Dependent Care FSA under the FSA terminates in accordance with the provisions of the FSA.

If an FSA Participant ceases to be an FSA Participant for any reason, the FSA Participant's elections under the FSA for reimbursement of Dependent Care Expenses shall terminate, and the FSA Participant shall be entitled to reimbursement under the FSA only for the Dependent Care Expenses incurred while an FSA Participant. The FSA Participant may apply for reimbursement of such Dependent Care Expenses in accordance with Sections 3.4 and 3.5 of this Schedule B-1; provided that, unless otherwise provided in the applicable Summary Plan Description, no such reimbursement at any time shall exceed the balance in the FSA Participant's Dependent Care FSA at the time such expenses are reimbursed.

2.4 Reinstatement of Former FSA Participant

If a former FSA Participant who is an Employee enrolls again under the FSA to establish a Dependent Care FSA, he shall become an FSA Participant in the FSA with respect to benefits under this Schedule B-1 on the date his enrollment to establish a Dependent Care FSA becomes effective under the FSA. However, to the extent that an Employee terminates and then, resumes employment within 30 days, the Dependent Care FSA election that was in place before the termination of employment shall be reinstated, as explained in Treas. Reg. section 1.125-4(c)(4) example 8.

Article 3. Payment of Dependent Care Expenses

3.1 Maximum Reimbursement Election for Dependent Care Expenses

The maximum amount that an FSA Participant may receive under the FSA for Dependent Care Expenses incurred during a Plan Year shall be the smallest of:

(a) The FSA Participant's Earnings for the Plan Year;

(b) The Earnings for the Plan Year of the FSA Participant's spouse, if any; or

(c) $5,000.

In the case of any married FSA Participant who files a separate federal income tax return with respect to any Plan Year, the amount in Section 3.1(c) above shall be $2,500 for that Plan Year. In the case of an FSA Participant whose spouse also has a Dependent Care FSA, the amount in Section 3.1(c) above shall be reduced by the amount that the FSA Participant's spouse receives under the FSA for Dependent Care Expenses incurred during a Plan Year.

3.2 Minimum Reimbursement Election for Dependent Care Expenses

The FSA Submission Minimum for Dependent Care Expenses incurred during a Plan Year shall be such minimum dollar amount as may be specified in the applicable Summary Plan Description.

3.3 Dependent Care FSAs

In accordance with the procedures established under the FSA, the Plan Administrator shall establish and maintain a Dependent Care FSA for each Plan Year with respect to each FSA Participant. Contemporaneously with a reduction in an FSA Participant's Earnings pursuant to Section 4.2 of Schedule B and with the FSA Participant's election under the FSA to have his foregone Earnings credited to a Dependent Care FSA, the Plan Administrator shall credit the FSA Participant's Dependent Care FSA with an amount equal to the reduction in the FSA Participant's Earnings.

3.4 Claims for Reimbursement

(a) Notwithstanding anything herein to the contrary, the minimum dollar amount of aggregate claims that may be reimbursed at any one time from the Dependent Care FSA shall be the FSA Submission Minimum; provided, however, that Dependent Care Expenses shall not be reimbursed to the extent that the reimbursement would exceed the balance of the FSA Participant's Dependent Care FSA at the time of the FSA claims submission; and provided further, however, that no minimum shall apply to claims submitted after the Plan Year in which the claim is incurred.

(b) A Dependent Care FSA Participant who has incurred Dependent Care Expenses during a Plan Year must, in order to receive reimbursement of such Dependent Care Expenses, comply with the claims submission requirements established by the Plan Administrator (or its delegate) as communicated to the FSA Participant in the Summary Plan Description and/or annual enrollment materials, in accordance with Section 125 of the Code.

3.5 Time for Submitting Claims

A Dependent Care FSA Participant may request reimbursement of Dependent Care Expenses during the Plan Year in which such Dependent Care Expenses are incurred and during the period extending from the end of such Plan Year until the FSA Submission Deadline.

3.6 Reimbursement of Claims

Subject to Section 3.4(a) of this Schedule B-1, unless a submitted claim for reimbursement of Dependent Care Expenses is denied in accordance with the procedures of the Plan, as soon as practicable after receiving an application that satisfies the requirements of the Plan, the Plan Administrator or its delegate shall reimburse the FSA Participant an amount equal to the Dependent Care Expenses claimed in that application; provided that, unless otherwise provided in the applicable Summary Plan Description, no reimbursement at any time under this Section 3.6 shall exceed the balance of the Dependent Care FSA Participant's Dependent Care FSA at the time such Dependent Care Expenses are reimbursed. Any amount claimed as Dependent Care Expenses but not paid because it exceeds the then-existing balance of a Dependent Care FSA Participant's Dependent Care FSA (or because it exceeds such other amount as may be specified in the applicable Summary Plan Description as available for the reimbursement of such FSA Participant's Dependent Care Expenses) shall be carried over and paid, to the greatest extent possible, in the succeeding month(s) during the period extending until the FSA Submission Deadline. In no event shall reimbursements from a Dependent Care FSA Participant's Dependent Care FSA exceed the aggregate amount of Earnings that the Dependent Care FSA Participant has elected to forego with respect to that Plan Year in accordance with the provisions of the Plan. The Plan Administrator shall debit an FSA Participant's Dependent Care FSA in an amount equal to the amount of each reimbursement to the Dependent Care FSA Participant.

Schedule B-2. Health Care Flexible Spending Account Benefits Under Lam Research Corporation Flexible Spending Account Program

Article 1. Establishment

1.1 Definitions

Unless otherwise indicated herein, each capitalized term shall have the meaning given to that term in the main Plan document. Notwithstanding the foregoing, the term “FSA Participant,” as used in this Schedule B-2, shall mean any eligible Employee for whom a General Purpose Health Care FSA or a Limited Purpose Health Care FSA has been established under the FSA, unless a different meaning is required by the context.

Article 2. Participation

2.1 Eligibility

An Employee shall be eligible to have established a General Purpose Health Care FSA or a Limited Purpose Health Care FSA, as applicable that is described in this Schedule B-2 upon becoming eligible to participate in the FSA. Notwithstanding any other provision of this Plan, an eligible Employee shall not be eligible for the Health Care FSA unless he or she is also eligible to participate in the medical plan.

2.2 Commencement of Participation

An eligible Employee may become an FSA Participant by enrolling under the FSA and by electing thereupon to establish a General Purpose Health Care FSA or a Limited Purpose Health Care FSA, as applicable. As provided in the FSA, an FSA Participant's elections under the FSA shall be irrevocable by the FSA Participant during the Period of Coverage to which the elections apply, except as provided in Section 3.7 of Schedule B with respect to Qualifying Life Events.

2.3 Cessation of Participation

An FSA Participant shall cease to be an FSA Participant as of the earliest of:

(a) The date on which his election to establish a Health Care FSA under the FSA terminates in accordance with the provisions of the FSA;

(b) The end of the Plan Year if the FSA Participant does not have valid elections in effect under the FSA with respect to the following Plan Year; or

(c) The first day of the first month for which he fails to make the premium payments required to continue coverage under Section 5.1 of the main Plan document, if applicable.

If an FSA Participant ceases to be an FSA Participant for any reason, the FSA Participant's elections under the FSA for reimbursement of Health Care FSA Expenses shall terminate, and the FSA Participant shall be entitled to reimbursement under the FSA only for the Health Care FSA Expenses incurred while an FSA Participant. The FSA Participant may apply for reimbursement of such Health Care FSA Expenses in accordance with Sections 3.4 and 3.5 of this Schedule B-2.

2.4 Reinstatement of Former FSA Participant

If a former FSA Participant who is an eligible Employee enrolls again under the FSA to establish a Health Care FSA, he shall become an FSA Participant in the FSA with respect to benefits under this Schedule B-2 on the date his enrollment to establish a Health Care FSA becomes effective under the FSA; provided that a former FSA Participant who is an eligible Employee and whose participation terminated pursuant to Section 2.3(c) of this Schedule B-2 shall not become an FSA Participant again before the beginning of the Plan Year that next follows the Plan Year during which his participation ceased. However, to the extent that an Employee terminates and then, resumes employment within 30 days in the same Plan Year, the Health Care FSA election that was in place before the termination of employment shall be reinstated, as explained in Treas. Reg. section 1.125-4(c)(4) example 8.

Article 3. Payment of Health Care FSA Expenses

3.1 Maximum Reimbursement Election for Health Care FSA Expenses

The maximum amount that an FSA Participant may elect to receive under the Plan for Health Care FSA Expenses incurred during a Plan Year shall be $2,550 (indexed for cost-of-living adjustments) or such lesser maximum dollar amount as may be specified in the applicable Summary Plan Description.

3.2 Minimum Reimbursement Election for Health Care FSA Expenses

The minimum amount that an FSA Participant may elect to receive under the FSA for Health Care FSA Expenses incurred during a Plan Year shall be specified in the applicable Summary Plan Description.

3.3 Health Care FSA

(a) **General Purpose Health Care FSA**. In accordance with the procedures established under the FSA, the Plan Administrator shall establish and maintain a General Purpose Health Care FSA for each Plan Year with respect to each FSA Participant enrolled in a medical Component Plan that is not a high-deductible health plan with an HSA. At the beginning of each Plan Year, or, if later, on the date on which an Employee becomes an FSA Participant, the Plan Administrator shall credit each FSA Participant's General Purpose Health Care FSA with an amount equal to the amount of Earnings that the FSA Participant has elected to forego with respect to that Plan Year under Section 3.1(b) of Schedule B in exchange for eligibility for reimbursement of Health Care FSA Expenses.

(b) **Limited Purpose Health Care FSA**. In accordance with the procedures established under the FSA, the Plan Administrator shall establish and maintain a Limited Purpose Health Care FSA for each Plan Year with respect to each FSA Participant enrolled in a medical Component Plan that is a high-deductible health plan with an HSA. At the beginning of each Plan Year, or, if later, on the date on which an Employee becomes an FSA Participant, the Plan Administrator shall credit each FSA Participant's Limited Purpose Health Care FSA with an amount equal to the amount of Earnings that the FSA Participant has elected to forego with respect to that Plan Year under Section 3.1(b) of Schedule B in exchange for eligibility for reimbursement of Health Care FSA Expenses that are eligible to be reimbursed in accordance with Section 223(c) of the Code.

3.4 Eligible Expenses

Under the Health Care FSA, an FSA Participant may receive reimbursement for medical expenses incurred during the Plan Year for which an election is in force. A medical expense is incurred at the time the Medical Care or service giving rise to the expense is furnished and not when the FSA Participant is formally billed for, is charged for, or pays for the Medical Care.

Medical expenses that are eligible for reimbursement will vary depending on whether the FSA Participant has elected the General Purpose Health Care FSA or the Limited Purpose Health Care FSA. An eligible Employee may not elect an HSA and a Health Care FSA unless the Limited Purpose Health Care FSA is selected.

For purposes of the General Purpose Health Care FSA, and as outlined in the applicable Summary Plan Description, medical expenses for care as defined in Section 213(d) of the Code that are incurred by a Participant or his Spouse or Dependents may be reimbursed, but only to the extent that the expense has not been reimbursed through insurance or otherwise. If only a portion of a medical expense has been reimbursed elsewhere, then the General Purpose Health Care FSA can reimburse the remaining portion of such medical expense. Notwithstanding the foregoing, medical expenses do not include premium

payments for other health coverage; medicines or drugs without a prescription, except for insulin; elective cosmetic surgery or other similar procedures; or any other expense excluded under the terms of this Cafeteria Plan and IRS regulations.

For purposes of the Limited Purpose Health Care FSA, medical expenses for care as defined in Section 213(d) of the Code that are incurred by a Participant or his Spouse or Dependents may be reimbursed, but only if such expenses are for vision care, dental care, or certain non-network preventive care (as defined in Section 223(c) of the Code). After the deductible amount in the high-deductible health plan has been satisfied, the Limited Purpose Health Care FSA may be used to reimburse other Medical Care expenses, similar to a General Purpose Health Care FSA.

3.5 Claims for Reimbursement

(a) Notwithstanding anything herein to the contrary, the minimum dollar amount of aggregate claims that may be reimbursed at any one time from the General Purpose Health Care FSA or the Limited Purpose Health Care FSA shall be the FSA Submission Minimum; provided, however, that the FSA Submission Minimum shall not apply to claims which, when added to claims previously submitted, would exhaust the balance of the FSA Participant's General Purpose Health Care FSA or Limited Purpose Health Care FSA allocable to the Plan Year; and provided further, however, that no minimum shall apply to claims submitted after the Plan Year in which the claim is incurred.

(b) An FSA participant with an annual election above an amount specified in the applicable Summary Plan Description may also be permitted to use a debit card in accordance with rules under Code Section 125, as described in the applicable Summary Plan Description and/or enrollment materials.

(c) An FSA Participant to whom the debit card feature does not apply and who has incurred Health Care FSA Expenses during a Plan Year must, in order to receive reimbursement of such Health Care FSA Expenses, comply with the claims submission requirements established by the Plan Administrator (or its delegate) as communicated to the FSA Participant in the Summary Plan Description and/or annual enrollment materials, in accordance with Section 125 of the Code.

3.6 Time for Submitting Claims

An FSA Participant may request reimbursement of Health Care FSA Expenses during the Plan Year in which such Health Care FSA Expenses are incurred and during the period extending from the end of such Plan Year until the FSA Submission Deadline, as specified in the Summary Plan Description.

3.7 Reimbursement of Claims

Subject to Section 3.5(a) of this Schedule B-2, unless a submitted claim for reimbursement of Health Care FSA Expenses is denied in accordance with the procedures of the Plan, as soon as practicable after receiving a reimbursement claim that satisfies the requirements of the Plan, the Plan Administrator or its delegate shall reimburse the FSA Participant an amount equal to the Health Care FSA Expenses claimed; provided that in no event shall payment from an FSA Participant's Health Care FSA exceed the aggregate amount of Earnings that the FSA Participant has elected to forego with respect to that Plan Year in accordance with the provisions of the Plan, minus previous reimbursements of Health Care FSA Expenses for that Plan Year. The Plan Administrator shall debit an FSA Participant's Health Care FSA in an amount equal to the amount of each reimbursement to the FSA Participant.

3.8 Carryovers

Notwithstanding any other provision to the contrary, unused amounts of up to $500 remaining in a Health Care FSA at the end of a Plan Year can be carried over and used to reimburse the FSA Participant for Health Care FSA Expenses that are incurred during the next Plan Year.

(a) No more than $500 of the FSA Participant's unused Health Care FSA amount for a Plan Year may be carried over for use in the next Plan Year. Carryover amounts may not be cashed out or converted to any other taxable or nontaxable benefit, and will not count toward the maximum reimbursement election described in Section 3.1 above.

(b) An FSA Participant who is otherwise eligible for the Health Care FSA for a Plan Year but does not make a Health Care FSA election for that Plan Year may use any carryovers from the preceding Plan Year for Health Care FSA Expenses incurred in the current or preceding Plan Year. However, an Employee or other individual must be an FSA Participant in the Health Care FSA as of the last day of a Plan Year in order to carry over unused amounts to the next Plan Year. Termination of employment and cessation of eligibility will result in a loss of carryover eligibility, unless a COBRA election is made as provided in Section 3.7 of the main Plan document (relating to COBRA Continuation Coverage).

(c) An FSA Participant who elects a medical Component Plan that is a high-deductible health plan with an HSA for a Plan Year, and who also elects to participate in the Health Care FSA for the same Plan Year, is treated as follows: the FSA Participant is automatically enrolled in the Limited Purpose Health Care FSA for that Plan Year; any unused amounts remaining in the FSA Participant's General Purpose Health Care FSA at the end of the preceding Plan Year that are available for carryover will be automatically carried over into a Limited Purpose Health Care FSA; the FSA Participant may continue to submit claims for general purpose Health Care FSA Expenses incurred during the preceding Plan Year until the FSA Submission Deadline; the FSA Participant may elect prior to the beginning of a Plan Year to waive the carryover from the preceding Plan Year in accordance with procedures established by the Plan Administrator; the FSA Participant who waives the carryover may continue to submit claims for Health Care FSA Expenses incurred during the preceding Plan Year until the FSA Submission Deadline, to be reimbursed from the FSA Participant's available Health Care FSA amounts.

(d) Health Care FSA Expenses incurred during a Plan Year will be reimbursed first from an FSA Participant's unused amounts credited for that Plan Year and then from amounts carried over from the preceding Plan Year. Carryovers that are used to reimburse a current Plan Year's Health Care FSA Expense will reduce the amount available to pay the Participant's preceding Plan Year's Health Care FSA Expenses, cannot exceed $500, and will count against the $500 maximum carryover amount.

(e) If unused Health Care FSA amounts remain for a Plan Year after all reimbursements have been made for that Plan Year in excess of the amount that can be carried over under this Section 3.8, the FSA Participant will forfeit all rights with respect to those amounts, which will be subject to the Plan's provisions regarding forfeitures.

3.9 ERISA Claims and Appeals Procedures

The ERISA claims and appeals procedures shall be outlined by the Plan Sponsor's Summary Plan Description as required by ERISA. The Health Care FSA is subject to ERISA's claims and appeals procedures as outlined in Section 503 of ERISA. However, the Health Care FSA is a limited excepted benefit under Section 732 of ERISA and therefore, not subject to the group market (insurance) reform requirements under the Affordable Care Act, including claims and appeals changes applicable to non-grandfathered health plans. Therefore, the Health Care FSA will comply with Section 503 of ERISA, disregarding any changes made by the Affordable Care Act.

Notwithstanding the foregoing, any claim arising with regard to entitlement to benefits under the Cafeteria Plan and Group Welfare Benefit Plan shall not be subject to review under the Cafeteria Plan, and the Plan Administrator's authority under this section shall not extend to any matter as to which an administrator under any other employee benefit plan maintained by the Plan Sponsor is empowered to make determinations under such plan.

Unless specified otherwise in an Incorporated Document, or prohibited by federal law, any claimant seeking Health Care FSA benefits must file his proceeding or lawsuit no later than 90 days following the claimant's exhaustion of the Cafeteria Plan's administrative remedies.

Article 4. HIPAA Provisions for Health FSA

4.1 Privacy of Protected Health Information

Effective on and after April 14, 2003, the Cafeteria Plan was amended to comply with the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E (the "Privacy Rule") promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"). As of September 23, 2013, the HIPAA Privacy Rule provisions have been updated, as follows. These provisions shall only apply to the Cafeteria Plan Component Benefits that constitute "group health plans" under HIPAA that are subject to the Privacy Rule; for the Company's purposes, only the Health Care FSA is a group health plan under HIPAA.

(a) **General Rule.** The Cafeteria Plan shall use, disclose, store, retain and, if applicable, destroy a Covered Person's ("Covered Person" shall hereinafter be referred to as "Participant" in this Section 4.1) Protected Health Information in accordance with the Privacy Rule. For this purpose, the Cafeteria Plan is deemed a Hybrid Entity under the Privacy Rule, and the provisions of this Section 4.1 shall be administered and interpreted to apply only to that portion of the Cafeteria Plan that constitutes a Covered Entity under the Privacy Rule.

(b) **Use or Disclosure for Payment and Health Care Operations.** The Cafeteria Plan may use or disclose a Participant's Protected Health Information without the consent or authorization of the Participant for purposes of Payment, Health Care Operations, and any other purpose for which use or disclosure is permitted or required under the Privacy Rule.

(c) **Disclosure to Lam Research Corporation as Plan Sponsor.** The Cafeteria Plan may not disclose a Participant's Protected Health Information to the Company or its Affiliates, except as permitted in this subsection (c). The Cafeteria Plan may disclose a Participant's Protected Health Information to the Company as provided in paragraph (11) below. In addition, the Cafeteria Plan may disclose a Participant's Protected Health Information to the Company solely in the Company's capacity as Plan Sponsor in order for the Company to carry out plan administration functions, as defined in the Privacy Rule. The Cafeteria Plan may only disclose such information to members of the Company's workforce (as designated in subsection (d) of this Section 4.1) involved in Plan administration functions, and only those designated members of the workforce shall have access to such information. The amount of Protected Health Information that the Cafeteria Plan discloses to the Company for such purpose shall not exceed the Minimum Necessary amount of Protected Health Information to accomplish the intended purpose of the disclosure. No such disclosure shall occur unless and until the Cafeteria Plan receives a certification from the Company stating the following provisions of paragraphs (1) through (11) below:

1. The Company shall use or further disclose Protected Health Information only as permitted or required by the Cafeteria Plan or as required by law.

2. The Company shall require that any agents or subcontractors to whom the Company provides Protected Health Information agree to the same restrictions and conditions that apply to the Company with respect to such information.

3. Except as permitted by paragraph (11), the Company shall not use or disclose Protected Health Information for employment-related actions or decisions or in connection with other employee benefits or employee benefit plans.

4. The Company shall report to the Cafeteria Plan any uses and disclosures of Protected Health Information of which it becomes aware that are inconsistent with uses and disclosures provided for under this Section 4.1.

5. The Company shall provide for adequate separation between the Cafeteria Plan and the Company, as Plan Sponsor, as required under 45 CFR Section 164.504(f)(2)(iii). The Company will limit access to Protected Health Information to those members of its workforce (or classes thereof) entitled to use or disclose such information under this Section 4.1, and will require that these members of the workforce only may use or disclose such information for Plan administration functions. If the persons to whom information is disclosed violate this section, or applicable law, the Cafeteria Plan shall cease disclosing such information to such persons and shall otherwise resolve any such instances of noncompliance. Those members of the Company's workforce (or classes thereof) that perform functions on behalf of the Cafeteria Plan and that may have access to Protected Health Information are designated in subsection (d) of this Section 4.1.

6. The Company will make available any information it holds under this certification in order for the Cafeteria Plan to comply with the access requirements under 45 CFR Section 164.524.

7. The Company shall make available any information it holds under this certification in order for the Cafeteria Plan to comply with the amendment requirements under 45 CFR Section 164.526 and will incorporate any amendments to Protected Health Information it holds, as required in 45 CFR Section 164.526.

8. The Company agrees to document and provide a description of any disclosures of Protected Health Information, and information related to such disclosures, as would be required for the Cafeteria Plan to respond to a request by an individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR Section 164.528.

9. The Company agrees to make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from the Cafeteria Plan available to the Secretary of the United States Department of Health and Human Services ("the Secretary"), for purposes of the Secretary determining the Cafeteria Plan's compliance with the Privacy Rule.

10. The Company will, if feasible, return or destroy all Protected Health Information received from the Cafeteria Plan that the Company maintains in any form, and retain no copies of such information, when it is no longer needed for the purpose for which the disclosure was made; except that, if such return or destruction is not feasible, the Company will limit further uses or disclosures of the information to those purposes that make the return or destruction of the information infeasible.

11. In the absence of the above certification, the Cafeteria Plan may disclose to the Company, as Plan Sponsor, only Summary Health Information and, with respect to a Participant, and enrollment and disenrollment information. In addition and notwithstanding anything herein to the contrary, the Cafeteria Plan may disclose Protected Health Information to the Company in accordance with a Participant's authorization or as otherwise permitted or required by the Privacy Rule.

(d) **Access to Protected Health Information.** The following members of the Company's workforce (or classes thereof) that perform functions on behalf of the Cafeteria Plan may have access to Protected Health Information:

1. Benefits Department;

2. Benefits Manager;

3. Payroll Department.

In addition, support staff assisting the above members of the Plan Sponsor's workforce, including, but not limited to, clerical, mailroom, fax delivery, and information technology staff, may have access to Protected Health Information. In addition, members of the Company's workforce with management, supervisory, or oversight responsibility for such groups, departments, committees, teams, and support staff may have access to Protected Health Information.

Other persons or classes of persons may be furnished with access to Protected Health Information with respect to Cafeteria Plan administration functions that the Plan Sponsor performs for the Cafeteria Plan; provided that the Plan Sponsor designates such persons or classes of persons in a writing furnished to the Cafeteria Plan.

(e) **Organized Health Care Arrangement.** The Cafeteria Plan (including the coverage options offered under the Cafeteria Plan), and the other fully-insured and self-insured medical options offered or maintained by the Company, shall be deemed part of an Organized Health Care Arrangement, to the fullest extent permitted under the Privacy Rule.

(f) **Certification.** The Company, as Plan Sponsor, certifies that the Cafeteria Plan document incorporates the provisions in subsection (c) of this Section 4.1, as provided below and in accordance with 45 CFR 164.504(f)(2)(ii). Accordingly, the Cafeteria Plan agrees to:

1. Not use or further disclose the information other than as permitted or required by the Cafeteria Plan documents or as required by law;

2. Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Cafeteria Plan, agrees to the same restrictions and conditions that apply to the Company with respect to such information;

3. Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Company;

4. Report to the Cafeteria Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

5. Make available Protected Health Information to individual Cafeteria Plan members in accordance with Section 164.524 of the Privacy Standards;

6. Make available Protected Health Information for amendment by individual Cafeteria Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

7. Make available the Protected Health Information required to provide an accounting of disclosures to individual Cafeteria Plan members in accordance with Section 164.528 of the Privacy Standards;

8. Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Cafeteria Plan available to the Department

of Health and Human Services for purposes of determining compliance by the Cafeteria Plan with the Privacy Standards;

9. If feasible, return or destroy all Protected Health Information received from the Cafeteria Plan that the Company still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

10. Ensure the adequate separation between the Cafeteria Plan and members of the Company's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (c) above.

Interpretation. The Cafeteria Plan and this Section 4.1 shall be interpreted and administered in accordance with the Privacy Rule, any applicable federal or state law, and any other applicable regulation or other official guidance issued thereunder. In the event of a conflict between this Section 4.1 and the Privacy Rule, such statute, regulation, or guidance, such Privacy Rule, statute, regulation, or guidance shall govern. Capitalized terms used in this Section 4.1 and not defined in the Cafeteria Plan shall have the meaning set forth in the Privacy Rule.

4.2 Security of Protected Health Information

This Section 4.2 is included in the Cafeteria Plan pursuant to the Standards for the Security of Electronic Protected Health Information, as set forth in 45 CFR Parts 160 and 162 and Part 164, Subpart C (the "Security Standards"). The Cafeteria Plan was amended to comply with the HIPAA Security Rule as follows:

(a) **Implementation of Security Safeguards.** The Company shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Cafeteria Plan, consistent with the requirements of the Security Standards.

(b) **Support of Adequate Separation Requirement by Security Measures.** The Company shall ensure that the adequate separation requirement set forth in 45 CFR Section 164.504(f)(2)(iii) is supported by reasonable and appropriate security measures, consistent with the requirements of the Security Standards.

(c) **Agents and Subcontractors.** The Company shall take reasonable steps to ensure that any agent, including a subcontractor, to whom it provides the Electronic Protected Health Information, agrees to implement reasonable and appropriate security measures to protect such information.

(d) **Reporting Obligation.** The Company shall report to the Cafeteria Plan any Security Incident of which it becomes aware.

Interpretation. The Cafeteria Plan and this Section 4.2 shall be interpreted and administered in accordance with the Security Standards, any applicable federal or state law, and any other applicable regulation or other **official** guidance issued thereunder. In the event of a conflict between this Section4.2 and the Security Standards, statute, regulation, or guidance, such Security Standards, statute, regulation, or guidance shall govern. The Cafeteria Plan shall adopt written policies and procedures to implement the provisions of this Section4.2. Capitalized terms used in this Section 4.2 and not defined in the Cafeteria Plan shall have the meaning set forth in the Security Standards.

Schedule C. The Health Savings Account (HSA) Contribution Program

Article 1. HSA Contribution Program

1.1 Establishment of the Program

This Schedule C sets forth the provisions of the HSA Contribution Program, which along with the Premium Payment Program and the FSA, is part of the Cafeteria Plan.

1.2 Definitions

Capitalized terms as used in the HSA Contribution Program section of the Cafeteria Plan shall have the meaning set forth in the main Cafeteria Plan document, unless a different meaning is specifically set forth herein or is required by the context.

Article 2. Eligibility For and Participation in the HSA Contribution Program

2.1 Commencement of Participation

An Employee shall become an HSA Contribution Program Participant on the later of:

(a) The Effective Date of the Cafeteria Plan, as amended and restated herein; or

(b) As of the date that the Employee becomes an eligible Employee for purposes of contributing to an HSA on a pre-tax Salary Reduction Contribution basis and has met any other eligibility criteria, as specified in the Summary Plan Description.

2.2 Cessation of Participation

An HSA Contribution Program Participant shall cease to be an HSA Contribution Program Participant on the earlier of:

(a) The date on which the HSA Contribution Program terminates; or

(b) The date on which the HSA Contribution Program Participant is no longer eligible to contribute to an HSA on a pre-tax Salary Reduction Contribution basis.

Article 3. HSA Contribution Program Benefits and Operation

3.1 Elections

An eligible Employee can elect to participate in the HSA Contribution Program by electing to make Salary Reduction Contributions to the Employee's HSA established and maintained outside of the Cafeteria Plan by a trustee/custodian to which the Company can forward contributions to be deposited (this pre-tax contribution feature constitutes the HSA Benefits offered under this Cafeteria Plan).

To be eligible for and participate in the HSA Component, an eligible Employee must be eligible for and enrolled in a high-deductible health plan sponsored by the Company. An Employee who elects to participate in the HSA Contribution Program cannot elect to contribute to a General Purpose Health FSA; instead, only an election to a Limited Purpose Health FSA will be valid.

A Salary Reduction Contribution can be increased, decreased, or revoked at any time on a prospective basis solely for purposes of the HSA Contribution Program. The HSA is not subject to the Qualifying Life Event rules. Such election changes will be effective no later than the first day of the next calendar month following the date that the election change was filed. However, no Cafeteria Plan Benefit Option election change or FSA election change can occur as a result of a change in the Salary Reduction Contribution attributable to the HSA; the mid-year election change rules outlined in Section 3.8 of Schedule A and 3.7 of Schedule B of the Cafeteria Plan (also referred to as Qualifying Life Events in the Summary Plan Description) apply to Premium Payment Program and FSA election changes.

3.2 Contributions and Maximum Limits

A Participant may elect the amount of his Salary Reduction Contribution in accordance with information provided by the Summary Plan Description; however, in no event shall the amount elected exceed the statutory maximum amount for HSA contributions applicable to the Participant's high deductible health plan Cafeteria Plan Benefit Option (i.e., single or family) as defined by Section 223 of the Code for the calendar year in which the Salary Reduction Election is made.

Participants who are age 55 or older may elect to make an additional catch-up contribution of $1,000.

In addition, the maximum annual contribution (Salary Reduction Election) shall be:

(a) Reduced by any matching (or other) Company contribution, if any, made on the Participant's behalf (the applicable Summary Plan Description outlines which Cafeteria Plan Benefit Options, if any, provide for Company contributions to the HSA); and

(b) Prorated for the number of months in which the Participant is an HSA-Eligible Individual.

3.3 Administration

The HSA is not an employer-sponsored (Company-sponsored) employee benefit plan; it is an individual trust or custodial account separately established and maintained by a trustee/custodian outside of the Cafeteria Plan. The HSA trustee/custodian will be selected by the Participant, not the Company. The Company may, however, limit the number of HSA providers to whom it will forward contributions; however, such a list is not an endorsement of a particular HSA provider. The Plan Administrator will maintain records of HSA contributions a Participant makes via Salary Reduction Contributions but it will not create a separate fund or otherwise segregate assets for this purpose. The Company has no authority or control over the funds.

3.4 Tax Treatment of HSA Contributions and Distributions

The federal income tax treatment of the HSA (including contributions and distributions) is governed by Section 223 of the Code.

3.5 Not an ERISA Plan

HSA benefits under the Cafeteria Plan consist solely of the ability to contribute to the HSA through Salary Reduction Contributions. Terms and conditions of coverage and benefits, such as eligible medical expenses, claims procedures, etc. will be provided by and are set forth in the HSA, not this Cafeteria Plan. The terms and conditions of each Participant's HSA trust or custodial account are described in the HSA trust or custodial agreement provided by the applicable trustee/custodian to each electing Participant and are not a part of this Plan.

The HSA is not an employer-sponsored employee benefits plan. It is a savings account that is established and maintained by an HSA trustee/custodian outside this Plan to be used primarily for reimbursement of "qualified eligible medical expenses," under Section 223(d)(2) of the Code. Neither the Company nor any Affiliate has the authority or control over the funds deposited in an HSA. Even though this Cafeteria Plan may allow, as outlined by the applicable Summary Plan Description, Salary Reduction Contributions to an HSA, the HSA is not intended to be an ERISA benefit plan sponsored or maintained by the Company.