

EMERITI RETIREE HEALTH PLAN FOR CARLETON COLLEGE

SUMMARY PLAN DESCRIPTION

JANUARY 1, 2007



EMERITI®
RETIREMENT HEALTH SOLUTIONS

ALL OF THE INVESTMENT OPTIONS IN THE PLAN ARE MUTUAL FUNDS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, BUT THE RIGHT TO MAKE EMPLOYEE AFTER-TAX CONTRIBUTIONS HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE EMPLOYEE AFTER-TAX CONTRIBUTION VEBA HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. FOR MORE INFORMATION, SEE THE SECTION "SECURITIES AND OTHER LEGAL CONSIDERATIONS".

1-E (ER/EE)

OVERVIEW OF THE EMERITI PROGRAM

Emeriti Retirement Health Solutions* (“Emeriti”) is a collaborative arrangement of, by, and for colleges, universities, and other higher education-related tax-exempt organizations. Emeriti creates innovative ways to save for retiree medical expenses, works with insurance companies to develop insurance products, leverages purchasing power, and achieves administrative efficiencies in the delivery of retiree medical benefits on behalf of its members and their participants. Emeriti’s objectives are to provide high-quality retiree products and services in support of the health care needs of retirees and their families and to improve educational resources for making current and future retiree medical expenses an integral component of retirement planning. Emeriti is an Illinois not-for-profit corporation and 501(c)(3) organization made possible by the generous start-up support of the Andrew W. Mellon Foundation.

Emeriti has designed a retiree medical program, called the Emeriti Program, to help colleges, universities, and other higher education-related tax-exempt organizations and their employees cope with the rising costs of retiree healthcare. The Emeriti Program offers the following core features:

- **A tax-advantaged way to invest and accumulate assets** to pay for your insurance premiums and other health expenses in retirement—*the Emeriti Health Accounts*—with investments and administrative services provided by Fidelity Investments (“Fidelity”).
- A specially designed **group health insurance program building on the foundation of Medicare**—*the Emeriti Health Insurance Plan Options*—underwritten by HealthPartners or Aetna. There is a range of plan options, and all include Medicare-approved Part D prescription drug coverage.
- **An innovative, tax-free way to pay for other qualified out-of-pocket medical expenses** – *the Emeriti Reimbursement Benefit* – administered by Acclaris, a third-party claims processor.

The Emeriti Program is a “turnkey” retiree medical program, which means that Emeriti has created model plan documents and has established relationships with leading service providers and insurance companies. This enables higher-education employers to adopt their own plan documents and access the services of Fidelity and Aetna on a more cost-effective basis than if they had to draft these documents and establish these relationships on its own. Thus, the Emeriti

* Emeriti’s full legal name is The Emeriti Consortium for Retirement Health Solutions, An Illinois Not-For-Profit Corporation.

Program is intended to enable employers like yours to provide better benefits at a lower cost.

Here is how it works. Your employer adopts an Emeriti Retiree Health Plan and two related tax-exempt trusts—an employer-contribution trust and an optional employee-contribution trust. Contributions to these trusts are held in individual participant accounts. Participants direct the investment of their accounts among a range of federally registered investment options available under the plan. In retirement, participants can use their accounts to pay for health insurance premiums and qualified out-of-pocket medical expenses on a tax-free basis (subject to eligibility).

Emeriti selected Fidelity and Aetna to provide services to the Emeriti Program after an extensive review process. Fidelity was chosen because of its experience in providing both administrative services and a range of investment products. HealthPartners and Aetna were chosen because of their experience in providing post-retirement health insurance and pharmacy benefit solutions. When your employer selected the Emeriti Program, these parties were part of the program that your employer determined was the right program for its employees and retirees.

If you ever have any questions about the Emeriti Program or your employer's Emeriti Retiree Health Plan, please call 1-866-EMERITI (1-866-363-7484).

INTRODUCTION TO YOUR EMERITI RETIREE HEALTH PLAN

Carleton College (the “Plan Sponsor”) has adopted the Emeriti Retiree Health Plan for Carleton College (the “Plan”) as of January 1, 2007 (the “Effective Date”). The Plan is intended to assist you in meeting your medical expenses, and those of your family, during your retirement years. You may be covered under the Plan as an employee of the Plan Sponsor or of a participating affiliate of the Plan Sponsor listed in Appendix A (referred to in this SPD as your “Employer”).

Funding for these benefits is through one or two Emeriti Health Accounts established in your name during your working years—an Employer-Contribution Account and an Employee After-Tax Contribution Account (collectively referred to as your “Accounts” or “Emeriti Health Accounts”). For information on these Accounts, see the sections entitled EMPLOYER CONTRIBUTIONS and EMPLOYEE AFTER-TAX CONTRIBUTIONS. If you meet the eligibility requirements, your Employer will make contributions to your Employer-Contribution Account and you will be permitted to make voluntary Employee After-Tax Contributions to your Employee After-Tax Contribution Account.

These Accounts are each held in a separate “VEBA,” which is a special type of trust where the earnings on contributions are not taxed.* Amounts in your Accounts grow tax-free. Amounts paid out of your Accounts for reimbursement of Qualified Medical Expenses, including premiums for health insurance coverage, are also tax-free.

Fidelity Investments (“Fidelity”) provides record keeping, trust, and other services for the Emeriti Health Accounts, including offering a series of mutual funds that make up the core investment options for these Accounts.

At certain times, primarily your retirement, you may become eligible to begin receiving your benefits under the Plan. The primary benefit available under the Plan is coverage under the Emeriti Health Insurance Plan Options, which generally become available when you retire after attaining Retirement Eligibility and enroll in Medicare Parts A and B (after attaining age 65). This coverage is generally available to retired Participants, Spouses (or Domestic Partners), and Dependent Children. The Emeriti Health Insurance Plan Options are underwritten by HealthPartners or Aetna. The Emeriti Health Insurance Plan Options will vary in certain states as a result of state insurance laws and Medicare requirements.

IMPORTANT: The rules described in the section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS – ELIGIBILITY include 90-day enrollment windows, including in certain cases the requirement to enroll within 90 days of

* A “VEBA is a “voluntary employees’ beneficiary association” under Section 501(c)(9) of the Internal Revenue Code.

first becoming eligible. It is important that you review these provisions with your eligible dependents. If you and your eligible dependents do not enroll in one of the Emeriti Health Insurance Plan Options within the applicable enrollment window, eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted. If you have any questions about enrollment, you should call 1-866-EMERITI (1-866-363-7484). In addition, in the event of the Participant's death, eligible dependents should call as soon as possible to discuss enrollment.

If you are not currently eligible to enroll in the Emeriti Health Insurance Plan Options or if you elect not to enroll in that coverage, you may still be eligible for the other benefit available under the Plan, the Emeriti Reimbursement Benefit, which consists of reimbursement of Qualified Medical Expenses. Qualified Medical Expenses include most out-of-pocket medical expenses and premiums for health insurance that you procure outside of the Plan (including COBRA premiums).

Please note that the Plan is a single-employer welfare benefit plan governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), which means that under Federal law you, your Employer, and the Plan Sponsor (*either your Employer or an affiliate of your Employer*) each have certain obligations and rights with respect to the Plan. The principal applicable provisions of ERISA are the provisions on reporting and disclosure, fiduciary responsibility and administration and enforcement. The Plan is not qualified under Section 401(a) of the Internal Revenue Code, which deals with the tax treatment of qualified pension, profit-sharing and stock bonus plans. The Plan document, consisting of a core plan document and an adoption agreement, describes the terms of the Plan in detail. The terms of the VEBA trusts are described in separate trust agreements. This SPD summarizes the terms of the Plan as of January 1, 2007. However, it is not meant to interpret, extend, or change the terms of the Plan in any way, nor does it describe all of the detailed rules that may apply in special circumstances. By reading this SPD you should gain a working knowledge of how the Plan operates and your general rights and obligations under the Plan. ***However, this SPD is only a summary, and in the event of any conflict between this SPD and the Plan, the Plan's terms will control.***

You may request a copy of the Plan document or this SPD by contacting the Plan Sponsor. The terms of the Emeriti Health Insurance Plan Options (including covered services and other conditions of coverage) are described in the Coverage Documents for your state, which are separate documents incorporated by reference in this SPD. You may obtain a copy of the Coverage Documents by calling the number shown on your health insurance Identification Card. Nothing in the Plan or this SPD constitutes a contract of employment between you and your Employer or otherwise grants you any right to continued employment by the Employer.

Capitalized terms are generally defined in special definitions boxes throughout this Summary Plan Description ("SPD"). For a list of defined terms, refer to the

section entitled DEFINED TERMS. Please refer to the section entitled IMPORTANT INFORMATION ABOUT THE PLAN for details regarding the sponsor and administrator of the Plan, and vital information about the Plan.

IMPORTANT CONSIDERATIONS FOR PARTICIPATION (EMPLOYEE AFTER-TAX CONTRIBUTIONS)

The Plan permits participants to make Employee After-Tax Contributions. In making your decision about Employee After-Tax Contributions, you should carefully consider a number of important factors that may affect your participation, including the following:

- If amounts in your Employee After-Tax Contribution Account are not fully expended for medical purposes during your lifetime and the lifetimes of your eligible dependents, the remaining amount is forfeited back to the Plan. See the section entitled USE OF EMERITI HEALTH ACCOUNTS.
- Amounts in your Emeriti Health Accounts under the Plan can only be used to pay premiums for the Emeriti Health Insurance Plan Options and for payment of the Emeriti Reimbursement Benefit (reimbursement of Qualified Medical Expenses). See the section entitled USE OF EMERITI HEALTH ACCOUNTS.
- There is no guarantee that your Emeriti Health Accounts will be sufficient to pay for all of your medical expenses in retirement. See in the section entitled USE OF EMERITI HEALTH ACCOUNTS (*Will My Accounts Pay For All of My Retirement Medical Expenses?*).
- Each Investment Fund is subject to gains and losses due to investment performance as well as fees which are disclosed in the prospectus for each Investment Fund. See the section entitled INVESTMENT OF EMERITI HEALTH ACCOUNTS.
- Medicaid (as opposed to Medicare) is a government program that pays for medical assistance for certain individuals and families with low incomes and limited resources. Your Accounts may affect your future eligibility for Medicaid. See the section entitled EMPLOYEE AFTER-TAX CONTRIBUTIONS (*Will My Accounts Affect Medicaid Eligibility?*).
- The Plan is subject to change in the future. The Employer may change the Plan at any time. In addition, Emeriti, Fidelity and/or Aetna could cease to be associated with the Plan in the future. See the section entitled PLAN ADMINISTRATION (*Is The Plan Subject to Change?*) and the section entitled AMENDMENT, TERMINATION, AND WITHDRAWAL.
- The Emeriti Health Insurance Plan Options will vary from state to state, based on state insurance laws. See the section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS – ELIGIBILITY.
- Because the Plan is subject to ERISA, your rights as a participant to sue the entities involved with the Plan will be subject to the limitations of

ERISA. See the section entitled SECURITIES AND OTHER LEGAL CONSIDERATIONS.

ADDITIONAL CONSIDERATIONS (EMPLOYEE AFTER-TAX CONTRIBUTIONS)

The Plan permits participants to make Employee After-Tax Contributions. In addition to the important considerations discussed in the previous section, you should also consider the benefits associated with making Employee After-Tax Contributions to the Plan, including the following:

- The cost of health insurance premiums and medical expenses in retirement can be substantial. Making Employee After-Tax Contributions to your Emeriti Health Account can assist you and your eligible dependents in meeting these expenses. See the section entitled EMPLOYEE AFTER-TAX CONTRIBUTIONS.
- The Investment Funds offered under the Plan are primarily lifecycle funds designed to simplify your investment elections. See the section entitled INVESTMENT OF EMERITI HEALTH ACCOUNTS.
- Unlike earnings on many private investments, any earnings in your Emeriti Health Account are exempt from tax. See the section entitled TAX EFFECTS OF PARTICIPATION IN THE PLAN.
- Unlike distributions from other workplace savings programs, such as 401(k) plans, 403(b) plans and traditional employer-sponsored IRAs, which are subject to tax at individual income tax rates, you can use your Emeriti Health Account on a tax-free basis to pay premiums for the Emeriti Health Insurance Plan Options (or other health insurance) and for reimbursement of qualified out-of-pocket medical expenses for you and your eligible dependents. See the section entitled TAX EFFECTS OF PARTICIPATION IN THE PLAN.
- In the event of your death, your surviving eligible dependents can continue to use your Emeriti Health Account to pay health insurance premiums and qualified out-of-pocket medical expenses on a tax-free basis (remaining amounts after they cease eligibility or die are forfeited back to the Plan). See the section entitled USE OF EMERITI HEALTH ACCOUNTS.

TABLE OF CONTENTS

	Page
DEFINED TERMS.....	1
Accounts (or Emeriti Health Accounts).....	1
ACH Transfer	1
Authorized Leave of Absence	1
Break in Service	1
Coverage Documents	1
Dependent Child	1
Dependent Relative.....	2
Domestic Partner	2
Eligible Employee.....	2
Employer	2
Permanently Disabled	2
Plan	2
Plan Sponsor.....	2
Qualified Medical Expenses (QMEs).....	3
Retirement Eligibility.....	3
Spouse.....	3
Year of Continuous Service.....	3
PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS	4
Who is Eligible to Participate?	4
Which of My Family Members Can Benefit Under the Plan?.....	4
Do I Need To Designate Each Family Member That I Want to Benefit Under the Plan?	5
Who Qualifies As My Spouse?.....	5
Who Qualifies As My Domestic Partner?	5
Who Qualifies As My Dependent Child?	7
Who Qualifies As My Dependent Relative?.....	8
What Does It Mean For a Family Member To Be Permanently Disabled?	9

TABLE OF CONTENTS
(continued)

	Page
What If My Dependent Child Becomes Permanently Disabled After I Enroll In The Emeriti Health Insurance Plan Options?.....	9
EMPLOYER CONTRIBUTIONS	11
When Does My Employer Begin Making Employer Contributions?.....	11
What Happens If I Am Not An Eligible Employee In a Payroll Period?	11
How Long Will My Employer Make Employer Contributions?.....	12
How Is the Amount of the Employer Contribution Determined?	12
What If I Am Already Over the Age that Employer Contributions Begin When the Plan Commences?	12
How Can I Use My Employer-Contribution Account and Can the Balance Be Forfeited?	12
EMPLOYEE AFTER-TAX CONTRIBUTIONS.....	13
What Should I Consider in Deciding Whether to Make Employee After-Tax Contributions?.....	13
When Can I Begin Making Employee After-Tax Contributions?	13
How Do I Enroll For Employee After-Tax Contributions?	13
How Do I Make Employee After-Tax Contributions?	14
Can I Change or Stop My Employee After-Tax Contributions?	15
Is the Amount of My Employee After-Tax Contributions Limited?	15
Can I Get My Employee After-Tax Contributions Back?	15
What if I'm Absent from Work for Military Service?	15
Can My Dependents or Anyone Else Make Contributions to My Account?	15
How Can I Use My Employee After-Tax Contribution Account and Can the Balance Be Forfeited?	16
Will My Accounts Affect Medicaid Eligibility?.....	16
INVESTMENT OF EMERITI HEALTH ACCOUNTS	17
Who Controls How My Accounts Are Invested?	17
What Are The Investment Options Available For My Accounts?	17

TABLE OF CONTENTS

(continued)

	Page
How Do I Make Elections Regarding How My Accounts Are Invested?	18
Can I Change How My Accounts Are Invested?	19
How Are Transactions in The Investment Fund Priced?	19
Do I Receive Activity Notices and Account Statements?	19
Do I Receive Prospectuses and Updates?	20
How Are My Accounts Invested If I Die?	20
Does the Investment of My Accounts Change Once I Retire?	20
FEES	22
Are Fees Charged to My Accounts?	22
What Fees Are Charged by Emeriti?	22
What Fees Are Charged by Fidelity?	22
What Fees are Charged for Qualified Medical Expense Reimbursements?	23
What Fees Are Charged by Aetna?	23
What Fees Are Charged by My Employer?	23
USE OF EMERITI HEALTH ACCOUNTS	24
What Happens to My Employee After-Tax Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?	24
What Happens to My Employer-Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?	24
How Are Reimbursements of Qualified Medical Expenses and Premium Payments For the Emeriti Health Insurance Plan Options Paid From My Accounts?	26
How Are Premiums Paid for the Emeriti Health Insurance Plan Options?	26
Will My Accounts Pay For All of My Retirement Medical Expenses?	27
Can The Balance of My Accounts Be More Than I Need to Cover My Medical Expenses In Retirement?	28
EMERITI HEALTH INSURANCE PLAN OPTIONS – ELIGIBILITY	30

TABLE OF CONTENTS
(continued)

	Page
What If I Cease to Be Employed Prior to Attaining Retirement Eligibility?	31
What If I Cease to Be Employed On or After Attaining Retirement Eligibility (Except Due to Death)?	32
What If I Become Permanently Disabled?	34
What If I Die After Attaining Retirement Eligibility?	35
Is Medicare Enrollment Required?	37
What Is the Effective Date of Coverage Under the Emeriti Health Insurance Plan Options?	37
What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?	38
Are There Open Enrollment Periods?	38
What Are the Rules Regarding Payment of Premiums for the Emeriti Health Insurance Plan Options?	39
What If My Spouse (or Domestic Partner) and I Are Both Participants?	39
What If I Am Eligible For Coverage Under My Employer’s Active Plan?	39
What If I Am Already Retired When the Plan Commences?	39
Can An Individual’s Coverage Cease If His or Her Status Changes?	39
What If My Coverage is Cancelled Because of Something I Did?	40
Is There Anything Else I Should Know About Eligibility for the Emeriti Health Insurance Plan Options?	40
Are the Emeriti Health Insurance Plan Options Subject to Change?	40
How Does Medicare Part D Impact The Plan?	41
EMERITI HEALTH INSURANCE PLAN OPTIONS – BENEFITS AND CLAIMS	42
How Do I File a Claim for Benefits Under the Emeriti Health Insurance Plan Options?	42
What If I Have a Claim Under Health Insurance Other Than the Emeriti Health Insurance Plan Options?	42

TABLE OF CONTENTS

(continued)

	Page
What If My Claim Relates to Payment of Premiums for the Emeriti Health Insurance Plan Options from My Accounts?	42
What Happens If a Claim Is Overpaid?	43
Can Legal Action Be Brought Against the Plan For Benefit Claims?.....	43
Can I Transfer My Benefits to Someone Else?	43
Do Women and Newborns Have Any Special Rights?	43
REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES	45
What is a Qualified Medical Expense?	45
How and When Do I Become Eligible for Reimbursement of Qualified Medical Expenses?	45
Can I Access My Accounts Earlier If Needed?	46
Can I Access My Accounts Earlier If I or a Family Member Becomes Terminally Ill or Injured?	46
Can I Access My Accounts Earlier If I Have Extraordinary Medical Expenses?.....	46
Can I Access My Accounts Earlier If I Cease Employment With a Small Balance?	47
Can I Still Access My Accounts Earlier If I Participate In an HSA or FSA?	47
Is There a Limit On the Amount That Can Be Reimbursed?	47
What Happens If I Die?	47
When Does the Right to Reimbursement of Qualified Medical Expenses Cease?	48
What Happens If I Fail to Provide Fidelity With My Current Address?	48
How Do I Submit a Claim for Reimbursement of Qualified Medical Expenses?.....	48
Who Can Submit a Claim?	49
How Long Does It Take to Decide My Claim?.....	49
What If I Don't Agree With Acclaris' Determination?	50
What Happens If a Claim Is Overpaid?	50

TABLE OF CONTENTS
(continued)

	Page
What Is The Time Limit For Submitting Claims After The Last To Die (or Reach Majority) Of All The Covered Family Members?.....	50
Can Legal Action Be Brought Against the Plan For Benefit Claims?.....	51
Can I Transfer My Benefits to Someone Else?	51
ORDERING OF MULTIPLE PLANS UNDER THE EMERITI PROGRAM.....	52
What If I Am Eligible for the Emeriti Health Insurance Plan Options Under Multiple Plans?	52
How Does Eligibility Under Multiple Plans Affect the Payment of Premiums for the Emeriti Health Insurance Plan Options and the Reimbursement of Qualified Medical Expenses From My Accounts?.....	53
PLAN ADMINISTRATION.....	54
Who Is the Trustee?.....	54
Is The Plan Subject to Change?.....	54
What Government Reporting is Done For The Plan?.....	55
What Indemnification is Provided For The Parties?	55
SECURITIES AND OTHER LEGAL CONSIDERATIONS.....	57
COBRA CONTINUATION COVERAGE.....	59
What is COBRA Continuation Coverage?	59
Who Is Entitled to Elect COBRA Continuation Coverage?	59
How Does COBRA Apply to This Plan?	59
How Long Does Continuation Coverage Last?	60
How Much is the Premium for Continued Coverage in the Emeriti Health Insurance Plan Options?	60
Can the Plan Terminate the Qualified Beneficiary's Continuation Coverage if He or She Fails to Pay the Required Premium?.....	60
Can the Plan Terminate the Qualified Beneficiary's Continuation Coverage for Other Reasons?.....	60
How Does a Qualified Beneficiary Elect Continuation Coverage?	61

TABLE OF CONTENTS
(continued)

	Page
What if an Individual is a Qualified Beneficiary and an Alternate Account Holder Under the Next Section Entitled “Domestic Relations Orders”?	61
What if I Have Questions About COBRA Continuation Coverage?	61
DOMESTIC RELATIONS ORDERS	65
QUALIFIED MEDICAL CHILD SUPPORT ORDERS.....	66
Where Should a Medical Child Support Order Be Sent for Processing?.....	66
What If the Participant Is Not Eligible for Medical Benefits?	66
What Happens If the QMCSO Is Approved?	66
Does the Plan Honor National Medical Support Notices?	66
AMENDMENT, TERMINATION, AND WITHDRAWAL	68
Can the Plan Sponsor Amend or Terminate the Plan?	68
Can Emeriti Amend or Terminate the Program?	68
Am I Guaranteed a Right to Coverage Under the Emeriti Health Insurance Plan Options?	68
What if the Plan Sponsor Withdraws from the Emeriti Program?	69
What if Fidelity, HealthPartners, Aetna or Emeriti Cease to Provide Services?.....	69
HEALTH PRIVACY	70
STATEMENT OF ERISA RIGHTS	71
TAX EFFECTS OF PARTICIPATION IN THE PLAN	74
IMPORTANT INFORMATION ABOUT THE PLAN	76

DEFINED TERMS

Most of the terms used in this SPD are self-explanatory or are explained when they appear. However, a number of terms used throughout this SPD merit special attention:

Accounts (or Emeriti Health Accounts)

The term “Accounts” or “Emeriti Health Accounts” means your Employer-Contribution Account and your Employee After-Tax Contribution Account. Refer to the section at the beginning of this SPD entitled INTRODUCTION TO YOUR EMERITI RETIREE HEALTH PLAN for more information.

ACH Transfer

The term “ACH Transfer” means an electronic transfer or debit of funds from your private checking account to the Plan for the purpose of making Employee After-Tax Contributions or paying premiums for the Emeriti Health Insurance Plan Options once the balance of your Accounts has been depleted. Refer to the section entitled EMPLOYEE AFTER-TAX CONTRIBUTIONS for more information.

Authorized Leave of Absence

Refer to the section entitled EMPLOYER CONTRIBUTIONS for the definition.

Break in Service

A “Break in Service” is any period of absence from service with the Employer other than an Authorized Leave of Absence, paid holiday, paid vacation, or regularly scheduled paid or unpaid summer absence.

Coverage Documents

The term “Coverage Documents” refers to the summary of coverage and certificate of coverage booklet governing the benefits and other terms of coverage provided by the Emeriti Health Insurance Plan Options. Refer to the section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS – BENEFITS AND CLAIMS for more information.

Dependent Child

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS (*Who Qualifies As My Dependent Child?*).

Dependent Relative

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS (*Who Qualifies As My Dependent Relative?*).

Domestic Partner

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS (*Who Qualifies As My Domestic Partner?*).

Eligible Employee

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS.

Employer

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS.

Permanently Disabled

If you are a Participant, you will be considered Permanently Disabled if you have received a final determination from the Social Security Administration that you are permanently disabled and became permanently disabled no later than the date of cessation of employment with the Employer. It is your responsibility to notify the Plan Sponsor of the Social Security Administration's determination prior to the expiration of a three year Break in Service. Failure to do so will result in you not qualifying as Permanently Disabled under the Plan. The determination of the Social Security Administration that you are permanently disabled is not subject to review and is final with respect to the Plan (other than to verify that such determination has occurred). For the definition of Permanently Disabled as it relates to family members, refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS (*What Does It Mean For a Family Member To Be Permanently Disabled?*).

Plan

Refer to the section at the beginning of this SPD entitled INTRODUCTION TO YOUR EMERITI RETIREE HEALTH PLAN.

Plan Sponsor

Refer to the section at the beginning of this SPD entitled INTRODUCTION TO YOUR EMERITI RETIREE HEALTH PLAN.

Qualified Medical Expenses (QMEs)

The term “Qualified Medical Expenses” or “QMEs” means those expenses incurred by you, your Spouse (or Dependent Domestic Partner), your Dependent Children, and your Dependent Relatives for “medical care” as defined in Internal Revenue Code Section 213(d). Refer to the section entitled REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES for more information.

Retirement Eligibility

The term “Retirement Eligibility” means that you have satisfied the Plan’s age and service requirements for retirement. Refer to the section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS - ELIGIBILITY for more information.

Spouse

Refer to the section entitled PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS (*Who Qualifies As My Spouse?*).

Year of Continuous Service

The term “Year of Continuous Service” means each 12-month period of employment with the Employer based upon the elapsed time between your date of hire and the date you cease employment with the Employer. The Plan Sponsor has the sole discretion to determine your Years of Continuous Service. For example, if you were hired on July 1, 1989, and worked continuously for your Employer until November 15, 2010, you would have 21 Years of Continuous Service. If you are absent from employment with the Employer during the calendar year for qualified military service, and you return to work within certain timeframes, you may be eligible to receive credit for service even though you were absent. If you will be absent from employment due to military service, you should contact the Plan Sponsor to discuss what you need to do to protect your rights under the Plan.

PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS

Who is Eligible to Participate?

You can participate in the Plan as an “Eligible Employee” if you are a common law employee of the Employer and you are at least age twenty one (21).

DEFINITION OF EMPLOYER: The term “Employer” refers to the Plan Sponsor and any Participating Affiliate (i.e., an organization under common control with the Plan Sponsor that has elected to participate in the Plan). Your Employer may be the Plan Sponsor or a Participating Affiliate listed in Appendix A of this SPD.

- If you are employed by the Employer on a seasonal basis or are regularly scheduled for less than 20 hours per week, you are excluded from participation.
- If you are in a class of employees listed on Appendix B of this SPD, you are excluded from participation.
- If you are an independent contractor, leased employee, temporary employee, or project contractors, you are excluded from participation.
- If you are a retired employee of the Employer when the Plan commences, you are only eligible to participate in the Plan if your Plan Sponsor has expressly provided for your participation under the design of its Plan (*you will be notified separately regarding the terms and conditions of your participation in the Plan*).

You will become a “Participant” in the Plan on the date that you first make an Employee After-Tax Contribution or your Employer first makes an Employer Contribution for you to the Plan. If you do not make Employee After-Tax Contributions, and your Employer does not make Employer Contributions for you, you are not a Participant in this Plan (subject to certain exceptions for current retirees at Plan inception).

Which of My Family Members Can Benefit Under the Plan?

Although they may or may not qualify for particular benefits under the Plan (as discussed later in this SPD), the following of your family members are eligible to benefit under the Plan:

- Your Spouse (or Domestic Partner)
- Any Dependent Child

- Any Dependent Relative (for reimbursement of Qualified Medical Expenses only)

Do I Need To Designate Each Family Member That I Want to Benefit Under the Plan?

Yes. You must call 1-866-EMERITI (1-866-363-7484) to designate each eligible family member who you want to cover under the Plan (coverage is available as described in the SPD). You must do this when you first become a participant, and you must rank your eligible family members in order so that if you die it will be clear who should direct the investment of your Accounts. Subject to the rules related to enrollment for the Emeriti Health Insurance Plan Options, you can add additional eligible family members at a later date by calling 1-866-EMERITI (1-866-363-7484). Any time that you designate eligible family members, you may be required to provide verifying information.

Who Qualifies As My Spouse?

Federal tax laws governing the Plan require that your Spouse be a person of the opposite sex to whom you are legally married (or were legally married upon your death). A common law spouse is not considered a Spouse under the Plan.

If you are divorced or legally separated, your former Spouse loses his or her rights to coverage under the Plan (*subject to continuation coverage rights for coverage in the Emeriti Health Insurance Plan Options under COBRA*). If you are divorced and later remarry, your new Spouse may be eligible for coverage under the Plan (i.e., the Emeriti Health Insurance Plan Options and reimbursement of Qualified Medical Expenses).

If you die, your Spouse at the time of your death will be considered your Spouse under the Plan until he or she dies (regardless of subsequent marital status).

IMPORTANT: You must call 1-866-EMERITI (1-866-363-7484) to designate your Spouse (<i>you may be required to submit verification</i>).
--

Who Qualifies As My Domestic Partner?

In this SPD, if you see the term Domestic Partner, it refers to a person who is either your Dependent Domestic Partner or Non-Dependent Domestic Partner. If one or the other is meant, the SPD will specify which type of Domestic Partner is intended. In addition, any reference to a Domestic Partner in this SPD means an individual of either sex.

- *Dependent Domestic Partner:* Your Dependent Domestic Partner is any individual to whom you are not related and who for the calendar year: (1) receives over 50% of his or her financial support from you; (2) uses your home as his or her principal place of abode; and (3) is a member of your

household; provided you have lived together for at least 6 months prior to enrollment and you have designated the individual as your Domestic Partner by calling 1-866-EMERITI (1-866-363-7484). An individual who meets these requirements is eligible to benefit under the Plan in most respects in the same manner as a Spouse in terms of access to the Emeriti Health Insurance Plan Options and reimbursement of Qualified Medical Expenses from your Accounts.

- *Non-Dependent Domestic Partner:* Your Non-Dependent Domestic Partner is any individual to whom you are not related and who for the calendar year: (1) uses your home as his or her principal place of abode; and (2) is a member of your household; provided you have lived together for at least 6 months prior to enrollment and you have designated the individual as your Domestic Partner by calling 1-866-EMERITI (1-866-363-7484). (Note that these are the same requirements as a Dependent Domestic Partner, except that there is no 50% support requirement.) The requirements of (1) and (2) above will continue to be satisfied if the individual resides in an assisted living facility immediately following a period in which he or she satisfied the requirements of (1) and (2) above. Non-Dependent Domestic Partners are not eligible for reimbursement of Qualified Medical Expenses from your Accounts. A Non-Dependent Domestic Partner may be eligible for the Emeriti Health Insurance Plan Options, but Federal law requires that his or her premiums be paid out-of-pocket by electronic ACH Transfer, not from your Accounts.

IMPORTANT: You must call an Emeriti specialist at 1-866-EMERITI (1-866-363-7484) to verify the status of your Domestic Partner over a recorded line (*and, if requested, submit an affidavit or other verification*). It is your responsibility to call this number to provide notice of any change in an individual's status as a Dependent Domestic Partner or Non-Dependent Domestic Partner.

If an individual is your Dependent Domestic Partner at the time you die, he or she will remain your Dependent Domestic Partner so long as any amount remains in your Account(s) or he or she remains otherwise eligible for coverage under the Emeriti Health Insurance Plan Options (e.g., pays the required premiums and meets the other requirements for coverage). If an individual is your Non-Dependent Domestic Partner at the time you die, he or she will remain your Non-Dependent Domestic Partner so long as he or she remains otherwise eligible for coverage under the Emeriti Health Insurance Plan Options (e.g., pays the required premiums and meets the other requirements for coverage). Domestic Partner status, whether Dependent or Non-Dependent, cannot be established after you die, so it is important that you promptly call 1-866-EMERITI (1-866-363-7484) and follow the required procedures.

You can only have one Domestic Partner, and you cannot have a Domestic Partner if you have a Spouse.

Who Qualifies As My Dependent Child?

A Dependent Child is any of the following who (i) is not currently married; (ii) has the same principal place of abode as you do for more than half the calendar year (not counting absences while away at school); and (iii) does not provide over half of his or her own support:

- Your child who has not attained age 19 (*higher ages may apply with respect to coverage under the Emeriti Health Insurance Plan Options in certain states, if required by law*).
- Your child who has not attained age 24 and who is enrolled as a full-time student in an educational institution (*higher ages may apply with respect to coverage under the Emeriti Health Insurance Plan Options in certain states, if required by law*).
- Your child, regardless of age, who is Permanently Disabled (*see definition*).

The following rules apply to the determination of whether an individual will be treated as your Dependent Child:

- ***Child Status:*** An individual will be considered your child if he or she is your natural child, adopted child, child placed for adoption, or stepchild, or if you are the individual's permanent legal guardian or permanent custodian. In addition, an individual will be considered your child if he or she is the natural child, adopted child, or child placed for adoption of your Domestic Partner, provided that the child: (i) receives over half of his or her financial support from you; (ii) uses your home as his or her principal place of abode; and (iii) is a member of your household.

IMPORTANT: An individual will not be considered your Dependent Child under the Plan unless you designate him or her by calling 1-866-EMERITI (1-866-363-7484) and following the Plan's designation procedures (*you may be required to submit verification*).

- ***Effect of Your Death:*** If an individual is your Dependent Child when you die, he or she will remain a Dependent Child for purposes of the Plan so long as any amount remains in your Account(s) or he or she remains otherwise eligible for coverage under the Emeriti Health Insurance Plan Options (e.g., pays the required premiums and meets the other requirements for coverage). However, in all cases, an individual will cease to be a Dependent Child upon failing to meet the limiting age, student status, or Permanently Disabled requirements. Normally an individual has to be designated as your Dependent Child in order to be eligible to benefit under the Plan. However, the following exceptions apply:

- If you die with a surviving designated Spouse (or Domestic Partner), Dependent Child, or Dependent Relative, then an individual who was not designated as your Dependent Child at the time of your death will be treated as your Dependent Child if such individual shows valid evidence that he or she would have qualified as your Dependent Child on the date of your death had you properly designated such individual as your Dependent Child, provided that on the date such evidence is submitted by such individual, the balance of your Accounts has not been exhausted or forfeited in accordance with the terms of the Plan. Valid evidence can be submitted by calling 1-866-EMERITI (1-866-363-7484) and following the required procedures.

- If you die with no surviving designated Spouse (or Domestic Partner), Dependent Child, or Dependent Relative, then an individual who was not designated as your Dependent Child at the time of your death will be treated as your Dependent Child if he or she shows valid evidence that he or she would have qualified as a Dependent Child on the date of your death had you properly designated such individual as your Dependent Child, provided that he or she does so within 30 days following your death (by calling 1-866-EMERITI (1-866-363-7484) and following the required procedures).

Except as described above, an individual cannot become your Dependent Child after you have died.

Who Qualifies As My Dependent Relative?

A Dependent Relative is any of the following individuals, *provided* he or she receives over 50% of his or her financial support from you:

- your child (other than a Dependent Child) or a descendent of your child;
- your sibling or stepsibling;
- your parent, or an ancestor of your parent;
- your stepparent;
- your aunt, uncle, niece, or nephew;
- your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; and

- any other individual to whom you are related who for the calendar year uses your home as his or her principal place of abode and is a member of your household.

IMPORTANT: Dependent Relatives are only eligible under the Plan for reimbursement of Qualified Medical Expenses and are not eligible for the Emeriti Health Insurance Plan Options. An individual will not be considered your Dependent Relative unless you designate him or her by calling 1-866-EMERITI (1-866-363-7484) and following the required procedures (*you may be required to submit verification*). Dependent Relative status cannot be established after you die. If an individual is your designated Dependent Relative on the date you die, he or she will remain a Dependent Relative so long as any amount remains in your Account(s). Please note that a Dependent Child or Domestic Partner is not considered a Dependent Relative under the Plan.

What Does It Mean For a Family Member To Be Permanently Disabled?

The term Permanently Disabled has different meanings depending upon the individual:

- *Spouse (or Domestic Partner):* If you are a Spouse (or Dependent Domestic Partner), you will be determined to be Permanently Disabled if you have received a final determination from the Social Security Administration that you are permanently disabled. Non-Dependent Domestic Partners are not eligible to be considered Permanently Disabled under the Plan.
- *Child:* If you are considered a child of the Participant under the definition of Dependent Child, you will be determined to be Permanently Disabled if you have received a final determination from the Social Security Administration that you are permanently disabled and became permanently disabled no later than the date that you attained age 19 (or 24 while enrolled as a full-time student in an educational institution).
- *Dependent Relative:* Dependent Relatives are not eligible to be considered Permanently Disabled under the Plan.

The determination of the Social Security Administration that an individual is permanently disabled is not subject to review and is final with respect to the Plan (other than to verify that such determination has occurred).

What If My Spouse or Dependent Child Becomes Permanently Disabled After I Enroll In the Emeriti Health Insurance Plan Options?

If you have enrolled your Spouse (or Dependent Domestic Partner) or Dependent Child (who is not Permanently Disabled and enrolled in Medicare Parts A and B) according to the regular enrollment rules in a Pre-65 Option, then if that individual later becomes Permanently Disabled and enrolled in Medicare Parts A and B,

you must call 1-866-EMERITI (1-866-363-7484) to change his or her enrollment from a Pre-65 Option to the same Post-65 Option in which you are enrolled.

EMPLOYER CONTRIBUTIONS

If you are an Eligible Employee (*defined in the previous section*), you will have an Employer-Contribution Account under the Employer-Contribution VEBA trust. This Account holds Employer Contributions that your Employer makes for you. These contributions can be a powerful tool in helping you save for your retiree medical needs.

When Does My Employer Begin Making Employer Contributions?

Once you become an Eligible Employee and have attained age 21, your Employer will begin making Employer Contributions to your Employer-Contribution Account. Your Employer will make a contribution for each payroll period during which you are an Eligible Employee.

DEFINITION OF HOUR OF SERVICE: The term “Hour of Service” means any hour for which you are directly or indirectly paid or entitled to payment by your Employer as an employee.

What Happens If I Am Not An Eligible Employee In a Payroll Period?

If you are not an Eligible Employee during a payroll period, your Employer will not make a contribution to your Employer-Contribution Account except under the following circumstances:

- Your Employer will make an Employer Contribution for any payroll period during which you are on a paid Authorized Leave of Absence, paid holiday, paid vacation, or regularly scheduled paid or unpaid summer absence.
- Your Employer will make an Employer Contribution if required under the Uniformed Services Employment and Reemployment Rights Act of 1994 or the Family and Medical Leave Act of 1993.

DEFINITION OF AUTHORIZED LEAVE OF ABSENCE: The term “Authorized Leave of Absence” means any period of absence authorized by your Employer under its applicable personnel practices (including any period covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 or by the Family and Medical Leave Act of 1993). It does not include paid holidays, paid vacation, or regularly scheduled paid or unpaid summer absence. For example, if you go on an authorized sabbatical, you are considered to be on an Authorized Leave of Absence.

How Long Will My Employer Make Employer Contributions?

Your Employer will cease making Employer Contributions to your Employer-Contribution Account on the earlier of:

- the date when the Employer has made Employer Contributions to your Employer-Contribution Account for 25 calendar years; or
- the date you cease to be employed by the Employer; or
- the date you die.

How Is the Amount of the Employer Contribution Determined?

Your Employer will determine the amount of its contributions for each payroll period using the formula described in Appendix C of this SPD. The Plan Sponsor can change this formula at any time.

What If I Am Already Over the Age that Employer Contributions Begin When the Plan Commences?

On the Plan's Effective Date if you are already over the age when Employer Contributions begin, then your Employer may make a special transition Employer Contribution on your behalf in addition to its contributions each payroll period. The terms of this transitional funding, including its effect on any future Employer Contributions, will be communicated to you separately by your Employer.

How Can I Use My Employer-Contribution Account and Can the Balance Be Forfeited?

Please refer to the section entitled "USE OF ACCOUNTS" for details.

EMPLOYEE AFTER-TAX CONTRIBUTIONS

If you are an Eligible Employee, you may make contributions to the Plan on an after-tax basis. With the Employer Contributions that you receive, your contributions to your Employee After-Tax Contribution Account can be an important tool in saving for your retiree medical needs.

What Should I Consider in Deciding Whether to Make Employee After-Tax Contributions?

You will have to consider a number of factors in deciding whether to make Employee After-Tax Contributions and the amount of any contributions. Some of the factors are individual to you and some relate to the Plan. To help you make this decision, tools are available from Fidelity, including a calculator of potential future post-retirement medical expenses. Use of this calculator involves several assumptions and it should be used only for general help in making your decision.

You should consider your individual situation, including your health and the health of your eligible dependents who might be covered, your options for access to other health insurance and medical reimbursements in retirement, your alternatives for payment of retiree medical expenses, your overall financial situation, and the amount of Employer Contributions which might be made on your behalf.

You should also consider factors about the Plan. If amounts in your Employee After-Tax Contribution Account are not fully expended for medical purposes during your lifetime and the lifetimes of your eligible dependents, the remaining amount is forfeited back to the Plan. You should also consider the appropriate amount of contributions. See the section entitled USE OF EMERITI HEALTH ACCOUNTS.

When Can I Begin Making Employee After-Tax Contributions?

Your Employer will notify Fidelity to establish an Employee After-Tax Contribution Account in your name when you become an Eligible Employee. You will then receive enrollment materials from Fidelity and may begin making Employee After-Tax Contributions after you enroll.

How Do I Enroll For Employee After-Tax Contributions?

You will receive an enrollment packet in the mail from Fidelity. The enrollment materials will contain details on how you can enroll by phone. You can enroll at any time after you receive the enrollment information. If you ever have questions about enrollment, please call 1-866-EMERITI (1-866-363-7484).

How Do I Make Employee After-Tax Contributions?

The primary way to make Employee After-Tax Contributions is by regular payroll deductions. Employee After-Tax Contributions by payroll deduction will commence with the next payroll period after your enrollment is processed by Fidelity and your Employer. Employee After-Tax Contributions can be made in any amount of whole dollars.

Example: You select a contribution of \$25 per payroll period. \$25 of your after-tax pay will be withheld each payroll and deposited in your Employee After-Tax Contribution Account. Assuming you are paid twice per month, your contributions would total \$600 per year (\$25 per payroll period times 24 payroll periods per year).

You also have the option to make lump sum contributions through an Automated Clearing House (ACH) Transfer if you meet any of the following criteria:

- You are a current employee of the Employer;
- You cease employment with the Employer with any balance in your Employee After-Tax Contribution Account; or
- You cease employment with the Employer after meeting the criteria for Retirement Eligibility or as a result of becoming Permanently Disabled (*see definition*).

You may make your first Employee After-Tax Contribution by ACH Transfer starting on the first of the month after your enrollment is processed. You may initiate a contribution once per month in a minimum amount of \$100.

You cannot make post-employment contributions if you cease employment with the Employer with a \$0 balance in your Employee After-Tax Contribution Account and did not meet the criteria for Retirement Eligibility (unless you terminated as a result of becoming Permanently Disabled).

If you are a retired employee when the Plan is started, you will also be eligible to enroll for ACH Transfers for any of your employee contributions. Contact 1-866-EMERITI (1-866-363-7484) for more information about the enrollment procedures for ACH Transfers.

<p>DEFINITION OF ACH TRANSFER: The term “ACH Transfer” means an electronic transfer or debit of funds from your private checking account to the Plan (<i>Fidelity accepts these transfers in its role as Plan recordkeeper</i>). You must set up ACH Transfers with Fidelity (<i>in accordance with the Plan’s procedures</i>) in order to make periodic non-payroll lump-sum contributions during your working years, to make post-employment Employee After-Tax Contributions, or to pay premiums for the Emeriti Health Insurance Plan Options if the balance of your</p>

Accounts reaches zero dollars (\$0). If you do not have a bank account, you should contact Fidelity to discuss your particular situation.

If you have a Non-Dependent Domestic Partner, then any premiums for the Emeriti Health Insurance Plan Options for that individual must be paid by ACH Transfer, regardless of your Account balances.

In addition, if the balance of your Accounts reaches zero dollars (\$0), then any administrative fees you owe to the Plan must be paid by ACH Transfer.

Can I Change or Stop My Employee After-Tax Contributions?

You can change your payroll contributions or stop making contributions at any time by calling 1-866-EMERITI (1-866-363-7484) or by logging on to Fidelity NetBenefits® at www.netbenefits.fidelity.com. This includes your ability to stop making contributions at any time. The change will be made on the first payroll period after your new election is processed by Fidelity and your Employer.

Is the Amount of My Employee After-Tax Contributions Limited?

There currently are no limits on the amount of Employee After-Tax Contributions that Participants may make, but the Plan Sponsor has delegated to Emeriti the right to impose limitations on the amount of Employee After-Tax Contributions that Participants may make if limitations are necessary to comply with any Internal Revenue Code requirements.

Can I Get My Employee After-Tax Contributions Back?

Under Federal law, once you have made an Employee After-Tax Contribution, you can never receive that contribution or any earnings on it back in cash. The only distributions that you can receive are in the form of premium payments for the Emeriti Health Insurance Plan Options and reimbursement of Qualified Medical Expenses for yourself and your eligible dependents.

What if I'm Absent from Work for Military Service?

If you are absent from work for qualified military service covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), you may continue to make Employee After-Tax Contributions by ACH Transfer. You should contact the Plan Sponsor prior to going on military leave so that the Plan Sponsor can inform you of the rules regarding military leave, including how soon after military service you must return to employment with the Employer in order to protect your rights under the Plan.

Can My Dependents or Anyone Else Make Contributions to My Account?

No. You are the only person permitted to make contributions to your Employee After-Tax Contribution Account.

How Can I Use My Employee After-Tax Contribution Account and Can the Balance Be Forfeited?

Please refer to the section entitled "USE OF ACCOUNTS" for details.

Will My Accounts Affect Medicaid Eligibility?

Medicaid (as opposed to Medicare) is a government program that pays for medical assistance for certain individuals and families with low incomes and resources. Medicaid has certain income and asset limitations for eligibility that vary state by state. Please consult your local Medicaid office if you have questions about how your Accounts may affect Medicaid eligibility for you, your spouse (or domestic partner), or dependents.

INVESTMENT OF EMERITI HEALTH ACCOUNTS

One of the advantages of the Plan is that amounts held in your Employee After-Tax Contribution Account and Employer-Contribution Account are invested in one or more Investment Funds available through Fidelity. These Investment Funds are listed in Appendix D of this SPD, which includes additional information about the Investment Funds.

Who Controls How My Accounts Are Invested?

You control the investment of both your Employee After-Tax Contribution Account and your Employer-Contribution Account, subject to Fidelity's procedures and the terms of the Plan. You may make different investment elections for each Account.

Each of your Accounts shows the aggregate of contributions made to the Account, after adjustment for gains and losses, changes in market valuation, forfeitures, expenses, and/or distributions, if any. Since the balance in your Accounts is subject to gains and losses as a result of investment performance, it is very important that you carefully consider how you wish to invest the balance in your Accounts.

What Are The Investment Options Available For My Accounts?

The investment options for the Emeriti Health Accounts are selected by Emeriti and primarily consist of Fidelity Freedom Funds, each of which is a "fund of funds," meaning that each Fidelity Freedom Fund invests in a combination of other Fidelity mutual funds. The Fidelity Freedom Funds are "lifecycle" funds managed according to the fund's target retirement date, which begin with a more aggressive investment strategy (i.e., a higher percentage of equity funds) and become more conservative (i.e., a higher percentage of fixed income and short term funds) as the target retirement date approaches. The fund manager actively rebalances the fund to align it with its objective.

All but one of the Fidelity Freedom Funds offered under the Plan is labeled with a date. This date reflects an anticipated retirement date. Thus, the Fidelity Freedom 2020 Fund is targeted for retirements in the year 2020. You are allowed but not required to select a fund that corresponds to your expected retirement date.

Example: You expect to retire in a particular year. You could select the Fidelity Freedom Fund for that year. Instead, you might select a Fidelity Freedom Fund that is earlier or later than that year, or allocate your contributions to several Fidelity Freedom Funds on or around that year.

The other Fidelity Freedom Fund is called the Fidelity Freedom Income Fund. This is the most conservative Fidelity Freedom Fund available under the Plan and is more heavily weighted toward fixed income funds and short term funds.

The final investment option is called the Fidelity Retirement Money Market Portfolio, which is a money market fund.

The Plan Sponsor has delegated to Emeriti the power to impose restrictions on short-term or excessive trading in accordance with the underlying prospectus of each Investment Fund.

The Investment Funds available under the Plan are subject to change at any time. You will be notified if any Investment Funds are added or removed from the Plan and you will be given an opportunity to select among the new Investment Funds. If you do not select a new Investment Fund, the entire amount in the removed Investment Funds in your Accounts will be transferred to one or more of the new Investment Funds.

THE PREVIOUS DISCUSSION OF THE FIDELITY FREEDOM FUNDS AND THE ACCOMPANYING EXAMPLES ARE PROVIDED FOR ILLUSTRATION ONLY AND ARE NOT INTENDED TO PROVIDE YOU WITH INVESTMENT ADVICE OR WITH A FULL DESCRIPTION OF EACH INVESTMENT FUND. EACH INVESTMENT FUND IS SUBJECT TO GAINS AND LOSSES DUE TO INVESTMENT PERFORMANCE AS WELL AS FEES WHICH ARE DISCLOSED IN THE PROSPECTUS FOR EACH INVESTMENT FUND. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DOCUMENT AND THE PROSPECTUS, THE PROSPECTUS SHALL GOVERN. IN DECIDING HOW TO INVEST YOUR ACCOUNTS, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS FOR EACH INVESTMENT FUND, CONSULT YOUR FINANCIAL ADVISOR, AND CAREFULLY CONSIDER YOUR PARTICULAR CIRCUMSTANCES. THE INVESTMENT FUNDS AVAILABLE UNDER THE PLAN ARE SUBJECT TO CHANGE FROM TIME TO TIME.

How Do I Make Elections Regarding How My Accounts Are Invested?

When you first become a Participant, you must file an investment election with Fidelity directing how your Accounts are to be invested by calling 1-866-EMERITI (1-866-363-7484) or by logging on to Fidelity NetBenefits® at www.netbenefits.fidelity.com. You may make different investment elections for each Account. You must state, in whole percentage points from 1% to 100%, the percentage of contributions to each Account that will be invested in a particular Investment Fund. If you fail to file an election, contributions to your Accounts will be invested in the Fidelity Freedom Fund that corresponds to when you will reach age 65.

Example: You elect to invest 70% of your Employee After-Tax Contribution Account in one Fidelity Freedom Fund and 30% in a second Fidelity Freedom Fund. For your Employer-Contribution Account, you select a different allocation and elect to invest 50% in each of two Fidelity Freedom Funds.

Can I Change How My Accounts Are Invested?

You can change how future contributions to your Accounts are invested by filing a new election with Fidelity by calling 1-866-EMERITI (1-866-363-7484) or by logging on to Fidelity NetBenefits® at www.netbenefits.fidelity.com. In addition, you may change how the current balance of either of your Accounts is invested by notifying Fidelity as described above. If you file a new election by phone, you may do so either by talking to a representative or through Fidelity's automated phone system. You may make changes at any time and without any limits, except for restrictions imposed by the Investment Fund on short-term and excessive trading or restrictions established by Emeriti. You will be notified in writing by Fidelity if you become subject to these restrictions.

If you change the investment of a current balance, the rebalancing of investments must be stated in whole percentage points from 1% to 100% or in any dollar amount in excess of \$250 or the current balance held in the Investment Fund. You can have different investments for the existing balances in your Account from new contributions. Your investment elections remain in effect until you change them.

Example: You elect to have the existing balance of your Employer-Contribution Account invested in the Fidelity Freedom 2020 Fund and any new contributions to be invested in the Fidelity Freedom 2025 Fund. All new contributions will go into the Fidelity Freedom 2025 Fund until you make a new investment election.

How Are Transactions in The Investment Fund Priced?

Shares of the Investment Funds are bought at the next Net Asset Value ("NAV") calculated for the Investment Fund after the contribution is received by Fidelity. Exchanges, transfers and sales will be done at the next NAV calculated after the exchange, transfer or sale is received by Fidelity. Transactions confirmed after the close of the market, normally 4 p.m. Eastern time, or on weekends or holidays, will receive the next available NAV. The NAV is usually calculated at the close of the market each business day.

Do I Receive Activity Notices and Account Statements?

You will receive activity notices directly when you reallocate assets between Investment Funds. If you transact through the internet, through a phone representative or through the automated phone system of Fidelity, you will have the choice of receiving a paper activity notice or an electronic version for each transaction.

You will receive account statements once a year. You will also have access to a website (Fidelity NetBenefits® at www.netbenefits.fidelity.com) where current account information is available 24 hours per day, including updated

performance statistics on the mutual funds. You can also obtain current account information during normal business hours by calling 1-866-EMERITI (1-866-363-7484) and speaking to a phone operator or accessing an automated phone system at Fidelity.

Do I Receive Prospectuses and Updates?

You will receive a prospectus as part of your initial enrollment information. When you first allocate a portion of the balance of your Accounts to a particular mutual fund, you will receive the prospectus again unless you have received the prospectus within the last 30 days and you do not tell Fidelity that you have previously received the prospectus. You can receive a prospectus before that time by calling 1-866-EMERITI (1-866-363-7484) or by logging on to Fidelity NetBenefits® at www.netbenefits.fidelity.com. You will receive Supplements, Updates, Semi-Annual and Annual Reports, and Proxy Statements from Fidelity for so long as you maintain an allocation in that fund. You can vote the proxies. You will also have access to a website where current versions of some of these documents are available at any time. You can also request current copies of these documents by calling 1-866-EMERITI (1-866-363-7484) or by logging on to Fidelity NetBenefits® at www.netbenefits.fidelity.com.

How Are My Accounts Invested If I Die?

If you die and one or both of your Accounts remain available for your Spouse (or Dependent Domestic Partner), then your Spouse (or Dependent Domestic Partner) must direct the investment of your Account(s). If you die with no surviving Spouse (or Dependent Domestic Partner), or if your Spouse (or Dependent Domestic Partner) later dies, and one or both of your Accounts remain available for your Dependent Children or Dependent Relatives, then the Dependent Relative or Dependent Child that you have ranked first (by calling 1-866-EMERITI (1-866-363-7484)) must direct the investment of your Account(s). If that Dependent Relative or Dependent Child opts out of this obligation or ceases to be a Dependent Relative or Dependent Child, the next Dependent Relative or Dependent Child that you have ranked must direct the investment of your Account(s), and so on.

Does the Investment of My Accounts Change Once I Retire?

You may continue to invest your Accounts in the Investment Funds listed in Appendix D of this SPD even after you retire. In that case, the balance in your Accounts will remain subject to the performance of those Investment Funds.

However, once you (*or your Spouse, or Dependent Domestic Partner, in the event of your death*) become eligible for the Emeriti Reimbursement Benefit (reimbursement of Qualified Medical Expenses) you may elect that all or a portion of an Account (in any increments of \$25,000 or more) be invested in an annuity contract. You may choose this investment method for your Employer-

Contribution Account, your Employee After-Tax Contribution Account, or both Accounts, subject to the \$25,000 minimum. The annuity will make periodic payments to your Account(s) to be used for reimbursement of Qualified Medical Expenses and/or to pay premiums for the Emeriti Health Insurance Plan Options. You may invest any unexpended annuity payments made to your Account(s) in any of the available Investment Funds. Based upon your specific selection of annuity contracts, the annuity payments will continue either until your death or until the last to die of you and your Spouse (or Dependent Domestic Partner).

The amount of the annuity payment will depend on a number of factors, including long-term interest rates and the type of annuity contract that you choose. You may call 1-866-EMERITI (1-866-363-7484) for more details about choosing the annuity option.

You should discuss the advantages and disadvantages of each approach with your financial advisor prior to making any decision about whether to invest all or a portion of your Account(s) in an annuity contract. The exact details of each annuity are governed by the terms of the annuity contract.

FEES

Are Fees Charged to My Accounts?

Yes. The Plan permits the reasonable costs of administering the Plan to be charged against Plan assets, including Participant Accounts. In the event that the balances of your Accounts reach zero dollars (\$0), you will be required to pay administrative fees by ACH Transfer in order to continue participation in the Plan.

What Fees Are Charged by Emeriti?

The fee charged by Emeriti for its services to the Plan is \$4 per month for each Participant. You are responsible for paying the entire portion of the fee during your employment. Your portion of this fee is charged monthly, proportionally, based on the dollars in the account(s), between your Employer-Contribution Account your Employee After-Tax Contribution Account. If these Accounts are exhausted and you continue participation in the Plan, you must pay your portion of the fee directly by ACH Transfer.

What Fees Are Charged by Fidelity?

As recordkeeper for the Plan, Fidelity provides investment services for Participant Accounts, handles Participant and dependent enrollment for the Emeriti Health Insurance Plan Options and the Emeriti Reimbursement Benefit, processes premium payments for the Emeriti Health Insurance Plan Options, offers Participant education support, and carries out other ministerial functions essential to the operation of the Plan.

To cover its record-keeping and service costs, Fidelity charges a quarterly fee to your Account of \$5 (if you are an active employee) or \$18.75 (if you are a retiree). If average account balances for the Plan reach certain thresholds or other circumstances permit, this fee may be reduced or eliminated though there is no guarantee that a reduction or elimination will occur.

Fee reductions based upon reaching certain thresholds are effective the quarter following the quarter in which the average quarterly account balance reaches the required per Participant threshold. Average account balances are based upon the total number of Participants and the assets held in the Plan(s) on the last business day of the quarter. If the Participant fees have been reduced or eliminated, fees may increase if the stated thresholds are not maintained in any given quarter. Fee reductions based upon other changes in circumstance will be effective as announced.

In addition, there are management fees and other fees and expenses for the Fidelity Investment Funds. These fees and expenses are reflected in the total

return of the Investment Funds that you select. These fees are detailed in the prospectus for each Investment Fund.

Fidelity receives no fees for its services as trustee of any of the Trusts.

What Fees are Charged for Qualified Medical Expense Reimbursements?

The Claims Processor for reimbursement of Qualified Medical Expenses, which is Acclaris, will charge a fee of \$6.00 per claim form which is deducted from your Accounts. You may submit multiple receipts on each claim form and you will be charged only once. The fee will be assessed on all claim forms submitted whether they are approved or denied.

What Fees Are Charged by HealthPartners or Aetna?

The only payments to HealthPartners or Aetna are the monthly premiums paid from your Accounts for initial and continuing enrollment in the Emeriti Health Insurance Plan Options.

What Fees Are Charged by My Employer?

You are not charged for any of the costs incurred by your Employer to participate in the Emeriti Program or associated with its ongoing operation of the Plan.

USE OF EMERITI HEALTH ACCOUNTS

Your Employee After-Tax Contribution Account and Employer-Contribution Account are solely to be used to pay for health insurance premiums (e.g., the Emeriti Health Insurance Plan Options) and qualified out-of-pocket medical expenses (through the Reimbursement Benefit) as described below.

What Happens to My Employee After-Tax Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?

If you cease to be employed by the Employer (even after just a few years), your Employee After-Tax Contribution Account will be available at the time you become eligible for the Emeriti Reimbursement Benefit (reimbursement of Qualified Medical Expenses) and to pay premiums for the Emeriti Health Insurance Plan Options during your life and the lives of your Spouse (or Dependent Domestic Partner), Dependent Children, and Dependent Relatives, subject to eligibility (see the sections entitled EMERITI HEALTH INSURANCE PLAN OPTIONS and REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES).

If you die, your Employee After-Tax Contribution Account will always remain available for reimbursement of Qualified Medical Expenses and payment of premiums for the Emeriti Health Insurance Plan Options during the lives of your Spouse (or Dependent Domestic Partner), Dependent Children (unless they cease to be Dependent Children), and Dependent Relatives, subject to eligibility (see the sections entitled EMERITI HEALTH INSURANCE PLAN OPTIONS and REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES).

If any residual balance remains when you and your Spouse (or Dependent Domestic Partner) have died, your Dependent Children have died (or ceased to be Dependent Children), and your Dependent Relatives have died, then the entire remaining balance of your Employee After-Tax Contribution Account will be forfeited to the Plan. Any amounts forfeited to the Plan will be reallocated to the Employee After-Tax Contribution Accounts of other Participants in your Employer's Plan provided the Accounts have a positive balance.

What Happens to My Employer-Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?

If you cease employment with the Employer, you must satisfy the conditions of Retirement Eligibility or the entire balance of your Employer-Contribution Account will be forfeited back to the Plan as described below. Notwithstanding the foregoing, you will avoid forfeiture of your Employer-Contribution Account if you have performed at least 5 Years of Continuous Service. Once you have met these requirements, your Employer-Contribution Account will be available at the

time you become eligible for the Emeriti Reimbursement Benefit (reimbursement of Qualified Medical Expenses) and to pay premiums for the Emeriti Health Insurance Plan Options during your life and the lives of your Spouse (or Dependent Domestic Partner), Dependent Children, and Dependent Relatives, subject to eligibility (see the sections entitled EMERITI HEALTH INSURANCE PLAN OPTIONS and REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES).

Example: Assume that to satisfy the conditions of Retirement Eligibility you must attain at least age 55 with 10 Years of Continuous Service or at least age 65 with 5 Years of Continuous Service. You are hired at age 59 and continue to work until age 65. Because you would have 6 Years of Continuous Service and also have attained age 65 while employed, you can use your Employer-Contribution Account when you terminate employment (subject to eligibility to commence benefits).

To the extent you do not meet the requirements described above:

- *Break In Service:* If you cease to be employed by the Employer, then the balance of your Employer-Contribution Account will be forfeited once you have been absent for one year (a one-year Break In Service), and it will not be restored if you are later rehired. Your Employer may elect to forfeit the balance of your Employer-Contribution Account before you have been gone for one year, in which case your forfeited balance will be restored (without interest or earnings) if you are rehired before the end of the one-year period. Prior to forfeiture, you will retain the right to direct the investment of your Employer-Contribution Account. If you return to service prior to incurring a one-year Break In Service, your Years of Continuous Service going forward will include your service prior to the Break in Service. Otherwise, your prior Years of Continuous Service will not be counted.
- *Permanent Disability:* If you become Permanently Disabled while employed by the Employer, you will be deemed to have met the requirements described above. However, if you are not able to establish that you are Permanently Disabled by the end of a one-year Break In Service, your Employer-Contribution Account will be forfeited as described above; provided, however, that if you establish that you are Permanently Disabled prior to incurring a three-year Break in Service, the Employer will restore the amount forfeited to your Employer-Contribution Account (without interest or earnings). Prior to forfeiture, you will retain the right to direct the investment of your Employer-Contribution Account.
- *Death:* If you cease to be employed by the Employer due to death, then the balance of your Employer-Contribution Account will be forfeited.

If any balance remains when you have died, when your Spouse (or Dependent Domestic Partner) has died, when your Dependent Children have ceased to be Dependent Children (or have died), and when your designated Dependent Relatives have died, then the entire balance of your Employer-Contribution Account will be forfeited back to the Plan and will be kept in the Plan for Plan purposes defined by the Plan Sponsor.

How Are Reimbursements of Qualified Medical Expenses and Premium Payments For the Emeriti Health Insurance Plan Options Paid From My Accounts?

Each payment will be taken on a pro-rata basis from your Employer-Contribution Account and from your Employee After-Tax Contribution Account. If the balances in both Accounts reach \$0, you can initiate a new Employee After-Tax Contribution no more frequently than monthly through an ACH transfer to replenish your Employee After-Tax Contribution Account. All future payments will then be made only from the Employee After-Tax Contribution Account as long as it maintains a balance.

Example: Your Employer-Contribution Account has a balance of \$100,000 and your Employee After-Tax Contribution Account has a balance of \$50,000. You have a Qualified Medical Expense of \$300. The reimbursement would be made \$200 from your Employer-Contribution Account and \$100 from your Employee After-Tax Contribution Account.

How Are Premiums Paid for the Emeriti Health Insurance Plan Options?

If you or your eligible family members are enrolled in the Emeriti Health Insurance Plan Options and a sufficient balance is in your Accounts, premiums will be paid solely and automatically from your Accounts via the Fidelity recordkeeping system. If there is an insufficient balance in your Accounts, you may pay premiums solely by ACH Transfer to the Plan. In addition, the Plan requires premiums attributable to your Non-Dependent Domestic Partner to be paid solely by ACH Transfer. You may call 1-866-EMERITI (1-866-363-7484) to set up ACH Transfers. Premiums may include any penalties assessed by the Centers for Medicare and Medicaid Services for late enrollment in Medicare Part D.

The process for premium billing is as follows:

- HealthPartners or Aetna submits a premium bill to Fidelity for all premiums due for the next month.
- Fidelity determines whether the amount in your Emeriti Health Accounts is sufficient to cover the premiums you owe. If it is not, Fidelity requests an ACH Transfer from the private account you designated for ACH Transfers.

- All amounts to be paid from Participant Accounts or by ACH Transfer for premium payments are held aside in trust for several days while all ACH transfers are processed.
- Once all ACH Transfers have been processed, Fidelity wires the premium payments to HealthPartners or Aetna.
- If the private account you have designated for ACH Transfers has insufficient funds, you will receive a letter instructing you to call 1-866-EMERITI (1-866-363-7484). You will also receive a letter from HealthPartners or Aetna indicating that you have missed a payment.

If you have health insurance coverage outside of the Emeriti Program, you must pay the premiums for that coverage, but you may submit those amounts for reimbursement as a Qualified Medical Expense through the Emeriti Reimbursement Benefit (*see the section below entitled REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES*).

Will My Accounts Pay For All of My Retirement Medical Expenses?

There is no guarantee that your Accounts will be sufficient to pay for all of your retirement medical expenses. The only benefit available is the total amount in your Accounts. When that total amount is expended, the Plan will not provide any further financial support for the medical expenses of you, your Spouse (or Dependent Domestic Partner), Dependent Children or Dependent Relatives. However, you may continue to have access to the retiree medical benefits offered under the Plan, including the Emeriti Health Insurance Plan Options and reimbursement of Qualified Medical Expenses, provided you designate a private account from which premium payments will continue or you contribute periodic lump sums via electronic ACH Transfer to pay for premiums and other Qualified Medical Expenses.

There are a number of reasons that your Accounts could be less than your post-retirement medical expenses. The amount in your Employee After-Tax Contribution Account is largely dependent on the amount that you choose to contribute to the Plan. The individual health status of you, your Spouse (or Dependent Domestic Partner), and your other dependents could be a major variable. Because your use of the Accounts may not start for many years in the future, choosing the amount of contributions requires a number of projections. Any of those projections may differ significantly from your actual situation. Relevant factors may include the life expectancies of you and your Spouse (or Dependent Domestic Partner), unexpected changes in your health status, future medical expense trends, and future changes in premiums for the Emeriti Health Insurance Plan Options.

Other factors that could have a significant impact include changes in Medicare or other government health programs, changes in your Employer's contributions to the Plan, and investment performance of your Accounts.

Example: When you retire and enroll in Medicare Parts A and B, you elect coverage under an Emeriti Health Insurance Plan Option. Premiums are paid for 20 years. At that time, all amounts in your Accounts have been expended. At that time, you will have to pay the premiums by ACH transfer if you want to continue coverage in the Emeriti Health Insurance Plan Option.

Your Accounts are not subject to any liens under the Plan or under any contract in connection with the Plan. Your creditors cannot reach your Accounts in the Plan.

Can The Balance of My Accounts Be More Than I Need to Cover My Medical Expenses In Retirement?

As explained above, any amounts remaining in either your Employer-Contribution Account or your Employee After-Tax Contribution Account after the death or other loss of eligibility of you, your Spouse (or Dependent Domestic Partner) and all other dependents will be forfeited back to the Plan. See *What Happens to My Employee After-Tax Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?* and *What Happens to My Employer-Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?* above. Therefore, having more in your Accounts than the actual medical expenses of all eligible persons will result in a loss of the excess amount.

Example: You retire with amounts in your Accounts in the Plan. Shortly after retirement, you and your Spouse both die and you do not have any Dependent Children or Dependent Relatives. Any amount in your Accounts would be forfeited to the Plan at the latest death of you or your Spouse.

There are a number of reasons that your Account assets may exceed your total covered medical expenses. The amount in your Employee After-Tax Contribution Account is largely dependent on the amount that you choose to contribute to the Plan. The individual health status of you, your Spouse (or Dependent Domestic Partner), your Dependent Children and your Dependent Relatives could be a major variable. Because your use of the Accounts may not start for many years in the future, choosing the amount of contributions requires a number of projections. Any of those projections may differ significantly from your actual situation. Relevant factors may include the life expectancies of you and your Spouse (or Dependent Domestic Partner), unanticipated changes in health status, future medical expense trends, and future changes in premiums for the Emeriti Health Insurance Plan Options. Your or your Spouse's premature

death or other loss of eligibility for Dependent Children and Dependent Relatives could also result in excess assets in the Accounts.

Other factors that could have a significant impact include changes in Medicare or other government health programs, changes by the Employer in its contributions to the Plan, and investment performance of your Accounts.

Your Accounts and your right to participate in the Plan are not transferable by you or anyone else in any circumstances. You also cannot assign your Accounts or participation in the Plan or use your Accounts as security for a loan. Your creditors cannot reach your Accounts in the Plan.

EMERITI HEALTH INSURANCE PLAN OPTIONS – ELIGIBILITY

The Employer-Contribution Account and Employee After-Tax Contribution Account provide the funding method for the retiree medical benefits available under the Plan. The Plan provides two types of retiree medical benefits—the Emeriti Health Insurance Plan Options, and the Emeriti Reimbursement Benefit, which is for the reimbursement of Qualified Medical Expenses. Your eligibility (*and the eligibility of your family members*) for these two benefits is determined separately. Eligibility for the Emeriti Reimbursement Benefit is described later in this SPD.

This section describes eligibility for the Emeriti Health Insurance Plan Options underwritten by HealthPartners or Aetna. Eligibility for reimbursement of Qualified Medical Expenses is described later in this SPD. If you have any questions regarding eligibility for the Emeriti Health Insurance Options, including questions regarding the timeframes for enrollment, you may call 1-866-EMERITI (1-866-363-7484).

IMPORTANT: The rules described in this Section include 90-day enrollment windows, including in certain cases the requirement to enroll within 90 days of first becoming eligible. It is important that you review these provisions with your eligible dependents. If you and your eligible dependents do not enroll in one of the Emeriti Health Insurance Plan Options within the applicable enrollment window, eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted. If you have any questions about enrollment, you should call 1-866-EMERITI (1-866-363-7484). In addition, in the event of the Participant's death, eligible dependents should call as soon as possible to discuss enrollment.

You, your Spouse (or Domestic Partner) and your Dependent Children may be eligible to enroll in the Emeriti Health Insurance Plan Options. Dependent Relatives are not eligible to enroll in the Emeriti Health Insurance Plan Options. Eligibility for the Emeriti Health Insurance Plan Options and the terms of coverage are governed by the terms of the Plan and the Coverage Documents (defined in the Section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS – BENEFITS).

The various optional levels of coverage under the Emeriti Health Insurance Plan Options generally consist of:

- One or more post-65 options integrating with Medicare Parts A and B, some of which may be offered under Medicare Part C (Medicare Advantage) or Medicare Part D (Prescription Drug) (referred to as “Post-65 Options”). The Post-65 Options are available to eligible: (1) Participants who have attained age 65 or are Permanently Disabled; (2) Spouses (or Domestic Partners) who have attained age 65 or are

Permanently Disabled; and (3) Dependent Children who are Permanently Disabled — provided these individuals are enrolled in Medicare Parts A and B; and

- One pre-65 option (referred to as “Pre-65 Option”), which is available to eligible: (1) Spouses (or Domestic Partners) who have not attained age 65 (or who have attained age 65 but have not enrolled in Medicare Parts A and B); and (2) Dependent Children — provided these individuals are not Permanently Disabled.

Each of the Emeriti Health Insurance Plan Options has its own set of eligibility criteria, and the benefits provided will vary by state as necessary to comply with state insurance laws. A separate summary of benefits will be provided to you, or you may call 1-866-EMERITI (1-866-363-7484) to obtain information about the specific benefits offered in your state. Coverage for Spouses (or Domestic Partners) and Dependent Children is contingent upon enrollment of the Participant, except as described below. Enrollment in and coverage under each Emeriti Health Insurance Plan Option is subject to the requirements of any applicable State or Federal laws, regulations, or regulatory guidance, including Medicare.

SPECIAL NOTE REGARDING MEDICARE PART D

All of the Post-65 Emeriti Health Insurance Plan Options include prescription drug coverage. This means that you do not need to enroll in a separate Medicare Part D plan outside of this Plan. Just enroll in a Post-65 Option to obtain prescription drug coverage. Please note that if you enroll in a Post-65 Option under the Plan and then you enroll in a Medicare Part D plan elsewhere, you will automatically lose your prescription drug coverage under the previously selected Post-65 Option as a result of Medicare laws. There is no guarantee, if you make a second election of Part D insurance elsewhere, that a Post-65 Emeriti Health Insurance Plan Option without prescription drug coverage will be available to you. That means you may lose your coverage under the Emeriti Health Insurance Plan Options and may not be able to enroll in future years. As a result of Medicare laws, you should also be aware that late enrollment in the Emeriti Health Insurance Plan Options may result in premium penalties assessed by the Centers for Medicare and Medicaid Services on all future premiums.

What If I Cease to Be Employed Prior to Attaining Retirement Eligibility?

If you cease to be employed by the Employer (*for any reason including death*) prior to meeting the requirements for Retirement Eligibility established by the Plan Sponsor, then you, your Spouse (or Domestic Partner), and your Dependent Children will not be eligible to enroll in the Emeriti Health Insurance Plan Options. Note, however, that this will not affect any rights you (or your family members) may have to the Emeriti Reimbursement Benefit (reimbursement of Qualified Medical Expenses). Also, see below for a

discussion of your rights if you cease employment with the Employer due to becoming Permanently Disabled.

DEFINITION OF RETIREMENT ELIGIBILITY: The term “Retirement Eligibility” is used in a number of contexts under the Plan. Among other things, it determines your eligibility for the Emeriti Health Insurance Plan Options.

You meet the criteria for Retirement Eligibility if you are employed by your Employer on the date you attain the first to occur of:

- **Age 55 with at least 5 Years of Continuous Service; or**
- **Age 65 with at least 5 Years of Continuous Service (*in the case of employees hired at an advanced age*).**

If prior to meeting the criteria for Retirement Eligibility you incur a Break in Service and do not return to work with the Employer until after the expiration of three years, your Years of Continuous Service for purposes of determining whether you have satisfied the criteria for Retirement Eligibility will not include your service prior to commencement of the Break in Service.

What If I Cease to Be Employed On or After Attaining Retirement Eligibility (Except Due to Death)?

Enrollment of Participant:

If you cease to be employed by the Employer (*for any reason other than death*) on or after meeting the requirements for Retirement Eligibility, then once you have attained age 65 and enrolled in Medicare Parts A and B, you will be eligible to enroll in the Emeriti Health Insurance Plan Options under one of the Post-65 Options.

IMPORTANT: You must enroll within the 90-day period commencing on the later of the date you turn age 65 or enroll in Medicare Parts A and B. If you do not enroll in one of the Emeriti Health Insurance Plan Options within that enrollment window, your eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). You may call 1-866-EMERITI (1-866-363-7484) prior to your enrollment eligibility date to obtain information about enrollment.

Enrollment of Spouse (or Domestic Partner):

At the time you enroll in a Post-65 Option, you may also be eligible to enroll your Spouse (or Domestic Partner) as follows:

- If your Spouse (or Domestic Partner) is at least age 65 and currently enrolled in Medicare Parts A and B, you may enroll your Spouse (or

Domestic Partner) in the same Post-65 Option in which you are enrolled. You may not enroll in different Post-65 Options.

- If your Spouse (or Domestic Partner) has not attained age 65, you may enroll your Spouse (or Domestic Partner) in a Pre-65 Option. Similarly, if your Spouse (or Domestic Partner) has attained age 65 but has not enrolled in Medicare Parts A and B, you may enroll your Spouse (or Domestic Partner) in a Pre-65 Option. In either case, if your Spouse (or Domestic Partner) later enrolls in Medicare Parts A and B (after attaining age 65), then you may change your Spouse's (or Domestic Partner's) enrollment from a Pre-65 Option to the same Post-65 Option in which you are enrolled, provided you do so within the 90-day period commencing on the date your Spouse (or Domestic Partner) enrolls in Medicare Parts A and B or during any subsequent open enrollment period. You may not enroll in different Post-65 Options.

IMPORTANT: If your Spouse (or Domestic Partner) is eligible for the Pre-65 Option but chooses not to enroll in that option, you may later enroll your Spouse (or Domestic Partner) in the same Post-65 Option in which you are enrolled, provided you do so within the 90-day period commencing on the later of the date your Spouse or (Domestic Partner) attains age 65 or enrolls in Medicare Parts A and B. Subsequent enrollment during an annual open enrollment period will not be permitted. You may call 1-866-EMERITI (1-866-363-7484) to obtain information about enrollment.

Please note that the Pre-65 Option is significantly more expensive because it typically will not coordinate with Medicare. Therefore it may be advantageous to enroll your Spouse (or Domestic Partner) in your Post-65 Option as soon as possible.

Enrollment of Dependent Child:

At the time you enroll in a Post-65 Option, you may also enroll your Dependent Children in the Pre-65 Option.

IMPORTANT: If you do not enroll your Dependent Child in one of the Emeriti Health Insurance Plan Options when you enroll, your eligibility to later enroll your Dependent Child in the Emeriti Health Insurance Plan Options will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). You may call 1-866-EMERITI (1-866-363-7484) to obtain information about enrollment.

Exceptions for Permanently Disabled Dependents:

If your Spouse (or Dependent Domestic Partner) or Dependent Child is Permanently Disabled and enrolled in Medicare Parts A and B, then at the time you enroll in a Post-65 Option, you may elect to enroll the individual, but only in the same Post-65 Option in which you are enrolled.

IMPORTANT: You must enroll your Spouse (or Dependent Domestic Partner) or Dependent Child within the 90-day period commencing on the date he or she enrolls in Medicare Parts A and B. Otherwise, his or her eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). You may call 1-866-EMERITI (1-866-363-7484) to obtain information about enrollment.

If you have enrolled your Spouse (or Dependent Domestic Partner) or Dependent Child who is not Permanently Disabled and enrolled in Medicare Parts A and B according to the regular enrollment rules in a Pre-65 Option, then if that individual later becomes Permanently Disabled and enrolled in Medicare Parts A and B, you must call 1-866-EMERITI (1-866-363-7484) to change his or her enrollment from a Pre-65 Option to the same Post-65 Option in which you are enrolled.

What If I Become Permanently Disabled?

Enrollment of Participant:

If you cease employment after meeting the requirements for Retirement Eligibility, your disabled status will have no effect on your benefits. However, if you cease employment prior to meeting the requirements for Retirement Eligibility as a result of becoming Permanently Disabled, then once you enroll in Medicare Parts A and B, you will be eligible to enroll in a Post-65 Option, provided that you enroll after receipt of the Social Security determination letter, but within the ninety (90)-day period commencing on the date that you enroll in Medicare Parts A and B.

IMPORTANT: You must enroll within the 90-day period commencing on the date you enroll in Medicare Parts A and B. If you do not enroll in one of the Emeriti Health Insurance Plan Options within that enrollment window, your eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). You may call 1-866-EMERITI (1-866-363-7484) to obtain information about enrollment.

Definition of Permanently Disabled: If you are a Participant, you will be considered Permanently Disabled if you have received a final determination from the Social Security Administration that you are permanently disabled and became permanently disabled no later than the date of cessation of employment with the Employer. It is your responsibility to notify the Plan Sponsor of the Social Security Administration's determination prior to the expiration of a three year Break in Service. Failure to do so will result in you not qualifying as Permanently Disabled under the Plan. The determination of the Social Security Administration that you are permanently disabled is not subject to review and is final with respect to the Plan (other than to verify that such determination has occurred).

Enrollment of Spouse (or Domestic Partner) and Dependent Children:

At the time you enroll, you may enroll your Spouse (or Domestic Partner) and Dependent Children under the same rules described under the subsection above entitled, *What If I Cease to Be Employed On or After Attaining Retirement Eligibility (Except Due to Death)?* You should review that subsection carefully for important limitations on the right to enroll those individuals.

What If I Die After Attaining Retirement Eligibility?

If you have met the criteria for Retirement Eligibility and then die, your surviving dependents may be eligible to enroll or continue their coverage as described below.

IMPORTANT: The rules described below include 90-day enrollment windows, including in certain cases the requirement to enroll within 90 days of the Participant's death or the Spouse's (or Domestic Partner's) attainment of age 65 or enrollment in Medicare Parts A and B. It is important that you review these provisions with your eligible dependents. If they do not enroll in one of the Emeriti Health Insurance Plan Options within their enrollment window, their eligibility to later enroll in the Emeriti Health Insurance Plan Options will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). In the event of the Participant's death, eligible dependents should call 1-866-EMERITI (1-866-363-7484) as soon as possible to discuss enrollment.

Death While Employed / Death Post-Employment But Pre-Enrollment:

After attaining Retirement Eligibility, if you die: (1) while still employed by the Employer; or (2) after ceasing employment but prior to enrolling in one of the Emeriti Health Insurance Plan Options (*unless you were eligible to enroll and failed to do so within your enrollment window*), then within the 90-day period commencing on the date of your death, your Spouse (or Domestic Partner) and Dependent Children may enroll in one of the Emeriti Health Insurance Plan Options under the following conditions:

- If your Spouse (or Domestic Partner) is at least age 65 and currently enrolled in Medicare Parts A and B, he or she may enroll in a Post-65 Option provided he or she does so within the 90-day period commencing on the date of your death.
- If your Spouse (or Domestic Partner) has not attained age 65 or has attained age 65 but has not enrolled in Medicare Parts A and B, he or she may enroll in the Pre-65 Option. If he or she enrolls in a Pre-65 Option and later enrolls in Medicare Parts A and B (after attaining age 65), then he or she may change enrollment to a Post-65 Option, provided he or she

does so within the 90-day period commencing on the later of the date he or she attains age 65 or enrolls in Medicare Parts A and B.

- Your Dependent Children may enroll in the Pre-65 Option.
- If your Spouse (or Domestic Partner) is eligible for the Pre-65 Option but chooses not to enroll in that option, he or she may later enroll in a Post-65 Option, provided he or she does so within the 90-day period commencing on the later of the date he or she attains age 65 or enrolls in Medicare Parts A and B. Subsequent enrollment during an annual open enrollment period will not be permitted.
- Note that if you cease employment after meeting the criteria for Retirement Eligibility, fail to enroll in an Emeriti Health Insurance Plan Option within your enrollment window, and then die, your Spouse (or Domestic Partner) and Dependent Children will be ineligible to ever enroll in the Emeriti Health Insurance Plan Options.

Death Post-Enrollment:

If you die after enrolling in an Emeriti Health Insurance Plan Option, the following rules apply:

- Your Spouse (or Domestic Partner) and Dependent Children who are currently enrolled in an Emeriti Health Insurance Plan Option may remain enrolled in that same Emeriti Health Insurance Plan Option for so long as they continue to meet its qualifications (*subject to any rights to change Options at open enrollment—see below*).
- If your Spouse (or Domestic Partner) is enrolled on the date of your death in a Pre-65 Option and remains so enrolled, he or she may, upon attaining age 65 and enrolling in Medicare Parts A and B, elect to change enrollment to a Post-65 Option, but only if he or she does so within the 90-day period commencing on the later of the date he or she attains age 65 or enrolls in Medicare Parts A and B (or during any subsequent open enrollment period).
- If your Spouse (or Domestic Partner) is not enrolled on the date of your death in Health Insurance Coverage under a Pre-65 Option and is not eligible for Medicare Parts A and B, then if he or she later enrolls in Medicare Parts A and B (after attaining age sixty five (65)) he or she may elect to enroll in a Post-65 Option, but only if he or she does so within the 90-day period commencing on the later of the date he or she attains age 65 or enrolls in Medicare Parts A and B. Enrollment during a subsequent open enrollment period will not be permitted.

Exceptions for Permanently Disabled Dependents:

If your Spouse (or Dependent Domestic Partner) or Dependent Child is Permanently Disabled and enrolled in Medicare Parts A and B, then he or she may enroll only in a Post-65 Option.

If your Spouse (or Dependent Domestic Partner) or Dependent Child is not Permanently Disabled and enrolled in Medicare Parts A and B and he or she is enrolled in a Pre-65 Option, then if he or she later becomes Permanently Disabled and enrolled in Medicare Parts A and B, he or she must call 1-866-EMERITI (1-866-363-7484) to change his or her enrollment from a Pre-65 Option to a Post-65 Option.

Continued Coverage:

If you die, your Dependent Child's coverage in a Pre-65 Option will cease on the date he or she fails to meet the requirements of a Dependent Child (for example, he or she turns 19 while not enrolled in school). Your Spouse's (or Domestic Partner's) Pre-65 or Post-65 Option coverage will not cease on account of your death (even if he or she remarries). However, the new spouse or domestic partner and any future dependents of your surviving Spouse (or Domestic Partner) are never eligible for coverage under the Emeriti Health Insurance Plan Options or any other benefits under the Plan.

IMPORTANT: If your Spouse (or Domestic Partner) or Dependent Child fails to enroll in an Emeriti Health Insurance Plan Option during the 90-day enrollment window for the date the individual is first eligible (*as described above*), then that individual's eligibility to later enroll in that Emeriti Health Insurance Plan Option will be restricted (*see the subsection below entitled What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?*). In the event of the Participant's death, eligible dependents should call 1-866-EMERITI (1-866-363-7484) as soon as possible to discuss enrollment.

Is Medicare Enrollment Required?

An individual's coverage under any Post-65 Option is only effective if the individual is actually enrolled in Medicare Parts A and B.

What Is the Effective Date of Coverage Under the Emeriti Health Insurance Plan Options?

For any Post-65 Option once you retire, the effective date is the latest to occur of:

- The first month in which you attain age 65;
- The effective date of your Medicare Parts A and B entitlement; or

- The first of the month following the date you enroll in the Post-65 Option in accordance with HealthPartners' or Aetna's enrollment procedures and HealthPartner or Aetna accepts your enrollment (and, if applicable, your enrollment is approved by the Centers for Medicare and Medicaid Services).

Thus, if you retire after age 65 and enroll in a Post-65 Option after your Medicare effective date, your Post-65 Option will be effective once HealthPartners or Aetna accepts your enrollment. Note that the same rules apply to enrollment of your Spouse (or Domestic Partner).

For any Pre-65 Option, the effective date of coverage is the first of the month following the date the individual enrolls in the Pre-65 Option in accordance with HealthPartners or Aetna's enrollment procedures and HealthPartners or Aetna accepts the enrollment.

What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?

The section of the SPD entitled "What If I Fail to Enroll, or a Family Member Fails to Enroll, Within the Enrollment Window?" contains information about special rights to late enrollment in the Emeriti Health Insurance Plan Options. In addition to those special enrollment events, please note that if you are already enrolled in an Emeriti Health Insurance Plan Option and an individual becomes your Dependent Child due to an event other than one described above (e.g., your 20 year old child becomes a full-time student and meets the other requirements of a Dependent Child), then you may enroll that child in an Emeriti Health Insurance Plan Option, provided you do so within thirty (30) days of that individual becoming a Dependent Child.

Are There Open Enrollment Periods?

Yes. The Plan will hold an annual open enrollment period. The timing and length will be announced each year. The purpose of the open enrollment period is solely to permit you and your Spouse (or Domestic Partner) who are currently enrolled in any of the Emeriti Health Insurance Plan Options to elect coverage under a different Emeriti Health Insurance Plan Option (subject to eligibility requirements). If an open enrollment period is ever held for any other reason, you will be notified about the terms and conditions of that special open enrollment period. If you are currently enrolled and do not wish to change to another Health Insurance Plan Option, you ordinarily will not have to reenroll at open enrollment unless required under Medicare rules.

What Are the Rules Regarding Payment of Premiums for the Emeriti Health Insurance Plan Options?

All premiums must be paid for initial and continuing enrollment in any Emeriti Health Insurance Plan Option. Failure to pay premiums will result in cancellation of coverage. For further details, please see the section of this SPD entitled "USE OF ACCOUNTS."

What If My Spouse (or Domestic Partner) and I Are Both Participants?

If you are a Participant and your Spouse (or Domestic Partner) is also a Participant, you must each enroll separately in the Emeriti Health Insurance Plan Options. Neither of you may be enrolled as a Spouse (or Domestic Partner) of the other for purposes of the Emeriti Health Insurance Plan Options. Either of you may enroll your Dependent Children in a Pre-65 Option, but both of you may not do so.

What If I Am Eligible For Coverage Under My Employer's Active Plan?

If you, your Spouse (or Domestic Partner), or your Permanently Disabled Dependent Child is enrolled in Medicare and eligible for coverage under your Employer's active employee health plan, then you and/or the other individual(s) are not eligible to enroll in a Post-65 Health Insurance Plan Option under this Plan. Once eligibility under the Employer's active employee health plan ceases, you and/or the other individual(s) may enroll in a Post-65 Health Insurance Plan Option (subject to the standard eligibility requirements, including age 65, Retirement Eligibility or Permanently Disabled status, and enrollment in Medicare Parts A and B).

What If I Am Already Retired When the Plan Commences?

If you are a retired employee when the Plan commences, you will be notified if you are eligible to participate in the Emeriti Health Insurance Plan Options. If you are eligible, an enrollment window will be made available for enrollment. This window is normally a period commencing no more than 90 days prior to the date that coverage is first available and ending at the end of the 90-day period commencing on the date that coverage is first available. However, if you are enrolled in Medicare Parts A and B, enrollment will generally be coincident with Medicare Part D enrollment in the fall, with coverage effective January 1 of the following year.

Can An Individual's Coverage Cease If His or Her Status Changes?

A Spouse's (or Domestic Partner's) or Dependent Child's coverage under the Emeriti Health Insurance Plan Options will not cease on account of the death of the Participant. However, except in the event of death, a Spouse's (or Domestic Partner's) or Dependent Child's coverage under the Emeriti Health Insurance

Plan Options will cease on the last day of the month in which such individual fails to meet the requirements of a Spouse (or Domestic Partner) or Dependent Child, as applicable (whether prior to or following the death of the Participant). Further, a Spouse's coverage under the Emeriti Health Insurance Plan Options will cease on the last day of the month in which a court of competent jurisdiction enters an order that the Participant and Spouse are legally separated. You must call 1-866-EMERITI (1-866-363-7484) immediately to report the entry of such a court order. Coverage will not cease earlier than the date permitted by Medicare. See the Section below entitled "COBRA Continuation Coverage" for information regarding continuation coverage rights in the event of a change in dependent status.

What If My Coverage is Cancelled Because of Something I Did?

Your coverage under the Emeriti Health Insurance Plan Options can be cancelled only due to: (1) non-payment of premiums; (2) failure to abide by the terms and conditions of the Plan and the coverage; or (3) voluntary cancellation on your part at any time (*subject to the Plan Sponsor's right to amend or terminate the Plan*). If your coverage is cancelled for any of these reasons, you will be ineligible to re-enroll, unless expressly permitted by HealthPartners or Aetna. Coverage will not cease earlier than the date permitted by Medicare.

Is There Anything Else I Should Know About Eligibility for the Emeriti Health Insurance Plan Options?

Your and your family's enrollment in the Emeriti Health Insurance Plan Options is subject to the Plan's enrollment procedures. Health insurance benefits available under the Plan are limited to those provided under the available Emeriti Health Insurance Plan Options that you and/or your eligible family members select. If you elect to enroll in health insurance coverage outside of the Plan instead of enrolling in the Emeriti Health Insurance Plan Options, you will not be eligible to enroll in the Emeriti Health Insurance Plan Options at a later date unless you or your eligible family member has one of the life events described previously in this section. However, if you have a balance in your Account(s), you will still be eligible to obtain reimbursement of premiums paid for insurance you obtain outside of the Plan (i.e., insurance other than the Emeriti Health Insurance Plan Options) (see the section entitled REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES).

Are the Emeriti Health Insurance Plan Options Subject to Change?

Emeriti and HealthPartners or Aetna have a contract for HealthPartners' or Aetna's participation in the Program. Current terms of the Coverage Documents that may be significant include: (i) coverage is available and underwritten by HealthPartners or Aetna; (ii) terms of the Coverage Documents will vary by state in accordance with state insurance laws; (iii) there is guaranteed issue for all participants; and (iv) you and your Spouse (Domestic Partner) have flexibility to

change coverage choices at annual enrollment. You may call 1-866-EMERITI (1-866-363-7484) to determine any variation in the Emeriti Health Insurance Plan Options for your state or territory. The Emeriti Health Insurance Plan Options will be subject to change to address future changes in state and federal law, including changes to the Medicare program caused by the Medicare Modernization Act of 2003. There is no guarantee that the current terms of the Coverage Documents applicable to any state will continue as described, and there is no guarantee that coverage will be available in all states and territories.

The contract between Emeriti and HealthPartners or Aetna may be terminated by either party under certain circumstances, primarily at the end of the term of the contract. See the section below entitled AMENDMENT, TERMINATION, AND WITHDRAWAL. There is no guarantee that the Emeriti Program will renew Aetna's contract or that HealthPartners or Aetna will continue to offer insured health plans to the Program in the future. In such circumstances, Emeriti would make its best efforts to find appropriate replacement(s) for HealthPartners or Aetna, but there is no guarantee that a replacement insurance company could be found in the future. If HealthPartners or Aetna or a replacement insurance company is not available in the Program, access to your Accounts would be only through the reimbursement of Qualified Medical Expenses (including the payment of premiums for individually-procured insurance).

How Does Medicare Part D Impact the Plan?

All of the Post-65 Emeriti Health Insurance Plan Options include prescription drug coverage. This means that you do not need to enroll in a separate Medicare Part D plan outside of this Plan. Just enroll in a Post-65 Option to obtain prescription drug coverage. Please note that if you enroll in a Post-65 Option under the Plan and then you enroll in a Medicare Part D plan elsewhere, you will automatically lose your prescription drug coverage under the previously selected Post-65 Option as a result of Medicare laws. There is no guarantee, if you make a second election of Part D insurance elsewhere, that a Post-65 Emeriti Health Insurance Plan Option without prescription drug coverage will be available to you. That means you may lose your coverage under the Emeriti Health Insurance Plan Options and may not be able to enroll in future years. As a result of Medicare laws, you should also be aware that late enrollment in the Emeriti Health Insurance Plan Options may result in premium penalties assessed by the Centers for Medicare and Medicaid Services on all future premiums.

EMERITI HEALTH INSURANCE PLAN OPTIONS – BENEFITS AND CLAIMS

The Pre-65 and Post-65 Emeriti Health Insurance Plan Options described in the previous section, including premiums and benefits, are underwritten by HealthPartners or Aetna and are described in the Coverage Documents. Those documents are provided to you separately when you select an option at retirement but are considered part of this SPD. For information on how to obtain a copy of these documents call 1-866-EMERITI (1-866-363-7484).

DEFINITION OF COVERAGE DOCUMENTS: The term “Coverage Documents” refers to the summary of coverage and certificate of coverage booklet issued by HealthPartners or Aetna governing the benefits and other terms of coverage provided by the Emeriti Health Insurance Plan Options underwritten by HealthPartners or Aetna.

How Do I File a Claim for Benefits Under the Emeriti Health Insurance Plan Options?

Claims for benefits under the Emeriti Health Insurance Plan Options are processed solely by HealthPartners or Aetna, as are reviews of denied claims. The procedures for filing claims (and appeals of denied claims) with the insurer are described in the Coverage Documents. The determination of your claim by HealthPartners or Aetna (following any appeal to HealthPartners or Aetna) is final, and no one else, including your Employer, Fidelity, or Emeriti, has any authority to overrule that determination.

What If I Have a Claim Under Health Insurance Other Than the Emeriti Health Insurance Plan Options?

If you use amounts in your Emeriti Health Accounts to pay the premiums for health insurance other than the Emeriti Health Insurance Plan Options, then you must file any claims for benefits under that health insurance in accordance with its terms.

What If My Claim Relates to Payment of Premiums for the Emeriti Health Insurance Plan Options from My Accounts?

Once you enroll in an Emeriti Health Insurance Plan Option, premiums for that coverage will be paid automatically from your Accounts in accordance with the terms of the Plan and procedures established by Emeriti. If you have any questions about automatic payment of these premiums from your Emeriti Health Accounts, you should first call 1-866-EMERITI (1-866-363-7484). However, if necessary, you may file a claim for benefits. Your claim must be filed, and will be processed, under the rules for claims for reimbursement of Qualified Medical Expenses described below, except that the initial claim must be submitted to, and

will be determined by, the Plan Sponsor, and it must be submitted within 60 days following the date you (or your dependent) receive notice that coverage under the Emeriti Health Insurance Plan Options has been cancelled as a result of non-payment of premiums.

What Happens If a Claim Is Overpaid?

Overpayment of claims with respect to the Emeriti Health Insurance Plan Options is governed by the terms of the Coverage Documents (*see definitions section*).

Can Legal Action Be Brought Against the Plan For Benefit Claims?

Legal action may be brought against the Plan for benefits after the claimant exhausts the administrative procedures described above. Any action for benefits must be brought within one year from the expiration of the time within which a final appeal is denied.

Can I Transfer My Benefits to Someone Else?

No. Neither you nor your covered family members have any right to transfer, sell or otherwise dispose of any right to benefits payable to you under the Plan.

Do Women and Newborns Have Any Special Rights?

Newborns and Mothers Health Protection Act. Under the federal Newborns and Mothers Health Protection Act, group health plans and health insurance issuers generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Women's Health and Cancer Rights Act. Group health plans and health insurance issuers that provide medical and surgical benefits with respect to a mastectomy must provide, in a case of a participant, spouse or dependent who is receiving benefits in connection with a mastectomy, coverage for:

- all stages of reconstruction of the breast on which the mastectomy has been performed;
- surgery and reconstruction of the other breast to produce a symmetrical appearance; and

- prostheses and physical complications of mastectomy, including lymphedemas;

in a manner determined in consultation with the attending physician and the patient. This coverage may be subject to annual deductibles and coinsurance provisions as may be deemed appropriate and as are consistent with those established for other benefits under the plan or coverage. Written notice of the availability of such coverage must be delivered to the participant upon enrollment and annually thereafter.

REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES

In addition to coverage under the Emeriti Health Insurance Plan Options, you may be eligible for reimbursement of Qualified Medical Expenses from your Account(s) through the Emeriti Reimbursement Benefit. In many cases, Participants become eligible for reimbursement of Qualified Medical Expenses prior to becoming eligible to enroll in the Emeriti Health Insurance Plan Options. This can be particularly helpful if you retire prior to age 65 (the standard age for Medicare eligibility) and need to pay for health insurance premiums or other out-of-pocket medical expenses in the bridge period between active employment and Medicare enrollment. Even if you are not eligible for the Emeriti Health Insurance Plan Options, you may still be eligible for reimbursement of Qualified Medical Expenses.

What is a Qualified Medical Expense?

“Qualified Medical Expenses” or “QMEs” are those expenses incurred by you, your Spouse (or Dependent Domestic Partner), your Dependent Children, and your Dependent Relatives for “medical care” as defined in Internal Revenue Code Section 213(d). Most types of medical care are covered, and you may also receive reimbursement for health insurance premiums, Medicare premiums, and allowable over-the-counter pharmaceuticals and medical goods, but only to the extent these expenses have not been covered by insurance or another benefit plan.

How and When Do I Become Eligible for Reimbursement of Qualified Medical Expenses?

You are immediately eligible to submit claims for reimbursement of Qualified Medical Expenses if either of the following occurs:

- You have met the requirements for Retirement Eligibility and subsequently cease employment with the Employer; or
- You have not met the requirements for Retirement Eligibility, but you have ceased employment with the Employer and have attained age 55.

For an explanation of the term “Retirement Eligibility,” please refer to the section entitled EMERITI HEALTH INSURANCE PLAN OPTIONS – ELIGIBILITY.
--

Note, however, that your right to reimbursement of Qualified Medical Expenses is subject to any forfeiture of Employer Contributions that may have occurred if you ceased employment prior to earning the right to avoid forfeiture (see the section entitled EMPLOYER CONTRIBUTIONS). No reimbursement of Qualified Medical Expenses is available if there are no funds in your Accounts.

Except for certain terminal illness or injury expenses described below, QMEs are only eligible for reimbursement if incurred on or after the date you become eligible for reimbursement of Qualified Medical Expenses (as described above). An expense is considered “incurred” on the date you, your designated Spouse (or Dependent Domestic Partner), your designated Dependent Child, or your designated Dependent Relative are furnished the medical care or services giving rise to the claimed expense (*documentation of such expense is required—see below*). Prior to your death, only you may submit claims for reimbursement of Qualified Medical Expenses, regardless of whether the expense was incurred by you, your Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative.

IMPORTANT: You cannot obtain reimbursement of any medical expense incurred by an individual unless you have called 1-866-EMERITI (1-866-363-7484) and designated that individual as your Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative. Medical expenses of Non-Dependent Domestic Partners are not reimbursable under the Plan.

Can I Access My Accounts Earlier If Needed?

Normally you cannot obtain reimbursement for QMEs prior to the eligibility date described above. However, there are three exceptions: (1) terminal illness or injury situations; (2) catastrophic expense situations; and (3) small Account situations. Each is described below.

Can I Access My Accounts Earlier If I or a Family Member Becomes Terminally Ill or Injured?

Yes. “Terminal Illness or Injury Expenses” of you, your Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative can be reimbursed from your Accounts. The term “Terminal Illness or Injury Expenses” means Qualified Medical Expenses of the terminally ill or injured individual which are incurred: (i) within one year prior to the date of the individual’s death; or (ii) within one year prior to, or at any time following, the date of certification by the individual’s physician that the individual has suffered an illness or injury expected to result in such individual’s death within five (5) years of the date of certification. QMEs do not include expenses incurred prior to the date you became a Participant.

Can I Access My Accounts Earlier If I Have Extraordinary Medical Expenses?

Yes, the Plan provides catastrophic protection. If you submit valid evidence (as a single claim) of Qualified Medical Expenses incurred by you, your Spouse (or Dependent Domestic Partner), Dependent Children, and/or Dependent Relatives during a single 12-month period, and those expenses exceed \$15,000 in the aggregate, then the Plan will reimburse you for the portion of those Qualified

Medical Expenses that exceed \$15,000. QMEs do not include expenses incurred prior to the date you became a Participant.

Can I Access My Accounts Earlier If I Cease Employment With a Small Balance?

Yes. If you cease to be employed by the Employer prior to attaining age 55 and the aggregate balance of your Employee After-Tax Contribution Account and Employer-Contribution Account (*determined after application of the forfeiture rules*) does not exceed \$5,000, you will be immediately eligible for reimbursement of Qualified Medical Expenses payable from your Accounts for you, your Spouse (or Dependent Domestic Partner), Dependent Children, and/or Dependent Relatives.

Can I Still Access My Accounts Earlier If I Participate In an HSA or FSA?

If you are still employed by the Employer and participate in a high deductible health plan (“HDHP”) and are eligible to contribute to a health savings account (“HSA”), you will not be eligible for early availability of Reimbursement Benefits until you have first satisfied the HDHP’s minimum annual deductible for the year in which the Qualified Medical Expenses were incurred. In addition, if you elect coverage under your Employer’s health flexible spending account (“FSA”), you will not be eligible for early availability of Reimbursement Benefits until you have first exhausted the maximum annual coverage amount available to you under the FSA for the year in which the Qualified Medical Expenses were incurred.

Is There a Limit On the Amount That Can Be Reimbursed?

There are no limits on the amount of reimbursement for a Qualified Medical Expense, except the total amount in your Accounts. If Aetna (or another insurer) pays only a portion of an expense, the unpaid portion may be submitted for reimbursement as a Qualified Medical Expense.

What Happens If I Die?

If you die at any time, your Spouse (or Dependent Domestic Partner), Dependent Children, and Dependent Relatives will each be immediately eligible for reimbursement of Qualified Medical Expenses payable from the balance in your Employer-Contribution Account (*determined after application of the forfeiture rules*) and Employee After-Tax Contribution Account. Upon your death, only your surviving Spouse (or Dependent Domestic Partner) may submit claims for reimbursement of Qualified Medical Expenses, regardless of whether the expense was incurred by the Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative. Upon the death of your surviving Spouse (or Dependent Domestic Partner), each Dependent Child and Dependent Relative (or his or her authorized representative) may submit claims for reimbursement of Qualified Medical Expenses for expenses incurred solely by

such Dependent Child or Dependent Relative. When the last of your surviving Spouse (or Dependent Domestic Partner), Dependent Child and Dependent Relative die, no further benefits will be paid.

When Does the Right to Reimbursement of Qualified Medical Expenses Cease?

The right to reimbursement of Qualified Medical Expenses for you and your eligible dependents will cease if the balance of both your Accounts reaches \$0. However, during your life, if you make additional Employee After-Tax Contributions to the Employee After-Tax Contribution Account, you will again be eligible for reimbursement of Qualified Medical Expenses. The right to reimbursement of Qualified Medical Expenses for you and your eligible dependents will cease upon the last to die of you, your Spouse (or Dependent Domestic Partner), Dependent Children (unless they cease to be Dependent Children), and Dependent Relatives.

What Happens If I Fail to Provide Fidelity With My Current Address?

If you or a family member to whom reimbursements of Qualified Medical Expenses are owed cannot be located, or reimbursement checks are returned to the Plan as undeliverable, the Plan provides procedures for trying to locate you and for potentially suspending your benefits until you or your family member can be located. Therefore, it is extremely important that you (or your family members, if applicable) provide Fidelity with up-to-date contact information (*call 1-866-EMERITI (1-866-363-7484) to do so*).

How Do I Submit a Claim for Reimbursement of Qualified Medical Expenses?

You must file a claim in accordance with the procedures described below in order to receive reimbursement of Qualified Medical Expenses. Claims are processed by Acclaris but may be subject to review by the Plan Sponsor.

Call 1-866-EMERITI (1-866-363-7484), call Acclaris at 1-800-317-0559, or log on to www.emeritihealth.org to obtain a copy of the claim form. You must submit your claim for reimbursement of Qualified Medical Expenses to Acclaris within 12 months following the end of the calendar year in which the claimed expense was incurred. Claims submitted after that time will be denied, unless it was not reasonably possible to give proof of the claim within the required period and you submitted the claim as soon as reasonably possible. Please note that upon the last to die (or reach majority) of the Participant, Spouse (or Dependent Domestic Partner), Dependent Children, and Dependent Relatives, all claims must be submitted within 12 months following the date of death (or attainment of majority) or they will be denied.

- If your claim is for premiums paid for third-party health insurance, you must submit a bill, receipt, or similar documentation from the health insurance company clearly showing that the expense was health insurance premiums, the individual for whom the insurance was provided, and the date the insurance was purchased.
- If your claim is for medical expenses other than insurance premiums (e.g., medical care, pharmaceuticals, or medical goods), you must submit a bill, receipt, or similar documentation from the provider of the service or goods showing the type of service or product, the date of service or sale, and the individual for whom the service or sale was provided.

You should submit your claim to Acclaris at the following address:

Acclaris
P.O. Box 20571
Tampa, FL 33622-0571

Who Can Submit a Claim?

Prior to the death of the Participant, only the Participant (or his or her representative in the event of incapacity) may submit claims for reimbursement of Qualified Medical Expenses, regardless of whether the expense was incurred by the Participant, Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative (the only exception is a Dependent Child may submit claims pursuant to a qualified medical child support order (QMCSO)). Upon the death of the Participant, only the Spouse (or Dependent Domestic Partner) may submit claims for reimbursement of Qualified Medical Expenses, regardless of whether the expense was incurred by the Spouse (or Dependent Domestic Partner), Dependent Child, or Dependent Relative. Upon the death of the Spouse (or Dependent Domestic Partner), each Dependent Child and Dependent Relative (or his or her authorized representative) may submit claims for reimbursement for Qualified Medical Expenses incurred solely by such Dependent Child or Dependent Relative.

How Long Does It Take to Decide My Claim?

Acclaris will determine whether the claimed expense is a Qualified Medical Expense. If so, the claim will be paid. If Acclaris determines that the claim is not a Qualified Medical Expense, Acclaris generally will notify you of its decision within 30 days of its receipt of your claim. However, if special circumstances require a 15-day extension of time to review your claim, Acclaris will notify you of the need for an extension, including the circumstances requiring the extension and the date a decision is expected, prior to the end of the initial 30-day period. If Acclaris requires additional information from you to decide the claim, you will be given at least 45 days to provide the required information. The deadline for

making a determination of your claim will then be extended for 45 days or, if shorter, for the length of time it takes you to provide the additional information.

What If I Don't Agree With Acclaris' Determination?

If your claim is denied in whole or in part, you may request review of your claim at any time within 180 days following the date you received written notice of the denial. If you fail to file a request for review within 180 days, you waive your right to request a review of the denial of the claim. Here is how to file:

- If you believe Acclaris has made an error in processing your claim, you may request review of your claim by contacting Acclaris. This would include factual errors such as recording an incorrect date of service or similar error.
- For any other type of review, such as eligibility issues, you must submit your request for review to the Plan Sponsor at the address provided in the section entitled IMPORTANT INFORMATION ABOUT THE PLAN.

Your request must be in writing and state your name and address, the fact that you are disputing the denial of a claim, the date of the initial notice of denial, and the reason(s) for disputing the denial (*you may be asked to submit additional information*). You may include written comments, documents, records and other information relating to your claim in your request for review. You also have the right to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim. You will be notified of the decision on review no later than 30 days after receipt of the written request for review.

What Happens If a Claim Is Overpaid?

With respect to reimbursement of Qualified Medical Expenses, the Plan may seek return of the overpayment or may reduce future benefits to offset the amount of any overpayment.

What Is the Time Limit For Submitting Claims After the Last To Die (or Reach Majority) of All the Covered Family Members?

Upon the last to die (or reach majority) of the Participant, Spouse (or Dependent Domestic Partner), Dependent Children, and Dependent Relatives, all claims must be submitted within 12 months following the date of death (or attainment of majority) or they will be denied.

Can Legal Action Be Brought Against the Plan For Benefit Claims?

Legal action may be brought against the Plan for benefits after the claimant exhausts the administrative procedures described above. Any action for benefits must be brought within one year from the expiration of the time within which a final appeal is denied.

Can I Transfer My Benefits to Someone Else?

No. Neither you nor your covered family members have any right to transfer, sell or otherwise dispose of any right to benefits payable to you under the Plan.

ORDERING OF MULTIPLE PLANS UNDER THE EMERITI PROGRAM

If you are a Participant in this Plan and a participant under plans of one or more other employers who are also members of the Emeriti Program, special rules apply to which plan governs your coverage under the Emeriti Health Insurance Plan Options, as well as the order of premium payments for that coverage and reimbursement of Qualified Medical Expenses from your Accounts.

What If I Am Eligible for the Emeriti Health Insurance Plan Options Under Multiple Plans?

If during your career you work for more than one employer who sponsors plans under the Emeriti Program (i.e., this Employer and one or more other employers), you will retain all of your Accounts (*subject to eligibility*), but special rules apply to the order of payment from your Accounts and your enrollment in the Emeriti Health Insurance Plan Options. The rules are a bit complicated, but the main thing to remember is that you may only enroll in the Emeriti Health Insurance Plan Options under one employer's Emeriti plan and you do not have to take any action to receive seamless payment of premiums and reimbursement of Qualified Medical Expenses from your various Accounts. This is taken care of automatically by Fidelity according to the following rules.

You may not rollover or otherwise combine your Accounts in the Emeriti plans of your various employers. Instead, you must elect which one of those plans under which you will enroll in the Emeriti Health Insurance Plan Options (i.e., this Plan or one of the other plans under which you have satisfied the requirements for Retirement Eligibility as defined under each plan). Once you make that election, your right to enroll in the Emeriti Health Insurance Plan Options under the other plans (those not selected) is terminated. If your Accounts in the selected plan are exhausted, you can use your Accounts in other plans to continue your Emeriti Health Insurance Plan Options coverage in your selected Plan. However, if the employer sponsoring the Emeriti Program plan in which you initially elect to enroll in the Emeriti Health Insurance Plan Options ever withdraws from the Emeriti Program, you may elect to enroll in the Emeriti Health Insurance Plan Options under one of the other Emeriti Program plans in which you initially elected to decline coverage.

If you die prior to enrollment in the Emeriti Health Insurance Plan Options, this rule will apply to your surviving Spouse (or Domestic Partner) and Dependent Children with the additional condition that those individuals must all enroll under the same Emeriti Program plan (i.e., all under this Plan, or all under the other employer's Emeriti Program plan).

If you elect coverage in an Emeriti Health Insurance Plan Option under one Emeriti Program plan, you will receive reimbursement of Qualified Medical

Expenses from your Account(s) in this plan first. After these Accounts are exhausted, you can pay your premiums for the Emeriti Health Insurance Plan Option and receive reimbursement of Qualified Medical Expenses under the plan in which you most recently had an account established. This same process will apply if your Accounts in the second plan are exhausted, and so on.

How Does Eligibility Under Multiple Plans Affect the Payment of Premiums for the Emeriti Health Insurance Plan Options and the Reimbursement of Qualified Medical Expenses From My Accounts?

Payment of premiums for the Emeriti Health Insurance Plan Options and reimbursement of Qualified Medical Expenses will be made first from the Emeriti Program plan in which you (*or in the event of your death, the other covered individuals*) have enrolled in the Emeriti Health Insurance Plan Options. In the event that enrollment in the Emeriti Health Insurance Plan Options has not occurred at the time you commence reimbursement of Qualified Medical Expenses, benefits will be paid from the plan in which you most recently had an account established. Upon exhaustion of the funds in that plan, reimbursement of Qualified Medical Expenses will be funded by the next Emeriti Program plan in which you most recently had an account established, and so on.

PLAN ADMINISTRATION

The administration of the Plan is under the supervision of the Plan Sponsor, who is the administrator of the Plan. Various service providers, such as Fidelity, perform ministerial services for the Plan Sponsor to assist it in administering the Plan. However, the Plan Sponsor (or its delegate) has the sole discretion and authority to interpret and administer the Plan in all of its details. The determination of the Plan Sponsor (or its delegate) as to any question involving the administration and interpretation of the Plan shall be final, conclusive, and binding.

With respect to certain aspects of the Plan, the Plan Sponsor has expressly delegated its authority to Emeriti to act as administrator. To this extent the full discretion and authority to interpret and administer the Plan has been delegated to Emeriti, subject to oversight by the Plan Sponsor. In addition to any powers delegated to Emeriti as described in the other portions of this SPD, the Plan Sponsor has delegated the following powers to Emeriti:

- to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- to interpret the Plan, and to resolve any ambiguity or inconsistency in the terms of the Plan;
- to allocate and delegate responsibilities under the Plan and to designate other persons to carry out any responsibilities; and
- to carry out the powers and responsibilities of the administrator with respect to investment of Plan assets and administration of COBRA.

Who Is the Trustee?

The Trustee for both VEBA Trusts is Fidelity Management Trust Company, which is an affiliated company of Fidelity. The principal duties of the Trustee are to hold, invest and reinvest the Trust Fund in accordance with your directions and to make payments from the Trust Fund as directed by the Plan Sponsor. The Trustee also votes the shares of the Investment Funds as directed by the Participants.

Is The Plan Subject to Change?

The Plan may be changed at any time. Because both Accounts are held by a VEBA trust, the assets can only be used to provide eligible benefits and can never be reached by your Employer or any creditor of you or your Employer.

Current services provided by Fidelity are significant and include extensive record-keeping services, trust administration, investment options, annuity products, educational support, and other client services. While no current changes are contemplated, Fidelity's participation in service and support of the Emeriti Program is not guaranteed. This contract may be terminated by either party under certain circumstances.

Other changes in the Plan could be significant. The possibilities include Emeriti ceasing to operate or HealthPartners or Aetna terminating its contract to provide health insurance through the Emeriti Program. In the latter case, Emeriti would use its best efforts to contract with another insurer to provide health insurance through the Emeriti Program. Also, your Employer ceasing to participate in the Emeriti Program could result in the loss of Aetna as insurer and Fidelity as trustee/recordkeeper and mutual fund provider.

What Government Reporting is Done For The Plan?

Each year, the Plan will file an annual report (Form 5500 Series) with the U.S. Department of Labor. The Form 5500 will include an audited financial statement for the Plan. Under ERISA, the scope of the accountant's opinion need not include information supplied by a bank or insurer that is regulated, supervised, and subject to periodic examination by a state or federal agency, and the bank or insurer certifies that the information is accurate. Within nine months after the end of each year, you will receive a Summary Annual Report that provides important information from the Form 5500. You can get a copy of the Form 5500, including the audited financial statement, upon request to the Plan Sponsor.

Each of the VEBA trusts will file a Form 990 (Exempt Organization Tax Return) with the Internal Revenue Service each year. A copy of the Form 990 for each trust will be available for inspection and copying by contacting the Plan Sponsor.

What Indemnification is Provided For The Parties?

The Plan Sponsor has agreed to indemnify the Trustee against loss by reason of any claim involving the Plan except any loss arising solely from the Trustee's negligence or bad faith. The Plan Sponsor has agreed to indemnify Emeriti against loss relating to Emeriti's services to the Plan, unless the loss is attributable to Emeriti's negligence, willful misconduct, or fraud in its performance of its services.

Emeriti has agreed to indemnify the Plan Sponsor against loss relating to the Emeriti membership contract or Emeriti's services under the Program if the loss is attributable to Emeriti's negligence, willful misconduct, or fraud in its performance of its services. Emeriti has agreed to indemnify Fidelity against loss solely and directly as a result of Emeriti's negligence, willful misconduct, criminal conduct, fraud, or failure to perform its obligations under the Program.

Fidelity has agreed to indemnify Emeriti against loss arising solely and directly as a result of Fidelity's negligence, willful misconduct, criminal conduct, fraud, or failure to perform its obligations under the Plan.

SECURITIES AND OTHER LEGAL CONSIDERATIONS

All of the Investment Funds are registered mutual funds. The prospectus for each of the Investment Funds are available on the internet or can be requested by phone.

For administrative purposes, the staff of the Securities and Exchange Commission ("SEC") is not requiring registration of a right to participate (a "participation interest") in a voluntary, contributory employee benefit plan through the Employee After-Tax Contributions to the Plan. Emeriti has received a no-action letter from the SEC Staff that it will not recommend enforcement action to the SEC if the Employee After-Tax Contribution VEBA is not registered under the Investment Company Act of 1940 (the "Investment Company Act") and the participation interests in the Employee After-Tax Contribution VEBA are not registered under the Securities Act of 1933 (the "Securities Act"). The Employee After-Tax Contribution VEBA is not registered under the Investment Company Act and the participation interests in the Employee After-Tax Contribution VEBA are not registered under the Securities Act.

The Plan is an employee welfare benefit plan subject to ERISA. ERISA provides a comprehensive regulatory scheme for the regulation of employee welfare benefit plans. The scope of ERISA extends broadly to cover fiduciaries and other parties in interest (such as service providers) with respect to ERISA plans. In addition, various important remedies under the federal securities laws may also be applicable to the Plans, including the anti-fraud provisions of the 1933 Act and the Exchange Act.

ERISA Section 502(a)(2) allows a participant, fiduciary or beneficiary to bring suit against a fiduciary for breach of fiduciary duty under ERISA Section 409. ERISA Section 502(a)(3) allows a participant, fiduciary or beneficiary to bring suit to enjoin any act that violates ERISA or obtain equitable relief to redress a violation of ERISA. The fiduciaries of the Plan include the Plan Sponsor as the plan sponsor, named fiduciary and the plan administrator, Emeriti to the extent that it is delegated duties of the Plan administrator (see PLAN ADMINISTRATION above), and the trustee limited by its status as a directed trustee. Certain remedies are also available against parties in interest, such as Fidelity and Emeriti.

The offering of shares of the Investment Funds will be registered under the 1933 Act and the Investment Funds will be registered under the Investment Company Act. Potential remedies under the federal securities laws include (1) Section 11 of the 1933 Act, which provides a rescission remedy for securities sold under a registration statement where there is a material misstatement or omission; (2) Section 12(a)(2) the 1933 Act, which provides a rescission-type remedy for

securities sold under a prospectus which contains a material misstatement or as to which there is an omission of a material fact, and (3) Rule 10b-5 under the Exchange Act that makes it unlawful to employ any device to defraud, to make any untrue statement of a material fact, or to engage in any transaction that operates as a fraud in the offer or sale of any security. In most jurisdictions and most circumstances, under ERISA remedies with respect to the Investment Funds could only be pursued by the Plan on behalf of all affected participants and any recovery would be retained in the Plan accounts of affected participants.

Participation interests in the Employee After-Tax Contribution VEBA under the Plan are securities that are not registered under the Securities Act and the Employee After-Tax Contribution VEBA is not registered under the Investment Company Act. The participation interests are subject to the anti-fraud provisions of the federal securities laws.

COBRA CONTINUATION COVERAGE

What is COBRA Continuation Coverage?

COBRA continuation coverage is a temporary extension of health care coverage for a “qualified beneficiary” who would otherwise lose coverage due to a “qualifying event.” The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”).

Who Is Entitled to Elect COBRA Continuation Coverage?

If a Spouse loses coverage under the Emeriti Health Insurance Plan Options as a result of divorce or legal separation or a Dependent Child loses coverage under the Emeriti Health Insurance Plan Options as a result of ceasing to qualify as a Dependent Child, then he or she will be a qualified beneficiary who has incurred a qualifying event and is entitled to elect COBRA continuation coverage. No other individuals can become qualified beneficiaries, and there are no other qualifying events under the terms of the Plan (*but see the GENERAL NOTICE OF COBRA CONTINUATION COVERAGE RIGHTS provided below regarding a special qualifying event in the case of the Employer’s bankruptcy*).

How Does COBRA Apply to This Plan?

COBRA provides access to continued coverage up to a maximum period, but it does not provide for *payment* of continued coverage. Qualified beneficiaries who elect to continue coverage under COBRA must pay for that continued coverage out of pocket. The Emeriti Health Insurance Plan Options are subject to COBRA. Thus, any individual covered under the Emeriti Health Insurance Plan Options who would lose coverage due to a “qualifying event” is considered a qualified beneficiary entitled to elect continued coverage in the Emeriti Health Insurance Plan Options under COBRA. COBRA continuation coverage for the Emeriti Health Insurance Plan Options is administered by the COBRA Administrator identified at the end of this SPD.

COBRA continuation coverage is not available for the Emeriti Reimbursement Benefit (Qualified Medical Expenses). Rather, in the event of any divorce, legal separation, or cessation of Dependent Child status, the right of the Spouse, former Spouse, or former Dependent Child to Reimbursement Benefits under the Plan is subject to that individual’s establishment of a right to the Participant’s Account(s) through a domestic relations order issued by a court (see DOMESTIC RELATIONS ORDERS below).

How Long Does Continuation Coverage Last?

The maximum period of continuation coverage is 36 months, beginning on the first day of the month following the qualifying event.

How Much is the Premium for Continued Coverage in the Emeriti Health Insurance Plan Options?

The premium for continued coverage in the Emeriti Health Insurance Plan Options under COBRA is 102% of the premium owed with respect to the qualified beneficiary immediately prior to the qualifying event. Qualified beneficiaries share in any increases to premiums required for similarly situated spouses or Dependent Children. COBRA premium payments must be made on a monthly basis by the due date provided to the qualified beneficiary.

Can the Plan Terminate the Qualified Beneficiary's Continuation Coverage if He or She Fails to Pay the Required Premium?

Yes. If the qualified beneficiary fails to pay the required COBRA premium in a timely manner, his or her continued coverage under the Emeriti Health Insurance Plan Options will be terminated as of the end of the period for which the last payment was received. Payment is considered made on the date on which it is sent to the COBRA Administrator.

If the premium payment is the first payment and if the election of continuation coverage occurs after the qualifying event, the premium payment may be made within 45 days after the election. A payment of any premium, other than the first premium, is considered to be timely if the full amount of the premium is paid within 30 days after the premium due date.

Can the Plan Terminate the Qualified Beneficiary's Continuation Coverage for Other Reasons?

Yes. The following events occurring after the date of the COBRA election will trigger immediate termination of the spouse's or former Dependent Child's continued coverage under the Emeriti Health Insurance Plan Options:

- The individual becomes covered under any other group health plan (as an employee or otherwise), provided that such plan does not contain any exclusion or limitation with respect to any preexisting condition of such individual.
- The Employer no longer sponsors or maintains any group health plan (including successor plans) for any of its retired employees.
- The former Spouse or Dependent Child becomes entitled to Medicare.

How Does a Qualified Beneficiary Elect Continuation Coverage?

The affected qualified beneficiary must call 1-866-EMERITI (1-866-363-7484) to provide notice of the qualifying event within 60 days after the later of the date of the qualifying event or the date coverage under the Emeriti Health Insurance Plan Options would be lost. The notice must include the qualified beneficiary's full name, address, and telephone number, the name of the participant, and a description of the Qualifying Event and the date on which it occurred. Within 14 days after Fidelity receives notification of a Qualifying Event, the COBRA Administrator will notify each affected qualified beneficiary of his or her right to elect continuation coverage.

A qualified beneficiary who is entitled to elect continuation coverage must make that election within 60 days after the later of the date coverage under the Emeriti Health Insurance Plan Options ends or the date the qualified beneficiary is sent notice of his or her right to elect continuation coverage.

A qualified beneficiary's election of continuation coverage is deemed to be made on the date the qualified beneficiary's election is sent to the COBRA Administrator. If a Spouse or Dependent Child waives continuation coverage during the election period, that waiver may be revoked at any time before the end of the election period. If any waiver is revoked before the end of the election period, however, continued coverage under the Emeriti Health Insurance Plan Options is effective prospectively only from the date the waiver is revoked.

What if an Individual is a Qualified Beneficiary and an Alternate Account Holder Under the Next Section Entitled "Domestic Relations Orders"?

A Spouse, former Spouse, or former Dependent Child who is a qualified beneficiary as described in this section must pay COBRA premiums out of pocket. However, if the individual is also an alternate account holder as described in the next section entitled "Domestic Relations Orders," he or she may submit claims for reimbursement of those premium payments from his or her account. An individual who is a qualified beneficiary for purposes of coverage under the Emeriti Health Insurance Plan Options and who is also an alternate account holder cannot have his or her COBRA premiums paid directly from his or her account, but rather must submit a claim for reimbursement of Qualified Medical Expenses for each COBRA premium paid.

What if I Have Questions About COBRA Continuation Coverage?

If you have questions about COBRA continuation coverage, you should call 1-866-EMERITI (1-866-363-7484) or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

GENERAL NOTICE OF COBRA CONTINUATION COVERAGE RIGHTS

This notice contains important information about your right to COBRA continuation coverage. It generally explains how COBRA continuation coverage works, when it may become available to you and your family, and what you and they need to do to protect the right to receive it.

Introduction

You are receiving this notice because you recently enrolled in, or may enroll in, one of the Emeriti Health Insurance Plan Options under the Plan described in this SPD. The Emeriti Health Insurance Plan Options are considered group health coverage subject to COBRA, which requires a temporary extension of group health coverage in certain instances in which coverage would otherwise end.

The right to COBRA continuation coverage was created by a federal law called the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This is only a summary of your COBRA continuation coverage rights. For additional information about your rights and obligations under the Plan and under federal law, you should review the COBRA section of this SPD or call the number listed at the end of this notice.

What is COBRA Continuation Coverage and Who is Eligible?

COBRA continuation coverage is a continuation of group health plan coverage when that coverage would otherwise end because of a life event known as a “qualifying event.” After a qualifying event, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary is an individual who would otherwise lose coverage as a result of the qualifying event, as described below:

- If you are the participant (i.e., the employee/retiree), there are no circumstances under the terms of the Plan in which you can lose your coverage under the Emeriti Health Insurance Plan Options as the result of a qualifying event. Therefore, you will never be considered a qualified beneficiary eligible for COBRA continuation coverage under the Plan (*but see below regarding bankruptcy*).
- If you are the spouse of the participant (the employee/retiree), the only circumstances under the terms of the Plan in which you can lose your coverage under the Emeriti Health Insurance Plan Options as a result of a qualifying event is if you become divorced or legally separated from the participant. In these instances, you will become a qualified beneficiary.
- The only circumstances under the terms of the Plan in which your dependent child(ren) can lose coverage under the Emeriti Health Insurance Plan Options as a result of a qualifying event is if he or she ceases to qualify as a dependent child under the terms of the plan (e.g., reaches the age of majority, ceases attending school, or otherwise ceases to qualify as a dependent child of the participant). In that case, he or she will become a qualified beneficiary.
- It is not anticipated that the employer’s filing of a proceeding in bankruptcy under Title 11 of the United States Code would cause a loss of coverage in the Emeriti Health Insurance Plan Options for any participant, spouse, or dependent child under the terms of the Plan. However, if this occurred and it caused a loss of coverage or substantial elimination of coverage, the participant, spouse, and dependent children would each become a qualified beneficiary.
- There are no other circumstances under the terms of the Plan in which an individual could become a qualified beneficiary with respect to any benefits offered under the Plan.

Your Employer Must Give Notice of Certain Qualifying Events

The Plan will offer COBRA continuation coverage under the Emeriti Health Insurance Plan Options to qualified beneficiaries only after the COBRA Administrator has been notified that a qualifying event has occurred. If a filing in bankruptcy by the employer triggers a qualifying event, your employer must notify Fidelity. Fidelity will then inform the COBRA Administrator that a qualifying event has occurred.

The Qualified Beneficiary Must Give Notice of Certain Qualifying Events

For all other qualifying events, the qualified beneficiary must call 1-866-EMERITI (1-866-363-7484) within 60 days after the later of the date that the qualifying event occurs or the date that coverage under the Emeriti Health Insurance Plan Options would be lost. The qualified beneficiary must provide his or her full name, address, and telephone number along with the name of the participant. Fidelity will then inform the COBRA Administrator that a qualifying event has occurred.

How is COBRA Coverage Provided?

Once the COBRA Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each qualified beneficiary (i.e., the spouse or dependent child, as applicable). The election of one qualified beneficiary will not affect the right of any other qualified beneficiary to elect or decline COBRA continuation coverage. If the qualified beneficiary is a dependent child, the parent may elect COBRA continuation coverage on the child's behalf.

COBRA continuation coverage is a temporary continuation of coverage lasting for up to a total of 36 months (subject to proper election of COBRA continuation coverage). The coverage provided under COBRA continuation coverage is the same as the coverage that was provided to the qualified beneficiary prior to the qualifying event. Qualified beneficiaries who elect COBRA continuation coverage in the Emeriti Health Insurance Plan Options must pay for COBRA continuation coverage. As allowed by federal law, the Plan may charge up to 102% of the applicable premium to cover the administrative expense of administering COBRA continuation coverage. COBRA continuation coverage may end prior to the 36 month period due to non-payment of premiums, becoming covered under another group health plan, becoming entitled to Medicare after electing COBRA, or the employer ceasing to sponsor a group health plan.

If You Have Questions

If you have questions regarding COBRA and the Plan, you should review the Plan's Summary Plan Description or call the number listed at the end of this notice. 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 <http://www.dol.gov/ebsa>. Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.

Keep Your Plan Informed of Address Changes

In order to protect your family's COBRA rights, you should keep Fidelity informed of any changes in the addresses of family members (once you are on COBRA continuation coverage you should keep the COBRA Administrator informed – contact information will be provided to you at the time you commence COBRA continuation coverage). If you correspond in writing regarding COBRA continuation coverage, you should keep a copy for your records.

Contact Information for Questions Regarding COBRA Continuation Coverage, Address Changes, and Providing Notice of a Qualifying Event:

1-866-EMERITI (1-866-363-7484)

DOMESTIC RELATIONS ORDERS

In the event of any divorce, legal separation, or cessation of Dependent Child status, you and your former dependent cannot simply agree to divide your Accounts. However, the Plan recognizes domestic relations orders that meet certain requirements similar to the qualified domestic relations order (“QDRO”) rules applicable to retirement plans. In the event of a divorce or other domestic relations situation, a court might order that your Accounts be divided between you and your Spouse or other family member. If this happens, your dependent can use his or her divided Accounts for Reimbursement Benefits.

In addition, if he or she has a right to continuation coverage in the Emeriti Health Insurance Plan Options under COBRA (described above), he or she may use his or her divided Accounts to pay the premiums for that coverage. However, under no circumstances may the Participant and a former dependent agree to a provision in a court order requiring the Plan to provide coverage under the Emeriti Health Insurance Plan Options to the former dependent beyond the period required by COBRA (i.e., the 36-month period).

Because the domestic relations order rules under the Plan differ from the rules governing QDROs, it is important that you (and if applicable your legal counsel) review the Plan’s specific requirements for domestic relations orders to ensure that any order submitted to the Plan will be fully compliant with the terms of the Plan. You may call 1-866-EMERITI (1-866-363-7484) to request a copy of the Plan’s domestic relations order rules.

QUALIFIED MEDICAL CHILD SUPPORT ORDERS

The Plan is subject to the rules under Section 609 of ERISA governing “qualified medical child support orders” (“QMCSO”). A QMCSO is a court order providing for the enrollment of a Participant’s child in the medical coverage provided under the Plan.

Where Should a Medical Child Support Order Be Sent for Processing?

Any QMCSO should be sent to the Plan Sponsor at the address listed in the section entitled IMPORTANT INFORMATION ABOUT THE PLAN. The Plan Sponsor has the sole discretion to determine whether a medical child support order is a QMCSO.

What If the Participant Is Not Eligible for Medical Benefits?

A medical child support order will not be considered a QMCSO under the Plan if it pertains to a Participant who is not currently eligible for coverage under the Emeriti Health Insurance Plan Options or reimbursement of Qualified Medical Expenses.

What Happens If the QMCSO Is Approved?

If the Plan Sponsor approves a QMCSO, the Participant’s child identified under the QMCSO will be considered a Dependent Child for purposes of receiving reimbursement of Qualified Medical Expenses and enrolling in the Emeriti Health Insurance Plan Options. The Participant’s child identified under the QMCSO will be eligible to enroll in a Pre-65 Option only if the Participant is enrolled in a Post-65 Option or was eligible for the Emeriti Health Insurance Plan Options but waived coverage (in which case the Participant must enroll). The Participant’s child identified under the QMCSO will have the right to submit claims for reimbursement of Qualified Medical Expenses independent of the Participant.

Does the Plan Honor National Medical Support Notices?

If Plan Sponsor receives a National Medical Support Notice (under Section 401(b) of the Child Support Performance and Incentive Act of 1998) issued in the case of a child of a Participant who is a non-custodial parent of the child, and the notice meets the requirements of a qualified medical child support order, the Plan Sponsor will:

- notify the State agency issuing the notice whether coverage of the child is available under the terms of the Plan and, if so, whether the child is covered under the Plan and either the effective date of the coverage or, if necessary, any steps to be taken by the custodial parent (or by the official

of a State or political subdivision thereof substituted for the name of such child) to effectuate the coverage; and

- provide to the custodial parent (or such substituted official) a description of the coverage available and any forms or documents necessary to effectuate such coverage.

AMENDMENT, TERMINATION, AND WITHDRAWAL

Can the Plan Sponsor Amend or Terminate the Plan?

The Plan Sponsor intends to continue the Plan indefinitely. However, subject to the terms of its participation in the Emeriti Program, the Plan Sponsor reserves the right to modify, alter, or amend the Plan, the Employer-Contribution VEBA Trust, and/or the Employee After-Tax Contribution VEBA Trust, in whole or in part, at any time. However, no modification, alteration, or amendment will have the effect of returning to the Employer any part of the principal or income of the trusts. In addition, subject to the terms of its participation in the Emeriti Program, the Plan Sponsor reserves the right to discontinue Employer Contributions, eliminate any form of benefit, or terminate this Plan at any time.

The Plan Sponsor has the right to change the amount of Employer Contributions (but not eliminate Employer Contributions while in the Emeriti Program), the eligibility requirements to receive and retain access to Employer Contributions, the right for participants to make Employee After-Tax Contributions, the Plan Sponsor's obligation to pay the Emeriti per-participant fee, and other design aspects of the Plan.

If the Plan Sponsor amends the Plan, all participants will be informed of the amendments by receiving a summary of material modifications annually. Participants will also receive a revised version of this SPD at least every five years if any material provision is revised, or every ten years if no material revisions are made.

Can Emeriti Amend or Terminate the Program?

Emeriti has the right to make certain changes to the Program that would affect the Plan. These changes could include the Investment Funds offered and the service providers for the Program (including Fidelity , HealthPartners, and Aetna).

Am I Guaranteed a Right to Coverage Under the Emeriti Health Insurance Plan Options?

No. If you meet the criteria for Retirement Eligibility (and the eligibility requirements imposed by HealthPartners or Aetna), you have a right to enroll yourself and your eligible family members in the Emeriti Health Insurance Plan Options, but only to the extent that they are offered under the Plan at the time of enrollment. Any right of a Participant, Spouse (or Domestic Partner), or Dependent Child to coverage or benefits under the Emeriti Health Insurance Plan Options will at all times remain subject to the Plan Sponsor's right under the Plan and Emeriti's right under the Emeriti Program to amend, modify, or terminate the

Emeriti Health Insurance Plan Options offered under the Plan or Emeriti Program, as applicable. In addition, the particular Emeriti Health Insurance Plan Options and particular coverage available in a particular state or territory may vary from that offered in other states or territories, or may become unavailable, as a result of state or federal law.

What if the Plan Sponsor Withdraws from the Emeriti Program?

The Plan Sponsor has established the Plan under the Emeriti Program. If the Plan Sponsor withdraws from the Emeriti Program, the Plan Sponsor may elect to continue the Plan. However, the Plan will no longer be maintained under the Emeriti Program, and this SPD shall cease to be effective on the date the Plan Sponsor withdraws from the Emeriti Program (unless you are notified to the contrary). In the event of withdrawal, the Plan Sponsor will notify you regarding the status of the Plan, including whether the Plan Sponsor has any continued relationship with Fidelity or Aetna.

What if Fidelity, HealthPartners, Aetna or Emeriti Cease to Provide Services?

Emeriti has a contract with Fidelity in connection with the Program that has a 10-year term. The contract provides for earlier termination in limited circumstances. If Fidelity ceases to provide services under the Program, Emeriti would use its best efforts to locate and engage another company to provide administration, investment funds and trustee services. If another provider is not engaged by Emeriti, the Employer could make its own arrangement for administration of the Plan.

Emeriti has a contract with HealthPartners and Aetna in connection with the Program that has an initial term through December 31, 2007, and that provides for unlimited one-year extensions unless notice to terminate is given by either party. If HealthPartners or Aetna ceases to provide insurance under the Program, Emeriti would use its best efforts to locate and engage another insurance company to provide replacement insurance. If another insurance company is not engaged by Emeriti, the Employer could make its own arrangement for insurance coverage.

Emeriti is operated solely to provide services under the Program. If Emeriti ceased operations, the Employer could take over the Emeriti functions or obtain a replacement for Emeriti.

If neither Emeriti nor the Employer can make arrangements to replace Fidelity or Aetna or if the Employer cannot make arrangements to replace Emeriti or assume its functions, the Plan could be terminated at the discretion of the Employer. At termination of the Plan, all accounts in the VEBAs would be used for the exclusive benefit of Participants and beneficiaries in a manner determined by the Plan fiduciaries.

HEALTH PRIVACY

The Standards for Privacy of Individually Identifiable Health Information (codified at 45 CFR Parts 160 and 164), commonly called the HIPAA Privacy Rules, establish standards for the protection of individually identifiable health information. The HIPAA Privacy Rules apply to both the Emeriti Health Insurance Plan Options and the reimbursement of Qualified Medical Expenses. Separate from this SPD, you will receive a Notice of Privacy Practices summarizing Aetna's protection of your health information with respect to the insured portion of the Plan and a Notice of Privacy Practices summarizing the Plan's protection of your health information with respect to the reimbursement of Qualified Medical Expenses portion of the Plan. You should read these documents carefully to understand how your health information, and the health information of your covered family members, may be used and disclosed in the process of administering the Plan.

STATEMENT OF ERISA RIGHTS

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Sponsor’s office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Sponsor, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual reports (Form 5500 Series) and updated summary plan description. The Plan Sponsor may make a reasonable charge for the copies.
- Receive a summary of the Plan’s annual financial report. The Plan Sponsor is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Health Plan Coverage:

- Continue health care coverage for your Spouse or Dependent Children if there is a loss of coverage under the Emeriti Health Insurance Plan Options as a result of a qualifying event. Your Spouse or Dependent Children must pay for such coverage. Review this SPD and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

Reduction or Elimination of Exclusionary Periods of Coverage for Preexisting Conditions Under Your Group Health Plan:

You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the Plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a preexisting condition

exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.

Rights Under Newborns' and Mothers' Health Protection Act:

Group health plans and health insurance issuers offering group insurance coverage generally, under federal law, may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a normal vaginal delivery, or less than 96 hours following a cesarean section. Neither a group health plan or a health insurance issuer may require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of the above periods. However, the mother's or newborn's attending health care provider and the mother may agree to an earlier discharge.

Prudent Actions by Plan Fiduciaries:

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights:

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Sponsor to provide the materials and pay you to up \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Sponsor. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may

order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

Assistance with Your Questions:

If you have any questions about your Plan, you should call 1-866-EMERITI (1-866-363-7484) or log on to Fidelity NetBenefits® at www.netbenefits.fidelity.com. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Sponsor, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

TAX EFFECTS OF PARTICIPATION IN THE PLAN

The following summary of Federal income tax consequences of participation in the Plan does not purport to be complete. In addition, in some cases it may be important to consider the effect, if any, of gift, estate and inheritance taxes. Finally, the following summary is based on present Federal income tax law and existing and temporary regulations which may be subject to change at any time.

THE FOLLOWING STATEMENT IS PROVIDED PURSUANT TO U.S. TREASURY DEPARTMENT REGULATIONS:

THIS SUMMARY PLAN DESCRIPTION IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY A TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT THE INTERNAL REVENUE SERVICE MAY IMPOSE ON THE TAXPAYER.

NO REPRESENTATION RESPECTING TAX TREATMENT HAS BEEN MADE TO A PLAN PARTICIPANT. PLAN PARTICIPANTS ARE URGED TO CONSULT THEIR COUNSEL, ACCOUNTANTS, OR OTHER TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE PLAN.

The contributions to the Plan by your Employer are not taxable to you when made to the Plan. All of your contributions to the Plan will be made on an after-tax basis and may not be deducted on your individual income tax return. Earnings on investments in your Accounts will not be taxable to you and you may not deduct any losses on investments in your Accounts.

Benefits distributed from the Plan for the “medical care” of participants and their eligible dependents will be exempt from Federal income tax. Medical care would include the payment of premiums for health insurance, including the Emeriti Health Insurance Plan Options, and the reimbursement of Qualified Medical Expenses. If a reimbursement of Qualified Medical Expenses is erroneously overpaid, the overpayment would be subject to tax and, if not reported on a timely basis, to penalties and interest.

IMPORTANT: With respect to your family members who can have premiums or reimbursements paid from your Accounts, the Plan is intended to cover individuals who qualify as your spouse or dependent under Federal tax law. If you enroll an individual who does not qualify as your spouse or dependent under Federal tax law, you may be required to report as taxable income the value of coverage and benefits received. Consult your tax advisor if you have any questions about an individual qualifying as your spouse or dependent under Federal tax law.

Because your Employer is a tax-exempt organization, it does not receive a tax deduction for its contributions to the Plan. The earnings generated by contributions to the Plan will be exempt from Federal income tax, including the unrelated business income tax (“UBIT”) provisions of Federal income tax law.

The state and local income tax treatment of participants and their beneficiaries should be the same as the federal income tax treatment. There may be differences for purposes of foreign income taxes.

IMPORTANT INFORMATION ABOUT THE PLAN

Name of Plan:	Emeriti Retiree Health Plan for Carleton College
Plan Sponsor (and Plan Administrator):	Frederick Rogers Vice President and Treasurer One North College St. Northfield, MN 55021 507-646-5411
Employer Identification Number:	41-0694747
Plan Number:	509
Type of Plan:	Health and welfare benefit plan.
Type of Administration:	Self-administered with certain elements of contract administration.
Plan Effective Date:	January 1, 2007
Plan Year:	January 1 - December 31
Record Keeper:	Fidelity Investment Institutional Operations Company, Inc. Mail Zone MC2E 82 Devonshire Street Boston, MA 02109 1-866-EMERITI (1-866-363-7484)
Claims Processor for Reimbursement of Qualified Medical Expenses:	Acclaris P.O. Box 20571 Tampa, FL 33622-0571
The Emeriti Health Insurance Plan Options underwritten by HealthPartners and Aetna are offered under one or more policies of insurance issued by HealthPartners and Aetna Life Insurance Company, which processes and finances all claims for benefits offered under the Emeriti Health Insurance Plan Options.	HealthPartners Insurance Company 8170 33 rd Avenue South Minneapolis, MN 55440 Aetna Life Insurance Company 151 Farmington Ave. Hartford, CT 06156 1-866-EMERITI (1-866-363-7484)

COBRA Administrator:

Aetna
Individual Billing Unit
151 Farmington Ave MB52
Middletown, CT 06457
800-429-9526

Agent for Service of Legal Process:

Service of legal process may be made on the Plan Sponsor at the above address. Service of Legal Process may also be made on the Plan's Trustee at the address listed below.

Trustee:

Fidelity Management Trust Company
Mail Zone MC2E
82 Devonshire Street
Boston, MA 02109

APPENDIX A – PARTICIPATING AFFILIATES

None.

**APPENDIX B – OTHER CLASSES OF EMPLOYEES EXCLUDED FROM THE
DEFINITION OF ELIGIBLE EMPLOYEE UNDER THE PLAN**

Those employees who do not meet the FTE benefit eligible requirement of .50FTE or its equivalent and work less than six months per year.

Those employees who do not have a continuing appointment.

Carleton College is part of a multi-employer bargaining agreement covering both Carleton Facilities employees and its' contracted food service employees (Sodexo). The Sodexo employees covered under this bargaining agreement would be excluded from participation in this plan. Carleton Union employees will be covered employees under this plan based on the outcome of the July 2006 contract negotiations.

APPENDIX C – EMPLOYER CONTRIBUTIONS

Carleton College will contribute \$300 per year per eligible employee.

APPENDIX D – INVESTMENT FUNDS

The Investment Funds available under the Plan are:

Fidelity Freedom 2000 Fund

Fidelity Freedom 2005 Fund

Fidelity Freedom 2010 Fund

Fidelity Freedom 2015 Fund

Fidelity Freedom 2020 Fund

Fidelity Freedom 2025 Fund

Fidelity Freedom 2030 Fund

Fidelity Freedom 2035 Fund

Fidelity Freedom 2040 Fund

Fidelity Freedom 2045 Fund

Fidelity Freedom 2050 Fund

Fidelity Freedom Income Fund

Fidelity Retirement Money Market Portfolio

APPENDIX E – SPECIAL RULES APPLICABLE TO THE HEALTH INSURANCE PLAN OPTIONS

This Appendix E, which is considered part of the Plan, describes certain specific terms and conditions related to the Emeriti Health Insurance Plan Options offered under the Plan.

1. **Minnesota Employers:** In the event that the Employer is located in Minnesota (“MN”):
 - (a) Any Participant and any Spouse (or Domestic Partner) who permanently resides in MN and is eligible for coverage under the Emeriti Health Insurance Plan Options shall receive such coverage through HealthPartners; provided, however, that an Aetna RX-only Plan Option may be made available to such individuals.
 - (b) Any Participant and any Spouse (or Domestic Partner) who permanently resides outside of MN and is eligible for coverage under the Emeriti Health Insurance Plan Options shall receive such coverage through Aetna.
 - (c) In the event that the Participant permanently resides in MN and the Participant’s Spouse (or Domestic Partner) permanently resides elsewhere, the Spouse (or Domestic Partner) shall not be required to enroll in the same Emeriti Health Insurance Plan Option as the Participant. The same rule will apply if the Participant permanently resides outside of MN and the Participant’s Spouse (or Domestic Partner) permanently resides in MN.
 - (d) If both the Participant and the Participant’s Spouse (or Domestic Partner) or Permanently Disabled Dependent Child are eligible to enroll in a Post-65 Option offered by HealthPartners, they do not have to enroll in the same Post-65 Option.
2. **Spouse (or Domestic Partner) Coverage Outside of Minnesota or New Mexico:** In the event that the Employer is located outside of MN, any Participant and any Spouse (or Domestic Partner) who is eligible for coverage under the Emeriti Health Insurance Plan Options shall receive such coverage through Aetna regardless of his or her state of residence.
3. **Dependents:** In the event that a Dependent Child is eligible for coverage under the Emeriti Health Insurance Plan Options, he or she will receive such coverage through the same Health Insurer as the Participant (except to the extent required in order to comply with a qualified medical child support order).

4. **Special Enrollment Rights in Minnesota:** With respect to any Participant who resides in MN, if such Participant is enrolled in an Emeriti Health Insurance Plan Option and is eligible to enroll a new Dependent Child as a result of birth, adoption, or placement for adoption, the requirement to enroll the Dependent Child within thirty (30) days of the special enrollment event does not apply.
5. **Transfer Between Options:** An enrolled Participant or other enrolled individual who moves to a State or coverage area may make a mid-year change to a different Health Insurance Plan Option if the Health Insurance Plan Options for that State or coverage area are different than those available in the State or coverage area from which he or she moved (subject to the other rules of the Plan regarding enrollment in the Health Insurance Plan Options). Application of Medicare rules may result in a temporary lapse in coverage under the Emeriti Health Insurance Plan Options if a Participant or other enrolled individual changes residence (e.g., from one State to another or between coverage areas).
6. **Transfer Between Insurers:** If an enrolled Participant or other enrolled individual moves to a State or area where coverage in the Emeriti Health Insurance Plan Options is underwritten by a different insurer, he or she may select from any of the Emeriti Health Insurance Plan Options offered by that health insurer for which he or she is eligible without regard to the prior Emeriti Health Insurance Plan Option in which he or she was enrolled; provided he or she does so within 30 days of moving to the new State or coverage area.
7. **Standard Open Enrollment:** Each fall (between mid-October and December 31st), Participants currently enrolled in the Emeriti Health Insurance Plan Options are permitted to change their plan election and, if applicable, that of their Spouse (or Domestic Partner), to another available Emeriti Health Insurance Plan Option for which they are eligible. This is the Plan's standard open enrollment period Under Section 6.1(g).
8. **Enrollment for Existing Retirees as of a Plan's Effective Date:** If you are an existing retiree of this Employer as of the Plan effective date and you are enrolled in Medicare Parts A and B, you will generally be eligible to enroll in the Emeriti Health Insurance Plan Options in the fall after the Plan's effective date, until December 31st of that year, with coverage effective January 1 of the next year, to coincide with the Medicare Part D annual enrollment period.

If you are an existing retiree of the Employer as of the Plan effective date and you are not yet enrolled in Medicare Parts A and B, you will be eligible to enroll in the Emeriti Health Insurance Plan Options during the 90 day period following your attainment of age 65 and enrollment in Medicare Parts A and B.

9. **Enrollment in Non-Emeriti Part D Plans:** If a Medicare-eligible individual is enrolled in a Post-65 Option that provides prescription drug coverage and his or her enrollment is cancelled due to subsequent enrollment in a Medicare Part D plan offered outside of the Plan, there is no guarantee that a Post-65 Option without prescription drug coverage will be available under the Plan or that reenrollment will be permitted at a later date.
10. **Participants Who Are Spouses (or Domestic Partners) of Each Other:** If you and another Participant are Spouses of each other (or are Domestic Partners of each other) (referred to below as “Participant 1” and “Participant 2”), the following rules will apply when you are each eligible to enroll in the Emeriti Health Insurance Plan Options:
- (a) If Participant 1 is eligible for the Post-65 Options and Participant 2 is not, then Participant 2 can be enrolled as the “Spouse (or Domestic Partner)” of Participant 1 in a Pre-65 Option. This is an exception to the normal rule that a Participant cannot enroll in a Pre-65 Option. If Participant 2 later becomes eligible for the Post-65 Options, Participant 2 may elect to remain enrolled as the “Spouse (or Domestic Partner)” and enroll in the same Post-65 Option as Participant 1, in which case all premiums will continue to be paid from Participant 1’s Accounts. If Participant 1’s Accounts are later exhausted, and Participant 2 has a positive balance in his or her Accounts, you may elect to reenroll with Participant 2 listed as the “Participant” and Participant 1 listed as the “Spouse (or Domestic Partner),” but you cannot use the event to change Post-65 Options. In that case, all premiums will be paid from Participant 2’s Accounts.
 - (b) If Participants 1 and 2 are both eligible for the Post-65 Options:
 - (i) You may elect to each enroll in separate Post-65 Options as “Participants.” In that case, premiums for Participant 1 will be paid from Participant 1’s Accounts, and premiums for Participant 2 will be paid from Participant 2’s Accounts. If Participant 1’s Accounts are later exhausted, and Participant 2 has a positive balance in his or her Accounts, you may elect to reenroll with Participant 2 listed as the “Participant” and Participant 1 listed as the “Spouse (or Domestic Partner),” in which case Participant 1 must enroll in the Post-65 Option in which Participant 2 is enrolled, and all premiums will be paid from Participant 2’s Accounts; or
 - (ii) You may elect to enroll with Participant 1 listed as the “Participant” and Participant 2 listed as the “Spouse (or Domestic Partner).” In that case, you must enroll in the same Post-65 Option, but all premiums will be paid from Participant

1's Accounts. If Participant 1's Accounts are later exhausted, and Participant 2 has a positive balance in his or her Accounts, you may elect to reenroll with Participant 2 listed as the "Participant" and Participant 1 listed as the "Spouse (or Domestic Partner)," but you cannot use the event to change Post-65 Options. In that case, all premiums will be paid from Participant 2's Accounts.

IMPORTANT INVESTMENT ADVICE

FROM EMERITI RETIREMENT HEALTH SOLUTIONS

Emeriti Retirement Health Solutions (“Emeriti”) recognizes the importance of providing participants and beneficiaries, whose investment decisions will directly affect the value of assets in their plan accounts at retirement, with information designed to assist them in making investment and retiree health-related decisions.

For this purpose, Emeriti is registered as an investment adviser under federal law. As part of its mission, Emeriti provides participants with impersonal investment advice regarding investments under the Emeriti Program. This advice pertains not only to the mutual funds in which participants invest their plan account balances, but also to participant contributions to their Emeriti plan.

Important Note To Participants: Emeriti provides investment-related education and advice of an impersonal nature. Emeriti does not provide personalized advice to individual participants regarding their particular investment choices or give any form of advice other than impersonal advice. Before investing in any of the investment options described in this notice, please carefully consider the investment objectives, risks, charges, and expenses. It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance, and time horizon. Emeriti suggests that you reexamine your investment strategy at least annually or when your situation changes. You should consult with your personal investment, tax or other financial or legal adviser regarding your particular situation.

Description of Plans and Plan Investment Options

Emeriti has designed a retiree healthcare program (the “Emeriti Program”) to help colleges, universities, and other higher education-related, tax-exempt organizations (“Member Organizations”) and their employees cope with the rising costs of retiree healthcare in the academic world. Under the Emeriti Program, a Member Organization adopts a retiree medical plan (an “Emeriti Retiree Health Plan”) and two related, tax-exempt trusts—an employer-contribution trust and an optional employee-contribution trust. Contributions to the trusts are held in accounts designated for each participant. At the direction of each participant, the accounts are invested in federally registered investment options available under the plan.

Member Organizations also have the option of adopting a separate plan and related trust (an “Emeriti Fully-Insured Retiree Health Plan”) to serve as a supplemental funding vehicle by Member Organizations for key employees

exclusively to pay for retiree health insurance. Under the terms of these separate plans, employer contributions are entered in a notional account for each participant, and are notionally invested in the federally registered investment options available under the plan at the direction of the participant. Although the actual funding and investment of the funds in this trust, if any, are up to the individual Member Organization, benefits are paid to participants in amounts which will match their notional account balances at retirement. Participants are not eligible to make voluntary contributions to these plans.

For more information about the features of your particular plan, including eligibility, employer contributions, employee contributions, investments, fees, and benefits, you should refer to the Summary Plan Description for your plan.

Emeriti has selected the investment options available for investment of participant and Member Organization contributions in the plans. The investment options are: twelve lifecycle mutual funds (including the Fidelity Freedom Income Fund) and a money-market fund (the Fidelity Retirement Money Market Portfolio), all of which are managed by Fidelity Investments (“Fidelity”). After reviewing information from Fidelity and various other fund providers, Emeriti selected these particular investment options because it felt they offered the right mix of investment flexibility (a broad range of options with varying levels of investment risk) and convenience (the lifecycle funds are adjusted automatically to reflect each fund’s target retirement date). The following description of the investment options is based on information provided by Fidelity.

The Fidelity Freedom Funds, which are lifecycle mutual funds, are each invested in already-established mutual funds which are also managed by Fidelity. Each of the Fidelity Freedom Funds (except for the Fidelity Freedom Income Fund) is targeted to a specific retirement date—2050, 2045, 2040, 2035, 2030, 2025, 2020, 2015, 2010, 2005, and 2000 (plus or minus two years in each case). The asset allocation of each of these funds is automatically adjusted to become more “conservative” as its target retirement date nears. That is, as a retirement date approaches, more and more of the assets in the lifecycle Freedom Fund are allocated to mutual funds which invest in bonds and short-term debt instruments, and less and less are allocated to funds which invest in domestic and international equity instruments (such as stocks). Bonds and short-term debt instruments generally pay a lower return, but are also generally more stable than stock and similar types of investments. This fits the investment model desired by many retirement investors, who can tolerate greater price volatility in pursuit of higher returns when retirement is still far off, and wish to conserve what they’ve grown as retirement nears. (Of course, the Freedom Funds do not guaranty any particular return, and you may have a gain or loss when you sell your shares of any of these funds, including the most conservative Freedom Fund.) Eventually, as the targeted retirement date approaches, each of the lifecycle Freedom Funds approaches the investment allocation maintained by the Fidelity Freedom Income Fund and finally merges with the Fidelity Freedom Income fund at some point after the retirement date arrives. Please remember that these funds are subject

to the volatility of the financial markets in the United States and abroad and may be subject to the additional risks associated with investing in high yield, small cap and foreign securities.

Some examples of the target asset allocations for March 1, 2007, for the lifecycle Freedom Funds are as follows: at the most aggressive end, 90% of the assets of the Fidelity Freedom 2050 Fund are targeted for mutual funds investing in more volatile domestic and international equity, and only 10% for funds investing in more stable bonds. In the middle, 71% of the assets in the Fidelity Freedom 2025 Fund are targeted for funds investing in domestic and international equity, and 29% for funds investing in bonds. At the more conservative end, for the Fidelity Freedom 2000 Fund, 27% percent of the assets are targeted for funds investing in equity instruments, and 73% for funds investing in bonds and short-term debt instruments. (For more information about each of the Freedom Funds, including their average returns, performance history, and fees, you should consult the fund prospectus.)

The Fidelity Freedom Income Fund is the most conservative of the Freedom Funds and is designed for investors who are already in retirement or who might otherwise desire an income-oriented investment. As of March 1, 2007, 80% of the assets of the Fidelity Freedom Income fund—a higher percentage than in any of the other Freedom Funds—are targeted for mutual funds which invest in debt instruments and bonds (investment-grade, high yield, and short-term).

The Fidelity Retirement Money Market Portfolio invests exclusively in short-term debt instruments and is considered the “safest” investment. The debt instruments in which the fund invests are typically issued by the federal government, corporations, municipalities, and banks, and mature in an average of 90 days or less. The money market fund is managed to maintain a constant \$1.00 net asset value per share. Returns tend to be low, but the conservative asset allocation means that the money market fund is less volatile than the Freedom Funds (particularly the more distant retirement-date Freedom Funds) to offset the effects of market volatility. *An investment in the money-market fund is not insured or guaranteed by the FDIC or any other government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.*

Benefits of Plan Participation and Investment Options

In general, there are two types of monetary contributions that can be made to an Emeriti Retiree Health Plan. Employers who have adopted a plan automatically make contributions to the plan on behalf of all eligible employees. In addition, employers can elect to allow participants to make voluntary contributions to the plan themselves. (You should refer to your copy of your plan’s Summary Plan Description to determine whether your plan permits

voluntary employee as well as employer contributions. Note that Emeriti Fully-Insured Retiree Health Plans permit employer contributions only.)

There are many benefits associated with both types of contributions to a plan:

- The trusts in which the contributions are deposited have been qualified under the Internal Revenue Code. For this reason, for as long as the trusts remain qualified, you will not pay any taxes on the earnings which accumulate on these contributions while they are invested in your Emeriti Health Account. In comparison, if you invested the same amounts in a typical savings account or shares of stock, you would respectively pay a tax on the interest you earned at your current personal income-tax rate, on the dividends you earned at the current dividend rate, and on capital gains when investment changes are made.
- Your accounts (contributions with any earnings or losses) will be distributed to you during retirement entirely tax-free as payments for medical insurance or reimbursement of medical expenses. In comparison, distributions from other workplace savings programs, such as 401(k) plans, 403(b) plans and traditional employer-sponsored IRAs, are taxable at distribution at your then-current personal income tax rate. Thus, distributions from the Emeriti Health Account can result in significant tax savings, and you may be able to continue to take advantage of these expected savings by contributing amounts to your Emeriti Health Account even after you have retired or left a participating Member Organization. (You should note, however, that while distributions from other workplace savings programs, including 401(k) and 403(b) plans and IRAs, can be used for any purpose you choose, distributions from the Emeriti Health Accounts can be used for qualified medical expenses only.)
- Emeriti Health Accounts compare favorably to Health Savings Accounts (HSAs) as well. To use an HSA, you need to be covered by a “high deductible health plan” and cannot be covered under any other kind of health insurance. These requirements do not apply to Emeriti Health Accounts. In addition, there are statutory limits on the amounts that you and your employer can contribute to an HSA. Contributions to Emeriti Health Accounts are currently not subject to any limit, although a limit may be imposed in the future to comply with any applicable Internal Revenue Code requirements.
- After your retirement or death, your spouse and eligible dependents are entitled to use the contributions for payments of medical insurance or reimbursement of medical expenses as well. After you and your eligible

dependents have died (or ceased to be eligible), however, any remaining balance in your plan account (including amounts attributable to voluntary employee contributions) is forfeited. In addition, amounts attributable to employer contributions may be forfeited during your and your eligible dependents' lifetimes. See your copy of the Summary Plan Description for details.

If you are an eligible plan participant, your plan account balance will automatically be credited with employer contributions. If offered, you should consider taking advantage of the voluntary employee-contribution feature as well. Making voluntary contributions in addition to employer contributions will help you save more and faster for your healthcare needs in retirement. Because earnings in your accounts are reinvested and compounded, the more and the earlier you begin to save, the more you are likely to have in your Emeriti Health Account to pay for qualified medical expenses when retirement arrives.

In addition, the Freedom Funds can offer several benefits. The Freedom Funds are designed to simplify your investment decisions by automatically adjusting their asset allocations to become more conservative as the fund approaches its target retirement date. Since the underlying mutual funds in which the Freedom Funds invest are diversified and since the Freedom Funds invest in mutual funds of various types, including foreign and domestic stocks and various types of long-term and short-term bonds, the Freedom Funds also combine the benefits associated with portfolio diversification (over the long term, diversification has historically shown to help reduce the impact of investment risk) with the simplicity and convenience of only having to monitor a single fund. Finally, each of the Freedom Funds offers the advantage of two distinct levels of professional investment management—Fidelity professionals manage both the underlying mutual funds as well as the Freedom Funds themselves. These funds are subject to the volatility of the financial markets in the United States and abroad and may be subject to the additional risks associated with investing in high-yield, small-cap, and foreign securities. *Neither diversification nor asset allocation ensures a profit or guarantees against loss.*

Factors Relevant To Allocating Your Contributions

How you want to direct the investment of your plan account balance from among the investment options available under your plan is ultimately up to you. You can choose whether to invest your plan account balance in just one of the available investment options or in any combination of funds. If you do not select a particular investment option, the default option is the Freedom Fund with the targeted retirement date that most closely approximates your own projected retirement date.

Emeriti's general advice is that most participants should invest their plan account balances in the Freedom Fund which reflects their particular retirement date, while this date is still several years in the future. This way, participants can

access the potentially higher rates of investment return to potentially grow their retirement healthcare savings at a faster pace than with a more conservative, less volatile investment. Although there is a greater risk of investment losses associated with the more distant retirement-date Freedom Funds, the more distant the retirement date of the participant, the more likely as well that participants will be able to weather the inevitable downturns in the market.

For instance, Emeriti recommends that a participant who expects to retire in the year 2033 invest his or her account balance in the Fidelity Freedom 2035 Fund. The asset allocation in the Fidelity Freedom 2035 Fund offers a balance of investment risk versus opportunity for growth designed for an investor expecting to retire anywhere between the years 2033 and 2037.

As your retirement date nears or passes, Emeriti's advice is that participants should take stock of their individual circumstances and make an allocation of their plan account balances that most clearly reflects these circumstances. In general, either leaving your account balance invested in the Freedom Fund which reflects your particular retirement date (since the Freedom Funds will automatically readjust to more conservative asset allocations as their target retirement dates approach), or, if resource stability is a primary concern, directing a gradually increasing percentage of your plan account balance to the money market-fund option or the income-fund option, is recommended as retirement approaches or is passed. In either of these ways, participants can focus on conserving their assets and are less likely to be significantly harmed if there is a sudden downturn in the market just prior to or during retirement.

For certain participants, it may be a good idea to invest their plan account balances in a mix of investment options, not simply the Freedom Fund that is consistent with their particular retirement date. Some participants, for instance, will have characteristics that support weighting the allocation of their account balances to the more aggressive investment options with more distant target retirement dates. Other participants will have characteristics that support weighting the allocation of their account balances to less aggressive options with more proximate target retirement dates. Characteristics for a participant to consider would include, for instance, the participant's anticipated life expectancy and healthcare costs, the amount of contributions the participant has already made and/or the amount of other resources the participant has available to pay for healthcare needs in retirement. Less risk-averse participants, for instance, with higher-than-average anticipated life expectancies or healthcare costs, may prefer the opportunity to grow their account balances at a faster rate by investing in the more aggressive investment options, even though this will increase the likelihood of investment losses. More risk-averse participants, on the other hand, may prefer to weight their account balances toward the more conservative investment options, especially if retirement healthcare costs are anticipated to be small.

The specific amount of weight to give to these and other factors will depend on your individual situation. You should consult with a personal investment adviser regarding how these factors would apply to your particular circumstances.

Investment of Your Accounts After You Retire

You may continue to invest your Emeriti Health Accounts in the Fidelity Freedom Funds and the Fidelity Retirement Money Market Portfolio even after you retire. In that case, the balance in your accounts will remain subject to the performance of those funds. Under this “declining balance” approach, insurance premiums or other qualified medical expenses will be paid directly from your Emeriti Health Account assets invested in the Freedom Fund(s) and other investment options you have selected until your account balance is exhausted or you and your dependents have died

However, once you (or your spouse, or dependent domestic partner, in the event of your death) become eligible for reimbursement of qualified medical expenses, you may elect that all or a portion of an account (in any increments of \$25,000 or more) be invested in an annuity contract offered through Fidelity Investments Life Insurance Company.* You may choose this investment method for one or both of your accounts, subject to the \$25,000 minimum. The annuity will make periodic payments to your account(s) to be used for reimbursement of qualified medical expenses and/or to pay health insurance premiums. You may invest any unexpended annuity payments made to your account(s) in any of the available investment funds. Based upon your specific selection of annuity contracts, the annuity payments will continue either until your death or until the last to die of you and your spouse (or dependent domestic partner).

The amount of the annuity payment will depend on a number of factors, including long-term interest rates and the type of annuity contract that you choose. An annuity may be an appropriate choice if you are looking for a secure and steady payment stream from some or all of your retirement health-account assets, whereas the declining balance approach is better suited for those who anticipate that their healthcare expenses may arise suddenly or be for large amounts.

Further Information

For further information about the your particular plan, the Freedom Funds and other investment options offered under your plan, or anything else relating to the Emeriti Program, please refer to your Summary Plan Description or your fund prospectuses, or logon to www.emeritihealth.org.

* In New York, Empire Fidelity Investments Life Insurance Company.

ALL OF THE INVESTMENT OPTIONS IN THE PLANS ARE MUTUAL FUNDS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, BUT THE RIGHT TO MAKE EMPLOYEE AFTER-TAX CONTRIBUTIONS HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE EMPLOYEE AFTER-TAX CONTRIBUTION TRUST HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

Before investing in any investment option, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, please call 1-866-EMERITI for a free prospectus. Read it carefully before you invest.

It is your responsibility to select and monitor your investments to make sure they continue to reflect your financial situation, risk tolerance and time horizon. Emeriti suggests that you reexamine your investment strategy at least annually or when your situation changes. In addition, you may want to consult a personal investment adviser regarding your specific situation.

An investment in the investment options available under the Emeriti Program, including the money market fund, is not insured or guaranteed by the FDIC or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the money market fund and any of the other investment options.

Emeriti Retirement Health Solutions is a registered investment adviser for purposes of selecting the range of investment options for the Emeriti Program, selecting the investment manager for employer and voluntary employee contributions, and providing these and other impersonal educational materials to plan participants. Emeriti does not provide personalized advice to participants about their individual investment selections.

Fidelity annuities are distributed by Fidelity Insurance Agency, Inc.

This statement has been provided by Emeriti Retirement Health Solutions ("Emeriti") and is the sole responsibility of Emeriti. It should not be construed as an offer to sell or a solicitation of an offer to buy by Fidelity or Emeriti. It should not be construed as a recommendation for any security by Fidelity. Neither Fidelity nor Emeriti has made any determination that any security or investment strategy is suitable for any individual.

The participation interests in the voluntary employee contribution VEBA trusts associated with the Emeriti plans (the "Interests") may be treated as securities under various state securities laws. The offering of these Interests is subject to compliance with any applicable state law. For residents of Georgia, the Interests are being offered in reliance on paragraph 13 of Code Section 10-5-9 of the Georgia Securities Act of 1973, as amended (the "Georgia Act"). The Interests may not be sold or transferred except in a transaction which is exempt under the Georgia Act or pursuant to an effective registration under the Georgia Act.

OFFER TO DELIVER FORM ADV PART II

Emeriti Retirement Health Solutions (“Emeriti”) is required by Rule 204-3 under the Investment Advisers Act of 1940, as amended, to offer you a copy of Emeriti’s written disclosure statement contained on Part II of Emeriti’s Form ADV. This is a requirement of the Securities and Exchange Commission.

If you would like to receive a printed copy of Emeriti’s written disclosure statement, please mail a written request pursuant to this offer to the following address, including the address to which you would like the written disclosure statement to be sent:

Emeriti Retirement Health Solutions
103 Executive Dr., Suite 503
New York, NY 12553

Alternately, Emeriti will accept requests for the written disclosure statement submitted electronically to the following email address:

amossoff@emeritihealth.org
Alan Mossoff
Vice President for Finance
Emeriti Retirement Health Solutions

There is no charge associated with providing you a copy of Emeriti’s written disclosure statement. Upon receipt of your request, Emeriti will mail or deliver the copy of the statement within seven days to the address provided.