

BENEFIT DESIGN AND ADMINISTRATORS, INC.

DOL-PWBA
97 JUN 11 AM 10:10

MAY 30, 1997

SPB-PWBA
ROOM N-5644
200 CONSTITUTION AVE NW
WASHINGTON DC 20210

RE: MARSHALL ELECTRIC CORPORATION
EIN: 35-1333322
PLAN: 501

DEAR MADAM OR SIR:

Enclosed please find a copy of the Employee Notification for the Fifth Amendment to the Plan Document for the Marshall Electric Corporation Employee Benefit Plan.

Please be informed that this notification has been distributed to all plan participants.

Please contact our office with any questions.

Yours truly,



Angela L. Overman
Vice President

cc: M-J Insurance

Encl.

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TO OUR EMPLOYEES:

The following change was made to the Summary Plan Description for the Marshall Electric Corporation Employee Benefit Plan:

Effective January 1, 1997:

Information on pages 12-14, RIGHT TO CONTINUE COVERAGE - COBRA is deleted in its entirety and replaced with the following:

RIGHT TO CONTINUE COVERAGE
COBRA

1.05 Continuation of Coverage (COBRA)

A) COBRA

In accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Covered Persons who would otherwise lose coverage under the Plan have the right to continue their coverage in certain situations. This Section of the Plan is based on the most current information available on the effective date of the Plan. Changes effective January 1, 1997 are included. Any future revisions mandated by federal law are included in the Plan whether or not specifically shown in this version.

Covered Persons eligible to elect to continue coverage under are referred to as qualified beneficiaries.

Changes in coverage which make a Covered Person eligible for continuation rights are referred to as qualifying events.

A Dependent of an Employee (including a child born to or placed for adoption with the Employee during the period of continuation coverage).

The Health Insurance Portability and Accountability Act of 1996 requires a group health plan to credit an employee continuous coverage under a prior group health plan against any period of pre-existing condition limitation the new plan imposes. COBRA coverage will be considered as continuous coverage. The requirement to credit prior coverage under the prior plan until no more than 63 days before the date you enroll in the new group health plan or your employment begins to be counted toward your eligibility to enroll. Once the new employer plan does not subject the qualified beneficiary to a pre-existing condition limitation or exclusion, the qualified beneficiary's COBRA coverage will terminate.

- B) Benefits
Benefits for qualified beneficiaries will be identical to those benefits provided to similarly situated active participants under the Plan.
- C) Employer Notification Responsibilities
The Employer is responsible for notifying the Plan Administrator within 30 days of the following qualifying events:
- 1) the Employee's Death;
 - 2) the Employee's termination of employment, except for gross misconduct;
 - 3) the Employee's reduction in hours; or
 - 4) the Employee's entitlement to Medicare benefits.
- D) Employee Notification Responsibilities
A covered Employee or Dependent is responsible for notifying the Plan Administrator within 60 days of the following qualifying events:
- 1) divorce or legal separation; or
 - 2) a Dependent no longer meets the conditions of the Plan for Dependent coverage.
- E) Plan Administrator Responsibilities
Within 14 days of receiving notice of a qualifying event, the Plan Administrator is required to send the Employee or Dependent notification of his or her continuation rights and a complete explanation on how to elect continuation coverage.
- F) Election Period
A qualified beneficiary must elect to continue coverage under COBRA within the election period or all coverages under the Plan and the right to continue coverage will end. The election period lasts 60 days and begins on the later of the date the coverage under the Plan terminates or the date the Plan Administrator notifies the qualified beneficiary of the continuation rights.
- G) Required Contributions
The Employer may require the qualified beneficiary to pay all or part of the cost for continuation coverage, not to exceed 102% of the cost (150% for Social Security Disability). The qualified beneficiary must submit the initial contribution for coverage within 45 days of the date continuation of coverage is elected. Contributions are then payable to the Plan Administrator monthly. If a required contribution is not made when due, coverage under the Plan will end.

H) Coverage Maximums

The maximum periods continuation of coverage can be elected is determined by the qualifying event. If an additional qualifying event happens after COBRA has been elected, the combined maximum period of coverage for all events will be 36 months.

1) Employee Coverage Maximums

An Employee who loses coverage under the Plan has the right to elect COBRA continuation of coverage for the maximums shown for the following qualifying events:

- a) Employment terminates for reasons other than gross misconduct.....18 months
- b) Reduction in hours.....18 months

2) Dependent Coverage Maximums

A covered Dependent who loses coverage under the Plan has the right to elect COBRA continuation of coverage for the maximums shown for the following qualifying events:

- a) Employee's death.....36 months
- * b) Employee's entitlement to Medicare.....36 months
- c) Divorce or legal separation.....36 months
- d) Employee's employment terminated for reasons other than gross misconduct.....18 months
- e) Employee's hours are reduced.....18 months
- f) Dependent child no longer meets the Plan conditions for coverage.....36 months

* An employee who becomes eligible for Medicare may not elect to stop the employer's coverage at that time. If some time after the Medicare entitlement date, the employee loses coverage due to termination of employment or due to a reduction in hours, this loss of coverage gives rise to a potential 18 month COBRA qualifying event.

The qualified beneficiaries that arise due to this event are entitled to 18 months of COBRA coverage, OR, 36 months of coverage measured from the date of the Medicare entitlement, whichever will give them the greatest amount of coverage time.

I) Social Security Extension

If you are covered under COBRA continuation coverage as either a dependent or as a former employee because health coverage was lost due to employment termination or reduction in hours, and you become totally and permanently disabled for Social Security purposes at any time within 60 days of the qualifying event, you will be entitled to the extended 29 months of coverage. This provision applies to all qualified beneficiaries and not just the covered employee who becomes disabled. The premium for the first 18 months will be limited

to 102% of the cost of similar actively working employees; the premium for the 19th through the 29 month may be up to 150% of the cost of coverage for similar actively working employees.

J) Termination of Continuation of Coverage

Continuation of Coverage under COBRA may be elected until the earlier of:

- 1) the date the Employer no longer provides group health coverage to any of its employees;
- 2) the date the qualified beneficiary becomes eligible for Medicare;
- 3) the date a required beneficiary becomes covered under a group health plan which does not contain any exclusions or limitations for a pre-existing condition of the qualified beneficiary.

PLEASE KEEP THIS INFORMATION WITH YOUR SUMMARY PLAN DESCRIPTION

MARSHALL ELECTRIC CORPORATION EMPLOYEE BENEFIT PLAN

EIN: 35-1333322

PLAN: 501