

Wells Fargo Bank, N.A.

Health Savings Account

**Disclosure
and
Custodial Account Agreement
for Employees
and
Individuals**

Effective 2004

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Health Savings Account Disclosure

Introduction

*This booklet has two parts. This part is a Disclosure that describes your Health Savings Account, or HSA, and some of the important requirements, tax matters, and restrictions that pertain to it. Following this Disclosure is the Custodial Account Agreement, the legal document that creates and governs the terms of the HSA. In this Disclosure, **you** and **your** refer to the individual for whose benefit the HSA is created. **Wells Fargo** and **Custodian** refer to Wells Fargo Bank, N.A., the custodian of the HSA.*

This disclosure is a summary of Wells Fargo's Health Savings Account program. If there is any inconsistency or ambiguity between this summary and the Custodial Account Agreement, the terms of the Custodial Account Agreement will govern and control.

Your Right to Revoke Your HSA

You have the right to revoke your HSA, without incurring any costs, within seven days from the date you open it. If you mail your signed application to Wells Fargo after having received and read the Disclosure and Custodial Account Agreement, you may assume you that your HSA is opened three days from the date you mail it. If you mail your signed application to Wells Fargo before receiving and reading the Disclosure and Custodial Account Agreement, you will be bound by the terms of the disclosure and agreement as of the date you receive these documents. You will be deemed to have received these documents seven days after the date they are mailed to you. If you do not agree to be bound by the terms of the Disclosure and Agreement, you must notify Wells Fargo in writing within seven days of the date on which the Disclosure and Agreement are deemed received.

To revoke your HSA, you must notify Wells Fargo in writing. The following information must be included in the notice:

- *the statement "I want to revoke my HSA."*
- *your signature,*
- *the date,*
- *your full name (printed),*
- *your complete address, and*
- *your HSA Account Number or Social Security Number.*

Your letter must be postmarked no later than the seventh day after you opened your HSA or on which the Disclosure and Agreement are deemed received. You must mail your notice to the address below:

*Wells Fargo Bank, N.A.
Health Benefit Services
381 East Broadway, Suite 110
Salt Lake City, UT 84111*

Notice sent by mail must be postmarked within the seven day period. It will be considered to have been mailed on the postmarked date if it is:

- *properly addressed,*
- *delivered by U.S. mail,*
- *sent postage paid (first class), and*
- *enclosed in an envelope or other appropriate wrapper.*

If you revoke your HSA within the seven-day period, Wells Fargo will return to you the entire amount of the contributions or the actual property rolled over from another HSA before your revocation. If Wells Fargo received the contributions from your employer, Wells Fargo will return those contributions to your employer to the extent permitted by law. You will not earn interest on the contribution if you revoke. There will be no adjustments for administrative expenses, or changes in market value. Because of this, contributions you make to it may be held uninvested during the first seven days after you make your first contribution. When you revoke your HSA, the initial contribution and return of the contribution are reported to the IRS. You should consult

your financial or tax advisor if you have questions about taxes.

Overview

This Health Savings Account is a tax-exempt custodial account established exclusively for the purpose of paying your qualified medical expenses provided that you are covered under a high-deductible health plan when contributions are made. Contributions may be accumulated over the years or distributed tax-free to pay or reimburse your qualified medical expenses.

You may contribute to this HSA. Your employer may contribute to this HSA, whether or not because of an election you made to have your pay contributed to the HSA. A member of your family or any other person may also contribute to this HSA for you. The total amount of contributions that may be made in a year are limited, depending on whether you have self-only or family coverage, your annual deductible amount, your age, whether you have contributed to other HSAs or Archer Medical Savings Account, and other legal restrictions. You may deduct contributions made by you or a family member to this HSA on your tax return. Employer contributions are excludable from your income.

If this HSA is sponsored by your employer, your employer will notify you how the assets of this HSA will be invested. If your employer sponsors this HSA, your employer may make available investment options among which you can select from time to time. If this HSA is not sponsored by your employer, you may choose from the investment vehicles that Wells Fargo has available for this HSA.

Your employer may permit you to elect to make contributions through a pre-tax salary reduction program through a cafeteria plan or through an after-tax deduction of your wages.

This HSA grows tax-free – that is, earnings and interest are not taxable income while they are in the HSA and are not reported on your tax return.

Distributions from the HSA are not taxable income if they are used exclusively to pay

qualified medical expenses. If distributions are used for other purposes, they are included in your gross income and generally subject to an additional 10% penalty.

Eligible Individual

You cannot establish or contribute to an HSA unless you are eligible. This means that, with respect to any month, you must be covered under a high-deductible health plan, or HDHP, on the first day of such month. Even if you are covered under an HDHP, you are not eligible if you are also covered by any other health plan that is not an HDHP, with certain exceptions for limited types of coverage explained below. You must not be enrolled in Medicare (generally, age 65) and you must not be claimed as a dependent on another person's tax return.

You will not fail to be eligible just because you have a card that gives you discounts for drugs or health care. Nor will you fail to be eligible because you are covered under an employee assistance program, a disease management or a wellness program if the program does not provide significant medical care or treatment.

You will not fail to be eligible if you change coverage mid-year from self-only coverage to family coverage if both types of coverage were under an HDHP.

You must determine whether you are eligible to establish or contribute to an HSA. Wells Fargo may require proof or a certification, in a form acceptable to Wells Fargo, that you are an eligible individual, including a statement that you are covered by a health plan that meets all of the requirements of an HDHP.

High Deductible Health Plan

A high-deductible health plan, or HDHP, is a health plan that satisfies certain requirements with respect to annual deductibles and out-of-pocket expenses. Specifically, if you have self-only coverage, an HDHP is a health plan that has an annual deductible of at least \$1,000 and annual out-of-pocket expenses required to be paid by you (that is, deductibles, co-payments and other amounts,

but not premiums) not exceeding \$5,000. If you have family coverage (which includes coverage for anyone other than yourself), your annual deductible must be at least \$2,000 and annual out-of-pocket expenses required to be paid by you (that is, deductibles, co-payments and other amounts, but not premiums) must not exceed \$10,000. In the case of family coverage, no amount can be payable from the HDHP until your family has incurred annual covered medical expenses in excess of \$2,000. For example, if your health plan provides an annual deductible of \$2,000 but your plan will pay covered medical expenses if any single member of your family has incurred covered medical expenses during the year of over \$1,000, your plan is not an HDHP. These dollar amounts are indexed for inflation.

If the deductible for your plan is based on a period that is longer than 12 months, you must adjust the minimum deductible to determine whether your plan qualifies as an HDHP.

Example:

For 2004, Gavin's plan applies medical expenses incurred in the last three months of 2003 toward the 2004 deductible. The plan's deductible for self-only coverage is \$1,500 and covers 15 months (the last three months of 2003 and 12 months of 2004). To determine whether the plan meets the requirement that the deductible be at least \$1,000 for self-only coverage for 2004, Gavin must multiply the \$1,000 by 15 (the number of months during which expenses incurred are taken into account in Gavin's plan) which equals \$15,000. The \$15,000 is then divided by 12 which equals \$1,250. This is the minimum deductible for self-only coverage for Gavin's plan to qualify as an HDHP in 2004. Because his plan's deductible is \$1,500 it qualifies as an HDHP.

Your plan may be an HDHP even if it does not have a deductible (or has a small deductible) for preventive care. Although preventive care generally does not include treatment of an existing illness, injury or condition, any treatment that is incidental or ancillary to preventive care, such as the removal of polyps during a diagnostic colonoscopy, is preventive care that can be

provided before the deductible in an HDHP has been satisfied. Drugs or medications are considered preventive care for this purpose if you have developed risk factors for a disease that has not yet manifested itself or not yet become clinically apparent (asymptomatic), or to prevent the reoccurrence of a disease from which you have recovered—for example, the treatment of high cholesterol with cholesterol-lowering drugs such as statins or the treatment of recovered heart attack or stroke victims with Angiotensin-converting Enzyme (ACE) inhibitors. In addition, medications used as part of procedures providing preventive care services, including obesity weight-loss and tobacco cessation programs, are also preventive care.

Your plan may be an HDHP even if it is a self-insured medical reimbursement plan sponsored by your employer.

A plan that imposes a reasonable lifetime limit on benefits, such as \$1 million, may still qualify as an HDHP. Also, a plan with reasonable annual or lifetime benefit restrictions may be an HDHP if significant other benefits remain available under the plan.

Example:

In 2004, Josh has self-only coverage under a plan with a \$1,000 deductible and a lifetime limit of \$1 million on covered benefits. The plan provides no benefits for experimental treatments, mental health, or chiropractic care visits. In addition, after the deductible is satisfied, the plan pays for only 26 substance abuse treatments per year. Although the plan covers fertility treatments, it limits lifetime payments to \$10,000, after the deductible is satisfied. Otherwise, the plan pays 80% of major medical expenses incurred after satisfying the deductible. When the 20% coinsurance paid by Josh reaches \$4,000, the plan pays 100%. Josh's plan qualifies as an HDHP.

If your plan provides more favorable benefits for services provided by its network of providers than for services provided outside of the network, it may still be an HDHP even if the out-of-pocket expense limits for out-of-network services exceed the maximum annual

out-of-pocket expense limits (\$5,000 for self-only coverage and \$10,000 for family coverage in 2004). If your plan imposes higher coinsurance if you fail to get precertification for a specific provider, the increased coinsurance is not included in determining the maximum out-of-pocket expense. If your plan limits benefits to "usual, customary and reasonable" amounts (sometimes called UCR), amounts paid by you in excess of UCR are not counted in determining the out-of-pocket maximum for the plan. Penalties for failing to obtain pre-certification are not counted as out-of-pocket expenses.

A plan without an express limit on out-of-pocket expenses is generally not an HDHP if the limit is necessary to avoid exceeding the out-of-pocket maximum. For example, a plan that pays 100% after the deductible is designed so that the plan does not need an express limit on out-of-pocket expenses. Similarly, a plan that applies a separate deductible to individual family members may qualify by design. For example, a plan that pays 100% for each member of a family after he or she has satisfied a \$2,000 deductible is an HDHP for any family with five or fewer members because the maximum out-of-pocket cannot exceed \$10,000 (5 x \$2,000), even if the plan does not have an express limit on out-of-pocket expenses. However, the plan is not an HDHP for a family of six or more. For months before January 1, 2005, a plan that would otherwise qualify as an HDHP but for the lack of an express maximum on payments above the deductible that complies with the out-of-pocket requirement will be treated as an HDHP, as provided in Notice 2004-50.

Co-payments, such as co-payments for preventive care screenings, are included as out-of-pocket expense. Unless a plan includes an express limit on out-of-pocket expenses which includes co-payments, or limits co-payments, the plan is not an HDHP.

Coverage Under Other Health Plans

Even if you are covered under an HDHP, you are generally not eligible to establish or contribute to an HSA if you are also covered under another health plan (whether as an

individual, spouse, or dependent) that is not an HDHP. Certain types of coverage are permitted. Your eligibility will not be affected if the coverage under the other plan (whether through insurance or otherwise) is for accidents, disability, dental care, vision care, or long-term care. In addition, your eligibility will not be affected if you are covered under an insurance policy if substantially all of the coverage relates to liabilities under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (for example, automobile insurance), insurance for a specified disease or illness, or insurance that pays a fixed amount per day (or other period) of hospitalization.

If you are also covered by a post-deductible health reimbursement arrangement (HRA), the deductible for both need not be identical, but neither your health plan nor the HRA may pay benefits before the minimum annual deductible is satisfied in order for you to be eligible to contribute to an HSA.

A special temporary rule applies to coverage under a prescription drug plan for months before January 1, 2006. If you would be eligible to establish and make contributions to an HSA except that you are covered by both an HDHP that does not provide benefits for prescription drugs and a separate health plan or rider that provides prescription drug benefits before the minimum annual HDHP deductible is satisfied (that is, the prescription drug plan is not an HDHP), you will be eligible to establish and make contributions to your HSA.

Contributions

Contributions may be made by you, a member of your family, or your employer or any other person. Contributions must be made in cash. For each month that you are covered, contributions may not exceed 1/12 of your annual deductible under your HDHP or, if less, the maximum limit allowed by tax law for the year -- \$2,600 for self-only coverage and \$5,150 for family coverage in 2004. These dollar amounts are indexed for inflation.

If the deductible for your plan is based on a period that is longer than 12 months, you

must adjust the deductible to determine your maximum contribution.

Example:

For 2004, Gavin's plan applies medical expenses incurred in the last three months of 2003 toward the 2004 deductible. The plan's deductible for self-only coverage is \$1,500 and covers 15 months (the last three months of 2003 and 12 months of 2004). Gavin has self-only coverage under the plan during the entire year. To determine his maximum contribution for 2004, Gavin must divide the deductible of \$1,500 by 15 (the number of months allowed to satisfy the deductible) which equals \$100, then multiply this number by 12 which equals \$1,200. Because \$1,200 is less than the maximum limit of \$2,600 for self-only coverage for 2004, Gavin may contribute \$1,200 for 2004.

If your plan has embedded deductibles (covering medical expenses for each family member) and an umbrella deductible (applying to medical expenses of the family as a whole), each of the plan deductibles must satisfy the minimum annual deductible requirement for the plan to qualify as an HDHP. Your contribution would be limited to the umbrella deductible amount, the annual contribution limit, or the embedded deductible amount multiplied by the number of family members covered by the plan, whichever amount is the least. For example, if you and your spouse are covered by your HDHP in 2004 and it pays benefits for any family member whose covered expenses exceed \$2,000 and for all family members after expenses exceed \$5,000, your contribution limit is \$4,000 – the least of \$5,000 (the umbrella deductible amount), \$5,150 (the 2004 annual contribution limit) and \$4,000 (2 x the \$2,000 embedded deductible amount).

If your plan has a separate deductible for out-of-network services, the annual contribution limit referred to above is the deductible for services within the network.

In addition, if you (or your spouse covered under the HDHP) are age 55 or older, an additional "catch-up" contribution can be made to your HSA, so long as you are not enrolled in Part A or Part B of Medicare.

The catch-up contribution amount for 2004 is \$500. This amount will increase in \$100 increments each year until it reaches \$1,000 in calendar year 2009. Like the annual contribution limit, this additional contribution limit is calculated monthly. Your HSA cannot receive contributions after you have enrolled in Medicare.

Example:

Marie has self-only coverage in an HDHP with an annual deductible of \$1,000. She attains age 65 and applies for and begins receiving Social Security benefits in July 2004. Marie is automatically enrolled in Medicare at the same time. Marie is no longer eligible to make HSA contributions (including catch-up contributions) after June 2004. Her monthly contribution limit is \$125 (\$1,000 plus \$500 divided by 12 equals \$125). Marie's HSA can receive contributions only for the 6-month period from January through June. Her contribution limit for 2004 from all sources (herself, a family member and her employer) is \$750 (\$125 times 6).

The contribution limits are reduced by any amounts paid to Archer MSAs for the tax year and by any employer contributions paid to your HSAs for the taxable year.

If you are also covered by a post-deductible health reimbursement arrangement (HRA) with a deductible that satisfies the minimum annual deductible requirement, your annual contribution is limited to the lower of the two deductibles.

If you or your spouse has family coverage, or if both of you have family coverage, the contribution limit is calculated as though you both have family coverage. If each of you has family coverage under a separate health plan, you both are treated as covered under the plan with the lowest deductible. The contribution limit for both of you is the lowest deductible amount, divided equally between you unless you agree on a different division. Both of you may make catch-up contributions without exceeding the family coverage limit.

Examples: Olivia and Jose are a young married couple. They have family HDHP coverage with a \$5,000 deductible.

If Olivia also has self-only coverage with a \$200 deductible, she is not eligible to contribute to an HSA. Jose may contribute up to \$5,000 to an HSA.

If Olivia also has self-only HDHP coverage with a \$2,000 deductible, they are treated as having only family coverage. Combined, their contributions cannot exceed \$5,000, divided between them as they agree.

If Olivia also has family HDHP coverage with a \$3,000 deductible, they are treated as having family coverage with the lowest annual deductible. Combined, their contributions cannot exceed \$3,000, divided between them as they agree.

If Olivia also has family coverage with a \$500 deductible, they are treated as having family coverage with the lowest annual deductible. Neither Olivia nor Jose is eligible to contribute to an HSA.

Contributions up to the limits made by you or your family member to your HSA are deductible from your gross income in the taxable year for which they are made, whether or not you itemize deductions. You cannot also treat the contributions as an expense for medical care for purposes of calculating a deduction under section 213 of the tax code. Your employer's contributions to your HSA are not deductible by you but they are excludible from your income in the taxable year for which they are made so long as they do not exceed the limits.

Contributions for a taxable year can be made in one or more payments at any time prior to the time prescribed by law without extensions for filing your federal income tax return for the year (generally April 15 of the following year), but not before the beginning of the year. Although the annual contribution limit is determined monthly, the maximum contribution may be made on any day during this time.

Contributions made by your employer to this HSA cannot be matching contributions unless they are made through a Section 125

(cafeteria) plan and meet the requirements of section 125 of the tax code.

Distribution of Excess Contributions

Contributions made by you or a family member are not deductible to the extent they exceed the contribution limits described above. Contributions made by your employer are included in your gross income to the extent that they exceed the limits or if you are not eligible to have an HSA. In addition, you must generally pay an excise tax of 6% of the amount of such excess contributions for each taxable year that they (and any attributable earnings) remain in your HSA. However, if the excess contributions for a taxable year and the net earnings attributable to the excess contributions is paid to you before the due date for filing your tax return (including extensions), the net income is includible in your gross income for the tax year in which the distribution is received and the 6% penalty will not apply to the distribution.

Rollover and Transfer Contributions

Your HSA will accept rollover and transfer contributions from Archer MSAs and other HSAs. Rollover and transfer contributions are not subject to the contribution limits. Your HSA will not accept rollovers or transfers from an individual retirement account, from a health reimbursement arrangement, or from a health flexible spending arrangement.

Investments

If your employer sponsors this HSA, your employer may decide how the money held in the HSA will be invested. Your employer may choose the investments for the HSA or may select a number of investment options, which may be mutual funds, including Wells Fargo Funds, from which you may choose. Or your Employer may allow you to direct Wells Fargo how to invest the money held in your HSA from the investments available from Wells Fargo. You will be given additional information about your employer's decisions.

If your employer does not sponsor this HSA, you will direct Wells Fargo how to invest the money held in your HSA from the investments available from Wells Fargo.

In any event, you will be given information about the investments in your HSA, the investment activity in your HSA, and the value of your account at least quarterly.

Distributions or Payments

You may take distributions or payments from your HSA at any time, provided that Wells Fargo may place reasonable restrictions on both the frequency and the minimum amount from time to time. Distributions or payments that are used exclusively to pay for qualified medical expenses for yourself, your spouse or your dependents are excludable from your gross income, even if you or your family members are not eligible to make contributions to the HSA at the time the distributions are made. Distributions made for expenses that are reimbursed by another health plan are not excludable from gross income.

Any distribution or payment not used exclusively to pay for qualified medical expenses for yourself, your spouse or dependents is includable in your gross income. This amount is also subject to an additional 10% penalty, except in the case of distributions made after your death, disability or attainment of the Medicare eligibility age (generally age 65). Generally, you are not disabled for this purpose unless you are unable to pursue any gainful activity for a period which is expected to continue indefinitely (or that will lead to death). If you indicate that you are disabled when you take a distribution or payment, you may need to provide proof of your disability to the Internal Revenue Service.

You cannot treat a distribution or payment that is used to pay qualified medical expenses as an expense paid for medical care for purposes of calculating a deduction under section 213 of the tax code.

Rollovers and Transfers

You may roll over a distribution from this HSA into another health savings account

within 60 days after the date of the distribution so long as a prior distribution has not been rolled over during the 12-month period ending on the date of the distribution. You may transfer your HSA to another health savings account at any time.

Qualified Medical Expenses

Qualified medical expenses are expenses paid by you for medical care, as defined in section 213(d) of the tax code, for you, your spouse or dependents (but not premiums for most health insurance, as explained below), but only to the extent that the expenses are not covered by insurance or otherwise.

To be qualified, a medical expense must generally be incurred only after the HSA has been established. However, for calendar year 2004, if you establish your HSA by April 15, 2005, a medical expense will be qualified if it was incurred on or after January 1, 2004 or, if later, the first day of the first month that you became eligible to have an HSA.

Most health insurance premiums are not qualified medical expenses. However, eligible long-term care premiums (up to the limits of the medical expense deduction permitted), COBRA health care continuation coverage, and premiums for health care coverage while you are receiving unemployment compensation are qualified. In addition, for individuals eligible for Medicare, premiums for Medicare Part A or B, Medicare HMO, and your share of premiums for employer-sponsored health insurance, including premiums for employer-sponsored retiree health insurance (whether the plan is insured or self-insured), can be paid or reimbursed from your HSA and qualify for tax-favored treatment. Premiums for Medigap or Medicare supplemental policies are not qualified medical expenses.

You cannot treat medical expenses that are paid or reimbursed by distributions from your HSA as expenses paid for medical care under section 213 of the tax code.

If you take a distribution from this HSA reasonably believing that an expense paid or reimbursed by this HSA was a qualified medical expense and you later realize that it was not, you may repay the amount of the

distribution to the HSA no later than April 15 of the year following the year you knew or should have known it was a mistake but in no event later than June 30 of the year following the year the distribution was made. You must have clear and convincing evidence that the amount was distributed because of a mistake of fact due to reasonable cause that you can provide to the Internal Revenue Service. Wells Fargo may rely on your representation that the distribution was a mistake.

Distributions may be taken in years after the expense was incurred as long as it was incurred after the HSA was established. You must maintain sufficient records to show that the distribution was used exclusively to pay or reimburse qualified medical expenses, that the qualified medical expenses have not been previously paid or reimbursed from another source and that the medical expenses have not been taken as an itemized deduction in any prior tax year.

Neither Wells Fargo nor your employer will determine whether HSA distributions are to pay qualified medical expenses. You must make that determination and maintain medical expense records to show that distributions have been made exclusively for qualified medical expenses.

Payout of Small Accounts

Wells Fargo reserves the right to pay your HSA account to you if no contributions are being made to the account and you do not maintain a minimum balance of at least \$100 for a reasonable period of time. In addition, Wells Fargo may close out your account if the balance in the HSA has been zero for a period of two months or more.

Death

On your death, this HSA will become the property of the individual you designate as your beneficiary or, if you have not named a beneficiary or if the beneficiaries you named die before me, to your surviving spouse if you have one, otherwise to your estate.

If your surviving spouse is your named beneficiary, this HSA will be treated as your spouse's HSA on your death. If someone

other than your spouse is your named beneficiary, your HSA will cease to be an HSA as of the date of your death, and the value of the HSA will be included in your beneficiary's gross income – for the taxable year of your death unless your beneficiary is your estate, in which case for the last taxable year of your estate.

If your beneficiary is not your estate, the includable amount is reduced by any payments from your HSA made for your qualified medical expenses, if paid within one year after death.

Assigning or Pledging Benefits as Collateral

Your HSA may not be transferred to someone else or used as collateral for a loan, other than to your spouse or former spouse under a decree of divorce or separate maintenance or a written instrument incident to such a decree. If any amount is transferred to someone else or pledged as collateral for a loan, that amount will be treated as a distribution in the year the loan or transfer occurs. Tax penalties may also apply.

Prohibited Transactions

If you or your beneficiary engage in any transaction prohibited by section 4975(c) of the tax code, your HSA will cease to be an HSA and is treated as distributing all assets on the first day of the year. Tax penalties may also apply.

IRS Approval

The form of this HSA has not been submitted for a favorable ruling by the Internal Revenue Service. However, if the Internal Revenue Service announces that a program is available for applying for approval it will be submitted. Internal Revenue Service approval applies only to its form, and is not a determination of the merits of the HSA or of the investment of any assets.

At various times, Wells Fargo may amend this HSA in order to conform to changes in the tax laws or for other reasons. If this HSA is

amended, Wells Fargo will notify you in advance of the amendments.

Amendment of this Disclosure

Wells Fargo has the right to amend this Disclosure from time to time and in any respect. In amending this Disclosure Wells Fargo will give you written notice of the amendment, its substance, and the date the amendment will be effective. Any amendment to this Disclosure will take effect unless, within the 30-day period following the date on the notice or within such longer period as the notice may specify, Wells Fargo receives written notice from you of your refusal to consent to the amendment and your rollover or transfer of your HSA to another custodian or trustee.

Terminating This Account

This HSA will terminate when all of the assets in the account have been distributed.

Fees

Wells Fargo is permitted to charge reasonable administrative and other fees. Wells Fargo will notify you, or your Employer if your Employer has arranged to pay fees, of the current fee schedule if one exists at the time you establish the HSA or, if none exists, when Wells Fargo establishes a fee schedule. Wells Fargo will also notify you in advance in writing of any changes in the fee schedule that it makes from time to time. If your Employer is paying fees for your HSA and you terminate employment, you will be responsible to pay HSA fees. Any special expenses relating to administration of your HSA will also be charged against your HSA.

Wells Fargo may subtract any fees from your HSA, unless you or your Employer pay the fees directly.

Wells Fargo, the custodian of this HSA, and/or its affiliates receive compensation directly from Wells Fargo Funds (the "Funds") for investment advisory and other services performed for the Funds. If you direct that your HSA be invested in the Funds, these fees are set forth in the prospectus that

you have received. No commissions are charged to you or to your HSA for such purchases or sales. By establishing this HSA, you are approving the fees that are paid to Wells Fargo and/or its affiliates for your HSA.

In addition, if you direct that your HSA be invested in a mutual fund that is not related to Wells Fargo or its affiliates, Wells Fargo may be paid shareholder servicing or other compensation for services that it provides to such third party mutual fund, such as shareholder recordkeeping and providing prospectuses to its shareholders. You may obtain more information about this compensation by contacting Wells Fargo at the address set forth at the beginning of this Disclosure in the section entitled "Your Right to Revoke Your HSA".

Gain or Loss of Account

Wells Fargo cannot project or guarantee the value of this HSA. This is because the value will depend on which investments you choose and on the terms of those investments.

Some investments may have penalties for early surrender, withdrawal or sale of the investment. If you choose an investment that has such a penalty, Wells Fargo will subtract the penalty from the proceeds of the transaction.

Any separate information about specific HSA investments or any separate fee schedule that Wells Fargo gives you is treated as a supplement to this Disclosure.

Financial Information

The assets of this HSA may not be invested in life insurance contracts, nor may they be commingled with other property except in a common trust fund or common investment fund.

Time and Savings Deposits

If available through your HSA program, you may choose Wells Fargo Bank, N.A. time or savings deposits as an option for investing the funds in your HSA. Time and savings

deposits are eligible for up to \$100,000 of FDIC insurance. Savings deposits generally earn interest at a variable rate while time deposits generally earn interest at a fixed rate until maturity.

contributions in accordance with the terms of this HSA.

If you choose a fixed rate deposit, the starting interest rate is guaranteed to remain in effect until the first maturity date. If you choose a variable rate deposit, the interest rate may change over the term of the deposit.

For time deposits, you will be able to change from one type of deposit to another on each maturity date or within seven calendar days after it. If you do not change your type of deposit, you will automatically renew it for the same period. At each maturity, the interest rate will be set at the rate Wells Fargo is currently offering on that type of deposit.

The terms governing your account are set forth in the Deposit Account Agreement which Wells Fargo will provide you before you open your account. There may be a penalty for early withdrawals, even if the proceeds will be contributed directly to another HSA. Early withdrawal penalties may reduce your principal. In addition, you may have to pay tax penalties for certain distributions from your HSA.

Whenever you choose a deposit, Wells Fargo will give you specific information on the maturity period, the interest rate, the rules on renewal or nonrenewal, and any applicable early withdrawal penalty.

Legal and Tax Advice

Wells Fargo cannot give you tax or legal advice on how establishing an HSA, contributing to it, qualified medical expenses or making rollovers or transfers to and/or from an HSA applies to your particular situation. You must talk to your attorney or other tax advisor about these matters. You alone are responsible for complying with the tax law rules, keeping sufficient records to demonstrate whether your distributions were made to pay or reimburse your qualified medical expenses, and any tax consequences to of this HSA. Wells Fargo's responsibility is limited to the handling of your

Arbitration

Non-Judicial Resolution of Disputes—

Maintaining good relationships with our customers is very important to us. We ask you to contact us immediately if you have a problem with one of your accounts or a service we provide. Often a telephone call to us or visit to one of our staffed branch office locations resolves the matter quickly and amicably. However, if you and we are not able to resolve our differences informally, you agree by opening or maintaining an account with us or by accepting a service from us that any dispute between you and us, regardless of when it arose, will be settled using the following procedures.

You understand and agree that each of us is waiving the right to a jury trial or a trial before a judge in a public court.

Disputes—*A dispute is any unresolved disagreement between you and Wells Fargo Bank, N.A. or its affiliates that relates in any way to accounts or services described in this brochure, or to the use of any method you may use to access us. It includes any claim that arises out of or is related to these accounts, services or agreements. It includes claims based on broken promises or contracts, torts (injuries caused by negligent or intentional conduct), tax matters, or other wrongful actions. It also includes statutory, common law and equitable claims. A dispute also includes any disagreement about the meaning of this Arbitration Agreement, and whether a disagreement is a “dispute” subject to binding arbitration as provided for in this Agreement. The parties agree that any dispute shall not be consolidated with any other arbitration proceeding for any reason without consent of all the parties hereto and that by engaging in activities with or involving each other as described above, they are participating in transactions involving interstate commerce. A dispute otherwise subject to these provisions shall not be governed by the Arbitration Agreement if that dispute is asserted on behalf of others or a class. Rather, such representative claims shall be brought and resolved before a judge in any court with jurisdiction over the matter.*

Binding Arbitration—*Binding arbitration is a means of having an independent third party*

resolve a dispute without using the court system, judges or juries. Either you or we may submit a dispute to binding arbitration at any reasonable time notwithstanding that a lawsuit or other proceeding has been commenced. If either you or we fail to submit to binding arbitration following a lawful demand, the party who fails to submit bears all costs and expenses incurred by the party compelling arbitration.

Each arbitration, including the selection of the arbitrator(s) is administered by the American Arbitration Association (AAA), according to the Commercial Arbitration Rules (excluding the Optional Procedures for Large, Complex Commercial Disputes) and the Optional Rules For Emergency Measures Of Protection of the AAA (“AAA Rules”). To the extent that there is any variance between the AAA Rules and this Agreement, the Agreement shall control. Arbitrator(s) must be members of the state bar of the state where your account is located with expertise in the substantive laws applicable to the subject matter of the dispute. Each arbitration is governed by the provision of the Federal Arbitration Act (Title 9 of the United States Code), and, to the extent any provision of that Act is inapplicable, unenforceable or invalid, the laws of the state that govern the relationship between you and us about which the dispute arose. To find out how to initiate arbitration, please call any office of the AAA.

Right of Set-Off Preserved—*This Arbitration Agreement and the exercise of any of the rights you and we have under this Agreement does not stop you or us from exercising any lawful rights either of us has to use other remedies available to preserve, foreclose or obtain possession of real or personal property; exercise self-help remedies, including set-off and repossession rights; or obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment or the appointment of a receiver by a court having jurisdiction.*

Multiple Claims and Parties—*In the event multiple claims are asserted, we each agree to stay the proceedings of any claims not subject to these provisions until all other claims are resolved in arbitration. In the event claims are asserted against multiple parties, some of whom are not subject to this arbitration agreement, we each agree to sever*

the claims of any parties not subject to these provisions and resolve all other claims in arbitration.

Miscellaneous—*We each agree to take all steps, and execute all documents, necessary for the implementation of arbitration proceedings. The arbitrator may hear and rule on appropriate dispositive motions as part of the arbitration proceeding, such as motions for judgments on the pleadings, summary judgment or partial summary judgment. The AAA, the arbitrators and the parties, you and we, must, to the extent feasible, take any necessary action to assure that an arbitration proceeding, as described in this section, is completed within 180 days of filing the dispute with the AAA and may not disclose the existence, content or results of the arbitration, except for disclosures of information by a party required in the ordinary course of business or by applicable law or regulation. Arbitration proceedings are conducted in the state where your account is located, at a location determined by the AAA. All statutes of limitations applicable to any dispute apply to any arbitration between you and us. This Agreement shall survive termination, amendment or expiration of any account agreement or any other relationship between the parties. This Agreement constitutes the entire agreement of the parties and supercedes all prior arrangement and other communications concerning dispute resolution. In the event more than one arbitration agreement entered into by the parties is potentially applicable to a dispute, the one most directly related to the account or transaction that is the subject of the dispute shall control.*

Health Savings Account Custodial Account Agreement

Foreword

This Account is intended to be a Health Savings Account within the meaning of Section 223 of the Internal Revenue Code. To adopt and establish an HSA as described hereunder, the Account Holder must execute a Wells Fargo HSA Application appointing Wells Fargo Bank, N.A. as custodian of the HSA and naming the designated beneficiary of the HSA.

Article I Definitions

Section 1.1

Account. “Account” means this Health Savings Account, as defined in Section 223(d) of the Internal Revenue Code.

Section 1.2

Account Holder. “Account Holder” means the individual for whom this HSA is held. Only one person may be the Account Holder of an HSA.

Section 1.3

Archer MSA. “Archer MSA” means an Archer MSA, as defined in Section 220(d) of the Internal Revenue Code.

Section 1.4

Custodian. “Custodian” means Wells Fargo Bank, N.A., or a duly appointed successor thereof.

Section 1.5

Designated Beneficiary. “Designated Beneficiary” means the person or persons designated to receive any benefit payable under the HSA in the event of the Account Holder’s death. The Account Holder may designate one or more beneficiaries which shall be referred to as “primary beneficiaries” and also may designate one or more “secondary beneficiaries.”

A secondary beneficiary shall be treated as a primary beneficiary in the event no primary beneficiary survives the Account Holder. Unless otherwise provided under applicable

state law, the Account Holder may alter or revoke a beneficiary designation without the consent of any beneficiary previously named. To be effective, any designation, alteration, or revocation must be in writing in a form acceptable to Wells Fargo and must be filed with Wells Fargo during the Account Holder’s lifetime. If the beneficiary is more than one person, the benefit shall be paid in equal shares to such persons who survive the Account Holder unless the Account Holder’s beneficiary designation provides otherwise. If a beneficiary does not survive the Account Holder, such beneficiary’s interest, if any, shall lapse and the percentage interest of any remaining primary or contingent beneficiaries shall be increased on a pro rata basis unless the Account Holder’s beneficiary designation provides otherwise. If no beneficiary designation is on file with Wells Fargo at the time of the Account Holder’s death or if no beneficiary survives the Account Holder, the Account Holder’s beneficiary shall be his or her spouse if then living, and if his or her spouse is not then living, then his or her estate. Wells Fargo shall have no responsibility to seek or obtain any beneficiary forms. Wells Fargo shall determine who the beneficiary is in each case and its determination shall be conclusive on all parties in interest.

Notwithstanding anything herein to the contrary, Wells Fargo shall be fully protected in paying a surviving spouse such portion of the account as is necessary to satisfy state marital or community property laws if Wells Fargo has sufficient documentation at the time it makes payment to reasonably determine the proper payees and amounts. Wells Fargo in its sole discretion may delay all or a portion of a payment to a beneficiary who is not the surviving spouse for a reasonable time to make such determination. For this purpose, to the extent permitted by law, the surviving spouse’s interest under marital or community property law shall be merged into any benefit paid to such spouse as a beneficiary of the account. To the extent that Wells Fargo makes payment in good faith to a beneficiary pursuant to the provisions of this paragraph, Wells Fargo shall be held harmless and indemnified by all parties and no party shall have a claim against Wells Fargo for any portion of such payment.

Section 1.6

Eligible Individual. “Eligible Individual” means, with respect to any month, any individual covered under a High Deductible Health Plan as of the first day of such month, provided that such individual is not also covered under any health plan which not a High Deductible Health Plan and which provides coverage for any benefit which is covered under the High Deductible Health Plan. For this purpose, coverage for benefits through Permitted Insurance and Permitted Coverage are disregarded.

Notwithstanding the foregoing, for months before January 1, 2006, an individual who is covered by both an HDHP that does not provide benefits for prescription drugs and by a separate health plan or rider that provides prescription drug benefits before the minimum annual deductible of the HDHP is satisfied will not fail to be an Eligible Individual for this reason, as provided in Rev. Proc. 2004-22.

Section 1.7

Employer. “Employer” means the employer of the Account Holder.

Section 1.8

Family Member. “Family Member” means a member of the Account Holder’s family, as defined in Section 529(e)(2) of the Internal Revenue Code and generally means the Account Holder’s spouse, the Account Holder’s child or such child’s descendant, stepchild, sibling or stepbrother or stepsister, parent or parent’s sibling, grandparent, stepparent, the child of his or her sibling, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, the spouse of any of the foregoing, or a first cousin of the Account Holder.

Section 1.9

High-Deductible Health Plan. “High-Deductible Health Plan” or “HDHP” means a health plan that (a) has an annual deductible which is not less than \$1,000 for self-only coverage and \$2,000 for family coverage, and (b) the sum of the annual deductible and other annual out-of-pocket expenses required to be paid under the plan (other than for premiums) does not exceed \$5,000 for self-only coverage and \$10,000 for family coverage. For this purpose, family

coverage means any coverage other than self-only coverage. The dollar amount shall be increased by an amount equal to the cost-of-living adjustment for the calendar year determined in accordance with Section 223(g) of the Internal Revenue Code.

An HDHP does not include any health plan if substantially all of its coverage is Permitted Coverage or Permitted Insurance.

For purposes of determining whether a plan is an HDHP, penalties and higher coinsurance payments for failure to obtain a pre-certification are disregarded, as are amounts paid in excess of usual, customary and reasonable amounts.

For purposes of determining whether the annual deductible of a plan that bases its deductible on a period longer than 12 months meets the minimum annual deductible requirements of an HDHP, the minimum annual deductible limit will be adjusted as provided in Notice 2004-50.

A plan will not fail to be treated as an HDHP if it has a deductible (or has a lower deductible) for preventive care within the meaning of section 1871 of the Social Security Act, except as otherwise provided by Treasury regulations. For this purpose, preventive care includes, but is not limited to, the services set forth in Notice 2004-23 and includes incidental or ancillary treatment and preventive medications and drug as provided in Notice 2004-50.

A plan that uses a network of providers will not fail to be treated as an HDHP solely because it has an out-of-pocket limitation for expenses for out-of-network services that exceeds the limitation in (b) above. A plan shall not fail to be treated as an HDHP solely because it imposes a reasonable lifetime limit on benefits. A plan with reasonable annual or lifetime benefit restrictions may be an HDHP if significant other benefits remain available.

Section 1.10

Internal Revenue Code. “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

Section 1.11

Permitted Coverage. “Permitted Coverage” means coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care or long-term care.

Section 1.12

Permitted Insurance. “Permitted Insurance” means insurance if substantially all of the coverage provided relates to liabilities incurred under workers’ compensation laws, tort liabilities, liabilities relating to ownership or use of property, or such other similar liabilities as are specified under U.S. Treasury regulations, insurance for a specified disease or illness, and insurance paying a fixed amount per day (or other period) of hospitalization.

Section 1.13

Qualified Medical Expenses. “Qualified Medical Expenses” means medical expenses as defined in Section 213(d) of the Internal Revenue Code for the Account Holder or his or her spouse or dependents, as defined in Section 152 of the Internal Revenue Code, to the extent such expenses are not compensated for by insurance or otherwise.

Notwithstanding the foregoing, health insurance premiums are not Qualified Medical Expenses, except for qualified long-term care insurance, as defined in Section 7702B(b) of the Internal Revenue Code, costs of health care continuation coverage required under any Federal law, including COBRA, costs of coverage for health care coverage while receiving unemployment compensation under Federal or State law, and, in the case of an Account Holder who has attained the age specified in Section 1811 of the Social Security Act, any health insurance, including premiums for Medicare Part A or B, Medicare HMO and the employee share of premiums for employer-sponsored health insurance, including retiree health insurance, other than a Medicare supplemental policy, as defined in Section 1882 of the Social Security Act.

Qualified Medical Expenses must be incurred only after the HSA is established.

Notwithstanding the foregoing, for calendar year 2004, an HSA established by an Eligible Individual on or before April 15, 2005 may pay or reimburse medical expenses that

would otherwise be Qualified Medical Expenses if the expense was incurred on or after January 1, 2004 or, if later, the first day of the first month that the individual became an Eligible Individual, as provided in Notice 2004-25.

Section 1.14

Rollover Contribution. “Rollover Contribution” means a contribution of a distribution from an Archer MSA or an HSA benefiting the Account Holder to this HSA within 60 days after the date of the distribution from the Archer MSA or HSA, provided that if a prior payment or distribution has been made during the 12-month period ending on the date of the distribution, such distribution may not be treated as a Rollover Contribution.

Article II

Contributions

Section 2.1

Acceptance. Wells Fargo agrees to accept contributions from any person to hold as custodian exclusively for the purpose of paying the Qualified Medical Expenses of an Account Holder or his or her spouse or dependents.

Section 2.2

Conditions. Except as provided by Section 2.3, no contribution will be accepted by this HSA:

- (a) unless it is in cash;
- (b) after the first month on which the Account Holder is entitled to benefits under Title XVIII of the Social Security Act and thereafter;
- (c) from or on behalf of any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins;
- (d) from an individual retirement account, an individual retirement annuity, a Roth individual retirement account, a health reimbursement arrangement, or a health flexible spending arrangement;
- (e) except in the case of a Rollover Contribution or transfer, if such contribution would result in aggregate contributions to this HSA, including contributions from the Account Holder and a Family Member, exceeding the limits of Section 2.5 for the taxable year.

Section 2.3

Rollover and Transfer Contributions.

Notwithstanding the provisions of Section 2.2, this HSA will accept a Rollover Contribution or a transfer from another health savings account of any amount.

Section 2.4

Employer Contributions. An Employer may contribute to this HSA, provided that the

Employer must make comparable contributions on behalf of all eligible employees with coverage under any HDHP provided by the Employer during a calendar year, as provided by Section 4980G of the Internal Revenue Code. Contributions are comparable if they are either the same amount or the same percentage of the deductible under the HDHP, provided that comparability is determined separately with respect to contributions on behalf of employees who customarily work less than 30 hours per week and contributions may be compared on a month-to-month basis for such employees as provided in Notice 2004-50. Notwithstanding the foregoing, an Employer may make contributions through a cafeteria plan sponsored by the Employer to the extent that they, together with other cafeteria plan contributions, satisfy the nondiscrimination rules provided by Section 125 of the Internal Revenue Code, without regard to the comparability rules of Section 4980G of the Internal Revenue Code .

Section 2.5

Limitations. No contribution will be accepted to the extent that it, together with contributions to all HSAs of the Account Holder for the taxable year, whether made by the Account Holder, Family Member or Employer, exceeds the maximum contribution limits as provided by Section 223(b) for a taxable year.

The contribution limit for a taxable year is the sum of the monthly limitations for each month that the Account Holder is an Eligible Individual. The monthly limitation is 1/12 of the following:

- (a) in the case of an Eligible Individual who has self-only coverage under an HDHP as of the first day of such month, the lesser of the annual deductible under such coverage or \$2,250, adjusted for cost-of-living increases as provided by Section 223(g) of the Internal Revenue Code (\$2,600 for 2004);
- (b) in the case of an Eligible Individual who has family coverage under an HDHP as of the first day of such month, the lesser of the annual deductible under such coverage or

\$4,500, adjusted for cost-of-living increases as provided by Section 223(g) of the Internal Revenue Code (\$5,150 for 2004).

For purposes of applying the limitation calculation, in the case of a married couple, if either spouse has family coverage, both spouses are treated as having only such family coverage. If such spouses each have family coverage under different plans, both spouses are treated as having family coverage under the plan with the lowest annual deductible, which amount shall be divided equally between the spouses unless they agree on a different division.

In addition, the contribution limit of an Account Holder (and his or her spouse covered under the HDHP) who has attained age 55 before the close of the taxable year is increased by the sum of the monthly limitations for each month that the Account Holder is an Eligible Individual. The monthly limitation is 1/12 of:

Increased annual limitation amount	For taxable years beginning in
\$500	2004
\$600	2005
\$700	2006
\$800	2007
\$900	2008
\$1,000	2009 and thereafter

For purposes of this paragraph, family coverage means any coverage other than self-only coverage.

For purposes of determining the contribution limits of a plan that bases its deductible on a period longer than 12 months, the plan deductible will be adjusted as provided in Notice 2004-50.

The contribution limits (without regard to contributions permitted at age 55) of a plan that provides for embedded individual deductibles and an umbrella deductible shall be the least of the following:

- (a) the maximum annual contribution limit for family coverage specified in

Section 223(b)(2)(B)(ii) (\$5,150 for calendar year 2004);

- (b) the umbrella deductible; or
- (c) the embedded individual deductible multiplied by the number of family members covered by the plan.

Notwithstanding the foregoing, the contribution limit for an individual who is enrolled in and entitled to benefits under Title XVIII of the Social Security Act is zero.

Section 2.6
Coordination with Employer Contributions. The contribution limitation in Section 2.5 is reduced (but not below zero) by Employer contributions to the health savings accounts of the Account Holder for such taxable year.

Section 2.7
Coordination with Archer MSA Contributions. The contribution limitation in Section 2.5 is reduced by the amount of contributions to Archer MSAs of the Account Holder for the taxable year. Notwithstanding the foregoing, in the case of a married couple, if either spouse has family coverage, the contribution limitation in Section 2.5 is reduced by the aggregate amount paid to Archer MSAs of such spouses for the taxable year, but such spouses who have attained age 55 by the close of the year may make the additional contribution without exceeding the maximum contribution limitation.

Section 2.8
Coordination with Health Reimbursement Arrangements. If an Eligible Individual is also covered by a post-deductible health reimbursement arrangement (HRA), the contribution limitation is the lower of the amount set forth in Section 2.5 and the amount of the HRA deductible.

Section 2.9
Timeliness. The maximum contributions for a taxable year maybe made at any time, or from time to time, prior to the time prescribed by law (without extensions) for filing the Eligible Individual's federal income tax return for that year, but in no event before January 1 of the taxable year.

Section 2.10

Special Rule for Network Plans. In the case of a plan that has a separate annual deductible for services provided outside of a network, such annual deductible shall not be taken into account in calculating the contribution limitation.

Section 2.11

Effect of Excess Contribution. A contribution made by the Account Holder or a Family Member that exceeds the contribution limitations for a taxable year is not deductible by the Account Holder. A contribution made by an Employer that exceeds the contribution limitations for a taxable year is treated as a payment of compensation to the Account Holder pursuant to the provisions of Section 219(f)(5) of the Internal Revenue Code and is includible in the gross income of the Account Holder in the taxable year for which it was contributed. In addition, the Account Holder is subject to an excise tax of 6% of the amount of such excess contribution for each taxable year that such excess is held in the HSA.

Section 2.12

Effect of Timely Distribution of Excess Contribution. Notwithstanding Section 2.10 above, a distribution of an excess contribution made during a taxable year shall not be subject to an excise tax (or an additional tax on account of the distribution) if:

- (a) such distribution is received on or before the day prescribed by law (including extensions of time) for filing such Account Holder's return for the taxable year, and
- (b) such distribution includes the amount of net income attributable to such excess contribution.

Net income is included in gross income of the Account Holder for the taxable year in which such the distribution is received by the Account Holder.

Article III Distributions

Section 3.1

Distributions Payable Upon Request. The Account Holder may take a distribution at any time, subject to reasonable restrictions on frequency or minimum amounts established by Wells Fargo and communicated in advance to the Account Holder.

Section 3.2

Qualified Distributions. An amount paid or distributed from this HSA which is used exclusively to pay Qualified Medical Expenses of the Account Holder, or his or her spouse or dependents is not includible in the gross income of the Account Holder, whether or not the Account Holder is an Eligible Individual at the time of such payment or distribution and whether or not the Qualified Medical Expense was incurred in a prior year (so long as it was incurred after the Account was established).

Section 3.3

Nonqualified Distributions. An amount paid or distributed from this HSA which is not used exclusively to the Qualified Medical Expenses of the Account Holder, or his or her spouse or dependents is includible in the gross income of the Account Holder.

Section 3.4

Additional Penalty on Nonqualified Distributions. Pursuant to the provisions of Section 223(f)(4) of the Internal Revenue Code, the includible amount in Section 3.3 is increased by an additional tax of 10% of such amount, except in the case of payments or distributions made:

- (a) after the date the Account Holder becomes disabled within the meaning of Section 72(m)(7) of the Internal Revenue Code;
- (b) after the date the Account Holder dies;
- (c) after the date the Account Holder attains the age specified in Section 1811 of the Social Security Act for Medicare eligibility.

Section 3.5

Rollover or Transfer to Another HSA.

Sections 3.3 and 3.4 shall not apply to an amount distributed from this HSA to the extent that all or a portion of such amount is rolled over into a health savings account for the benefit of the Account Holder not later than the 60th day after the day on which the Account Holder receives the payment or distribution, provided that the Account Holder has not at any time during the one-year period ending on the day of the receipt of such distribution, received and rolled over any other amount from a health savings account which was not includible in the Account Holder's gross income. In addition, Sections 3.3 and 3.4 shall not apply to an amount transferred from this HSA to another health savings account for the benefit of the Account Holder.

Section 3.6

Return of Mistaken Distributions. An Account Holder may repay to the Account distributions made from this HSA on account of a reasonable mistaken belief that an expense paid or reimbursed by this HSA was a qualified medical expense no later than April 15 of the year following the year the Account Holder knew or should have known the distribution was a mistake but in no event later than June 30 of the year following the year the distribution was made. Wells Fargo may rely on the Account Holder's representation that the distribution was a mistaken distribution that qualifies for a return as provided herein.

Section 3.7

Death of Account Holder. Upon the Account Holder's death, any balance remaining in this HSA shall become the property of the Designated Holder. If the Designated Holder as of such date is the surviving spouse of the Account Holder, the surviving spouse shall be treated as the Account Holder of this HSA. If the Designated Holder as of such date is not the surviving spouse, this HSA shall cease to be an HSA as of such date, and the fair market value of the HSA shall be includible in the gross income of such Designated Holder:

- (a) if the Designated Beneficiary is the Account Holder's estate, for the last taxable year of the estate;

- (b) if the Designated Beneficiary is not the Account Holder's estate, for the taxable year which includes the date of the Account Holder's death. In such case, the amount includible in the gross income of the Designated Beneficiary shall be reduced by any payments from the HSA for Qualified Medical Expenses which were incurred by the Account Holder before the date of death and paid by the Designated Beneficiary within one year after such death.

Section 3.8

Electronic Payment Methods. Distributions to pay Qualified Medical Expenses may be made through the use of a debit, credit or stored-value card.

Article IV Investments

Section 4.1

Investment Direction if Employer-Sponsored. If this HSA is sponsored by the Employer, the Employer shall direct Wells Fargo, as Custodian, as to the investment, holding, sale and reinvestment of assets of the HSA. Notwithstanding the foregoing, the Employer may, if acceptable to the Custodian:

- (a) select a limited number of investment fund options, which may be mutual fund options, among which the Account Holder may direct investment, provided that such selection must be made in a uniform and nondiscriminatory way with respect to all employees similarly situated;
- (b) select an HSA product offered by Wells Fargo that restricts investments to a limited number of investment fund options, which may be mutual funds, among which the Account Holder may direct investment; or
- (c) permit all employees to direct investment of their HSAs in accordance with Section 4.2.

Section 4.2

Other Arrangements. *If this HSA is not sponsored by the Employer or if the Employer has designated the provisions of this section to apply pursuant to section 4.1(b), the Account Holder shall direct Wells Fargo regarding the investment of the assets held in this HSA among the investment choices available to such HSAs by Wells Fargo.*

Section 4.3

Permitted Investments. *To the extent allowed by law, the assets of the HSA may be invested in any securities or property, including common or preferred stocks, open-end or closed-end mutual funds, corporate bonds, debentures, convertible debentures, commercial paper, U.S. Treasury bills, U.S. Treasury notes and other direct or indirect obligations of the United States government or its agencies.*

Without limiting the generality of the foregoing, such investments may include, but are not limited to:

- (a) *short-term securities, savings or deposits, time accounts or similar interest-bearing instruments which bear a reasonable rate of interest in a bank or similar financial institution, supervised by the United States or a state, notwithstanding that the bank or financial institution is the Custodian of this HSA;*
- (b) *shares of any common or collective trust fund or common investment fund organized for the collective investment of such funds held by it in a custodial capacity, the provisions of which are incorporated herein by this reference, including any such fund or funds presently in existence or hereafter established, and which is maintained by a bank or trust company supervised by a state or federal agency, notwithstanding that the bank or trust company is the Custodian or its affiliate;*
- (c) *shares of a registered investment company (mutual fund) for which the Custodian or its affiliate provides investment advisory or other*

services for which they receive compensation.

Notwithstanding the foregoing, no direction shall be given or accepted that would cause the HSA to invest in an investment that is a prohibited transaction or is otherwise not permitted by the provisions of the Internal Revenue Code, regulations, or other applicable law governing health savings accounts.

Section 4.4

Form of Direction. *All investment directions shall be in a form acceptable to Wells Fargo. Any direction by an authorized person to purchase assets shall also be deemed a direction to retain such assets until a subsequent direction is given by an authorized person directing the disposition of the assets. Wells Fargo shall have no responsibility other than to comply with such directions and shall incur no liability to anyone for complying with any such directions. If the Employer or, where appropriate the Account Holder, fails to provide directions with respect to any cash held in the Account, such cash may be invested in a money market account or such other similar investment as may be designated by Wells Fargo from time to time as the default investment for such purposes.*

Section 4.5

Continuity. *If this HSA is the successor of a prior HSA, any investment directions under the prior HSA shall continue in effect until a different investment direction is given to Wells Fargo.*

Section 4.6

Commingling. *The assets of this HSA may not be commingled with other property except in a common trust fund or common investment fund.*

Section 4.7

No Life Insurance. *No part of the assets of this HSA may be invested in life insurance contracts.*

Section 4.8

No Pledge or Encumbrance. *The benefits, rights, privileges, payments, proceeds, claims, or other interest of this HSA shall not be*

transferable or subject to anticipation, pledge or encumbrance by the Account Holder. If any portion of the account is used as security for a loan, the portion so used is treated as a distribution.

Section 4.9

No Prohibited Transactions. The Account shall not engage in a prohibited transaction within the meaning of Section 4975(c) of the Internal Revenue Code.

Section 4.10

No Collectibles. The Account shall not invest in collectibles, including any artwork, antiques, metals, gems, stamps, coins (other than certain types of bullion or permitted coins), alcoholic beverages, or other tangible personal property specified in Section 408(m) of the Internal Revenue Code and applicable guidance.

Article V

Custodial Account

Section 5.1

Nonforfeitable. The interest of an Account Holder in the account balance of this HSA is nonforfeitable at all times. The employer may not recoup any portion of a contribution previously made to this HSA except as provided by law.

Section 5.2

Resignation or Removal of Custodian. Wells Fargo may resign or be removed as custodian at any time by giving, or receipt of, at least 30 days prior written notice by the Employer, in the case of an Employer-sponsored HSA, or by the Account Holder in any other case.

Section 5.3

Appointment of Successor. In the event of the resignation or removal of Wells Fargo as Custodian, the Employer, in the case of an Employer-sponsored HSA, or the Account Holder in any other case shall appoint a successor which shall have the same powers and duties as those conferred upon the Custodian hereunder. Upon the appointment and qualification of the successor, Wells Fargo shall assign, transfer and set over to the successor the funds and properties then constituting the HSA. If no successor is

appointed, Wells Fargo is authorized to petition the appropriate court for a declaration appointing a successor, and to charge the HSA for the reasonable costs, fees, and expenses of such legal process. No successor shall be in any way liable or responsible for anything done or omitted to be done prior to the date on which it becomes a successor, nor shall it be required to examine or question in any way the administration of the account prior to its appointment.

Section 5.4

Records and Reports. Wells Fargo shall keep accurate and detailed records of its administration of the HSA and of all investments, receipts and disbursements and other transactions hereunder. Wells Fargo shall provide such annual year-end reports of the status of the account to the Account Holder and others as are required by the Internal Revenue Code.

Section 5.5

Furnishing Information. The Employer and the Account Holder agree to provide Wells Fargo with such information at such times as may be necessary to enable Wells Fargo to make any distributions or prepare and file any reports required under Section 223(h) of the Internal Revenue Code and under guidance published by the Internal Revenue Service. Wells Fargo agrees to submit reports as prescribed by law.

Section 5.6

Limitation of Liability. Wells Fargo shall not incur any liability of any nature in connection with any act done or omitted to be done in good faith in connection with this HSA, and Wells Fargo shall be indemnified and held harmless by the Employer and the Account Holder respectively from and against any and all losses, costs, damages and claims, including attorneys fees and disbursements, to which it shall be subject by reason of following the direction of such person, to the extent Wells Fargo reasonably believed such person to be authorized to give such direction.

Section 5.7

Communications. Any notice, statement, report or other communication which Wells Fargo is required or permitted to give to a

person shall be deemed given when sent by regular mail to the last address for such individual shown on the records of Wells Fargo. The parties may separately agree to communicate by electronic methods.

Section 5.8

Dealings with Wells Fargo. No person (other than the Employer and the Account Holder) dealing with Wells Fargo shall be required to take cognizance of the provisions hereof, and any such person shall be entitled to conclusively assume that Wells Fargo is properly authorized to do any act which it purports to do hereunder. Any person may conclusively assume that Wells Fargo has full power and authority to receive and receipt for any money or property payable to the account, and no such person shall be bound to inquire as to the disposition or application of any money or property paid to Wells Fargo or in accordance with its written directions.

Section 5.9

Implied Powers. Wells Fargo shall have the right, power and authority to do each and every act and thing and to enter into and carry out each and every agreement with respect to the account which may be necessary or advisable to discharge its responsibilities hereunder.

Section 5.10

Compensation and Fees. Wells Fargo shall be entitled to receive reasonable compensation or fees for its services in such amount as may be established from time to time by Wells Fargo, and to be reimbursed for all expenses reasonably incurred in the administration of the account. Wells Fargo shall pay the fees of other service providers for their services as authorized by Account Holder. Such compensation and expenses shall be paid from the account if not paid by the Account Holder or the Employer, but expenses solely attributable to or incurred in connection with the investment and reinvestment of the HSA shall be paid from the account. Employer and Account Holder understand that Wells Fargo may benefit directly or indirectly from the “float” earnings accrued on uninvested cash during a period of time in which a distribution check is outstanding, an investment transaction is pending, or any similar transaction is in progress.

Section 5.11

Facility of Payment. Wells Fargo may refuse to make payment to any person who is incapable under applicable state law for any reason of personally receiving and giving a valid receipt for such payment. Wells Fargo may make all or any part of such payment to a court-appointed guardian, conservator or committee of such persons. To the extent payment is so made Wells Fargo shall be fully discharged.

Section 5.12

Small Accounts. If the Account Holder does not maintain a balance of at least \$100 in his or her Account, Wells Fargo may pay the balance to the Account Holder unless contributions are being deposited to the Account on a regular basis. Wells Fargo may close out the Account if the balance has been zero for a period of two months or more.

Article VI

Amendment and Termination

Section 6.1

Amendment. Wells Fargo has the right to amend this HSA from time to time in any respect by written notice of the amendment to be made, which notice shall set forth the text of such amendment, and the date such amendment is to be effective. Such amendment shall take effect on the effective date stated in the notice, unless within the 30-day period after such notice is sent, or within such longer period as the notice may specify, the Account Holder, as the case may be, gives Wells Fargo written notice of refusal to consent to the amendment.

Section 6.2

Termination. This HSA shall terminate when all amounts have been distributed in accordance with the terms of the HSA.