

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, 2006

RE: Summary of Material Modifications

This Summary of Material Modifications ("SMM") amends certain provisions of your Summary Plan Description ("SPD") for the Hood College Health and Welfare Benefits Plan (the "Plan").

Please review this SMM carefully to familiarize yourself with the changes, and please attach this SMM to the front of your SPD.

1. As described in your SPD, the benefit elections that you make when you first become eligible for the Plan generally carry over from one Plan year to the next, unless you choose to make a change during the annual enrollment period (or during some other period, if allowed by the Plan). For the Plan year that begins on July 1, 2006 only, this carry-over rule will not apply. Because of some significant changes in the Plan's coverage options, if you want to be covered under the Plan for this Plan year, you must complete a new Enrollment Form during the Plan's annual election period. Any elections you make for the 2006 Plan year will carry over to future years (except for FSA elections which must always be made each year), just as they have in the past, until you choose to change elections again in the future by submitting a new Enrollment Form.

2. Effective July 1, 2005, the following information replaces the information in your SPD regarding a spouse or dependent's eligibility for benefits under the Plan:

Dependent Eligibility

For Plan purposes, your eligible dependent is anyone who is:

- (1) your spouse or domestic partner;
- (2) your child or the child of your domestic partner who is primarily dependent on you or your domestic partner for support and who is your dependent or your domestic partner's dependent for federal income tax purposes if he or she is:
 - unmarried and under age 19; or
 - a full-time student who is unmarried and at least 19 but under age 25 (to be a full-time student, the child must regularly attend an educational institution that 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); or

- mentally or physically incapable of self-support, regardless of the child's age, but only if the mental or physical incapacity commenced before the child reached age 19, or while the child was 19 or over but under age 25 and enrolled as a full-time student;
- (3) your child who is your dependent (or your domestic partner's dependent) for federal income tax purposes and who would qualify as an eligible dependent under category (2) above except that he or she is not primarily dependent upon you (or your domestic partner) for support, so long as (i) the child's principal place of abode is the same as yours for more than half of your tax year and (ii) the child does not provide more than half of his or her own support during the calendar year in which your current tax year begins;
 - (4) your child who is your dependent (or your domestic partner's dependent) for federal income tax purposes and who would qualify as an eligible dependent under category (2) above except that he or she is not primarily dependent upon you (or your domestic partner) for support, so long as over half of the child's support is treated as being received from you (or your domestic partner) under a multiple support agreement; and
 - (5) any other person who is your dependent (or your domestic partner's dependent) for federal income tax purposes and whose welfare is your legal responsibility (or your domestic partner's legal responsibility) under a legal guardianship, written divorce settlement, written separation agreement or a court order.

For purposes of the Plan's Dependent Eligibility requirements, the word "child" includes natural children, legally adopted children who are under age 18 at the time of the adoption, children placed for adoption who are under age 18 at the time of the placement, foster children (if the child is an "eligible foster child", as defined in the Internal Revenue Code, and the child is not a ward of the state), and stepchildren and children of a domestic partner. Also for purposes of the Plan's dependent eligibility requirements, an employee's "spouse" is a person of the opposite sex who is treated as the spouse of the employee under applicable law. The Plan Administrator will determine if a person is an employee's spouse by referring to (and interpreting, in its discretion, as needed) applicable law of the State in which the employee resides.

In addition, your spouse, domestic partner or child will not qualify as an eligible dependent while on active duty in the armed forces of any country or if he or she is an employee of the Employer. Also, no one who is not a citizen or national of the United States will qualify as an eligible dependent unless he or she is a resident of the United States, Canada or Mexico. However, the preceding sentence will not apply to exclude your legally adopted child from being an eligible dependent, if that child is a member of your household and resides in your home and you are a citizen or national of the United States.

See your SPD for the definition of "domestic partner" and information relating to benefits available under the Plan to domestic partners of employees.

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

You are responsible for determining if someone qualifies as your spouse or dependent for purposes of the Plan's dependent eligibility rules, subject to the Employer's final approval. The Employer may require you to provide proof that an individual satisfies the Plan's eligibility requirements. Also, if at any time during a Plan Year your eligible spouse or dependent becomes ineligible for coverage, you are responsible for notifying the Employer of that change in eligibility.

3. Effective immediately, the following information replaces the details in your SPD regarding Special Enrollment Periods:

Special Enrollment Periods for Employees and Dependents. If you decline enrollment in the Plan's health coverage options for yourself or your dependents (including your spouse or domestic partner) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your dependents in the Plan's health coverage features if you or your dependents lose eligibility for that other coverage (or if an employer stops contributing towards your or your dependents' other coverage). However, you must request enrollment within 30 days after your or your dependents' other coverage ends (or after the employer stops contributing toward the other coverage).

You (or your dependent) will be treated as losing eligibility for other coverage if the coverage is no longer available because you (or your dependent) have reached a lifetime limit for all benefits under that coverage. In that case, you must request enrollment within 30 days of the date that a claim is denied, in whole or in part, because of reaching that lifetime limit, or, if the other coverage is COBRA continuation coverage, within 30 days after a claim that would exceed the lifetime limit is incurred.

In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents. However, you must request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption.

To request special enrollment or obtain more information, contact the Plan Administrator at the address provided in this SMM.

4. Effective December 10, 2004, the following paragraph replaces the previous information in your SPD about rights you may have under the Plan during a period of military leave:

If you take a leave of absence from employment with the Employer because of military service and your coverage (for you and your covered spouse or dependents) would otherwise terminate, you may elect to continue coverage under the Plan to the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"). You will be required to pay for such coverage in an amount determined under USERRA. (If your leave is for a period of 30 days or less, you will be required to pay only the amount that active employees pay for similar coverage.) This continuation coverage is basically identical to the continuation coverage described in the COBRA notice section of

this Summary and it may end for any of the reasons that COBRA continuation coverage would end, except that the maximum coverage period is different. Specifically, note that USERRA continuation coverage will end no later than the first of the following days: (1) the last day of the 24-month period beginning on the date your military leave of absence begins (18-months for elections prior to December 10, 2004); or (2) the day after the date on which you fail to apply for or return to a position of employment with the Employer. Please contact the Employer if you have questions about coverage during periods of military service.

5. Effective July 1, 2005, the sections of your SPD entitled "Medical Coverage" and "Prescription Drug Coverage" are replaced by the following:

Medical/Prescription Drug Coverage. If you are eligible to participate in the Plan, you may purchase medical/prescription drug coverage. A description explaining additional details of these coverages appears in the Benefits Booklets delivered to you with this Summary. Any salary reduction contributions you will be required to make to obtain the benefits will be determined by the Employer, and will be communicated to you from time to time.

Pediatric vaccine coverage under the Plan will not be less than the Plan's pediatric vaccine coverage, if any, as of May 1, 1993. In addition, the Plan's terms will comply with the reconstructive surgery requirements of the Women's Health and Cancer Rights Act of 1998.

6. The following new section is added to the Summary of Available Benefits section of your SPD:

Employee Assistance Plan Coverage. If you are eligible to participate in the Plan, you will receive at the Employer's sole expense employee assistance plan coverage. A description explaining additional details of these coverages appears in the Benefits Booklets delivered to you with this Summary.

7. Effective July 1, 2006, the provisions in your SPD relating to Health Care and Dependent Care Flexible Spending Accounts are replaced by the following:

Health Care Flexible Spending Account. If you are eligible to participate in the Plan, you may elect to have salary reduction contributions, in an aggregate amount not to exceed \$5,000 per Plan Year, credited to your Health Care Flexible Spending Account ("Health FSA"). You can receive amounts from this Account, in cash, as reimbursement for eligible medical expenses (as defined in the Plan) incurred during the Plan Year and while you are a participant in the Health FSA.

If you do not use up your entire Health FSA balance with expenses incurred by the end of the Plan Year, there is also a "grace period" that lasts two and one-half months after the end of the Plan Year (that is, until September 15th of the next Plan Year). Eligible expenses incurred during the grace period may also be reimbursed. The grace period applies only if you are still a participant in the Health FSA on the last day of the Plan Year. You will still be treated as participating in the Health FSA for this purpose if you elected COBRA continuation coverage under the Health FSA and that COBRA coverage is in effect on the last day of the Plan Year. If your participation in the Health FSA ends before the end of the Plan Year, there is no grace period.

Generally, eligible medical expenses are expenses for you, your spouse or your

dependent (for federal tax purposes) that are not covered under any plan or employer-provided medical coverage, that meet the Internal Revenue Code's definition of medical expenses (including legally obtained prescription drugs and over-the-counter medicine), and that have not been taken as a deduction in any tax year.

To be reimbursed from your Health FSA, you must submit to the Plan Administrator a request for reimbursement on a form provided by the Plan Administrator. You also must provide evidence of the amount, nature and payment of the underlying medical expense for which reimbursement is sought, as required by the Plan Administrator. Unless a later date is designated by the Plan Administrator, you must submit your requests no later than 90 days after the last day of the grace period for the Plan Year in which the expenses were incurred.

Please note that amounts held in your Health FSA for which a request for reimbursement has not been received by the deadline described above will be forfeited.

Dependent Care Flexible Spending Account. If you are eligible to participate in the Plan, you may elect to have salary reduction contributions, in an aggregate amount not to exceed \$5,000 per calendar year or, in the case of married participants filing separately, \$2,500 per calendar year, credited to your Dependent Care Flexible Spending Account ("Dependent Care FSA"). You can receive amounts from this Account, in cash, as reimbursement for Employment Related Expenses incurred during the Plan Year and while you are a participant in the Dependent Care FSA. However, if you do not use up your entire Account balance with expenses incurred by the end of the Plan Year, there is also a "grace period" that lasts two and one-half months after the end of the Plan Year (that is, until September 15th of the next Plan Year). Eligible expenses incurred during the grace period may also be reimbursed. The grace period applies only if you are still a participant in the Dependent Care FSA on the last day of the Plan Year. If your participation in the Dependent Care FSA ends before the end of the Plan Year, there is no grace period.

The amount of any reimbursement for Employment Related Expenses may not exceed the amount credited to your Account at the time of your reimbursement request. Generally, Employment Related Expenses are expenses for household services and expenses related to the care of a "Qualifying Individual", which you incur to enable you to work.

A Qualifying Individual is someone who is either (1) your child (including a stepchild), brother, sister, stepbrother or stepsister (or a descendent of any of those, such as a grandchild or a niece or nephew) who is under the age of 13 and who has the same principal residence as you for at least half of your current tax year and who does not provide at least half of his or her own support for the current calendar year or (2) your spouse or dependent (for federal tax purposes) who is physically or mentally incapable of taking care of himself or herself and who has the same principal residence as you for at least half of your current tax year.

You are responsible for determining if someone is your dependent for purposes of this benefit. If you have any question about whether someone qualifies as your dependent for purposes of the Dependent Care FSA, you should consult a tax advisor or contact the Plan Administrator.

Please be aware that the amount of reimbursements that you may receive from your Dependent Care FSA on a tax-free basis in a calendar year (or your tax year, if you do not use file taxes on a calendar year basis) cannot exceed the lesser of your Earned Income (as defined in the Plan) or your spouse's Earned Income. Any amount that you receive in excess of that amount will

be taxable to you. Thus, for example, if you have \$5,000 in your Dependent Care FSA and you and your spouse have Earned Income of \$20,000 and \$4,000, respectively, you can receive \$4,000 worth of reimbursement from the Account on a tax-free basis, and you will be taxed on \$1,000 worth of the reimbursement you receive.

Employment Related Expenses that are incurred for services outside your household may be reimbursed only if incurred for the care of (i) a Qualifying Individual who is a qualifying child under thirteen years or age, or (ii) another Qualifying Individual who regularly spends at least eight hours each day in your household. In addition, if the services are provided by a Dependent Care Center (as defined below), the Center must comply with applicable laws and regulations of a State or local government. A "Dependent Care Center" is any facility that provides care for more than six individuals who do not reside at the center and receives a fee, payment or grant for providing services for any of the individuals.

Please note that no reimbursements will be made for Employment Related Expenses for services rendered by any person for whom you or your spouse is entitled to a deduction on your federal income tax return for the applicable tax year or who is your child (including a stepchild or a foster child) who is expected to be under the age of 19 at the end of your tax year.

If you are married, you will be eligible for reimbursement of dependent care expenses only if your spouse is also employed, or if he or she is a full-time student or incapable of self-care. You may not claim dependent care expenses that exceed the lesser of the fixed dollar maximum indicated above, one-half of your gross income; or, if you are married, your spouse's gross income. If your spouse is either a full-time student or is incapable of self-care, your spouse will be deemed to have qualifying earnings for each month that he or she is a full-time student or incapacitated. The amount of deemed earnings will be \$250 a month, if you provide care for one Qualifying Individual, or \$500 a month, if you provide care for more than one Qualifying Individual.

To be reimbursed from your Dependent Care FSA, you must submit a reimbursement request to the Plan Administrator on a form provided by the Plan Administrator. You also must provide evidence of the amount, nature and payment of the underlying expense for which reimbursement is sought, as required by the Plan Administrator. Unless a later date is designated by the Plan Administrator, you must submit such requests no later than 90 days after the last day of the grace period for the Plan Year in which the expenses were incurred.

Please note that amounts held in your Dependent Care FSA for which a request for reimbursement has not been received by the deadline described above will be forfeited.

Under the Internal Revenue Code, you also may reduce your taxes by taking a dependent care tax credit. However, any amounts which you exclude from income under the Dependent Care FSA will reduce, dollar for dollar, the tax credit available. Attached as an Exhibit is a notice which further explains the dependent care tax credits and the income exclusions. The notice also provides a worksheet to help you determine which tax reduction method is more beneficial for you.

8. Effective immediately, the COBRA Notice in your SPD is replaced by the following Notice:

Continuation Coverage Under COBRA (COBRA Notice)

This "COBRA Notice" section of your Summary Plan Description applies to employees and covered spouses and dependents who have health coverage under the Plan. For purposes of this notice, "Plan" refers only to the medical/prescription drug, dental, vision, Employee Assistance Plan and health care flexible spending account benefits described in this Summary and this notice is not intended to apply to any other type of benefit. (NOTE: Under federal law, domestic partners are not entitled to continuation coverage under COBRA, so the rights described in this Notice do not apply to domestic partners. See the next section of this SMM for details on certain continuation coverage benefits that may be available under the Plan for eligible domestic partners.)

You are receiving this notice because you are covered under a group health plan offered under the Plan. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.** (Both you and, if you are married and your spouse is covered by the plan, your spouse should take the time to carefully read this notice.)

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should contact the Plan Administrator at the address provided in this notice.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of health coverage under the Plan when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you

lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days after the later of (1) the date the qualifying event occurs or (2) the date coverage would end because of the qualifying event. This notice must be provided, along with any required documentation to:

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

Your notice must be provided in writing in a letter addressed to the Plan Administrator. The notice must include:

- Your name, address, phone number and health plan ID number.
- The name, address, phone number and health plan ID number for any dependent or spouse whose eligibility is affected by the qualifying event.

- A description of the qualifying event and the date on which it occurred.
- The following statement: "By signing this letter, I certify that the qualifying event described in this letter occurred on the date described in this letter."
- Your signature.

You should also provide, along with the letter, documentation of the event that occurred, such as a photocopy of a divorce order or legal separation order showing the date the divorce or legal separation began. If you have any question about what type of documentation is required, you should contact the Plan Administrator at the address provided in this notice.

In addition to accepting a letter with the information described above, the Plan Administrator, in its discretion, may develop and make available a form, which may then be completed to provide the required notice. If such a form is available, you may obtain a copy by requesting it from the Plan Administrator at the address provided in this notice.

How is COBRA Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. 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 coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. (NOTE: The rest of this paragraph applies to health plans other than a health care flexible spending account plan. For the rules that apply for a health care flexible spending account, see the "*Special Rules for Health Care Flexible Spending Accounts*" section below.) When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours 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 of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended, as described in the next two sections of this Notice.

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 to be disabled and you notify the Plan Administrator in a timely fashion (following the same procedures described above under "*You Must Give Notice of*

Some Qualifying Events", including providing documentation of the Social Security Administration's decision), 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.

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, if notice of the second qualifying event is properly given to the Plan (following the same procedures described above under "*You Must Give Notice of Some Qualifying Events*"). This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), 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.

Special Rules for Health Care Flexible Spending Accounts

For a health care flexible spending account ("health FSA"), COBRA continuation coverage is available **only if** the amount that a qualified beneficiary would be required to pay for the coverage for the remainder of the Plan Year is less than the amount of reimbursements that would be available to the qualified beneficiary if he or she elected COBRA coverage. Also, even if COBRA continuation coverage is available, it is available only for the remainder of the Plan Year in which the qualifying event occurs (plus any grace period that applies after the end of that Plan Year (as described in this Summary Plan Description), but only if the qualified beneficiary keeps COBRA coverage in effect through the last day of the Plan Year). COBRA continuation coverage for the health FSA cannot be extended beyond that time for any reason.

EXAMPLE: Assume that an employee elected to contribute a total of \$1,200 to her health FSA account for a Plan Year and then her employment terminates six months after the start of that Plan Year. By that time, she has contributed \$600 to her FSA account through payroll deductions. Assume that she has already received \$800 in reimbursements from her account for eligible expenses she paid before her employment terminated. In that case, the maximum benefit she could receive from her account for any eligible expenses she incurs for the rest of the Plan Year is \$400. However, if she were permitted to continue to participate in the FSA for the rest of the Plan Year, she would be required to pay a total of \$600 (plus about \$12 in additional premiums allowed under COBRA) to continue that coverage. In that case, the amount she would be required to pay (about \$612) is more than the maximum that she would be eligible to receive in reimbursements (\$400), so she would not be offered COBRA continuation coverage under the FSA.

On the other hand, if she had incurred expenses of \$588 or less before her employment terminated, she would be offered the opportunity to elect COBRA continuation coverage under the FSA for the remainder of the Plan Year because her maximum benefit under the Plan for the rest of the Plan Year would be more than the amount she would be required to pay (\$612).

Any filing deadlines or other rules (including any grace period rules) for filing a request for reimbursement under the Health FSA, as described earlier in this Summary Plan Description, will continue to apply if you elect continuation coverage under the Health FSA.

Additional Continuation Coverage Election Period for "TAA-Eligible Individuals"

In addition to the other COBRA rules described in this section of your Summary Plan Description, there are some special rules that apply if you are classified as a "TAA-eligible individual" by the U.S. Department of Labor. (This applies only if you qualify for assistance under the Trade Adjustment Assistance Reform Act of 2002 because you become unemployed as a result of increased imports or the shifting of production to other countries.)

If you are classified by the Department of Labor as a TAA-eligible individual, and you do not elect continuation coverage when you first lose coverage, you may qualify for an election period that begins on the first day of the month in which you become a TAA-eligible individual and lasts up to 60 days. However, in no event can this election period last later than 6 months after the date of your TAA-related loss of coverage. If you elect continuation coverage during this special election period, your continuation coverage would begin at the beginning of that election period, but, for purposes of the required coverage periods described in this Notice, your coverage period will be measured from the date of your TAA-related loss of coverage. The following example illustrates these special rules.

EXAMPLE: If you lose coverage on January 1, 2007 because your job is transferred out of the country, you will be eligible to make a continuation coverage election within 60 days of your loss of coverage and your coverage would be available for up to 18 months beginning on the date you lose coverage. However, if you do not elect continuation coverage during that period and the Department of Labor classifies you as a TAA-eligible individual on May 30, you will qualify for a second election period, lasting from May 1 through June 30. If you elect coverage during that period, your coverage will be effective retroactive to May 1, and you will be entitled to coverage for the remainder of your continuation coverage period measured from the time you actually lost coverage, so your coverage will be available until June 30, 2008 (18 months after January 1, 2007) unless the period is cut short or extended for one of the reasons described above.

The Trade Adjustment Assistance Act also provides for a tax credit of 65% of the cost of premiums paid for qualified health insurance. You should consult with a financial advisor if you have questions about the tax credit.

If You Have Questions

Questions concerning your Plan or your COBRA continuation coverage rights should

be addressed to the Plan Administrator at the address indicated below. 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 website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through the EBSA's website.)

Keep Your Plan Informed of Address Changes

To protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Plan Contact Information

If you have questions or need more information about COBRA continuation coverage under the Plan, please contact the Plan Administrator at the address or phone number provided in this SMM.

9. Effective immediately, the following new section is added to your SPD:

Continuation Coverage for Domestic Partners

Although domestic partners are not eligible for COBRA continuation coverage, the Employer voluntarily offers similar continuation coverage to domestic partners who would otherwise lose health coverage under the Plan under the same circumstances in which continuation coverage would be offered to an individual who is covered as the spouse of an Employee. Similarly, any person covered under the Plan as the child of a domestic partner (who is not a dependent child of the employee) also is not eligible for continuation coverage under COBRA, but the Employer currently offers continuation coverage to such children who would otherwise lose health coverage under the Plan under the same circumstances in which continuation coverage would be offered to an individual who is covered as the dependent child of an Employee.

The duration, cost and other features of continuation coverage made available to domestic partners and children of domestic partners generally is determined under rules similar to the rules that apply to COBRA continuation coverage, as described in the "COBRA Notice" in this SMM. The Employer has sole discretion to determine how those features will apply to domestic partners and children of domestic partners. Also, note that Health FSA coverage legally is not available to anyone other than an employee, a spouse or a dependent child, so no continuation coverage under an employee's Health FSA will be offered to a domestic partner or a child of a domestic partner. In addition, note that domestic partners and children of domestic partners are required to notify the Employer of certain events that would effect continuation coverage, under the same circumstances when spouses (or former spouses) and dependent children are required to provide notice with regard to COBRA continuation coverage. If this applies to you, you should review the COBRA Notice section of this SMM to understand those notice requirements.

This policy, like other features of the Plan that are not mandated by applicable law, is subject to amendment or termination at any time, at the sole discretion of the Employer. Unlike COBRA continuation coverage any continuation coverage provided by the Employer to domestic partners or children of domestic partners is provided voluntarily and not as a requirement of any federal or state law. Nothing in this SMM or your SPD should be interpreted as providing any guarantee that continuation coverage will be available to any domestic partner or child of a domestic partner at any time in the future.

10. Effective immediately, the following new section is added to your SPD:

Certificates of Group Health Coverage

Under a federal law known as HIPAA, the Plan is required to provide a "Certificate of Group Health Plan Coverage" (also known as a "Certificate of Creditable Coverage"), upon request from any person who is currently covered under the Plan's medical coverage or who had medical coverage under the Plan within the previous 24 months. A current or former participant or dependent may request a Certificate of Group Health Plan Coverage by writing, visiting or calling the Plan Administrator at the address or phone number provided later in this SMM.

A Certificate of Group Health Coverage is evidence of your (and/or one or more of your dependent's) coverage under this plan. Under HIPAA, you or a dependent may need evidence of coverage to reduce a preexisting condition exclusion period under another plan, to help get special enrollment in another plan, or to get certain types of individual health coverage even if you have (or your dependent has) health problems.

If a current or former participant or dependent requests a certificate from the Plan, the Plan will mail the certificate to the person requesting it, by first class mail, within 7 business days after receiving a request. If an individual requests that a certificate be sent to another person or entity, such as another employer's plan, the Plan will mail the certificate to the designated recipient, within the same time period.

If a Certificate of Group Health Coverage applies to more than one person and the coverage information is identical for each person, one certificates may be provided for all individuals who for whom a certificate was requested, as long as they all reside at the same address (according to information provided to the Plan Administrator). Separate certificates will be provided to an individual if the information regarding that individual is not identical or if he or she resides at a different address.

The Certificate of Group Health Coverage requirements apply only to the Plan's health coverage. If you have any questions about your coverage under any of the Plan's other benefits, you may also contact the Plan Administrator for help, but the Plan is not required to provide a certificate of coverage.

11. Effective immediately, the following new section is added to your SPD:

Health Information Privacy

For purposes of the health benefits offered under the Plan, the Plan uses and discloses

health information about you and any covered dependents only as needed to administer the Plan. To protect the privacy of health information, access to your health information is limited to such purposes. The health plan options offered under the Plan will comply with the applicable health information privacy requirements of federal Regulations issued by the Department of Health and Human Services. The Plan's privacy policies are described in more detail in the Plan's Notice of Health Information Privacy Practices or Privacy Notice. If you are an employee and you are covered under any of the Plan's health benefit options, you should have received a copy of the Plan's Privacy Notice. In addition, a copy of the Plan's current Privacy Notice is always available upon request. Please contact the Plan Administrator at the address indicated later in this SMM if you would like to request a copy of the Notice or if you have questions about the Plan's privacy policies. For any insured coverage, the insurance issuer is responsible for providing its own Privacy Notice, so you should contact the insurer if you need a copy of the insurer's Privacy Notice.

If you have questions about these Plan changes, this SMM, or your SPD, please contact the Plan Administrator at the following address or phone number:

Hood College
401 Rosemont Avenue
Frederick, MD 21701-8575
(301) 696-3592