

JANE J. DOE & FAMILY
123 MAIN STREET
LOS ANGELES, CA 90212

COBRA CONTINUATION COVERAGE ELECTION NOTICE

SSN: 123-45-7890
Notification Date: 08/10/2007
Date Your Coverage Ends: 07/31/2007
Last Date to Elect: 10/08/2007

This notice contains important information about your right to continue your health care coverage in the Widgets Inc. Group Health Plan (the Plan). Please read the notice very carefully, as it provides important information concerning your rights and what you have to do to continue your health care coverage under the Plan.

If you do not elect to continue your health care coverage by completing the enclosed "Election Form" and returning it to us, your coverage under the Plan will end on 07/31/2007 due to the status shown above. Because of the event that will end your coverage under the Plan, you and/or any of your dependents who were covered on the day before the event are entitled to continue your health coverage for up to 18 months. If you elect to continue your coverage under the Plan, your continuation coverage will begin on 08/01/2007 and can last until 01/31/2009.

Each of the following qualified beneficiaries is entitled to elect to continue health care coverage under the Plan:

JANE J DOE Self F 05/25/1975

IMPORTANT - To elect continuation coverage, you MUST complete the enclosed "Election Form" and return it to the TRI-AD COBRA Unit, at the address shown on the next page. The completed Election Form must be postmarked by 10/08/2007. If you do not submit a completed Election Form by this date, you will lose your right to elect continuation coverage. Important information about your rights is provided to you on the pages after the Election Form.

Each eligible family member may elect coverage independently by completing a separate copy of the enclosed Election Form. The primary qualified beneficiary may elect to continue coverage on behalf of all eligible dependents who were covered the day before the qualifying event, but only a dependent or legal guardian may elect or decline coverage which the primary qualified beneficiary has declined.

Your completed and signed Election Form must be returned to the TRI-AD COBRA Unit by **10/08/2007** or you will lose your right to COBRA continuation coverage.

Your coverage will be reactivated upon receipt of payment. Make the check payable to **Widgets Inc.** for the total premium amount due for the benefits you are continuing. Send the check to the TRI-AD COBRA Unit with your completed and signed Election Form.

If you have any questions concerning the information in this notice or your rights to coverage, please contact:

TRI-AD COBRA Unit
P.O. Box 2059
Escondido, CA 92033

Telephone: 888-844-1372, Option "4"
Fax: 760-233-4742
Email: cobmail@tri-ad.com

TRI-AD COBRA Web site

As a COBRA participant, you can use our TRI-AD Web site to:

- Enroll in COBRA on-line
- Make COBRA payments electronically
- Review your billing/payment and coverage information
- Enter Status Changes on-line
- Print your HIPAA Certificate
- Read COBRA information, including Frequently Asked Questions (FAQs)

To access the site, go to: www.tri-ad.com/COBRA. There are many useful tools on that page. You can also select "Login" to access your account.

The first time you visit the website, enter your Social Security Number (with no dashes) as your User ID, and use the last four numbers of your Social Security Number as the password. You will then be prompted to enter a new password.

This is a secure website which is updated nightly.

You can also email us at cobmail@tri-ad.com if you have questions or if you need to change any of your information.

JANE J. DOE & FAMILY
123 MAIN STREET
LOS ANGELES, CA 90212

COBRA COVERAGE ELECTION FORM

I elect the coverage(s) that I have checked below for myself and my eligible dependents, if any:

	Carrier Name	Description	Amount Due	Bill Cycle
<input type="checkbox"/>	Aetna Dental	Aetna Dental - EE Only	\$ 18.80	1 Month
<input type="checkbox"/>	United Health Care Medical	UHC Medical - EE Only	\$ 330.00	1 Month

You must provide the information below for any dependent not shown who will be covered. Complete any missing information for any dependents listed below.

Name (First Last) **Relationship** **Sex** **Birth Date** **Alt.SSN**
JANE J DOE Self F 05/25/1975

I have read the NOTICE OF RIGHT TO ELECT COBRA CONTINUATION COVERAGE and understand my election rights. I agree to notify the Plan Administrator if I or any covered dependents become covered by another group health plan or entitled to Medicare or have a change of address.

Signature Date (mm/dd/yyyy) Telephone Number (incl. Area Code)

Send completed form to: TRI-AD COBRA Unit, P.O. Box 2059, Escondido, CA 92033

Telephone: 888-844-1372, Option "4" - Fax: 760-233-4742 - Website: www.tri-ad.com

IMPORTANT INFORMATION ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS

What is continuation coverage?

Federal Law requires that most group plans (including this plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee covered under the group health plan, the covered employee's spouse, and dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan including open enrollment and special enrollment rights.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued 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. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- (a) any required premium is not paid in full on time,
- (b) a qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary,
- (c) a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- (d) the employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the TRI-AD COBRA Unit in writing of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect your right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has 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. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify the Plan of that fact within 30 days after SSA's determination.

You must notify the TRI-AD COBRA Unit in writing of the Social Security Administration's determination

within 60 days of the date of the determination and before the end of the 18-month period of COBRA continuation coverage. Failure to provide this notice within the 60 days means you may not be offered the COBRA disability extension.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred.

You must notify the TRI-AD COBRA Unit in writing of the second qualifying event within 60 days of the second qualifying event and before the end of the 18-month period of COBRA continuation coverage. Failure to provide this notice within the 60 days means you may not be offered the COBRA disability extension.

California CAL-COBRA Extension Under AB 1401

Recent changes in California law may require that health insurers offer specified individuals who begin receiving continuation coverage on or after January 1, 2003, and who have exhausted their continuation coverage under federal continuation coverage an opportunity to extend the term of their coverage to 36 months. If you qualify for this coverage, the rate may be 110% of the active employee rates. Contact your health plan insurer for more information. Note that the extension does not apply to self-funded plans, and it does not apply to dental, vision, or EAP coverage.

State Laws Covering Continuation of Health Benefits

State laws in your state may provide additional continuation coverage benefits. Contact your health plan insurer for more information.

Important things to consider about electing continuation coverage

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you.

Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after you group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

Please examine your options carefully before declining this coverage. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.

How can you elect COBRA continuation coverage?

To elect continuation coverage, you must complete and sign the enclosed Election Form and return it to the TRI-AD COBRA Unit, which administers COBRA for Widgets Inc. You must elect coverage by the "Last Day to Elect" specified on the Election Form. This date is 60 days from the Qualification Date or from the date the Election Notice is provided to you, whichever is later. Failure to do so will result in loss of the right to elect continuation coverage under the Plan. You may change your election or rejection of continuation coverage at any time until that date.

Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost. You may reduce your coverage level or drop your coverage or dependents at any time. However, you may add dependents or coverages only at the Plan's open enrollment, or when you have a qualified change in status (birth or adoption of a child; marriage; gain or loss of coverage by eligible dependent). You must also immediately provide any address change, as this may affect the coverages available to you.

You must notify the TRI-AD COBRA Unit in writing of a change in status or an address change within 31 days of the change. Failure to provide this notice within 31 days means you may be prevented from making changes to your coverage.

How much does COBRA continuation coverage cost?

The cost for COBRA coverage during the 18-month or 36-month period may not exceed 102% of the entire cost of coverage for a similarly situated plan participant who is not receiving continuation coverage. COBRA participants pay both the employer and employee portions of the cost of coverage. If a qualified beneficiary is eligible for the disability extension, during the additional 11 months of continuation coverage the cost for that coverage may not exceed 150% of the active employee rates. Monthly costs are shown on the Election Form. These costs are subject to change.

When and how must payment for COBRA continuation coverage be made?

Retroactive payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment for continuation coverage with the Election Form. However, if you elect to continue coverage, you must pay the premium required for the elected coverage retroactive to the date your active coverage ended. Payment of your retroactive amount must be postmarked not later than 45 days after the date of your COBRA election (the date your Election Notice is postmarked, if mailed). If you do not make your retroactive payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your retroactive payment is enough to cover this entire period. You may contact the TRI-AD COBRA Unit at 888-844-1372, Option "4", to confirm the correct amount of the retroactive payment. Your coverage will be reactivated upon receipt of payment.

Monthly payments for continuation coverage

After you make your retroactive payment for continuation coverage, you will be required to make payments for each subsequent month of coverage. The amount due for each coverage period for each qualified beneficiary is shown on the Election Form. The monthly payments for continuation coverage are due on the first day of the month for which coverage is provided. If you make a payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that

coverage period without any break. As a courtesy, you will be sent a set of coupons showing the payment amounts and due dates through the end of the Plan Year or the end of your continuation coverage period. However, the Plan will not send notices of payments due for these coverage periods.

Grace periods for monthly payments

Although monthly payments are due on the first of each month, you will be given a grace period of 30 days to make each monthly payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. However, if you pay a monthly payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage under the Plan may be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the monthly payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a monthly payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan. Payment must be postmarked within the month in which it is due. Checks returned for insufficient funds or checks that otherwise cannot be cashed do not constitute payment. Once coverage is lost, it cannot be reinstated.

Your first payment and all periodic payments for continuation coverage should be sent to:

TRI-AD COBRA Unit
P.O. Box 2059
Escondido, CA 92033

Modification of Benefits

Continued coverage will be the same health coverage you and/or your dependents would have been entitled to if your employment (or his/her dependent status) had not changed. Widgets Inc. reserves the right to eliminate or modify benefits offered under its health plan and to change the monthly rates. If a health plan is replaced, continuation coverage will continue under any succeeding arrangement.

The Trade Act of 2002

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. If you have questions about these new tax provisions, you may call the Health Care Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact/2002act_index.asp.

For more information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator. If you have any questions concerning the information in this notice or, your rights to coverage, you should contact the COBRA Plan Administrator (see below). If you want a copy of your summary plan description, you should contact the Plan Administrator (see 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). Addresses and

phone numbers of Regional and District EBSA Offices are available through the EBSA website at www.dol.gov/ebsa. The Department of Labor "Health Benefits Advisor" at www.dol.gov/elaws/ebsa/health/ provides consumer information about health benefits.

Keep your Plan Informed of Address Changes

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

The Plan Administrator for the Widgets Inc. Group Health Plan is:
Widgets Inc
345 Main Street
San Diego CA 92117

Telephone
858-490-2646

The COBRA Plan Administrator for this plan is:

TRI-AD COBRA Unit
P.O. Box 2059
Escondido, CA 92033

Telephone: 888-844-1372, Option "4"
Fax: 760-233-4742
Email: cobmail@tri-ad.com

Widgets Inc.

If you are interested in converting your MetLife sponsored Supplemental Life Insurance,
please call Widgets' Benefits Department at 858-111-2222.