

Adoption Assistance Plan

The Adoption Assistance Plan is designated to help eligible team members pay expenses related to the adoption of a child. It is also designed to take advantage, to the extent possible, of a federal law that allows certain types of expenses to be reimbursed by Mortenson and not taxed to team members.

Eligible Team Members

This Plan applies to all active, non-union craft team members. Team members become eligible for benefits under this Plan after completing six (6) months of cumulative service with Mortenson.

Reimbursement is available only for qualified adoption expenses incurred during active employment with Mortenson. Expenses incurred prior to the team member's hire date or after termination of employment are not eligible for reimbursement.

If an adoption is finalized before a team member completes six (6) months of cumulative service, qualified adoption expenses incurred during active employment may be submitted for reimbursement once the team member satisfies the six-month service requirement.

Eligible Adoptive Children

The Plan covers eligible expenses related to the adoption of a child who is under the age of 18 at the time the adoption expense is paid or incurred or is physically or mentally incapable of caring for himself or herself.

Amount of Reimbursement

The Adoption Assistance Plan will pay 100% of all eligible adoption expenses, up to a maximum of \$5,000 per adoption (or \$6,000 for the adoption of a child with special needs). The dollar amount applies to the adoption of each child and is cumulative over all tax years and unsuccessful adoptions. Access to this benefit is limited to one adoption every two calendar years.

Eligible Expenses

The adoption expenses eligible for reimbursement under the Plan include:

- Legal fees and court costs;
- Agency and placement fees (including foreign adoption fees);
- Medical examination fees for the adopted child (if required);
- Transportation fees for the child, to bring the child to the adopting parents; home; or
- Temporary foster care expenses.

Ineligible Expenses

Certain expenses are not eligible for reimbursement under the Adoption Assistance Plan. These expenses include:

- Expenses for adopting children who are related to you or your spouse;
- Transportation expenses for the adopting parents;
- Medical examinations for the adopting parents;
- The cost of personal items, such as clothing, food, etc. for either parents or child;
- Pregnancy expenses for the birth mother;

- Psychological counseling for the adopted child and/or adoptive parents;
- Expenses incurred in violation of state or federal law;
- Expenses incurred in carrying out any surrogate parenting arrangement; or
- Expenses incurred while you are not working for Mortenson

Claiming Reimbursement

Team members can be reimbursed for eligible expenses as they are incurred (except for foreign adoptions). Expense reimbursements for foreign adoptions will be paid following the successful completion of the adoption.

When you wish to claim reimbursement for eligible expenses, complete an Adoption Assistance Application form and submit it to askHR@mortenson.com. Copies of all bills and receipts being submitted for reimbursement will need to be attached. Reimbursement requests for eligible expenses must be submitted within 12 months of the child being placed in your home. No reimbursement will be made if the team member fails to submit any requested documentation.

Tax Consequences

Mortenson will not withhold federal income tax on reimbursements. However, the amount of reimbursements that may be excluded from federal income taxes is subject to an income limitation. If you and your spouse's Adjusted Gross Income exceeds \$75,000, you are subject to this limitation, and you may need to increase your regular withholding or pay estimated tax to avoid penalties for underpayment of income tax. If you and your spouse's Adjusted Gross Income exceeds \$115,000, you will not be able to exclude any of the reimbursement amount from your income. Mortenson will withhold all applicable state income and FICA taxes on reimbursements. The amount of any adoption expense reimbursements made to you by Mortenson will be reported in a separate box on your Form W-2. The team member is solely responsible for the reporting of the reimbursements on his or her tax return and the payment of any applicable taxes (including interest and penalties).

You may also be eligible for the federal government's adoption tax credit. If your expenses exceed the amount covered by this Plan, the additional expenses may qualify for a tax credit. Any expense can be claimed under only one program – either the Mortenson Adoption Assistance Plan or the adoption tax credit – but not both.

Questions

Contact Mortenson's HR Service Center at 800-780-0643 or askHR@mortenson.com if you have any questions about the Adoption Assistance Plan.