

PIXAR DOMESTIC PARTNER HEALTH PLAN COVERAGE GUIDELINES

An employee who meets the eligibility requirements set forth in the applicable Pixar health plan may elect dependent coverage for his/her domestic partner ("*Partner*") and/or his/her Partner's eligible children, as described below.

I. Definition of Domestic Partner.

For this purpose, "*domestic partners*" are two persons of the same or opposite sex who meet all of the following requirements:

- a) Have lived together continuously for a period of at least 180 calendar days and intend to do so indefinitely;
- b) Neither is currently married to another person nor a member of another domestic partnership, civil union or similar relationship;
- c) Are not related by blood to a degree of closeness that would prohibit legal marriage in the state in which they legally reside;
- d) Are both mentally capable of consenting to the domestic partnership;
- e) Have jointly signed the Declaration of Dependents and Domestic Partnership attached hereto as Exhibit A (the "*Declaration*");
- f) If either has been previously married to any person, that marriage has been fully terminated by a divorce decree dissolving the marriage;
- g) Are jointly responsible for each other's common welfare; and
- h) Are both 18 years of age or older.

Notwithstanding the foregoing, if an insurance carrier's definition of a domestic partner is more restrictive than Pixar's definition above, the insurance carrier's definition will control. If the insurance carrier's definition is more liberal than Pixar's definition, Pixar's definition will control. Pixar reserves all rights to determine a person's status as a domestic partner and his/her eligibility to be covered under any of Pixar's benefit plans.

II. Enrollment Requirements.

- a) General. If an eligible employee wishes to enroll his/her Partner and/or his/her Partner's eligible children, as applicable, as his/her covered dependents under a Pixar health plan, he/she must timely file a properly completed and signed Declaration (see Exhibit A attached) to Pixar's Human Resources Department ("*HR*") during the applicable enrollment period (e.g., within 30 calendar days of the qualifying event in the case of a mid-plan year enrollment).
- b) Tax Considerations. See section III below for information on the tax considerations of enrolling a Partner and/or the Partner's eligible children, as applicable. If an eligible employee wishes to obtain tax-favored health plan coverage for his/her Partner and/or his/her Partner's eligible children, as applicable, and they meet the eligibility

requirements for tax-favored health plan coverage, the employee must file a properly completed and signed Statement of Section 152 Dependents attached hereto as Exhibit B. Please note that the Section 152 Dependent status of any enrolled Partner and/or the Partner's enrolled children must be certified by the employee on an annual basis and a new Statement of Section 152 Dependents must be completed and filed with HR during the annual open enrollment period.

III. Tax Considerations.

Pixar reserves the right to rely on an employee's and his/her Partner's certification regarding the status of their domestic partnership and whether they qualify as domestic partners under Section I above. Pixar also reserves the right to rely on an employee's certification regarding the status of his/her Partner and/or his/her Partner's eligible children, as applicable, as the employee's Section 152 Dependent(s), as described below.

IMPORTANT: Pixar will assume that an employee's enrolled Partner and the Partner's enrolled eligible children, as applicable, DO NOT QUALIFY as the employee's Section 152 Dependents and are not eligible for tax-favored health plan coverage *unless* the employee properly completes and files a Statement of Section 152 Dependents with HR each year and provides any other required documentation by the applicable deadline.

- a) **Federal Tax Considerations.** Current federal tax laws require that an eligible employee's contributions/premiums toward the cost of health plan coverage for his/her Partner and his/her Partner's eligible children, as applicable, be made on an after-tax basis for federal income tax purposes, and the value of their health plan coverage, less the amount the employee pays for it on an after-tax basis, be included in the employee's gross income, subject to applicable federal income tax withholding and employment taxes, and reported to the Internal Revenue Service on the employee's Form W-2, unless the Partner and his/her eligible children qualify as the employee's Section 152 Dependents, as defined below.
- b) **State Tax Considerations.** The state income tax treatment of health plan coverage for the employee's Partner and/or the Partner's eligible children, as applicable, may differ from the federal tax treatment of such coverage (see Section III(1) above). Some states exclude certain domestic partner coverage from gross income for state income tax purposes, even if the domestic partner is not a Section 152 Dependent for federal tax purposes. For example, under current California tax laws, an eligible employee's contributions/premiums toward the cost of health plan coverage for his/her domestic partner may be made on a pre-tax basis and the value of the domestic partner's health plan coverage is not includable in the employee's gross income for California income tax purposes if the domestic partnership has been registered with the California Secretary of State.

IMPORTANT: For more information about any applicable state income tax treatment and the requirements that must be satisfied for tax-favored health plan coverage for an

employee's Partner and the Partner's eligible children, as applicable, under the laws of the state in which the employee and his/her Partner reside, the employee must contact HR upon the enrollment of his/her Partner and his/her Partner's eligible children, as applicable.

For example, if an eligible employee and his/her Partner reside in California and their domestic partnership has been registered with the California Secretary of State, the employee must provide HR with evidence of that registration in order to receive tax-favored health plan coverage for the enrolled Partner and the Partner's enrolled children, as applicable, for California income tax purposes.

- c) **Definition of a Section 152 Dependent.** For this purpose, an eligible employee's Partner and the Partner's eligible children are considered to be the employee's "Section 152 Dependents" if they qualify as the employee's dependents under Section 152 of the Internal Revenue Code ("Code"), as modified by Code section 105(b). Generally, this means that an individual will qualify as an employee's Section 152 Dependent if the employee can claim the individual as his/her tax dependent on the employee's federal income tax return for the tax year of coverage. However, because it can be complex to determine whether an individual qualifies as a Section 152 Dependent, the employee should consult with a qualified tax professional if he/she has any questions.
- d) **Required Retroactive Tax Treatment and Mid-Year Changes.** The Declaration of Section 152 Dependents (see Exhibit B attached) requires an employee to anticipate the Section 152 Dependent status of his/her Partner and/or the Partner's eligible children, as applicable, for the current and upcoming tax years of coverage. It is very important to timely report any changes in such status because Code section 152 requires a "look-back" at tax dependency status at the end of each tax year. Circumstances can change during the tax year that could disqualify an employee's Partner or the Partner's eligible children, as applicable, for the entire tax year (for example, a due to a change in abode, household or support). In these situations, retroactive payroll adjustments may be necessary.

IV. Requested Documentation.

Pixar reserves the right to require proof of dependent eligibility and/or Section 152 Dependent status upon request. When an employee enrolls in a Pixar health plan, he/she agrees to timely provide such documentation upon request.

EXHIBIT A

PIXAR - Declaration of Dependents and Domestic Partnership

1. We, the undersigned _____ [please print employee's name], and _____ [please print name of employee's domestic partner] (the "*Partner*"), each hereby certify that we are domestic partners (as defined in the attached Guidelines).
2. We also certify that the following children are living in our home and are the legal children of the Partner, and they qualify as dependent children under the terms of the Pixar health plan.

_____	_____
Name	Date of Birth
_____	_____
Name	Date of Birth
_____	_____
Name	Date of Birth
3. We understand that the Partner and his/her dependent children will no longer be eligible for Pixar health plan coverage effective as of the date our marriage or domestic partnership (as applicable) terminates.
4. We agree to promptly notify Pixar if there is any change in the Partner's status as such, which would make him/her and his/her children, as applicable, no longer eligible for Pixar health plan coverage (for example, due to a change in joint- residence or if we are no longer married or each other's sole domestic partner, as applicable). We agree to notify Pixar in writing within thirty calendar days of such status change by filing a properly completed and signed Statement of Termination of Domestic Partner Status in the form approved by Pixar (in the case of a termination of domestic partnership).

We hereby certify that to the best of our knowledge and belief, all information shown above is correct and complete. We understand that it is a fraudulent act to obtain health coverage by misrepresenting any facts stated herein. We understand that this form is not an application for insurance and that the purpose of this form is to establish the eligibility of the persons named herein for the benefits provided under the Pixar health plan.

Dated this _____ day of _____ 20_____.

Employee Signature

Partner Signature

Employee Name (please print)

Partner Name (please print)

Date of Birth

Date of Birth

Street Address

Street Address

City, State, Zip

City, State, Zip

Warning: Adding a domestic partner to your health plan coverage could affect your taxes. See the attached Guidelines and/or consult with your qualified tax advisor for more information on the possible tax implications.

EXHIBIT B

PIXAR - STATEMENT OF SECTION 152 DEPENDENTS

I, _____ [name of employee], hereby certify that my enrolled domestic partner (my "*Partner*") and the enrolled children of my Partner, as applicable, will qualify as my dependent(s) under Section 152 of the Internal Revenue Code ("*Code*"), as modified by Code section 105(b) ("*Section 152 Dependent*") for the tax year of coverage. In this connection, I certify the following with respect to my Partner and children of my Partner, as applicable:

PARTNER (complete this section, if applicable)

1. I will provide _____ [name of Partner] over half of his/her total support for the tax year of coverage; and I will live together (share our principal abode) with my Partner and he/she will be a member of my household for the entire tax year of coverage, except for temporary absences for reasons such as vacation, military service or education; and
2. My Partner is a citizen or national of the United States or a resident of the United States.

CHILDREN OF PARTNER (complete this section, if applicable)

3. I will provide _____ [name(s) of Partner's child(ren)] ("*Partner's Child(ren)*") over half of his/her/their total support for the tax year of coverage; and
4. I will live together (share our principal abode) with my Partner's Child(ren) and he/she/they will be a member of my household for the entire tax year of coverage, except for temporary absences for reasons such as vacation, military service or education; and
5. My Partner's Child(ren) will not be considered a "qualifying child" under the definition of dependent set forth in Code section 152 of any other taxpayer for the tax year of coverage; and
6. My Partner's Child(ren) is a citizen or national of the United States or a resident of the United States.

I understand that it can be complex to determine whether an individual qualifies as my Section 152 Dependent and therefore I should consult with a qualified tax professional if I have any questions.

I understand that Pixar may request that I provide it with evidence that the foregoing is correct.

I understand that I must promptly notify Pixar's Human Resources Department if my Partner or any of my Partner's Children will not qualify as my Section 152 Dependent for any tax year of coverage or if they otherwise cease to qualify for dependent coverage under Pixar's health plan. Prompt notification means within 30 calendar days of such status change.

As required by applicable tax laws, I understand that the value of my non-Section 152 Dependent's health plan coverage for the portion of the tax year prior to the change to non-Section 152 Dependent status must be included in my gross income for the applicable year, and related income tax and employment tax withholdings must be deducted from my pay as rapidly as possible. I understand that these catch-up withholdings may reduce my take-home pay for some periods.

I declare, under the penalty of perjury, that the above statements are true and correct.

EMPLOYEE SIGNATURE: _____

Print Name: _____

Address: _____

Date: _____