



Benefits Overview

OGSystems

June 2011

Employee Benefits Overview

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Medical Insurance

OGSystems offers medical, dental and vision plan options to full-time eligible employees. Benefits become effective on the first month following the hire date.

Group Medical Insurance

In response to rapidly rising medical care expenses, an option that rewards wise healthcare decisions and staying healthy and out of the hospital has gained traction in the marketplace. A Health Savings Account (HSA) provides high deductible medical insurance of the typical variety, with a twist – if it isn't used, the employee gets to keep the money that the company and employee have contributed to the health savings account (versus an FSA type of plan where the money disappears if it is not used in the plan year).

Each time an employee visits the doctor or pharmacy, the entire cost of the visit (United Health Care will still negotiate the charge down to their standard cost of service) will be paid by the employee out of their HSA account (also called a HealthBank by United Healthcare). Once the deductibles are reached (\$2,000 limit for individuals and the \$4,000 limit for families), then the Point of Service (similar to a PPO) insurance will kick in and then employee pays a \$30 co-pay for office visits and \$60 co-pay for specialist.

OGSystems provides coverage for outpatient prescription drugs with the use of a prescription drug card through United Healthcare. There is a minimum co-payment of \$10 on generic drugs, \$30 on formulary brand name drugs, and \$50 on non-formulary brand name drugs (once the deductible has been reached). An insurance card will be mailed to the employee when the benefits become effective.

OGSystems will fund the initial Health Savings Account to the levels in the table below, and the employee can choose to add additional funds up to the \$3,050 individual and \$6,150 family maximum contributions. The table below shows how much OGS contributes to the HealthBank versus the maximum out of pocket (OOP) deductible limits.

Level of Monthly Coverage	Medical Monthly Premium	OGS HSA Funding	* Max Employee OOP
Employee Only	\$0	\$500	\$1500
Employee/Spouse	\$0	\$500	\$3500
Employee/Child	\$0	\$500	\$3500
Employee/Children	\$0	\$500	\$3500
Employee/Family	\$0	\$500	\$3500

Effective first of the month following hire date.

Full-time employees with 30 or more hours per week.

* Maximum out of pocket does not take into consideration any co-pays that are required after deductible has been met.

Unused funds in the HealthBank at the end of the year will roll over to the following year, and can be accessed like a 401k at any point by the employee (with a 10% penalty plus taxes). The HealthBank may also be taken by the employee to another company if the employee leaves OGSystems. Funds in the HealthBank in excess of \$2,000 can be invested in any of 10 investment vehicles (similar to 401K options in nature).

Note: Employees who join OGSystems during the plan year; will receive prorated Employer contributions to their Health Savings Accounts. This plan is effective from January 1 – December 31.

Dental Insurance

Dental insurance is provided by United Healthcare. The annual deductible is \$50 per individual and \$150 per family per calendar year. The plan’s annual maximum coverage is \$1,500. Using a participating dentist from the directory is less costly to the employee.

Employees are funded at the following rates if they choose to take dental insurance.

Coverage	Monthly Cost To Employee
Employee Only	\$0
Employee/Spouse	\$0
Employee/Child	\$0
Employee/Children	\$0
Employee/Family	\$81.03

**Note: if employee elects family level medical; employee will be responsible for a portion of the cost of any of the above levels of coverage.*

Coverage begins on the first day of the first calendar month in which you become eligible in the plan(s). Continuation of coverage may be available to you, your spouse, or your dependents upon termination [or for other cause] with OGSystems [see COBRA plan].

Vision Insurance

Vision insurance is provided by Vision Service Plan (VSP). There is \$20 co-payment for the eye examination, and up to 100% coverage for eyeglasses or contact lenses. Using a participating optometrist from the directory is less costly to the employee. You can obtain more information from VSP at 800-275-4638.

Employees are funded at the following rates if they choose to take vision insurance.

Coverage	Monthly Cost To Employee
Employee Only	\$0
Employee/Spouse	\$0
Employee/Child	\$0
Employee/Children	\$0
Employee/Family	\$20.53

**Note: if employee elects family level medical; employee will be responsible for a portion of the cost of any of the above levels of coverage.*

OGSystems OCONUS Medical Coverage

When an OGSystems employee is working OCONUS, the Defense Base Act (DBA) insurance that is provided by OGSystems will provide medical, disability, and death benefits to employees who become sick, injured, or are killed while employed, whether or not the injury or death occurred during work hours. What will not be covered under the DBA insurance are medical expenses incurred during travel for rest and relaxation while overseas. For example, if an employee falls while taking a jog during their off hours and breaks their arm, DBA insurance will cover their medical treatment. If an employee falls while jogging on a vacation they decided to take outside of where they were working overseas, the DBA insurance would not cover their medical expenses.

If an employee does decide to travel on rest and relaxation as mentioned above, and they have OGSystems health coverage, United Health Care will only cover emergency situations. An emergency would be anything life-threatening that requires a trip to the ER for service, or broken bones requiring immediate attention. Simply needing medical attention for a prescription for a cold or illness that is not life-threatening will not be covered by United Health Care. In such a case where emergency treatment is received, the employee will need to pay for the services up front and then submit for reimbursement through United Health Care upon their return to CONUS.

If an employee has medical coverage outside of the OGSystems benefit plan (ie. under a spouse's plan, or through Tricare), they would need to check with that plans' coverage for overseas travel, as OGSystems will not be responsible for information on benefit plans outside of our own coverage.

Company Sponsored Life & Accidental Death and Dismemberment Insurance

OGSystems pays 100% of the cost for \$100,000 life insurance per employee. The insurance is provided through the Reliance Standard.

Employee Sponsored Supplemental Life Insurance

Employees have the ability to purchase additional life insurance for themselves as well as their spouses and/or dependents. Employees can purchase additional life insurance in increments of \$10,000 up to \$500,000. Amounts requested greater than \$100,000 require a statement of health.

Additionally, employees may purchase additional life insurance for their spouses in \$5,000 increments not to exceed \$500,000. Amounts requested greater than \$30,000 for spouses, require a statement of health.

Supplemental life is also available for dependents older than six months up to \$10,000 in increments of \$2,500.

Company Sponsored Short-Term Disability Plan

OGSystems provides short-term disability for all full-time employees. The benefit available is 60% of the employee's weekly salary up to a maximum of \$2,000 per week. Benefits under this coverage begin on the first day for an accident and eighth day for sickness and continue for up to 13 weeks. The insurance is provided through Reliance Standard.

Company Sponsored Long-Term Disability Plan

OGSystems provides long-term disability for all full-time employees. The benefit available is 60% of base monthly earnings, to a maximum of \$10,000 per month until age 65. The insurance is provided through Reliance Standard.

AFLAC Supplemental Insurance

AFLAC's voluntary supplemental insurance program allows employees to purchase additional insurance at discounted rates through payroll deductions on a pre-tax basis. It also available to your spouse and dependent children at the same reduced rates. AFLAC offers several different types of insurance including Life, AD&D, STD, Cancer Protection, etc. For certain levels of coverage, AFLAC's insurance program does not require you to provide medical evidence or insurability.

Pay and Hours

OGSystems' pay cycle for each employee is on a monthly pay period, and paychecks will be delivered on the last day of the month (or sooner if that day falls on a Saturday or Sunday, respectively). OGSystems offers all employees automatic payroll deposit into a financial institution of their choice. Employees may designate an unlimited number of accounts for direct deposit.

Paid Time Off (PTO)

Vacation begins to accrue upon date of hire. Accrued hours should be utilized in the employment year in which they are earned. In the event this is not possible, up to 200

hours of unused vacation hours may be carried over to the following year. Excess hours will be forfeited.

Your vacation is accrued each pay period in accordance with the following schedule:

Length of Service	Rate of Accrual
Less than 3 years of service:	120 hours per year (10.0 hours per pay period)
3 to 5 years of service:	160 hours per year (13.33 hours per pay period)
5 years+ of service:	200 hours per year (16.67 hours per pay period)

Because we offer a generous leave package and allow employees to “make up” time, the use of leave without pay (LWOP) is generally not allowed for extended periods of time. LWOP is reserved in instances where an employee may not have time accrued and has a negative time bank balance. OGSsystems may advance vacation days to an employee upon request, subject to approval by their Supervisor and the President. In no case may more than a total of 24 hours of paid leave be advanced.

Holidays

Full-time employees are eligible for paid holidays during each calendar year. A paid holiday does not count as a day worked in calculating overtime for the week.

Ten holidays are observed by OGSsystems each year:

- New Year's Day - January 1
- Birthday of Martin Luther King Jr. - Third Monday in January
- Washington's Birthday - Third Monday in February
- Memorial Day - Last - Monday In May
- Independence Day - July 4th
- Labor Day - First Monday in September
- Columbus Day - Second Monday in October
- Veterans Day - November 11
- Thanksgiving Day - Fourth Thursday in November
- Christmas Day - December 25

Military Leave

Employees who are required to fulfill military obligations in any obligations in any branch of the Armed Forces of the United States or in state military service will be given the necessary time off and reinstated in accordance with federal and state law. The time off will be unpaid except where state law dictates otherwise. Exempt team members may be provided time off pay when necessary to comply with state and federal wage and hour laws

401(k) and Other Savings Plans

Employees age 21 or older are eligible to participate in the 401(k) retirement savings plan. Employees may defer between 1% and 80% of their income into their

retirement fund up to the annual IRS maximum. They will be eligible for a Safe Harbor match of 4% from OGSystems. Vesting is immediate and employees making a contribution per pay-period of 4% will be eligible to receive the match immediately. Note, employees who are not contributing each pay-period are not eligible to receive the match.

Employees have the option of contributing to a Traditional 401(k) account, a Roth 401(k) account, or both. Money cannot be transferred from one account to the other after the deferral is made. The annual IRS maximum remains the same, regardless of plan choice; the annual IRS maximum refers to the total amount one individual may contribute in a year, whether contributions are made to one account or two.

The difference between the Traditional 401(k) plan and the Roth 401(k) plan is the timing of the tax break; a Traditional 401(k) plan gives employees a tax break when contributions are made, and the Roth 401(k) plan gives employees a tax break when distributions are made. Which retirement plan offers the larger tax break depends on the tax rate at the time of contributions versus the tax rate at the time of distribution.

Traditional 401(k)

In a Traditional 401(k) plan, contributions are made with **pre-tax** dollars. The money is not taxed while it remains in your account, but **is** taxed upon distribution after age 59 ½. With this option, the growth of the money **will be** taxed.

Roth 401(k)

In a Roth 401(k) plan, contributions are made with **post-tax** dollars. The money is not taxed while it remains in your account, and **is not** taxed upon distribution after age 59 ½. With this option, the growth of the money **will not be** taxed.

Flexible Spending Plan

Full time employees working 30 hours or more per week may withhold pretax earnings of \$4,000 per year for medical-care expenses (pro-rate for any Plan Year less than 12 months) and \$5,000 for dependent care.

ASI TRICARE Supplement

The ASI TRICARE Supplement is available to C2 employees who are:

- Retired military
- A spouse of a retired military person
- Reservist or National Guardsmen with 20 years of creditable service and has reached age 60

The ASI TRICARE Supplement is a voluntary health insurance plan. It is an employee paid benefit with pretax contributions through a payroll deduction.

The Supplement will pick up virtually all of the out of pocket cost for those enrolled in TRICARE. With TRICARE Standard and the Supplement, there are no network restrictions, it is available worldwide, and the insured controls his or her own healthcare.

For employees who are currently enrolled in a TRICARE Supplement benefit and would like to take advantage of this pre-tax benefit, please contact your Benefits Specialist to begin your pre-tax contributions with C2 Portfolio's (C2) Section 125 Plan. C2 will forward the monthly premium payment directly to the TRICARE Supplement Carrier.

529 College Savings Plan

OGSystems provides a 529 College Savings Plan. These plans allow you to set aside money to pay for qualified higher education expenses for your chosen beneficiary including tuition, room and board, books and certain other fees and expenses at an Eligible Educational Institution. 529 plans are tax-exempt college savings vehicles with a low impact on need-based financial aid eligibility.

The CollegeAmerica has been chosen as our 529 college savings plan. You may invest in one or more of 21 American Funds and CollegeAmerica will accept roll-over funds from other 529 plans. The account can be opened for the benefit of any U.S. citizen or legal U.S. resident, including you or your unborn child! The beneficiary does not even need to be related to the account owner.

You may invest as little as \$25 per fund and there is no annual cap; however there is a maximum contribution limit of \$250,000 for each beneficiary. Anyone who is a U.S. citizen or legal U.S. resident can establish a CollegeAmerica Account; you do not have to be a resident of Virginia. You will be charged a \$10 fee for opening an account with CollegeAmerica as well as an annual \$10 account maintenance fee. In addition, you will be charged fees and expenses associated with the applicable American Funds share class.

Employee Assistance Program

All employees have the availability of the Employee Assistance Program with United Behavioral Health. United Behavioral Health's counselors are available 24 hours a day, 7 days a week to assist any employee and their family members who may be in need of assistance with personal, work and/or family related challenges that can arise at any given time. United Behavioral Health's counselors can help you sort through your difficulties, suggest short-term coping skills and help you form a plan of action. (Please be assured that all conversations are confidential. This can be discussed with a counselor when you call.)

If you feel that you may be in need of assistance from United Behavioral Health, please feel free to call (800) 867-6757, or contact your HR Team for more information on United Behavioral Health's services.

Adoption Program

For private adoptions or adoptions through licensed adoption agencies, OGSystems will reimburse an eligible full-time active employee up to a maximum of \$1,000 for qualified adoption expenses associated with the adoption of an Eligible Child.

“Qualified adoption expenses,” mean expenses, such as reasonable and necessary adoption fees, court costs, attorney fees and other expense, directly related to and with the principle purpose of adoption of an Eligible Child. Qualified adoption expenses do not include travel, lodging or meal expenses.

An “Eligible Child” is any individual who has not attained the age 18; or is physically or mentally incapable of caring for him or herself. Assistance will be provided only for adoptions that are determined comply with all applicable rules, regulations, and laws relating to adoption. Adoption assistance is available to employees who meet the following eligibility requirements: a) must be an active, full-time employee; and b) must have completed 12 months of continuous service to the date of the final adoption decree(s).

Special Programs

If you are interested in one of the programs listed below please contact your HR Team or log onto HR Portal for additional information.

Sam’s Club:

Sam's Club is a division of Wal-Mart Stores, Inc. They offer quality, name-brand merchandise at exceptional prices. Their nearly 600 locations are not only terrific places to save money, but also destinations for solutions that can help ease a busy schedule. Whether stocking a pantry or a business, selecting new electronics or getting ready for a party, Members count on Sam’s Club as their source for the products and services they need to keep things running smoothly.

- The Sam’s Club Advantage Membership fee is \$40.00, which includes two membership cards - one for you and one for a household member over 18 years of age.

BJ’s:

BJ’s is a leading wholesale club chain operating in the eastern United States from Maine to Miami and in the state of Ohio. The discounted BJ’s annual membership fee is \$20.00 and is valid for the membership year of November 1st through October 31st of the following year. As a member you will benefit from the discounted club member prices, on many everyday items. As a club member you will also be eligible for the many discount programs available only to BJ’s Members, such as car buying programs. This benefit cannot be prorated.

Movie Passes:

Discounted movie tickets for AMC or Regal Cinemas are available at a discounted price and can be purchased through payroll deductions. To request your discounted movie tickets for AMC or Regal Cinemas please visit the C2 Portfolio Essentials HR portal to obtain the form.

AMC:

AMC Silver Experience™ Tickets are restricted and exclude Special Engagements (Special Engagements are noted at the box office and are typically removed after the second weekend of the movie's release). Tickets are redeemable at any AMC theatre in the United States. Valid 7 days per week. No expiration date!

Regal Cinemas:

VIP Super Saver Movie Tickets are restricted and cannot be used during the first 12 days of selected new release films. The discounted movie tickets have no expiration date and are redeemable at over 600 theatres including all Regal Cinemas, United Artist Theatres, Edwards Theatres and Regal owned Hoyts Cinemas.

NASA Federal Credit Union:

NASA Federal Credit Union offers membership opportunities through C2 Portfolio Essentials, Inc. NASA Federal Credit Union is a not-for-profit financial cooperative owned entirely by its members and operated for the benefit of all who belong. For more details about NASA Federal Credit Union membership and/or eligibility, contact 301-249-1800 or 1-888-NASA-FCU (1-888-627-2328), ext. 203.

Hertz:

C2 Portfolio Essentials has formed an alliance with Hertz rental car services. Through C2 Portfolio Essentials you are eligible to become a Hertz Gold Club member. This will allow you to receive discounts on rental rates with Hertz. Whether you are renting a car for business or pleasure, you still receive discounts. It is fast, easy and convenient.

Log onto <http://www.hertz.com>

If Country of Residence does not default to United States then select United States.

Go to Business to Business near the bottom of the web page

Click on "Small Business"

Click on "Learn More" under Business Account Program

Already a Member? "[Click Here](#)"

Select "Fee Waived hertz #1 Club Gold Application"

Enter Company name (C2)

Enter our CDP# (Corporate Discount Program): 1486676

Use the Pin Code #: bapgold

Click on "SUBMIT" and then click on "Join"

Fill out the fields and click “continue” when completed. Retain the Gold number until your card is mailed out to you.

Current Gold Card Members

You can keep your current Gold card membership; however, please contact Hertz at 1-800-CARGOLD or at www.hertz.com and update your profile by adding the company CDP#**1486676** and verifying your current charge card.

If you should have any questions Hertz can be reached at 1-800-CARGOLD

Dell:

C2 Portfolio Essentials, Inc. introduces a special arrangement with Dell Computers. Through C2 Portfolio Essentials, you may purchase Dell computer systems at a discounted rate. When you choose to use the Dell Employee Purchase Program, you receive the following:

- ❖ Discount on select configurations for your personal use.
- ❖ Corporate level technical support.
- ❖ Discounted shipping.
- ❖ Convenient order tracking system.
- ❖ A variety of payment methods.

Dell offers a host of computer equipment and payment options for your convenience. To order, please contact Dell through their toll free number at 1-800-695-8133 or visit their Employee Purchase Program website at www.dell.com/eppbuy. You have the flexibility to use either method, however, make sure you mention C2 Portfolio Essentials, Inc. and the password that is associated with our account is **PS15967352**.

Remember, every Dell system is built to order so you get the system you want at a price you can afford.

FTD:

C2 Portfolio Essentials, Inc. has formed an alliance with FTD.COM, an Internet marketer of flowers and specialty gifts. Through C2 Portfolio Essentials, you will receive a **15% discount** offer to be used when you purchase flowers and/or specialty gifts through www.ftd.com/C2portfolio.

FTD.COM offers over 400 floral arrangements for holidays and other occasions, as well as over 700 specialty gifts such as: stuffed animals and other plush toys, gourmet gift baskets, holiday sets and collectible containers. They utilize over 17,000 FTD florists in the United States and Canada who adhere to their quality guarantee and service standards, giving them the highest delivery coverage in the industry. For international orders, FTD.COM utilizes approximately 50,000 worldwide florists in 150 countries that are part of the FTD network. FTD.COM continually updates their main site with new, exciting features and holiday products.

Commuter Benefits:

A commuter benefit program offers a qualified transportation fringe benefit that allows employees to pay with pre-tax dollars for certain transportation expenses associated with travel to and from work. Redirecting a portion of your salary for this program means your taxable income will be calculated after the elected amounts are deducted from your salary—thereby reducing your total tax obligation (Federal Law limits the monthly pre-tax deferral).

Important Note: When you first enroll in these benefits there may be up to a 60-day waiting period from the date of your first deduction before your monies become available for use.

SmartBenefits Program:

The SmartBenefits allows employees to redirect a portion of their salary to be used for both transit fares and parking expenses using the SmarTrip programs. Employees may defer, on a pre-tax basis, up to \$230 a month for transit and an additional \$230 per month for parking expenses in 2011.

SmarTrip

Using SmarTrip is easy and fast. To use SmarTrip you simply touch the SmarTrip card to the circular target panels where SmarTrip is accepted. The SmarTrip card can be used for Metrorail, Metrobus, DC Circulator, registered vanpools and Metro operated parking lots. Your SmarTrip card is rechargeable and can hold up to \$300 in value.

Best of all, should you lose your SmarTrip card, you do not lose the value. For a \$5.00 fee, Metro will reissue you a new SmarTrip card with the value on the card at the time you notified them that your card was lost. You must register your card with Metro to qualify for this replacement feature.

If you already have a SmarTrip card, just let C2 Portfolio Essentials know the serial number and we'll do the rest. SmarTrip cards can be purchased at WMATA stations or online at <http://www.wmata.com/onlinestore/default.cfm?nocache> for \$5.00.

Here's how it works:

1. Complete the SmartBenefits and Parking Program Compensation Reduction Agreement form and return it to your C2 Portfolio Essentials Payroll Specialist via fax at (703) 433-9013 or via email (refer to your C2 Portfolio Essentials Team contact list).
2. Your deductions will begin the first available payroll following C2 Portfolio Essentials' receipt of your completed payroll deduction form.
3. Between the 1st and the 15th of the next month, C2 Portfolio Essentials will submit your funds to Metro for the prior month's payroll deductions.

4. Metro then makes your funds available to download the first day of the following month.
5. Funds must be downloaded at a Passes/Fare Cards machine in any Metrorail station within 30 days of availability. Unclaimed funds will be returned to C2 Portfolio Essentials and you will have to contact your C2 Portfolio Essentials HR Team to request these funds be resubmitted to Metro.

Qualified Parking Accounts:

The Qualified Parking Account Program allows employees to redirect a portion of their salary to provide for reimbursement for parking expenses. Qualified parking is parking provided to you on or near your employer's business premises or at a location from which you commute to work by carpool, commuter highway vehicle, SmartBenefits facilities, transportation provided by a person in the business of transporting person for compensation or hire, or by any other means.

Employees may defer, on a pre-tax basis, up to \$230 a month for qualified parking expenses in 2011.

Here's how it works:

1. Complete the SmartBenefits and Parking Program Compensation Reduction Agreement form and return it to your C2 Portfolio Essentials Payroll Specialist via fax at (703) 433-9013 or via email (refer to your C2 Portfolio Essentials Team contact list).
2. Your deductions will begin the first available payroll following C2 Portfolio Essentials' receipt of your completed payroll deduction form.
3. To receive a reimbursement, you must first incur an eligible parking expense.
4. Then complete a Parking Account Reimbursement Claim form. Each expense must be listed separately on the claim form.
5. Submit the claim form along with a receipt from the parking facility to your C2 Portfolio Essentials Payroll Specialist.
6. You will receive your parking reimbursement on the next available paycheck, following C2 Portfolio Essentials' receipt of your completed Claim form.

Contact Information

For more information, please contact the **Sapphire Team** Human Resources at:

C2 Portfolio Essentials, Inc.

Telephone: (703) 444-0096

Fax: (703) 433-9012

General Notice of COBRA Continuation Coverage Rights

**** CONTINUATION COVERAGE RIGHTS UNDER COBRA****

Introduction

You are receiving this notice because you may be covered under a group health plan (the Plan). COBRA generally requires that group health plans sponsored by employers with 20 or more employees in the prior year offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

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

What is COBRA Continuation Coverage?

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

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

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

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

- Your spouse dies;
- Your spouse's hours of employment are reduced;

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

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

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

When is COBRA Coverage Available?

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

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days after the qualifying event occurs. You must provide this notice by submitting a "Notice of Qualifying Event" form and any required substantiating evidence (see the attached copy of the Notice of Qualifying Event form) to:

COBRA Administrator/ Benefits Administrator
C2 Portfolio Essentials, Inc.
21000 Atlantic Blvd., Suite 400
Dulles, Virginia 20166

How is COBRA Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

You must notify the Plan Administrator within 60 days by submitting a "Notice of Qualifying Event" form and any required substantiating evidence (see the attached copy of the Notice of Qualifying Event form) to:

COBRA Administrator/ Benefits Administrator
C2 Portfolio Essentials, Inc.
21000 Atlantic Blvd., Suite 400
Dulles, Virginia 20166

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

If You Have Questions

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

Keep Your Plan Informed of Address Changes

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

Plan Contact Information

For more information about COBRA continuation coverage please contact:

COBRA Administrator/ Benefits Administrator
C2 Portfolio Essentials, Inc.
21000 Atlantic Blvd., Suite 400
Dulles, Virginia 20166
Phone: (703) 444-0096
Fax: (703) 433-9012

NOTICE OF QUALIFYING EVENT

From Qualified Beneficiary to Plan Administrator

To: COBRA Administrator/ Benefits Administrator
C2 Portfolio Essentials, Inc.
21000 Atlantic Blvd., Suite 400
Dulles, Virginia 20166

From: _____
Name of Qualified Beneficiary

Re: _____
Name of Plan

Name of Employer through which COBRA Continuation Coverage is offered

This memo will serve as notice to you regarding

_____ (Name of Qualified Beneficiary)

_____ (Account Number).

The following qualifying event has occurred:

- Death of the Covered Employee
Requires a copy of the **Death Certificate** to substantiate the Qualifying Event.
- Divorce or Legal Separation from the Covered Employee
Requires a copy of the **Divorce Decree or Judgment from the Court** to substantiate the Qualifying Event.
- Loss of "Dependent" Status
Requires a copy of the **Notice from the Carrier or Birth Certificate** to substantiate the Qualifying Event.
- Disability determination by the Social Security Administration
Requires a copy of the **disability determination by the Social Security Administration** to substantiate the Qualifying Event.

This notice and all substantiating evidence are **due within 60 days** of the later of:

1. The date of the Qualifying Event

2. The date of loss of coverage due to the Qualifying Event
3. Date on which the Qualified Beneficiary is notified of the obligation to provide this notice.

I understand that failure to provide this Notice within the 60 days will result in Coverage being Unavailable to me. Failure to continue my group health coverage will affect my future rights under federal law. First, I can lose the right to avoid having pre-existing condition exclusions applied to me by other group health plans if I have more than a 63-day gap in health coverage, and election of continuation coverage may help me not have such a gap. Second, I will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if I do not get continuation coverage for the maximum time available to me. Finally, I should take into account that I have special enrollment rights under federal law. I have the right to request special enrollment in another group health plan for which I am otherwise eligible (such as a plan sponsored by my spouse's employer) within 30 days after my group health coverage ends because of the qualifying event listed above. I will also have the same special enrollment right at the end of continuation coverage if I get continuation coverage for the maximum time available to me.

Signature

Date