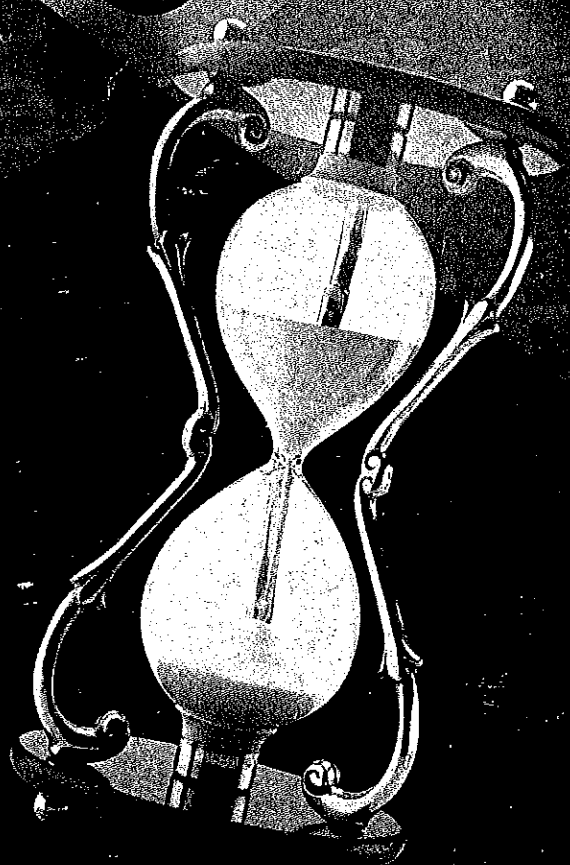
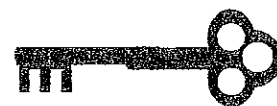


09/2002



**The  
Key to  
Life and  
AD&D  
Benefits**

# Key Question



**Q**

**WHAT IF I DIE? WHAT IF I'M SERIOUSLY INJURED IN AN ACCIDENT?**

**A**

People depend on you, at home as well as on the job. If you work to provide income for your family members, you want them to be protected financially even if you die or suffer a serious injury.

How can you provide that important protection?

With the company's help.

The company offers a life insurance plan that pays your family or other beneficiaries a benefit in the event of your death. The company also provides you with an accidental death and dismemberment (AD&D) plan that pays you or your beneficiary a benefit if you are seriously injured or die as a result of a covered accident.

**THE LIFE AND AD&D PLAN IS A KEY TO YOUR PEACE OF MIND.**

*This booklet is a "summary plan description" (SPD) of the life and AD&D plan for salaried employees.*

*Eligibility for benefits and the actual amount of benefit payments are determined by the legal plan documents, which are contracts with insurance companies. This booklet describes the plan in easier-to-read, simplified terms. It cannot cover every detail of the plan. If there is any conflict between the description in this booklet and the legal plan documents, the plan documents will be followed.*

*The plan administrator, Peabody Holding Company, Inc., maintains the right to interpret the terms of this plan, and its interpretations will be final.*

*The company intends to maintain this plan for salaried employees, but reserves the right to change or end the plan at any time. This booklet is not a guarantee of employment or an employment contract.*

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# Key Highlights

## LIFE INSURANCE

This coverage pays a benefit to your beneficiary in the event that you die. In the case of dependent life insurance, the benefit is paid to you.

**WHO IS ELIGIBLE:** All full-time salaried employees and part-time employees working a regular schedule of 20 or more hours per week year-round (temporary and seasonal employees are not eligible).

**BENEFIT AMOUNT:** The company provides you with one times your basic annual salary at no cost to you; this is referred to as "basic" life insurance. You may also purchase additional life insurance coverage equal to one, two, three, or four times your basic annual salary; this is referred to as "supplemental" life insurance. In addition to basic and supplemental coverage for yourself, you have the option to purchase coverage for your dependents.

**COST TO YOU:** The company pays the full cost of basic life insurance coverage equal to one times your basic annual salary. You pay the full cost of any supplemental life insurance you choose. The premiums will depend on your age, whether or not you use tobacco products and your coverage amount. You also pay the full cost of any dependent life coverage you choose.

**IF YOU BECOME DISABLED:** Your basic life insurance coverage continues if you meet certain conditions. Your benefit will be reduced at age 65, and again at age 70. (See page 8 for more information.)

**IF YOU RETIRE:** If you are at least age 55 with 10 or more years of service, a reduced amount of basic life insurance coverage will be continued when you retire. (See page 8 for more information.)

**OTHER KEY POINTS:** If your life insurance ends because your employment ends, or your coverage will be reduced due to your age, you may convert your company coverage to an individual policy, with a benefit up to your original amount. You must then pay the entire premium. (See pages 9 and 14 for more information.)

## **ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) INSURANCE**

This coverage pays a benefit to your beneficiary if you die as a result of a covered accident, or to you if you suffer certain injuries as a result of a covered accident. This benefit is paid in addition to any benefit you receive from the life insurance plan.

**WHO IS ELIGIBLE:** All full-time salaried employees and part-time employees working a regular schedule of 20 or more hours per week year-round (temporary and seasonal employees are not eligible). Coverage begins automatically the day you are hired.

**COVERED LOSSES:** Death, paralysis, coma, loss of hands, feet, thumb and index finger, hearing, speech, or sight. (See pages 19-21 for more information.)

**BENEFIT AMOUNT:** Three times your basic annual salary. The full amount is paid if you die as the result of a covered accident. All or part of the full amount is paid for other covered losses due to injuries, depending on the loss. Your benefit amount is reduced at certain ages, beginning at age 75.

**COST TO YOU:** None—premiums are currently paid entirely by the company for this coverage.

**IF YOU RETIRE:** Coverage will end on the day you retire.

**IF YOU BECOME DISABLED:** Your coverage continues until you reach age 65, if you meet certain conditions. (See page 23 for more information.)

**OTHER KEY POINTS:** You may also continue your AD&D coverage when you are not working for the company because you are on family or medical leave, if certain conditions are met. However, AD&D coverage may not be converted to an individual policy.

The company also offers an optional AD&D plan if you would like to choose additional coverage. See your summary plan description booklet for the optional AD&D plan for more information.



If you die while covered by this plan, your beneficiary will receive an amount equal to one times your basic annual salary, rounded to the next \$100.



You may designate anyone as the beneficiary of your basic life insurance.



Payment of your coverage amount will be made to your beneficiary (or beneficiaries) upon your death.

## Basic Life Insurance

**A** basic term life insurance benefit is provided to all eligible employees. The company pays the full cost of this coverage.

### ELIGIBILITY

If you are a full-time salaried employee, or a part-time employee working a regular schedule of 20 or more hours per week year-round, you are eligible for coverage under the basic life insurance plan.

Temporary and seasonal employees are not eligible. You will be automatically enrolled for basic life insurance equal to one times your basic annual salary on your first day of employment.

If you are not actively at work due to illness or injury on the date your coverage would otherwise begin, your coverage will not be effective until you return to work.

Certain disabled and retired employees are also eligible, as explained in this section under *Coverage for disabled employees* and *Coverage for retired employees*.

### YOUR BASIC LIFE INSURANCE BENEFITS

If you die while covered by this plan, your beneficiary will receive an amount equal to one times your basic annual salary, rounded to the next \$100, to a maximum of \$1 million. This is your basic life coverage amount.

When your basic annual salary changes, the amount of your basic life insurance also changes. However, if you are not actively at work on the day your life insurance would

increase, the additional amount will not be effective until you return to work on a full-time basis.

Please note that the IRS requires that the "value" of your basic employee term life insurance coverage in excess of \$50,000 be considered taxable income to you. This value is calculated according to an IRS table and will be reflected on the W-2 form that you receive each year.

### NAMING YOUR BENEFICIARY

You may designate anyone as the beneficiary of your basic life insurance. You may change your beneficiary at any time by filling out a form available from your benefits department.

The change will become effective when the completed form is received by your benefits department. It will be effective as of the date you signed the request, regardless of whether you are alive at the time the department receives it. However, any benefits that have been paid before the department receives the change form will remain the property of the person who received them, and will not be paid to the new beneficiary.

### PAYMENT OF BENEFITS

Full payment of your coverage amount will be made to your beneficiary (or beneficiaries) upon your death. This payment will be in one lump sum unless your beneficiary chooses another payment option that may be offered by the plan, as explained under *Retained asset account*.

If you do not designate a beneficiary or if your beneficiary dies before receiving your benefit payment, your benefit will be paid to your estate. However, instead of making payment to your estate, the insurance



company may, at its option, pay the benefit in the following order:

- ▶ To your spouse.
- ▶ If you have no living spouse, to your children in equal shares.
- ▶ If you have no living children, to your parents in equal shares.
- ▶ If you have no living parents, to your brothers and sisters in equal shares.
- ▶ If you have no living brothers and sisters, to your estate.

The insurance company may also pay a portion of your benefit to anyone who it determines had assumed primary responsibility for your support or who incurred expenses for your last sickness and death.

If you die, your beneficiary should contact your benefits department to file a claim. Your beneficiary must provide a certified copy of the death certificate.

#### **RETAINED ASSET ACCOUNT**

An account called a “retained asset account” is automatically established for each beneficiary receiving a lump-sum benefit payment of \$10,000 or more. The payment received by your beneficiary will be placed in this account. (Beneficiaries receiving less than \$10,000 will receive a single payment by check.)

Your beneficiary may withdraw the entire amount of the account at once, or only a portion at a time (minimum of \$250), leaving the balance to accumulate interest. Your beneficiary will also receive information about other ways to receive payment if he or she wishes.

#### **ASSIGNMENT OF BENEFITS**

If you wish, you may also “assign” your basic life insurance benefits to any individual as a gift. This is different from designating a beneficiary. The person who is “assigned” benefits then legally owns the insurance policy—you no longer have the right to change beneficiaries—and the benefit is taxed differently. Assignment is usually done for tax purposes. You may want to consult a tax adviser if you wish to learn more about this option.

A copy of the assignment request must be filed with your benefits department and approved by the insurance company.

#### **SPECIAL BENEFIT FOR TERMINAL ILLNESS**

If you become terminally ill, you may choose to receive a portion of your basic life insurance in advance of your death. You can use this amount to help defray the costs associated with your condition.

“Terminal illness” means a medical condition that can be expected to result in death within 12 months.

This special benefit is subject to the following conditions:

- ▶ You may choose to receive up to 50% of your basic life insurance amount.
- ▶ You must be diagnosed by a physician as having a terminal illness. The insurance company may require a second opinion and examination.
- ▶ You may receive this benefit only once in your lifetime. The remaining part of your life insurance will be paid to your beneficiary when you die.

An account called a “retained asset account” is automatically established for each beneficiary receiving a lump-sum benefit payment of \$10,000 or more.



If you become terminally ill, you may choose to receive a portion of your basic life insurance in advance of your death.



KEY POINTS



You may continue your basic life insurance coverage when you are not working for the company, under certain circumstances.

- ▶ You may not receive this benefit if you've previously made an assignment of benefits or irrevocable beneficiary designation, unless the assignee or beneficiary agrees in writing in a form acceptable to the insurance company.
- ▶ This accelerated benefit does not apply if you are required by law to use such benefits to meet the claims of creditors or as a condition of receiving a government entitlement or benefit.

#### WHEN YOUR COVERAGE ENDS

Your basic life insurance coverage ends when the earliest of the following occurs:

- ▶ The plan is terminated.
- ▶ The date of your death.
- ▶ The date your employment ends.
- ▶ The date you are no longer eligible.
- ▶ The date you retire, if you do not meet the plan's specific definition of a retired employee.

You may continue your basic life insurance coverage when you are not working for the company, under certain circumstances. If your employment ends due to a reduction in the work force, the company may provide you with continued coverage, according to current company policy, for three months after the end of the last month in which the reduction in work force occurred.

Your coverage also will be continued while you are on a leave of absence that's authorized under the company's family and medical leave policy.

#### COVERAGE FOR DISABLED EMPLOYEES

If you become disabled (while you are covered for life insurance), your coverage will be continued for six months. It may be continued for more than six months if you are receiving company-paid continuation of your salary, or you are receiving benefits under the Peabody long-term disability plan for salaried employees.

Your basic life insurance coverage amount will be equal to the amount that was in effect immediately before the date your disability began (that is, one times basic annual salary). At age 65, or when you retire, your basic life insurance will be equal to 25% of your basic annual salary at the time you became disabled. If this amount is more than \$10,000, it will be reduced to \$10,000 at age 70.

If your basic life insurance is reduced or discontinued, you may be able to convert these coverage amounts to an individual policy issued by the insurance company. Please see the section called *Converting to an individual policy*.

#### COVERAGE FOR RETIRED EMPLOYEES

If you are at least age 55 and have 10 or more years of service when you retire, you may continue to participate in the plan.

If you are under age 70, your coverage amount is equal to 25% of your basic annual salary as of the day before you retire.

If you are age 70 or older, your coverage amount is equal to 25% of your basic annual salary as of the day before you retire, or \$10,000, whichever is less.

If your basic life insurance is reduced or discontinued, you may continue your coverage under provisions explained under *Converting to an individual policy*.

### **PORTABLE INSURANCE COVERAGE OPTION**

The portability feature of the plan offers you the option to continue your term life insurance coverage at group rates when you leave the company, retire or are no longer eligible for the group plan because of a reduction in your work hours.

The portability option is available only if you are not sick or injured when you apply for the option. (Sick or injured means you have a medical condition that has a material effect on life expectancy.)

You must apply for the portability option and pay the first premium within 31 days after the date that coverage under the group plan ends.

If you are eligible, you may choose portable insurance coverage up to the amount of insurance you had while covered under the company's basic life plan. Portable life insurance includes the plan features described under *Special benefit for terminal illness*.

The insurance company will notify you of changes to your premiums for portable life insurance. Your premium will change based upon your age and changes to the insurance company's rates for portability coverage.

Coverage under the portability option ends when the *earliest* of the following occurs:

- ▶ The insurance company no longer offers the portability provision under the company's plan.
- ▶ The required premiums are not paid when due.

If you are not eligible for portable coverage, or portable coverage ends, then you may qualify for conversion coverage, as described in the following section.

Contact your benefits department for information on the portability option.

### **CONVERTING TO AN INDIVIDUAL POLICY**

If your basic life insurance coverage ends because your employment ends, or if your coverage is reduced because you are a retired employee or disabled employee at age 65, you may buy individual coverage up to the amount of coverage you had before it ended or was reduced. You will not need to provide evidence of your good health.

You must submit your application for the individual policy to the insurance company and make the required premium payment within 31 days of the date your employment ended or your coverage was reduced.

If our basic life insurance plan is changed or ended, you can convert your coverage under the conditions described in the policy issued by your insurance carrier.

If you die within the 31-day period after your coverage ends but before your individual policy is issued, your benefit will be paid to your beneficiary.

Contact your benefits department for information about how to convert your coverage.



If you are at least age 55 and have 10 or more years of service when you retire, you may continue to participate in the plan.



If your basic life insurance is reduced or discontinued, you may buy individual coverage up to the amount of coverage you had before it ended.

KEY POINTS



Eligible employees have the option of purchasing supplemental term life coverage.



You may choose supplemental life insurance equal to one, two, three or four times your basic annual salary, rounded to the next \$100, subject to a maximum coverage amount of \$1 million.



Supplemental life insurance coverage that is more than \$300,000 requires evidence of good health.

## Supplemental Life Insurance

In addition to the basic term life insurance benefit provided by the company, eligible employees also have the option of adding supplemental term life coverage. The cost of coverage is determined by the amount of coverage you choose, your age and whether or not you use tobacco products.

### ELIGIBILITY AND ENROLLMENT

If you are a full-time salaried employee, or a part-time employee working a regular schedule of 20 or more hours per week year-round, you are eligible to participate in the supplemental life insurance plan. Temporary and seasonal employees are not eligible.

If you choose to purchase supplemental life insurance, you must pay the full amount of the insurance premium. Your supplemental life insurance coverage does not become effective until you properly enroll and authorize contributions to be deducted from your paycheck. Your coverage begins on the date you complete the enrollment process, if you do so within 31 days of the date you're hired.

Your coverage may not become effective immediately if you are not actively at work due to illness or injury on the date your coverage would otherwise begin, or if your coverage choice requires evidence of good health, as explained in this section under *Requirements for evidence of good health* and *Delayed effective date of coverage*.

Disabled and retired employees are not eligible to enroll in the supplemental life plan.

### YOUR SUPPLEMENTAL LIFE INSURANCE BENEFITS

You may choose supplemental life insurance equal to one, two, three or four times your basic annual salary, rounded to the next \$100, subject to a maximum coverage amount of \$1 million.

When your basic annual salary changes, the amount of your supplemental life insurance also changes. This change is subject to the provisions under *Delayed effective date of coverage*.

### REQUIREMENTS FOR EVIDENCE OF GOOD HEALTH

You have a wide variety of coverage choices under the supplemental term life insurance plan. However, the insurance company restricts the amount of coverage any one employee can choose without having to provide evidence of good health.

Supplemental life insurance coverage that is more than \$300,000 requires evidence of good health.

Coverage in excess of this limit will not be effective until you complete a health questionnaire and the insurance company approves your application.

## CHANGING YOUR COVERAGE AMOUNT

If you do not enroll for supplemental life insurance coverage within 31 days after you start work, or if you choose supplemental life insurance coverage and later wish to increase or decrease your coverage amount, you may do so during the annual enrollment period with changes effective January 1. You may also change your coverage amount if you have a change in family status, provided you submit the proper change forms within 31 days of the event. You may increase your supplemental life insurance coverage one level (or change from no coverage to one times basic annual salary) at these times subject to the provisions described under *Requirements for evidence of good health* and *Delayed effective date of coverage*. You may decrease your coverage to any level at these times.

Situations that qualify as a change in family status are:

- ▶ An employee's marriage or divorce.
- ▶ The birth or adoption of an employee's child.
- ▶ The death of an employee's spouse or children.
- ▶ Relocation by the employee to another site that has different benefit plans than those available to and chosen by the employee at his or her original location.
- ▶ Other events related to family status that are permitted by law.

"Change in family status" does not include termination of employment or a reduction in hours that causes you to lose your eligibility for coverage by the plan.

## DELAYED EFFECTIVE DATE OF COVERAGE

If you are not actively at work due to illness or injury on the date your coverage would normally begin or be increased, your coverage (or the increase in coverage) will not be effective until you return to work.

## EXCLUSION

To the extent permitted by law, benefits will not be payable if your death results from, or is contributed to by suicide within 24 months after the date your coverage begins. This also applies to increases in your coverage amount.

## SPECIAL BENEFIT FOR TERMINAL ILLNESS

If you become terminally ill, you may choose to receive a portion of your supplemental life insurance in advance of your death. You can use this amount to help defray the costs associated with your condition.

"Terminal illness" means a medical condition that can be expected to result in death within 12 months.

This special benefit is subject to the following conditions:

- ▶ You may choose to receive up to 50% of your supplemental life insurance amount.
- ▶ You must be diagnosed by a physician as having a terminal illness. The insurance company may require a second opinion and examination.
- ▶ You may receive this benefit only once in your lifetime. The remaining part of your supplemental life insurance will be paid to your beneficiary when you die.



If you become terminally ill, you may choose to receive a portion of your supplemental life insurance in advance of your death.

## KEY POINTS



You may designate anyone as the beneficiary of your supplemental life insurance. Full payment of your coverage amount will be made to your beneficiary (or beneficiaries) upon your death.

- ▶ You must continue to pay premiums on the full original amount of your life insurance.
- ▶ You may not receive this benefit if you've previously made an assignment of benefits or irrevocable beneficiary designation, unless the assignee or beneficiary agrees in writing in a form acceptable to the insurance company.
- ▶ This accelerated benefit does not apply if you are required by law to use such benefits to meet the claims of creditors or as a condition of receiving a government entitlement or benefit.

### NAMING YOUR BENEFICIARY

You may designate anyone as the beneficiary of your supplemental life insurance. You may change your beneficiary at any time by submitting a written request to your benefits department.

The change will become effective when the written request is received by your benefits department. It will be effective as of the date you signed the request, regardless of whether you are alive at the time the department receives it. However, any benefits that have been paid before the department receives the change form will remain the property of the person who received them, and will not be paid to the new beneficiary.

### PAYMENT OF BENEFITS

Full payment of your coverage amount will be made to your beneficiary (or beneficiaries) upon your death. This payment will be in one lump sum unless your beneficiary chooses another payment option that may be offered by the plan, as explained under *Retained asset account*.

If you do not designate a beneficiary or if your beneficiary dies before receiving your benefit payment, your benefit will be paid to your estate. However, instead of making payments to your estate, the insurance company may, at its option, pay the benefit in the following order:

- ▶ To your spouse.
- ▶ If you have no living spouse, to your children in equal shares.
- ▶ If you have no living children, to your parents in equal shares.
- ▶ If you have no living parents, to your brothers and sisters in equal shares.
- ▶ If you have no living brothers and sisters, to your estate.

The insurance company may also pay a portion of your benefit to anyone who it determines had assumed primary responsibility for your support or who incurred expenses for your last sickness and death.

If you die, your beneficiary should contact your benefits department to file a claim. Your beneficiary must provide a certified copy of the death certificate.

If you die, your beneficiary should contact your benefits department to file a claim. Your beneficiary must provide a certified copy of the death certificate.

#### **RETAINED ASSET ACCOUNT**

An account called a "retained asset account" is automatically established for each beneficiary receiving a lump-sum benefit payment of \$10,000 or more. The payment received by your beneficiary will be placed in this account. (Beneficiaries receiving less than \$10,000 will receive a single payment by check.)

Your beneficiary may withdraw the entire amount of the account at once, or only a portion at a time (minimum of \$250), leaving the balance to accumulate interest. Your beneficiary will also receive information about other ways to receive payment if he or she wishes.

#### **ASSIGNMENT OF BENEFITS**

If you wish, you may also "assign" your supplemental life insurance benefits to any individual as a gift. This is different from designating a beneficiary. The person who is "assigned" benefits then legally owns the insurance policy—you no longer have the right to change beneficiaries—and the benefit is taxed differently. Assignment is usually done for tax purposes. You may want to consult a tax adviser if you wish to learn more about this option.

A copy of the assignment request must be filed with your benefits department and approved by the insurance company.

#### **WHEN YOUR COVERAGE ENDS**

Your supplemental life insurance coverage ends when the earliest of the following occurs:

- ▶ The plan is terminated.
- ▶ If you stop making required contributions, the last day of the period for which you paid them.
- ▶ The date of your death.
- ▶ The date you begin receiving benefits under the company's long-term disability plan for salaried employees.
- ▶ The date your employment ends.
- ▶ The date you are no longer eligible.
- ▶ The date you retire.

You may continue your coverage while you are on a leave of absence that's authorized under the company's family and medical leave policy, provided you continue to pay the required contributions. If you choose not to continue your coverage during your leave, you will not be required to provide evidence of good health to reinstate your coverage when you return to work.



An account called a "retained asset account" is automatically established for each beneficiary receiving a lump-sum benefit payment of \$10,000 or more.



You may continue your coverage while you are on a leave of absence that's authorized under the company's family and medical leave policy, provided you continue to pay the required contributions.

KEY POINTS



You may continue your term life insurance coverage at group rates under certain circumstances.



If your supplemental life insurance coverage ends, you may buy individual coverage up to the amount of coverage you had before it ended.

## PORTABLE INSURANCE COVERAGE OPTION

The portability feature of the plan offers you the option to continue your term life insurance coverage at group rates when you leave the company, retire or are no longer eligible for the group plan because of a reduction in your work hours.

The portability option is available only if you are not sick or injured when you apply for the option. (Sick or injured means you have a medical condition that has a material effect on life expectancy.)

You must apply for the portability option and pay the first premium within 31 days after the date that coverage under the group plan ends.

If you are eligible, you may choose portable insurance coverage up to the amount of insurance you had while covered under the company's supplemental life plan. You may increase your coverage amount (up to the plan's maximum) if you furnish evidence of good health. Portable life insurance includes the plan features described earlier in this section under *Special benefits for terminal illness* and *If you become disabled*.

The insurance company will notify you of changes to your premiums for portable life insurance. Your premium will change based upon your age and changes to the insurance company's rates for portability coverage.

Coverage under the portability option ends when the earliest of the following occurs:

- ▶ The insurance company no longer offers the portability provision under the company's plan.
- ▶ The required premiums are not paid when due.

If you are not eligible for portable coverage, or portable coverage ends, then you may qualify for conversion coverage, as described in the following section.

Contact your benefits department for information on the portability option.

## CONVERTING TO AN INDIVIDUAL POLICY

If your supplemental life insurance coverage ends because your employment ends, or because you are a retired or disabled employee, you may buy individual coverage up to the amount of coverage you had before it ended. You will not need to provide evidence of good health.

You must submit your application for the individual policy to the insurance company and make the required premium payment within 31 days of the date your coverage ended. If you are not notified of the conversion option within 15 days after your coverage ends, contact the insurance company (within 60 days) to request an extension of this enrollment period.

If the supplemental life insurance plan is changed or ended, you can convert your coverage subject to the conditions described in the policy issued by the insurance carrier.

If you die within the 31-day period after your coverage ends but before your individual policy is issued, your benefit will be paid to your beneficiary.

Contact your benefits department for information about how to convert your coverage.



# Dependent Life Insurance

In addition to basic and supplemental life insurance, eligible active employees have the option of purchasing life insurance coverage for their dependents. The employee must pay the full cost of the coverage. This cost is determined by which dependents you choose to cover and how much life insurance you select.

## ELIGIBILITY

The following dependents are eligible for coverage under the dependent life insurance plan:

- ▶ Your lawful spouse.
- ▶ Your unmarried dependent children who are under age 19. (Children are eligible from the date of live birth.)
- ▶ Your unmarried dependent children who are under age 25 if they are full-time students, enrolled in an accredited school, and dependent on you for principal support and care.

Eligible children include your natural and adopted children, your stepchild, your foster child, a child placed with you for adoption, and a child for whom you have been appointed as legal guardian. The child must depend upon you for his or her main support and care and must live with you in a parent-child relationship.

No person may be covered as a dependent of more than one employee. A child cannot be covered as an employee under the plan.

## ENROLLMENT

If you choose to purchase dependent life insurance, you must pay the full cost of the insurance premium. Your dependent life insurance coverage will not become effective until you properly enroll and authorize contributions to be deducted from your paycheck. Your dependent's coverage begins on the date you sign an enrollment form, if you do so within 31 days of the date you are hired. This is subject to the section called *Delayed effective date for dependent coverage*.

Disabled employees are not eligible to enroll in the dependent life plan. However, employees who become disabled after they enroll may continue their dependent life coverage for six months provided the employee remains covered by the basic life insurance plan.

## YOUR DEPENDENT LIFE INSURANCE BENEFITS

If you select life insurance coverage for your spouse, you have two coverage amount options: \$10,000 or \$20,000.

If you choose life insurance coverage for your dependent children, each child will be covered in the amount of \$5,000.

The cost to cover your dependent child(ren) is the same, regardless of the number of children you have.

## CHANGING YOUR COVERAGE AMOUNT

If you do not enroll for dependent life insurance coverage within 31 days after you start work, or if you choose dependent life insurance coverage and later wish to increase or decrease your coverage amount, you may do so only:



Eligible active employees have the option of purchasing life insurance for their dependents.



KEY POINTS



If your spouse or child is terminally ill, you may choose to receive a portion of their life insurance amount in advance.



You are automatically the beneficiary of your dependent's life insurance under the plan.

- ▶ During the annual enrollment period, with changes effective January 1, or
- ▶ If you have a change in family status, provided you submit the proper change forms within 31 days of the event causing the change.

You may add, change, or drop dependent life coverage at these times. *However, if you are adding coverage for a dependent who was previously eligible but not enrolled in the plan, you will be required to submit evidence of this dependent's good health to the insurance company before his or her coverage will begin. Also, coverage for your spouse will be limited to the \$10,000 option. During the following annual enrollment, you may increase the spouse coverage amount to \$20,000 without providing evidence of good health.*

Situations that qualify as a change in family status are:

- ▶ An employee's marriage or divorce.
- ▶ The birth or adoption of an employee's child.
- ▶ The death of an employee's spouse or children.
- ▶ A change in your spouse's employment.
- ▶ Other events related to family status that are permitted by law.

"Change in family status" does not include termination of employment or a reduction in hours that causes you to lose your eligibility for coverage by the plan. Changes to coverage may be delayed as described in the section *Delayed effective date for dependent coverage*.

#### **DELAYED EFFECTIVE DATE FOR DEPENDENT COVERAGE**

If you are not actively at work on the date your dependent's coverage would normally begin or increase, such coverage or increase will be delayed until you return to active employment.

If your dependent is totally disabled when coverage would normally begin or increase, such coverage or increase will not take effect until your dependent has resumed normal life activities for a healthy person of the same age and sex. *This limitation does not apply to a newborn child, provided you enroll the child for dependent life insurance within 31 days of his or her birth.*

#### **EXCLUSION**

To the extent permitted by law, benefits will not be payable if your spouse or child's death results from, or is contributed to by suicide within 24 months after the date their coverage begins. This also applies to increases in your spouse's coverage amount.

#### **SPECIAL BENEFIT FOR TERMINAL ILLNESS**

If your spouse or child is terminally ill, you may choose to receive a portion of their life insurance amount in advance. These provisions are similar to those for your own terminal illness, which are explained in the supplemental life insurance section under *Special benefit for terminal illness*.

## **BENEFICIARY AND PAYMENT OF BENEFITS**

You are automatically the beneficiary of your dependent's life insurance under the plan. If one of your covered dependents dies, full payment of his or her coverage amount will be paid to you. This payment will be made in one lump sum.

If you are not living at the time of your dependent's death, the benefit will be paid to your estate. However, instead of making payments to your estate, the insurance company may at its option pay the benefit in the following order:

- To your spouse.
- If you have no living spouse, to your children in equal shares.
- If you have no living children, to your parents in equal shares.
- If you have no living parents, to your brothers and sisters in equal shares.
- If you have no living brothers or sisters, to your estate.

If your dependent dies, you should contact the benefits department to file a claim and provide a certified copy of the death certificate.

## **WHEN DEPENDENT LIFE INSURANCE ENDS**

Your dependent's life insurance will end when the earliest of the following occurs:

- The plan is terminated.
- The date your employment ends.
- If you stop making required contributions, the last day of the period for which you paid them.

- The date of your death.
- Your dependent ceases to satisfy the plan's definition of an eligible dependent.
- The date you retire.
- The date you begin receiving benefits under the company's long-term disability plan for salaried employees.
- The date you are no longer eligible.

## **PORTABLE DEPENDENT LIFE INSURANCE OPTION**

If you are eligible for the portable insurance coverage option as described in the supplemental life insurance section under *Portable insurance coverage option* (when your life insurance ends under the group plan), you may also be able to continue your dependent's life insurance coverage on an individual basis at group rates. The maximum amount of continued dependent life insurance is based on the amount you select for yourself under the portability option of the basic and supplemental life insurance plan (up to 50% or 100% of your coverage amount, depending on applicable state law). However, if you die while covered under the company's plan, your spouse may elect to port the amount of dependent life coverage in effect on your death.

The portability option is available only if your dependent(s) are not sick or injured when they apply for the option.



The plan's portability feature allows you to continue term life coverage for your dependents at group rates under certain conditions.

KEY POINTS



If your dependent's life insurance coverage ends for certain reasons, your dependents may buy individual coverage.

Also, dependent coverage under the portability option ends when your dependent no longer meets the definition of an eligible dependent. Refer to the section called *Portable insurance coverage option* in the supplemental life insurance section for more information about this plan feature.

If your dependent(s) are not eligible for portable coverage, or portable coverage ends, then your dependents may qualify for conversion coverage as described in the following section.

You or your dependent should contact the benefits department for information on the portability option.

#### **CONVERTING DEPENDENT LIFE INSURANCE TO AN INDIVIDUAL POLICY**

If your dependent's life insurance coverage ends because of any of the following reasons, your dependent may buy individual coverage up to the amount of coverage he or she had before the insurance was terminated:

- ▶ You die or your employment ends.
- ▶ You are no longer a member of an eligible class.
- ▶ Your dependent no longer meets the definition of an eligible dependent.

If the life insurance plan is changed or ended, a dependent can convert coverage subject to the conditions described in the policy issued by the insurance carrier.

Your dependent will not need to provide evidence of good health. Your dependent must submit an application for the individual policy to the insurance company and make the required premium payment

within 31 days of the date coverage ended. If your dependent dies within the 31-day period after coverage ended but before the dependent's individual policy is issued, his or her benefit will be paid.

You or your dependent should contact the benefits department for information about how to convert dependent life insurance coverage.

# Accidental Death and Dismemberment Insurance

In addition to the basic term life benefit, eligible employees will also receive an accidental death and dismemberment (AD&D) benefit. The company pays the full cost of this coverage. Eligible employees may choose to add additional AD&D coverage, which is covered in a separate summary plan booklet.

## ELIGIBILITY

If you are a full-time salaried employee, or a part-time employee working a regular schedule of 20 or more hours per week year-round, you are eligible for coverage under the AD&D plan. Temporary and seasonal employees are not eligible. You will be automatically enrolled for AD&D insurance equal to three times your basic annual salary on your first day of employment.

If you are not actively at work due to illness or injury on the date your coverage would otherwise begin, your coverage will not be effective until you return to work.

Certain disabled employees are also eligible, as explained in later sections.

## YOUR AD&D BENEFITS

Your AD&D coverage amount is three times your basic annual salary, rounded up to the next \$100. For example, if you were to die as a result of a covered accident and were earning \$40,010 a year, your beneficiary would receive \$120,100.

When your basic annual salary changes, the amount of your AD&D coverage also changes. If your salary changes on the first day of the month, your AD&D coverage will increase on the same day; otherwise, it will increase on the first day of the following month. However, if you are away from work due to a disability, your AD&D coverage will not be increased until you return to work.

## REDUCTION OF COVERAGE AT CERTAIN AGES

Your AD&D coverage amount will be reduced when you reach certain ages, according to the following table:

AGE	PERCENTAGE OF ORIGINAL COVERAGE AMOUNT
75-79	65%
80-84	45%
85 and older	30%

## COVERED LOSSES

You will receive all or a portion of your AD&D coverage amount if you suffer a covered loss within 365 days of an accident. These benefits are paid in *addition* to any other amount you receive under the life insurance plans.

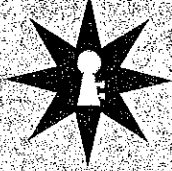
The covered losses are:

- ▶ Death.
- ▶ Loss of a hand by severance through or above the wrist joint.
- ▶ Loss of a foot by severance through or above the ankle joint.
- ▶ Complete and irrevocable loss of sight, speech or hearing.
- ▶ Loss of a thumb and index finger on the same hand at or above the joint where they join the hand.



Eligible employees will also receive an accidental death and dismemberment (AD&D) benefit. The company pays the full cost of this coverage.

KEY POINTS



If you sustain multiple injuries in one accident, only one benefit amount, the largest, will be paid for all of your injuries.

FOR LOSS OF	PERCENTAGE OF TOTAL COVERAGE AMOUNT
Life	100%
Both hands or both feet	100%
Sight of both eyes	100%
One hand and one foot	100%
One hand and sight of one eye	100%
One foot and sight of one eye	100%
Speech and hearing in both ears	100%
One hand or one foot	50%
Sight of one eye	50%
Speech or hearing in both ears	50%
Hearing in one ear	25%
Thumb and index finger of same hand	25%

The table above shows the percentage of your AD&D coverage amount that the plan pays for each type of covered loss.

If you sustain multiple injuries in one accident, only one benefit amount, the largest, will be paid for all of your injuries.

**PARALYSIS BENEFIT**

You will receive all or a portion of your AD&D coverage amount if you suffer certain types of covered paralysis within 365 days of an accident. These benefits are paid in addition to any amount you receive

under the life insurance plan. The table below shows the percentage of your AD&D coverage amount that the plan pays for each type of covered paralysis.

"Paralysis" means complete and irreversible paralysis. "Arm" means the entire arm, and "leg" means the entire leg.

If you suffer more than one type of paralysis or other injury due to the same accident, only one benefit amount, the largest, will be paid.

TYPE OF PARALYSIS	PERCENTAGE OF TOTAL COVERAGE AMOUNT
Quadriplegia (paralysis of both arms and both legs)	100%
Paraplegia (paralysis of both legs)	75%
Hemiplegia (paralysis of the arm and leg of one side of the body)	50%
Uniplegia (paralysis of one arm or leg)	25%

## EXPOSURE AND DISAPPEARANCE

The plan covers losses caused by unavoidable exposure to the elements, such as severe weather, just as it does any other accidental loss.

Also, if you disappear because the vehicle in which you were a passenger disappears, sinks or wrecks and your body is not found within one year, you will be considered to have suffered loss of life, and the appropriate AD&D benefits will be paid to your beneficiary.

## COMA BENEFIT

If you are rendered comatose within 90 days of an accident, and remain in the coma for a period of 30 or more consecutive days, the plan will pay a monthly benefit of 1% of your AD&D coverage amount to your beneficiary. This coma benefit does not apply to the first 30 days of the coma. This benefit will end on the earliest of the following dates:

- ▶ The date you come out of the coma.
- ▶ The date of your death.
- ▶ The date the total payments from the plan equal 100% of your AD&D coverage amount.

For the purposes of this benefit, "comatose" or "coma" means a profound state of unconsciousness from which you cannot be aroused, even by powerful stimulation, as determined by a physician.

## REHABILITATION BENEFIT

If you suffer a covered accidental dismemberment or accidental paralysis, you are eligible for rehabilitation benefits. The plan will reimburse you for covered rehabilitative expenses that you incur within two years after the date of the accident that caused your injury. The maximum amount of reimbursement under this benefit is \$10,000 for all injuries caused by one accident.

Covered rehabilitative expenses are expenses that meet both of the following conditions:

- ▶ They are medically necessary rehabilitative training services, performed under the care, supervision or order of a doctor, for the purposes of your rehabilitation.
- ▶ They do not exceed the usual level of charges for similar treatment, supplies or services in the area where the expense is incurred. (For a hospital room and board charge, this means the most common charge for a semi-private room.)

Charges that would not have been made if you did not have this insurance are excluded. Additionally, expenses that are paid by workers' compensation or other similar laws are excluded.



If you suffer a covered accidental dismemberment or accidental paralysis, you are eligible for rehabilitation benefits.

KEY POINTS



You may designate anyone as the beneficiary of your AD&D benefits, and you may change your beneficiary at any time by obtaining a form from your benefits department.

### SEAT BELT BENEFIT

If you die as the result of an automobile accident for which an accidental death benefit is payable, and you were wearing a properly fastened, original, factory-installed seat belt when the accident occurred, the plan will pay your beneficiary an additional benefit of 10% of the principal sum to a maximum of \$35,000. This will be paid in addition to the accidental death and dismemberment benefit for loss of life.

The accident report or the investigating officer must verify, in writing, that you were wearing your seat belt at the time of the accident.

### EXCLUSIONS AND LIMITATIONS

The plan will not cover any losses that are caused by:

- ▶ Sickness, disease of infections of any kind (except bacterial infections due to an accidental cut or wound, or botulism and ptomaine poisoning).
- ▶ War or act of war (or other international armed conflict), whether declared or not.
- ▶ Suicide, attempted suicide or any intentionally self-inflicted injury, while sane.
- ▶ Riding as a passenger in (including getting in or out of) any aircraft not intended or licensed for the transportation of passengers.
- ▶ Full-time active duty in the armed forces of any country or international authority, except the National Guard or organized reserve corps duty.

### NAMING YOUR BENEFICIARY

You may designate anyone as the beneficiary of your AD&D benefits, and you may change your beneficiary at any time by obtaining a form from your benefits department.

The change will become effective when your benefits department receives the completed form. It will be effective as of the date you signed the request, regardless of whether you are alive at the time the benefits department receives it. However, benefits that have been paid before the company receives the change form will remain the property of the person who received them, and will not be paid to the new beneficiary.

### PAYMENT OF BENEFITS

All benefit payments will be made automatically to you or your beneficiary as specifically designated for this insurance, otherwise as designated under the group life policy.

If you do not designate a beneficiary, or if your covered beneficiary dies before your benefit payment is made, your benefit will be paid instead in the following order:

- ▶ To your spouse.
- ▶ If you have no living spouse, to your children in equal shares.
- ▶ If you have no living children, to your parents in equal shares.
- ▶ If you have no living parents, to your brothers and sisters in equal shares.
- ▶ If you have no living brothers and sisters, to your estate.

If you suffer a loss that is covered by the AD&D plan, you should contact your benefits department to file a claim. A medical report must be supplied.

If you die, your beneficiary should contact your benefits department to file a claim. Your beneficiary must provide a certified copy of the death certificate, including the coroner's report, if applicable.

The insurance company must be notified of a loss within 20 days, or as soon as reasonably possible. Written proof of the loss must be sent to the insurance company within 90 days of the loss or as soon as reasonably possible. In any event, your claim must be submitted within one year of the loss unless you are legally incapable of handling your affairs.

The insurance company has the right to require a physical examination and an examination of records of anyone making a claim.

#### **WHEN YOUR COVERAGE ENDS**

AD&D coverage ends when the earliest of the following occurs:

- ▶ The plan is terminated.
- ▶ The date your employment ends.
- ▶ The date of your death.
- ▶ The date you retire.
- ▶ The date you are no longer eligible.

Your coverage will be continued while you are on a leave of absence that's authorized under the company's family and medical leave policy.

AD&D coverage may not be converted to an individual policy.

#### **COVERAGE FOR DISABLED EMPLOYEES**

If you become disabled, you may remain covered for AD&D benefits if all of the following apply to you:

- ▶ You are receiving company-paid continuation of your salary, or you are receiving benefits under the company's long-term disability plan for salaried employees.
- ▶ You were covered for AD&D insurance benefits immediately before your disability date.
- ▶ You are under age 65.

Your coverage amount will be equal to three times your basic annual salary (rounded to the next \$100) as of the date immediately before your disability began. AD&D coverage will end when you reach age 65.



Your coverage will be continued while you are on a leave of absence that's authorized under the company's family and medical leave policy.



If you become disabled, you may remain covered for AD&D benefits.



# Key Terms

## **BASIC ANNUAL SALARY**

Fifty-two times your base weekly pay. It does not include overtime, commissions, special allowances or salary for foreign service, awards from any special compensation or similar plan, and payments from any other employee benefit plan.

## **BENEFICIARY**

The person you designate to receive payment of your life insurance or accidental death benefit.

## **COMPANY**

Peabody Holding Company, Inc., and its subsidiaries and affiliates.

However, the plan does not cover:

- ▶ Former salaried employees of Eastern Associated Coal Corp. or NuEast Mining Corp. who are retired employees with an effective date before March 1, 1990, as described in these definitions.
- ▶ Disabled salaried employees of Eastern Associated Coal Corp. or NuEast Mining Corp. who are receiving benefits under the Eastern Gas and Fuel Associates long-term disability plan on March 31, 1987.

## **EMPLOYEE OR ACTIVE EMPLOYEE**

Any full-time salaried employee (working 35 or more hours per week) or part-time employee of the company who is scheduled to work at least 20 hours per week year-round, or is considered to be a full-time salaried employee while on vacation, prepaid retirement or assignment by the company, and who is not a disabled employee or retired employee.

This definition does not include any temporary employees, or any person who is a non-resident alien and who receives no income from the company that constitutes income from sources within the United States as defined by Section 861(a)(3) of the Internal Revenue Code.

## **FAMILY AND MEDICAL LEAVE**

An approved leave of absence protected under the Family and Medical Leave Act of 1993 (FMLA).

**INJURY**

Bodily harm caused by an accident.

**INSURANCE COMPANY**

For basic, supplemental and dependent life insurance: UNUM Life Insurance Company of America.

For accidental death and dismemberment coverage: AIG Life Insurance Company.

**PLAN**

The Peabody Group Health and Life Plan for Salaried Employees.

**RETIRED EMPLOYEE**

A former salaried employee who has separated from service with the company due to retirement, and begins to receive a retirement benefit under a retirement plan maintained by the company within 31 days. To be considered a retired employee for the purposes of the plan, you must be age 55 with at least 10 years of service.

**SPOUSE**

Your legal partner in marriage by a civil or religious ceremony. Common-law marriage is not recognized by the plan.

**SURVIVING SPOUSE**

Your spouse surviving after your death, who at the time of your death was living with you or supported by you.

# Plan Administration Information

## PLAN NAME

The Peabody Group Health and Life Plan for Salaried Employees.

## TYPE OF PLAN

Life insurance, accidental death and dismemberment, medical, dental and vision care benefits. Medical, dental and vision care benefits are described in separate summary plan description booklets.

## EMPLOYER IDENTIFICATION NUMBER

The employer identification number assigned to the company by the Internal Revenue Service is 13-2871045.

## PLAN NUMBER

501

## PLAN FISCAL YEAR

January 1 to December 31

## PLAN EFFECTIVE DATE

June 1, 1985

## LAST AMENDED

January 1, 2002

## PLAN SPONSOR

Peabody Holding Company, Inc., and its subsidiaries and affiliates.

You may direct correspondence to:  
Peabody Holding Company, Inc.  
701 Market Street  
St. Louis, Missouri 63101-1826  
(314) 342-3400

## PLAN ADMINISTRATOR

Peabody Holding Company, Inc.  
701 Market Street  
St. Louis, Missouri 63101-1826  
(314) 342-3400

The plan administrator has the responsibility and sole discretion to interpret the plan provisions, to resolve ambiguities and supply omissions, to make factual findings and apply the terms of the plan to specific situations. With respect to life insurance and accidental death and dismemberment benefits, the plan administrator has delegated this authority to the insurance companies.

## INSURANCE COMPANIES

For basic, supplemental and dependent life insurance:

UNUM Life Insurance Company  
of America  
2211 Congress Street  
Portland, Maine 04122

For accidental death and dismemberment insurance:

AIG Life Insurance Company  
One Alico Plaza  
Wilmington, Delaware 19801

## AGENT FOR SERVICE OF LEGAL PROCESS

The agent for service of legal process varies by state. To determine the appropriate agent for your location, you may contact:

Peabody Holding Company, Inc.  
701 Market Street  
St. Louis, Missouri 63101-1826  
(314) 342-3400

## **FUNDING AND DISBURSEMENTS**

Life and accidental death and dismemberment benefits are fully insured by the insurance companies named above. Peabody is not responsible for paying claims.

Disbursements are made by the insurance companies in accordance with the terms of the group insurance policies.

Insurance premiums for employees and their families are paid in part by Peabody out of its general assets and by employee after-tax contributions.

KEY POINTS



As a participant in this plan, you are entitled to certain rights under the Employee Retirement Income Security Act of 1974 (ERISA).

## Your ERISA Rights

As a participant in this plan, you are entitled to certain rights under the Employee Retirement Income Security Act of 1974 (ERISA).

### RECEIVE INFORMATION ABOUT YOUR PLAN AND BENEFITS

ERISA provides that all plan participants are entitled to:

- ▶ Examine, without charge, at the plan administrator's office and at other specified locations, such as work sites, all documents governing the plan, including insurance contracts 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 administrator, copies of documents governing the operation of the plan, including insurance contracts and copies of the latest annual report (Form 5500 series) and updated summary plan description. The administrator may make a reasonable charge for the copies.
- ▶ Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

### PRUDENT ACTIONS BY PLAN FIDUCIARIES

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the benefit plan. The people who operate your 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 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 the plan document 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 administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the administrator's control.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or 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 your claim is frivolous.

#### **ASSISTANCE WITH YOUR QUESTIONS**

If you have any questions about your plan, you should contact the plan administrator. 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 administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory; or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

# If Your Claim Is Denied



If any portion of a claim is not paid, or if you do not understand or do not agree with the handling of a claim, there are several things that you can do to appeal the decision. Most of your questions can be answered quickly and efficiently if you call or write the insurance company.

If your claim for a plan benefit is denied or reduced, you or your beneficiary will be notified in writing within a reasonable period of time, but no longer than 90 days unless special circumstances require extra time for processing. If such a time extension is necessary, you will receive written notice before the end of the initial 90 days. This notice will tell you why additional time is needed and the date you can expect a final decision. This decision must be made within 90 days after the end of the initial 90-day period.

If a claim is denied in whole or in part, you or your beneficiary will receive a written notice that includes:

- ▶ The specific reason for the denial.
- ▶ A specific reference to the plan provisions on which the denial is based.

- ▶ A description of any additional material or information necessary for you to substantiate your claim and an explanation of why such material is needed.
- ▶ A description of the steps you must follow (including applicable time limits) if you want to appeal the denial of your claim, including your right to submit written comments and have them considered, your 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, and your right to bring a civil action under Section 502 of ERISA if your claim is denied on appeal.

## REVIEW OF DENIED CLAIMS

You may appeal the denial of your claim to the insurance company. This appeal must be made in writing within 60 days after you receive the written notice from the insurance company that your claim had been denied in whole or in part. If you do not file your appeal within this time period, you will lose the right to appeal the denial.

Your written appeal should set out the reasons you believe that the claim should not have been denied and should also include any additional supporting information, documents or comments that you consider appropriate. At your request, you will be provided, free of charge, with reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

The insurance company will review and decide your appeal within a reasonable period of time but no longer than 60 days after it is submitted. This time period may be extended for an additional 60 days if the insurance company determines that there are special circumstances that require an extension. You will be advised in writing of the need for an extension during the initial 60-day period and a determination will be made no more than 120 days after the date the claim was submitted. If the extension is needed because you failed to submit information necessary to decide the claim, the period for deciding the appeal shall be tolled from the date on which the insurance company sends you notification of the extension until the date on which you respond to the request for additional information.


The review will take into account all comments, documents, records, and other information relating to the claim that you submit without regard to whether such information was submitted or considered in the initial benefit determination.

You will be notified in writing if the decision on appeal upholds the initial denial of your claim. The notification will provide:

- ▶ A statement of your right to bring a civil action under Section 502 of ERISA.
- The decision of the insurance company is final and binding on all individuals dealing with or claiming benefits under the plan.
- ▶ The specific reason or reasons for the denial.
  - ▶ Reference to specific plan provisions on which the determination was based.
  - ▶ A description of your 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.



## Amending the Plan

 **T**he plan is adopted with the intention that it will be continued for the benefit of present, future and retired employees of the company.

However, the company reserves the right to terminate the plan, change required contributions, or modify this plan in whole or in part at any time or for any reason, including changes in any and all of the benefits provided. This may cause employees and retired employees to lose all or a portion of their benefits under the plan, but will not affect the right of any employee or retiree to be reimbursed for any covered loss that he or she has already incurred, or to which he or she has already become entitled under the plan.

This means that an employee or retiree cannot have a lifetime right to any plan benefit or to the continuation of this plan simply because this plan or a specific benefit is in existence at any time during the employee's employment or retirement. This plan will comply with all requirements of the law and will be changed, if necessary, in order to meet any such requirements.

