

IMPORTANT INFORMATION REGARDING COBRA CONTINUATION OF MEDICAL COVERAGE RIGHTS

Federal Law requires that if a participant or participant's dependents lose medical coverage under certain circumstances (called "qualifying events"), they must be given the opportunity to continue coverage under the AMO Medical Plan (the "Plan") at their own expense for a limited period of time.

If a participant and dependent's coverage ends due to termination of the participant's employment (except for gross misconduct) or a reduction of hours or days, the participant and/or his dependents may elect to continue coverage for a total of 18 months (29 months if an eligible individual is disabled under the Social Security Act within 60 days of the date of termination). If a dependent loses coverage for any of the following reasons, the dependent may elect to continue coverage for up to 36 months:

- Death of the participant
- Divorce or legal separation
- Loss of benefits because the participant becomes entitled to Medicare, or
- A dependent child exceeds the maximum age for coverage as a dependent.

When the qualifying event is the end of employment or reduction of the employee's hours/days of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours/days of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months from the date of the qualifying event. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

(1) Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration (SSA) to be disabled, and you notify the Director of Benefits in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. In order to receive an extension, you must notify the Director of Benefits in writing and within 60 days of a disability determination by the SSA and prior to the expiration of the 18-month period. You must include a copy of the disability determination from the SSA with your written notice of disability.

(2) Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months from the date of the original qualifying event, if written notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children (if they are qualified beneficiaries) receiving continuation coverage if the employee or former employee dies, or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. Medicare entitlement is not a qualifying event under the Plan because it does not result in loss of coverage. Consequently, Medicare entitlement following a

termination of employment or reduction in hours will not extend COBRA to 36 months for spouses and dependents who are qualified beneficiaries.

The period of extended coverage following a participant's last day of Covered Employment provided under the AMO Medical Plan, if any, will not extend the maximum coverage period required under this provision, but will be credited toward satisfaction of the maximum coverage period.

If any of these events occur, the participant or dependent(s) should contact the Director of Benefits immediately. In order to be entitled to elect continued coverage in the event of divorce, legal separation, or a child ceasing to qualify as a dependent, the participant or the dependent(s) must notify the Director of Benefits within 60 days of the qualifying event.

Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation on behalf of their children. In general, participants and their dependents have 60 days from the later of the date their coverage ends or the date they are notified of their right to continue coverage under the Plan to elect such coverage. However, coverage must begin from the date coverage would have terminated if COBRA had not been chosen.

Continued coverage under the AMO Medical Plan will terminate if any of the following events occur:

- The eligible individual fails to pay the required premium when due;
- The eligible individual obtains coverage under another group health plan, either as an employee or a dependent of an employee, provided such plan does not contain any exclusion or limitation for a preexisting condition of the eligible individual;
- The eligible individual becomes entitled to Medicare;
- The AMO Medical Plan is terminated;
- The participant's employer provides health plan coverage for employees under a different health plan or starts contributing to a different multiemployer health plan; or
- Coverage would terminate under the terms of the Plan for an active employee, such as for fraud.

Questions concerning your COBRA continuation coverage rights should be addressed to Participant services at 1-800-348-6515, ext. 12.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA web site at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's web site.)