

HOOD COLLEGE HEALTH AND WELFARE BENEFITS PLAN

SUMMARY OF MATERIAL MODIFICATIONS

TO: Participants in the Hood College Health and Welfare Benefits Plan

FROM: Plan Administrator

DATE: July 1, 2004

RE: Changes to the Plan

This Summary of Material Modifications ("SMM") describes certain changes made to the Hood College Health and Welfare Benefits Plan. This SMM formally amends portions of the Plan's Summary Plan Description ("SPD") which previously was provided to you. Therefore, please staple this SMM to your copy of the Plan's SPD.

The changes to your SPD are the following, which are effective July 1, 2004:

DEFINITION OF DEPENDENT. The Plan's definition of "dependent" shall be amended to read as follows:

For Plan purposes, an eligible dependent is an individual who is: (a) the spouse or domestic partner of a Plan participant; (b) an unmarried child of a Plan participant or his or her domestic partner if the child is under age 19 and is primarily dependent on the participant or his or her domestic partner for support; (c) an unmarried child of a Plan participant or his or her domestic partner if the child is age 19 or over, but under age 25, a full-time student in regular attendance at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, and primarily dependent on the participant or his or her domestic partner for support; (d) any child of a Plan participant or his or her domestic partner if the child is mentally or physically incapable of self-support and is dependent upon the participant or his or her domestic partner for support, regardless of the child's age, provided such mental or physical condition commenced prior to the attainment by the child of age 19, or age 25 if the child was age 19 or over and enrolled as a full-time student at the date of such commencement; (e) any child of a participant or his or her domestic partner who does not qualify as a dependent under subsections (b), (c) or (d) above, solely because the child is not primarily dependent upon the participant or his or her domestic partner for support so long as over half of the support of the child is received by the child from the participant or his or her domestic partner pursuant to a multiple support agreement; (f) any other individual who is a dependent of the Plan participant described in §152(a) of the Code and whose welfare is the legal responsibility of the Plan participant pursuant to a legal guardianship, written divorce settlement, written separation agreement or a court order.

For purposes of the preceding paragraph, the word "child" includes natural children, legally adopted children who are under age 18 at the time of the adoption, children placed for

adoption (provided the child is under age 18 at the time of the placement), foster children (provided the foster child is not a ward of the state) and stepchildren who depend on the Participant or his or her domestic partner for support. In addition, a spouse, domestic partner or child will not qualify as an eligible dependent if such spouse, domestic partner or child is on active duty in the armed forces of any country or if such spouse, domestic partner or child is an employee of the Employer.

Any pre-existing condition exclusions do not apply to an adopted child of an eligible employee, or a child placed for adoption with an eligible employee, if the child is under 18 years of age at the time of the adoption or placement for adoption, and if the eligible employee is eligible for Plan coverage at the date of the adoption or placement.

A person otherwise qualifying as an eligible dependent will not be covered for any coverage providing benefits to dependents unless the participant has elected to pay and has paid the required additional contributions, if any, for dependent coverage.

DEFINITION OF DOMESTIC PARTNER. “Domestic partner” shall be defined as follows:

Domestic partner means an individual of the same sex as a Plan participant who has a relationship with the participant that satisfies the following requirements (as determined by the Plan Administrator or Insurer, as applicable):

(a) If the couple resides in a jurisdiction that recognizes domestic partnerships, the domestic partnership is registered with a governmental body pursuant to state or local law authorizing such registration;

(b) The Participant and his or her domestic partner are both eighteen (18) years of age or older and have the legal capacity to contract;

(c) The Participant and his or her domestic partner are not parties to a legally recognized marriage either to each other or to anyone else;

(d) The Participant and his or her domestic partner share no blood or familial relationship that would bar marriage under the laws of the state in which the couple resides, and neither the Participant nor his or her domestic partner is a member of another domestic partnership or substantially similar arrangement;

(e) The Participant and his or her domestic partner share a close, committed and exclusive personal relationship that is meant to be of lasting duration;

(f) The Participant and his or her domestic partner have shared a common legal residence continuously for at least six (6) months and have submitted documentary evidence of such cohabitation that is satisfactory to the Plan Administrator or Insurer, as applicable;

(g) The Participant and his or her domestic partner are financially

interdependent and submit documentary evidence of such interdependence to the Plan Administrator or Insurer as applicable, including an agreement to notify the Plan Administrator or Insurer as applicable, in writing of the termination of the domestic partnership within thirty (30) days of the date of termination;

(h) The Participant and his or her domestic partner have not been a member of another domestic partnership or substantially similar relationship within the past six (6) months.

For purposes of the preceding paragraph, financially interdependent means the parties are jointly responsible for the financial obligations of the domestic partnership. The Participant and his or her domestic partner can establish that they are financially interdependent by submitting to the Plan Administrator or Insurer as applicable, the following documents:

- (a) Joint mortgage or lease on place of residence;
- (b) Agreement establishing joint bank or credit card account;
- (c) Agreement with a third party lender for joint repayment of indebtedness;
- (d) Designation of one partner as the other partner's beneficiary with respect to life insurance or retirement benefits;
- (e) A joint will, or reciprocal wills, in which each partner designates the other as executor or primary beneficiary;
- (f) Durable powers of attorney by each partner in favor of the other;
- (g) Health care directives or living wills in which each partner gives the other the authority to make health care decisions; or
- (h) Other documentation, determined by the Plan Administrator or Insurer as applicable to be sufficient to establish, under the circumstances of the particular case, that the Participant and his or her domestic partner are financially interdependent.

SALARY REDUCTION CONTRIBUTIONS FOR DOMESTIC PARTNER COVERAGE. All Participant salary reduction contributions for coverage for individuals who are not his or her dependents under Internal Revenue Code Section 152 will be made on an after-tax basis.

BENEFITS AVAILABLE TO DOMESTIC PARTNERS AND THEIR CHILDREN. Eligible domestic partners and their children (as defined above) will be eligible for medical, dental vision and prescription drug coverage. Domestic partners and their children will be eligible for continuation coverage under rules similar to COBRA, which are described in the SPD. In addition, participants, domestic partners and their children will be eligible for special enrollment rights under rules similar to the Special Enrollment Rights described in the SPD. The eligibility under this paragraph of any individual for continuation coverage or special enrollment rights shall be determined by the Plan Administrator or the Insurer, as applicable.

STATUS CHANGE. The following is added to the definition of status change:

(9) for any election made on an after-tax basis, you experience any event which, in the Administrator's sole discretion, qualifies as a Status Change.

If you have any questions concerning this SMM, the Plan changes it summarizes, or your SPD, please contact the Plan Administrator in writing at the following address:

Hood College
c/o Human Resources Department
401 Rosemore Avenue
Frederick, MD 21701-8575