

Arnold's Fabricating and Machine, Inc. Health Reimbursement Arrangement (HRA) Plan

Summary Plan Description

Introduction

Your employer (the Employer) is pleased to provide the Arnold's Fabricating and Machine, Inc. Health Reimbursement Arrangement (HRA) Plan (the HRA Plan) for Eligible Employees. Under federal tax law, the HRA Plan is known as a "Health Reimbursement Arrangement" or "HRA" plan. This document describes the basic features of the HRA Plan, how it operates, and how you can get the maximum advantage from it. This is only a summary of the key parts of the HRA Plan and a brief description of your rights as a Participant. If there is a conflict between the official, complete HRA Plan document and this document, the official HRA Plan document will control. Definitions of capitalized terms used in this pamphlet are contained in Part V.

PART I. General Information About the Plan

I-1. What is the purpose of the HRA Plan?

The purpose of the HRA Plan is to reimburse Eligible Employees, up to certain limits, for their own and their covered Spouses' and Dependents' Medical Care Expenses. Reimbursements for Medical Care Expenses paid by the HRA Plan generally are excludable from taxable income.

I-2. When did the HRA Plan take effect?

The HRA Plan became effective August 1, 2023.

I-3. Who can participate in the HRA Plan?

An individual is an Eligible Employee and may participate in this Plan if the individual is an Employee; regularly works 40 hours or more per week; has been employed by the Employer for at least 60 calendar days; and is enrolled in the Employer's major medical plan, you are an Eligible Employee and may become a Participant in the HRA Plan on the first day of the month coinciding with or following the date the eligibility requirements have been met. If you are a Participant, unless the Employer only allows reimbursements for Employee-Only coverage, you may also be reimbursed for eligible Medical Care Expenses incurred by your Spouse and Dependents.

If the employee's spouse participates in an HSA, the employee may not be eligible to participate in the employer-sponsored HRA.

I-4. What Benefits are offered through the HRA Plan?

Once you become a Participant, the HRA Plan will maintain an “HRA Account” in your name to keep a record of the amounts available to you for the reimbursement of eligible Medical Care Expenses. Your HRA Account is merely a recordkeeping account; it is not funded (all reimbursements are paid from the general assets of the Employer), and it does not bear interest or accrue earnings of any kind.

Before the start of each Plan Year, the Employer will determine a maximum annual amount that may be credited during that Plan Year to the HRA Account of each Participant in the HRA Plan. The amount of coverage for this plan year is \$500.00 employee-only coverage, \$1,000.00 employee plus spouse coverage, \$1,000.00 employee plus child coverage and \$1,000.00 family coverage.

Your HRA Account will be reduced by any amount paid to you, or for your benefit, for eligible Medical Care Expenses. The amount available for reimbursement of Medical Care Expenses as of any given date will be the total amount credited to your HRA Account as of such date, reduced by any prior reimbursements made to you as of that date.

A Participant's HRA account will be credited at the beginning of the Plan Year in addition to any carryover from the previous year (only if the Plan allows for carryovers described below). If a Participant enters the HRA Plan mid-year, then the Participant will be credited with the full annual contribution.

If any balance remains in the Participant's HRA account after all reimbursements have been made for the Period of Coverage, such balance shall be forfeited. However, upon termination of employment or other loss of eligibility, the Participant's coverage ceases, and expenses incurred after such time will not be reimbursed unless COBRA continuation coverage is elected as provided in Section 7.7. In addition, any HRA benefit payments that are unclaimed (e.g., uncashed benefit checks) by the close of the Plan Year following the Period of Coverage in which the Medical Care Expense was incurred shall be forfeited.

SPECIAL NOTE: When a Participant ceases to be a Participant, the Participant will not be able to receive reimbursements for Medical Care Expenses incurred after his or her participation terminates. However, such Participant (or the Participant's estate) will only have until 3 months after the date they ceased to be eligible in which to submit claims for reimbursement for Medical Care Expenses incurred prior to the date on which you ceased to be eligible.

I-5. How will the HRA Plan work?

The HRA Plan will reimburse you for eligible Medical Care Expenses to the extent that you have a positive balance in your HRA Account. The following procedure should be followed:

- If an electronic payment card is not used for a claim, you must submit a claim to the Administrator and provide any additional information requested by the Administrator;

- A request for payment must relate to Medical Care Expenses incurred by you, your Spouse, or your Dependent during the time you were a Participant under this Plan; and
- A request for payment must be submitted within 3 month(s) after a participant's loss of eligibility or the close of the Plan Year in which the Medical Care Expense was incurred. Claims must be submitted in writing. The Administrator may require that Participants submit claims on a form provided by the Administrator. The claim must set forth:
 - The individual(s) on whose behalf the Medical Care Expenses were incurred;
 - The nature and date of the Medical Care Expenses so incurred;
 - The amount of the requested reimbursement;
 - other such details about the expenses that may be requested by the Plan Administrator in the reimbursement request form or otherwise (e.g., a statement from a medical practitioner that the expense is to treat a specific medical condition, or a more detailed certification from the Participant); and
 - A statement that such Medical Care Expenses have not otherwise been reimbursed and are not reimbursable through any other source and that Health FSA coverage, if any, for such Medical Care Expenses has been exhausted.

Each claim must be accompanied by an Explanation of Benefits (EOB) showing that the Medical Care Expenses have been incurred and showing the amounts of such Medical Care Expenses, along with any additional documentation that the Administrator may request.

I-6. Are there any limitations on Benefits available from the HRA Plan?

Only Medical Care Expenses are covered by the HRA Plan. A Medical Care Expense is an expense that is related to the diagnosis, care, mitigation, treatment, or prevention of disease. For purposes of this plan, Medical Care Expenses are In-network deductible, Out-of-network deductible, Medically Related Dental and Vision, Copays and Coinsurance Expenses. Your Employer or Administrator can provide you with more information about which expenses are eligible for reimbursement.

I-7. How do I become a Participant?

If you meet the eligibility requirements described in Section I-3, you are an Eligible Employee and may become a Participant in the HRA Plan on the first day of the calendar month following your enrollment in the Plan in accordance with procedures established by your Employer.

I-8. What if I terminate my employment during the Plan Year?

If you cease to be an Eligible Employee (for example, if you die, retire, or terminate employment), your participation in the HRA Plan will terminate on the last day of the month in which you cease to be an Eligible Employee unless you elect COBRA continuation coverage as described below. You will be reimbursed for any Medical Care Expenses incurred prior to your termination date, up to your account balance in the HRA Account, provided that you comply with the reimbursement request procedures required under the HRA Plan (see Section I-5 for more information on the reimbursement request process). Any unused portions will be unavailable after termination of employment. However, if you are rehired within 30 days after your termination, your HRA Account balance will be reinstated.

I-9. What is COBRA continuation coverage? If I or my Spouse or Dependent has a COBRA Qualifying Event, can I continue to participate in the HRA Plan?

COBRA is a federal law that gives certain employees, spouses, and dependent children of employees the right to temporary continuation of their health care coverage under the Employer's major medical or other health insurance plan at group rates. If you, your Spouse, or your Dependent children incur an event known as a "Qualifying Event," and if such individual is covered under the HRA Plan when the Qualifying Event occurs, then the individual incurring the Qualifying Event will be entitled under COBRA (except in the case of certain small employers) to elect to continue his or her coverage under the HRA Plan if he or she pays the applicable premium for such coverage. "Qualifying Events" are certain types of events that would cause, except for the application of COBRA's rules, an individual to lose his or her health insurance coverage. A Qualifying Event includes the following events:

- Your termination from employment or reduction of hours;
- Your divorce or legal separation from your Spouse;
- Your becoming eligible to receive Medicare benefits;
- Your Dependent child's ceasing to qualify as a Dependent.

If the Qualifying Event is termination from employment, then the COBRA continuation coverage runs for a period of 18 months following the date that regular coverage ended. COBRA continuation coverage may be extended to 36 months if another Qualifying Event occurs during the initial 18-month period. You are responsible for informing the Administrator of the second Qualifying Event within 60 days after the second Qualifying Event occurs. COBRA continuation coverage may also be extended to 29 months in the case of an individual, disabled within 60 days after the date the entitlement to COBRA continuation coverage initially arose and who continues to be disabled at the end of the 18 months. In all other cases to which COBRA applies, COBRA continuation coverage shall be for a period of 36 months.

I-10. Will I have any administrative costs under the HRA Plan?

Generally, no. The Employer is currently bearing the entire cost of administering the HRA Plan while you are an Employee.

I-11. How long will the HRA Plan remain in effect?

Although the Employer expects to maintain the HRA Plan indefinitely, it has the right to terminate the HRA Plan at any time. The Employer also reserves the right to amend the HRA Plan at any time and in any manner that it deems reasonable, in its sole discretion.

I-12. Are my Benefits taxable?

The HRA Plan is intended to meet certain requirements of existing federal tax laws, under which the Benefits that you receive under the HRA Plan generally are not taxable to you. However, the Employer cannot guarantee the tax treatment to any given Participant, since individual circumstances may produce differing results. If there is any doubt, you should consult your own tax adviser.

I-13. What happens if my claim for Benefits is denied?

If your claim for Benefits is denied, then you have the right to be notified of the denial and to appeal the denial, both within certain time limits. The rules regarding denied claims for Benefits under the HRA Plan are discussed below.

A. When must I receive a decision on my claim?

You are entitled to notification of the decision on your claim within 30 days after the Administrator's receipt of the claim. This 30-day period may be extended by an additional period of up to 15 days if the extension is necessary due to conditions beyond the control of the Administrator. The Administrator is required to notify you of the need for the extension and the time by which you will receive a determination on your claim. If the extension is necessary because of your failure to submit the information necessary to decide the claim, then the Administrator will notify you regarding what additional information you are required to submit, and you will be given at least 45 days after such notice to submit the additional information. If you do not submit the additional information, the Administrator will make the decision based on the information that it has.

B. What information will a notice of denial of a claim contain?

If your claim is denied, the notice that you receive from the Administrator will include the following information:

- The specific reason for the denial;

- A reference to the specific HRA Plan provision(s) on which the denial is based;
- A description of any additional material or information necessary for you to perfect your claim and an explanation of why such material or information is necessary;
- A description of the HRA Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA § 502(a) following a denial on review; and
- If the Administrator relied on an internal rule, guideline, protocol, or similar criteria in making its determination, either a copy of the specific rule, guideline, or protocol, or a statement that such a rule, guideline, protocol, or similar criterion was relied upon in making the determination and that a copy of such rule, guideline, protocol, or similar criterion will be provided to you free of charge upon request.

C. Do I have the right to appeal a denied claim?

Yes, you have the right to appeal the Administrator's denial of your claim.

D. What are the requirements of my appeal?

Your appeal must be in writing, must be provided to the Administrator, and must include the following information:

- Your name and address;
- The fact that you are disputing a denial of a claim or the Administrator's act or omission;
- The date of the notice that the Administrator informed you of the denied claim; and
- The reason(s), in clear and concise terms, for disputing the denial of the claim or the Administrator's act or omission.

You should also include any documentation that you have not already provided to the Administrator.

E. Is there a deadline for filing my appeal?

Yes. Your appeal must be delivered to the Administrator within 180 days after receiving the denial notice or the Administrator's act or omission.

If you do not file your appeal within this 180-day period, you lose your right to appeal.

Your appeal will be heard and decided by the Committee.

F. How will my appeal be reviewed?

Anytime before the appeal deadline, you may submit copies of all relevant documents, records, written comments, and other information to the Committee. The HRA Plan is required to provide you with reasonable access to and copies of all documents, records, and other information related to the claim. When reviewing your appeal, the Administrator will take into account all relevant documents, records, comments, and other information that you have provided with regard to the claim, regardless of whether or not such information was submitted or considered in the initial determination.

The appeal determination will not afford deference to the initial determination and will be conducted by a fiduciary of the HRA Plan who is neither the individual who made the original determination nor an individual who is a subordinate of the individual who made the initial determination.

G. When will I be notified of the decision on my appeal?

The Committee must notify you of the decision on your appeal within 60 days after receipt of your request for review.

H. What information is included in the notice of the denial of my appeal?

If your appeal is denied, the notice that you receive from the Committee will include the following information:

- The specific reason for the denial upon review;
- A reference to the specific HRA Plan provision(s) on which the denial is based;
- A statement providing that you are required to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to your claim for benefits;
- If an internal rule, guideline, protocol, or similar criterion was relied upon in making the review determination, either the specific rule, guideline, or protocol, or a statement that such a rule, guideline, protocol, or similar criterion was relied upon in making the review determination and that a copy of such rule, guideline, protocol, or similar criterion will be provided to you free of charge upon request; and
- A statement of your right to bring a civil action under ERISA § 502(a).

No action may be brought against the Plan, the Employer, the Administrator, or any other entity to whom administrative or claims processing functions have been delegated until you first follow the above claim procedures and receive a final determination from the Administrator.

I-14. Who is the Administrator?

The Employer is the Administrator and the named fiduciary for the HRA Plan.

I-15. *RESERVED*****

PART II. Administrative Information and Participant Rights

The Administrator administers the HRA Plan and has the discretionary authority to interpret all HRA Plan provisions and to determine all issues arising under the HRA Plan, including issues of eligibility, coverage, and Benefits. The Administrator's failure to enforce any provision of the HRA Plan shall not affect its right to later enforce that provision or any other provision of the HRA Plan. The Administrator may delegate some of its administrative duties to agents.

Name of Plan: Arnold's Fabricating and Machine, Inc. Health Reimbursement Arrangement (HRA) Plan

Sponsoring Employer: Arnold's Fabricating and Machine, Inc.

Plan Administrator: Arnold's Fabricating and Machine, Inc.

Contact: Human Resources Department

Plan Administrator's Address: 3333 Reynoldsburg Rd
Camden, TN 38320

Plan Administrator's Telephone Number: (731) 584-3601

Plan Administrator's Employer Identification Number: 62*1123093

Plan Number: 502

Plan Year: August 1st through July 31st.

Agent for Service of Process: Service may be made on the Administrator at the address listed above.

Records: The financial records of the HRA Plan are kept on a Plan Year basis.

Type of Plan: The HRA Plan is intended to qualify as an employer-provided medical reimbursement plan under Code §§ 105 and 106 and the regulations issued thereunder, and as a health reimbursement arrangement as defined under IRS Notice 2002-45.

Funding: The HRA Plan is paid for by the Employer out of the Employer's general assets. There is no trust or other fund from which Benefits are paid.

PART III. Participant Rights

As a Participant in the HRA Plan, you may be entitled to certain rights and protection under the Employee Retirement Income Security Act (ERISA). ERISA provides that all plan participants are entitled to:

- Examine, without charge, at the Administrator's office and at other specified locations (such as worksites and union halls) all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the HRA Plan with the U.S. Department of Labor or Internal Revenue Service, such as detailed annual reports and plan descriptions;
- Obtain copies of all plan documents and other plan information upon written request to the Administrator (the Administrator may charge a reasonable amount for the copies); and

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefits plan. The people who operate your HRA Plan, called "fiduciaries" of the HRA Plan, have a duty to do so prudently and in the interest of the HRA Plan

Participants and beneficiaries. No one, including your Employer, your union, or any other person, may discriminate against you in any way to prevent you from obtaining a Benefit from the HRA Plan or from exercising your rights under ERISA.

If your claim for a Benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the HRA Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the HRA 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 HRA 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 control of the HRA Plan Administrator. If you have a claim for Benefits that is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the HRA Plan, then you may file suit in state or federal court. In addition, if you disagree with the HRA Plan's decision or lack thereof regarding the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court.

If it should happen that plan fiduciaries misuse the HRA Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and

fees (for example, if it finds that your claim is frivolous). If you have any questions about the HRA Plan, you should contact the HRA Plan Administrator. If you have any questions about this part of the Summary Plan Description or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

HIPAA Privacy Rights

Use and Disclosure of Protected Health Information

Except for certain permitted uses and disclosures, the Privacy Rule issued by the federal government prohibits the HRA Plan from using or disclosing certain health information about you that is created or received by the HRA Plan without your written authorization (see the definition of “Protected Health Information” in Part V). For additional information about your privacy rights, please either refer to the HRA Plan’s Privacy Notice or contact the HRA Plan’s Privacy Official.

If you wish to authorize the HRA Plan to use or disclose your PHI in a manner that is not otherwise permitted, you must submit a signed and completed authorization form to the HRA Plan. You may request a copy of the authorization form from Human Resources.

Permitted Uses and Disclosures

The HRA Plan is permitted under the Privacy Rule to use or disclose your PHI without your authorization only for purposes related to:

- Health care treatment;
- Payment for health care;
- Health care operations; and
- Other specifically permitted exceptions, such as disclosures to assist disaster relief, disclosures to lessen serious health or safety threats, or disclosures to business associates.

For a complete list of permitted exceptions, please refer to the HRA Plan’s Privacy Notice or contact the HRA Plan’s Privacy Official.

Disclosures to the Employer

After the Employer has certified to the HRA Plan that it is in compliance with the Privacy Rule, the HRA Plan may disclose PHI to the Employer without your authorization to the extent that the PHI is necessary for the Employer to perform HRA Plan administration functions. The HRA Plan may not disclose any more PHI to the Employer than is necessary for the Employer to fulfill its administration functions, and the HRA Plan may not disclose PHI to the Employer for purposes of any employment-related actions or in connection with any other employee benefit provided by the Employer.

To the extent that your PHI is disclosed to the Employer, the Employer will:

- not use or further disclose PHI other than as permitted or required by the official HRA Plan document or as required by law;
- ensure that any agents to whom the Employer provides PHI (or certain Electronic Protected Health Information (E PHI)) received from the HRA Plan agree to the same restrictions and conditions that apply to the Employer with respect to PHI;
- not use or disclose PHI for employment-related actions and decisions unless authorized by you;
- not use or disclose PHI in connection with any other benefit provided by the Employer unless authorized by you;
- report to the HRA Plan's Privacy Officer any misuse or improper disclosure of PHI;
- make PHI available to you in accordance with the requirements of the Privacy Rule;
- make PHI available to you for amendment and incorporate any amendments to PHI in accordance with the requirements of the Privacy Rule;
- make available to you the information required to provide an accounting of disclosures in accordance with the requirements of the Privacy Rule;
- make internal practices, books, and records relating to the Employer's use and disclosure of PHI available to the Secretary of Health and Human Services for the purposes of determining the HRA Plan's compliance with HIPAA; and
- if feasible, return or destroy all PHI received from the HRA Plan that the Employer still maintains in any form, and retain no copies of the PHI, when the PHI is no longer needed for the purpose for which the disclosure was made (or if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible).

The Employer may only disclose your PHI (or certain E PHI) to the following employees and may only do so to the extent that the employees perform HRA Plan administration functions:

- The Privacy Official;
- Employees in the Employer's Human Resources Department;
- Employees in the Employer's Office of General Counsel; and
- Any other class of employees designated in writing by the Privacy Official.

If an employee does not comply with the requirements of the Privacy Rule, then the Employer may apply appropriate sanctions to the employee in order to ensure compliance with the Privacy Rule. If you become aware of any inappropriate use or improper disclosure of PHI, contact the Privacy Official immediately.

PART IV. Definitions

In this document, the following terms, when capitalized, shall have the following meanings unless a different meaning is clearly required by the context.

Administrator. The Employer.

Benefits. The reimbursement benefits for Medical Care Expenses described in the HRA Plan.

COBRA. The Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

Code. The Internal Revenue Code of 1986, as amended.

Committee. The Benefit Plan Committee of the Employer, or such other person or Committee as may be appointed by the Employer to supervise the administration of the Plan or decide appeals.

Compensation. The wages or salary paid to an Employee by the Employer.

Dependent. A dependent as defined in Code § 105(b); provided, however, any child to whom Code § 152(e) applies shall be treated as a dependent of both parents. Note that the Code § 105(b) definition is similar to the Code § 152 definition that is used to determine your tax dependents, except that an individual's status as a Dependent is determined without regard to the gross income limitation for a "qualifying relative" and certain other provisions of Code § 152. The HRA Plan will provide Benefits in accordance with the applicable requirements of any qualified medical child support order, even if the child does not meet the definition of Dependent.

NOTE: Pursuant to the terms and intent of the federal Patient Protection and Affordable Care Act of 2010 and notwithstanding anything in the foregoing to the contrary, a "Dependent" shall also include a child of a Participant who has not attained age 27 by the end of any given taxable year.

Electronic Protected Health Information or EPHI. Has the meaning described in 45 CFR § 160.103 and generally includes Protected Health Information that is transmitted by electronic media or maintained in electronic media. Unless otherwise specifically noted, Electronic Protected Health Information shall not include enrollment/disenrollment information and summary health information (as such terms are defined in HIPAA).

Eligible Employee. Means an Employee eligible to participate in this Plan, as provided in Question I-3.

Employee. An Employee of the Employer who receives Compensation from the Employer. The term shall not include (1) any individual employed by the Employer at a location outside the United States; (2) an independent contractor; and (3) self-employed individuals or certain other individuals as described in the governing plan document for this plan.

Employer. Arnold's Fabricating and Machine, Inc. or its successor(s).

ERISA. The Employee Retirement Income Security Act of 1974, as amended.

Health FSA. A health flexible spending arrangement as defined in Prop. Treas. Reg. § 1.125-5(a)(1).

HIPAA. The Health Insurance Portability and Accountability Act of 1996, as amended.

HRA Account. The recordkeeping account established in your name by the Employer on the basis of which your eligible Medical Care Expenses will be paid or reimbursed.

HRA Plan. The Arnold's Fabricating and Machine, Inc. Health Reimbursement Arrangement (HRA) Plan, as amended or restated from time to time.

Medical Care Expenses. See Section I-6 for a description of Medical Care Expenses.

Participant. An Eligible Employee who becomes a Participant in the Plan.

Protected Health Information or PHI. This generally includes all information, whether written or oral, in connection with the HRA Plan that (1) is created or received by the HRA Plan; (2) relates to your past, present, or future physical or mental health, the provision of health care to you, or the past, present, or future payment for the provision of health care; and (3) identifies you or could be used to identify you.

Plan Year. The calendar year (i.e., the 12-month period commencing August 1st and ending on July 31st). Notwithstanding, the Employer may from time to time declare a plan year of less than 12 months if it chooses.

Privacy Rule. The regulations that were issued by the Department of Health and Human Services in accordance with the requirements of HIPAA.

Spouse. An individual who is legally married to a Participant as determined under applicable state law (and who is treated as a spouse under the Code).

PART V. Miscellaneous

Effect of the HRA Plan on Your Employment Rights

The HRA Plan is not to be construed as giving you any rights against the HRA Plan except those expressly described in this document. The HRA Plan is not a contract of employment between you and the Employer.

Prohibition Against Assignment of Benefits

No Benefit payable at any time under the HRA Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or encumbrance of any kind.

Overpayments or Errors

If it is later determined that you and/or your Spouse or Dependent(s) received an overpayment or a payment was made in error, you will be required to refund the overpayment or erroneous reimbursement to the HRA Plan.

If you do not refund the overpayment or erroneous payment, the HRA Plan and the Employer reserve the right to offset future reimbursement equal to the overpayment or erroneous payment or, if that is not feasible, to withhold such funds from your pay.

APPENDIX A

*****FOR USE ONLY IF THE EMPLOYER IS SUBJECT TO COBRA*****

CONTINUATION COVERAGE RIGHTS UNDER COBRA Arnold's Fabricating and Machine, Inc. HRA

Introduction

The following paragraphs generally explain COBRA coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

You May Have Other Options Available to You When You Lose Group Health Coverage

For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

What Is COBRA Coverage?

COBRA 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 below in the section entitled "Who Is Entitled to Elect COBRA?"

COBRA coverage may become available to "qualified beneficiaries"

After a qualifying event occurs and any required notice of that event is properly provided to Arnold's Fabricating and Machine, Inc., COBRA coverage must be offered to each person losing Plan coverage who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries and would be entitled to elect COBRA if coverage under the Plan is lost because of the qualifying event. (Certain newborns, newly adopted children, and alternate recipients under QMCSOs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.)

Who Is Entitled to Elect COBRA?

We use the pronoun “you” in the following paragraphs regarding COBRA to refer to each person covered under the Plan who is or may become a qualified beneficiary.

Qualifying events for the covered employee

If you are an employee, you will be entitled to elect COBRA if you lose your group health 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.

Qualifying events for the covered spouse

If you are the spouse of an employee, you will be entitled to elect COBRA if you lose your group health 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; or
- you become divorced or legally separated from your spouse. Also, if your spouse (the employee) reduces or eliminates your group health coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a qualifying event for you even though your coverage was reduced or eliminated before the divorce or separation.

Qualifying events for dependent children

If you are the dependent child of an employee, you will be entitled to elect COBRA if you lose your group health coverage under the Plan because any of the following qualifying events happens:

- your parent-employee dies;
- your parent-employee’s hours of employment are reduced;
- your parent-employee’s employment ends for any reason other than his or her gross misconduct;
- you stop being eligible for coverage under the Plan as a “dependent child.”

Electing COBRA after leave under the Family and Medical Leave Act (FMLA)

Under special rules that apply if an employee does not return to work at the end of an FMLA leave, some individuals may be entitled to elect COBRA even if they were not covered under the Plan during the leave. Contact Arnold's Fabricating and Machine, Inc. for more information about these special rules.

Special second election period for certain eligible employees who did not elect COBRA

Certain employees and former employees who are eligible for federal trade adjustment assistance (TAA) or alternative trade adjustment assistance (ATAA) are entitled to a second opportunity to elect COBRA for themselves and certain family members (if they did not already elect COBRA) during a special second election period of 60 days or less (but only if the election is made within six months after Plan coverage is lost). If you are an employee or former employee and you qualify for TAA or ATAA,

CONTACT Arnold's Fabricating and Machine, Inc. PROMPTLY AFTER QUALIFYING FOR TAA OR ATAA OR YOU WILL LOSE ANY RIGHT THAT YOU MAY HAVE TO ELECT COBRA DURING A SPECIAL SECOND ELECTION PERIOD.

Contact Arnold's Fabricating and Machine, Inc. for more information about the special second election period.

When Is COBRA Coverage Available?

When the qualifying event is the end of employment, reduction of hours of employment, or death of the employee, the Plan will offer COBRA coverage to qualified beneficiaries. You need not notify Arnold's Fabricating and Machine, Inc. of any of these qualifying events.

Caution:

You stop being eligible for coverage as dependent child when you attain age 26.

You must notify the plan administrator of certain qualifying events by this deadline

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), a COBRA election will be available to you only if you notify Arnold's Fabricating and Machine, Inc. in writing within 60 days after the later of (1) the date of the qualifying event; or (2) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the qualifying event.

No COBRA election will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan’s form entitled “Notice of Qualifying Event Form” (you may obtain a copy of this form from Arnold's Fabricating and Machine, Inc. at no charge) and you must follow the notice procedures specified in the section below entitled “Notice Procedures.” If these procedures are not followed or if the notice is not provided to Arnold's Fabricating and Machine, Inc. during the 60-day notice period, YOU WILL LOSE YOUR RIGHT TO ELECT COBRA.

Electing COBRA Coverage

How to elect COBRA

To elect COBRA, you must complete the Election Form that is part of the Plan’s COBRA election notice and mail or hand-deliver it to Arnold's Fabricating and Machine, Inc..

(An election notice will be provided to qualified beneficiaries at the time of a qualifying event. You may also obtain a copy of the Election Form from **Arnold's Fabricating and Machine, Inc..**)

Deadline for COBRA election

If mailed, your election must be postmarked (or if hand-delivered, your election must be received by the individual at the address specified on the Election Form) no later than 60 days after the date of the COBRA election notice provided to you at the time of your qualifying event (or, if later, 60 days after the date that Plan coverage is lost). IF YOU DO NOT SUBMIT A COMPLETED ELECTION FORM BY THIS DUE DATE, YOU WILL LOSE YOUR RIGHT TO ELECT COBRA.

Independent election rights

Each qualified beneficiary will have an independent right to elect COBRA.

Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan’s COBRA election notice WILL LOSE HIS OR HER RIGHT TO ELECT COBRA COVERAGE.

Special Considerations in Deciding Whether to Elect COBRA

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse’s plan), even if that plan generally doesn’t accept late enrollees.

Length of COBRA Coverage

COBRA coverage is a temporary continuation of coverage. The COBRA coverage periods described below are maximum coverage periods.

COBRA coverage can end before the end of the maximum coverage period for several reasons, which are described in the section below entitled “Termination of COBRA Coverage Before the End of the Maximum Coverage Period.”

Death, divorce, legal separation, or child’s loss of dependent status

When Plan coverage is lost due to the death of the employee, the covered employee’s divorce or legal separation, or a dependent child’s losing eligibility as a dependent child, COBRA coverage under the Plan’s Medical and Dental components can last for up to a total of 36 months.

If the covered employee becomes entitled to Medicare within 18 months before his or her termination of employment or reduction of hours.

When Plan coverage is lost due to 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 coverage under the Plan’s Medical and Dental components for qualified beneficiaries (other than the employee) who lose coverage as a result of the qualifying event can last until up to 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight months before the date on which his employment terminates, COBRA coverage for his spouse and children who lost coverage as a result of his termination 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 eight months). This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months BEFORE the termination or reduction of hours.

Termination of employment or reduction of hours

Otherwise, when Plan coverage is lost due to the end of employment or reduction of the employee’s hours of employment, COBRA coverage under the Plan’s Medical and Dental components generally can last for only up to a total of 18 months.

Extension of Maximum Coverage Period

If the qualifying event that resulted in your COBRA election was the covered employee’s termination of employment or reduction of hours, 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 Arnold's Fabricating and Machine, Inc. of a disability or a second qualifying event in order to extend the period of COBRA coverage. Failure to provide notice of a

disability or second qualifying event will eliminate the right to extend the period of COBRA coverage.

Disability extension of COBRA coverage

If a qualified beneficiary is determined by the Social Security Administration to be disabled and you notify Arnold's Fabricating and Machine, Inc. in a timely fashion, all of the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA coverage, for a total maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must last at least until the end of the period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above). Each qualified beneficiary will be entitled to the disability extension if one of them qualifies.

You must notify Arnold's Fabricating and Machine, Inc. of a qualified beneficiary's disability by this deadline

The disability extension is available only if you notify Arnold's Fabricating and Machine, Inc. in writing of the Social Security Administration's determination of disability within 60 days after the latest of:

- the date of the Social Security Administration's disability determination;
- the date of the covered employee's termination of employment or reduction of hours; and
- the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension.

No disability extension will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan's form entitled "Notice of Disability Form" (you may obtain a copy of this form from Arnold's Fabricating and Machine, Inc. at no charge. You must follow the notice procedures specified in the section below entitled "Notice Procedures."

If these procedures are not followed or if the notice is not provided to Arnold's Fabricating and Machine, Inc. during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours, THEN THERE WILL BE NO DISABILITY EXTENSION OF COBRA COVERAGE.

Second qualifying event extension of COBRA coverage

An extension of coverage will be available to spouses and dependent children who are receiving COBRA coverage if a second qualifying event occurs during the 18 months (or, in the case of a disability extension, the 29 months) following the covered employee's termination of employment or reduction of hours. The maximum amount of COBRA 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 legal separation from the covered employee, 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. (This extension is not available under the Plan when a covered employee becomes entitled to Medicare after his or her termination of employment or reduction of hours.)

You must notify Arnold's Fabricating and Machine, Inc. of a second qualifying event by this deadline

This extension due to a second qualifying event is available only if you notify Arnold's Fabricating and Machine, Inc. in writing of the second qualifying event within 60 days after the date of the second qualifying event.

No extension will be available unless you follow the Plan's notice procedures and meet the notice deadline

In providing this notice, you must use the Plan's form entitled "Notice of Second Qualifying Event Form" (you may obtain a copy of this form from Arnold's Fabricating and Machine, Inc. at no charge) and you must follow the notice procedures specified in the section below entitled "Notice Procedures." If these procedures are not followed or if the notice is not provided to Arnold's Fabricating and Machine, Inc. during the 60-day notice period, THEN THERE WILL BE NO EXTENSION OF COBRA COVERAGE DUE TO A SECOND QUALIFYING EVENT.

Termination of COBRA Coverage Before the End of the Maximum Coverage Period

COBRA coverage will automatically terminate before the end of the maximum period if:

- any required premium is not paid in full on time;
- a qualified beneficiary becomes covered, after electing COBRA, under another group health plan;

- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing COBRA;
- the employer ceases to provide any group health plan for its employees; or
- during a disability extension period, the disabled qualified beneficiary is determined by the Social Security Administration to be no longer disabled (COBRA coverage for all qualified beneficiaries, not just the disabled qualified beneficiary, will terminate). For more information about the disability extension period, see the section above entitled “Extension of Maximum Coverage Period (Not Applicable to Health FSA Component).”

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

You must notify Arnold's Fabricating and Machine, Inc. if a qualified beneficiary becomes entitled to Medicare or obtains other group health plan coverage

You must notify Arnold's Fabricating and Machine, Inc. in writing within 30 days if, after electing COBRA, a qualified beneficiary becomes entitled to Medicare (Part A, Part B, or both) or becomes covered under other group health plan coverage. You must use the Plan's form entitled “Notice of Other Coverage, Medicare Entitlement, or Cessation of Disability Form” (you may obtain a copy of this form from Arnold's Fabricating and Machine, Inc. at no charge, or you can download the form at *[insert URL]*), and you must follow the notice procedures specified below in the section entitled “Notice Procedures.” In addition, if you were already entitled to Medicare before electing COBRA, notify Arnold's Fabricating and Machine, Inc. of the date of your Medicare entitlement at the address shown in the section below entitled “Notice Procedures.”

You must notify Arnold's Fabricating and Machine, Inc. if a qualified beneficiary ceases to be disabled

If a disabled qualified beneficiary is determined by the Social Security Administration to no longer be disabled, you must notify Arnold's Fabricating and Machine, Inc. of that fact within 30 days after the Social Security Administration's determination. You must use the Plan's form entitled “Notice of Other Coverage, Medicare Entitlement, or Cessation of Disability Form” (you may obtain a copy of this form from Arnold's Fabricating and Machine, Inc. at no charge), and you must follow the notice procedures specified below in the section entitled “Notice Procedures.”

Cost of COBRA Coverage

Each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an

extension of COBRA coverage due to a disability, 150%) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage. The amount of your COBRA premiums may change from time to time during your period of COBRA coverage and will most likely increase over time. You will be notified of COBRA premium changes.

Payment for COBRA Coverage

How premium payments must be made

All COBRA premiums must be paid by check. Your first payment and all monthly payments for COBRA coverage must be mailed or hand-delivered to the individual at the payment address specified in the election notice provided to you at the time of your qualifying event. However, if the Plan notifies you of a new address for payment, you must mail or hand-deliver all payments for COBRA coverage to the individual at the address specified in that notice of a new address.

When premium payments are considered to be made

If mailed, your payment is considered to have been made on the date that it is postmarked. If hand-delivered, your payment is considered to have been made when it is received by the individual at the address specified above. You will not be considered to have made any payment by mailing or hand-delivering a check if your check is returned due to insufficient funds or otherwise.

First payment for COBRA coverage

If you elect COBRA, you do not have to send any payment with the Election Form. However, you must make your first payment for COBRA coverage not later than 45 days after the date of your election. (This is the date your Election Form is postmarked, if mailed, or the date your Election Form is received by the individual at the address specified for delivery of the Election Form, if hand-delivered.) See the section above entitled "Electing COBRA Coverage."

Your first payment must cover the cost of COBRA coverage from the time your coverage under the Plan would have otherwise terminated up through the end of the month before the month in which you make your first payment. (For example, Sue's employment terminates on September 30, and she loses coverage on September 30. Sue elects COBRA on November 15. Her initial premium payment equals the premiums for October and November and is due on or before December 30, the 45th day after the date of her COBRA election.)

You are responsible for making sure that the amount of your first payment is correct. You may contact Arnold's Fabricating and Machine, Inc. using the contact information provided below to confirm the correct amount of your first payment. Claims for reimbursement will not be processed and paid until you have elected COBRA and made the first payment for it.

If you do not make your first payment for COBRA coverage in full within 45 days after the date of your election, you will lose all COBRA rights under the Plan.

Monthly payments for COBRA coverage

After you make your first payment for COBRA coverage, you will be required to make monthly payments for each subsequent month of COBRA coverage. The amount due for each month for each qualified beneficiary will be disclosed in the election notice provided to you at the time of your qualifying event. Under the Plan, each of these monthly payments for COBRA coverage is due on the first day of the month for that month's COBRA coverage. If you make a monthly payment on or before the first day of the month to which it applies, your COBRA coverage under the Plan will continue for that month without any break. Arnold's Fabricating and Machine, Inc. will not send periodic notices of payments due for these coverage periods (that is, **we will not send a bill to you for your COBRA coverage—it is your responsibility to pay your COBRA premiums on time**).

Grace periods for monthly COBRA premium payments

Although monthly payments are due on the first day of each month of COBRA coverage, you will be given a grace period of 30 days after the first day of the month to make each monthly payment. Your COBRA coverage will be provided for each month as long as payment for that month 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 month to which it applies, but before the end of the grace period for the month, your coverage under the Plan will be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) 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 month, you will lose all rights to COBRA coverage under the Plan.

More Information About Individuals Who May Be Qualified Beneficiaries

Children born to or placed for adoption with the covered employee during a period of COBRA coverage

A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age).

Alternate recipients under QMCSOs

A child of the covered employee who is receiving benefits under the Plan pursuant to a qualified medical child support order (QMCSO) received by Arnold's Fabricating and Machine, Inc. during the covered employee's period of employment with Arnold's Fabricating and Machine, Inc. is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

Are There Other Coverage Options Besides COBRA Coverage?

Yes. Instead of enrolling in COBRA coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA coverage. You can learn more about many of these options at www.HealthCare.gov.

If You Have Questions

Questions concerning your Plan or your COBRA rights should be addressed to the contact or contacts identified below. For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, 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 www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit www.HealthCare.gov.

NOTICE PROCEDURES

Arnold's Fabricating and Machine, Inc. Welfare Benefits Plan (the Plan)

WARNING: If your notice is late or if you do not follow these notice procedures, you and all related qualified beneficiaries will lose the right to elect COBRA (or will lose the right to an extension of COBRA coverage, as applicable).

Notices Must Be Written and Submitted on Plan Forms

Any notice that you provide must be in writing and must be submitted on the Plan's required form (the Plan's required forms are described above in this SPD, and you may obtain copies from Arnold's Fabricating and Machine, Inc. without charge. Oral notice, including notice by

telephone, is not acceptable. Electronic (including e-mailed or faxed) notices are not acceptable.

How, When, and Where to Send Notices

You must mail or hand-deliver your notice to:

Human Resources Manager (or similar Employer Representative)
Arnold's Fabricating and Machine, Inc.
3333 Reynoldsburg Rd
Camden, TN 38320

However, if a different address for notices to the Plan appears in the Plan's most recent summary plan description, you must mail or hand-deliver your notice to that address (if you do not have a copy of the Plan's most recent summary plan description, you may request one from Arnold's Fabricating and Machine, Inc.).

If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If hand-delivered, your notice must be received by the individual at the address specified above no later than the last day of the applicable notice period. (The applicable notice periods are described in the paragraphs above entitled "You must notify the plan administrator of certain qualifying events by this deadline," "You must notify Arnold's Fabricating and Machine, Inc. of a qualified beneficiary's disability by this deadline," and "You must notify Arnold's Fabricating and Machine, Inc. of a second qualifying event by this deadline.")

Information Required for All Notices

Any notice you provide must include (1) the name of the Plan (Arnold's Fabricating and Machine, Inc. Welfare Benefits Plan); (2) the name and address of the employee who is (or was) covered under the Plan; (3) the name(s) and address(es) of all qualified beneficiary(ies) who lost coverage as a result of the qualifying event; (4) the qualifying event and the date it happened; and (5) the certification, signature, name, address, and telephone number of the person providing the notice.

Additional Information Required for Notice of Qualifying Event

If the qualifying event is a divorce or legal separation, your notice must include a copy of the decree of divorce or legal separation. If your coverage is reduced or eliminated and later a divorce or legal separation occurs, and if you are notifying Arnold's Fabricating and Machine, Inc. that your Plan coverage was reduced or eliminated in anticipation of the divorce or legal separation, your notice must include evidence satisfactory to Arnold's Fabricating and Machine, Inc. that your coverage was reduced or eliminated in anticipation of the divorce or legal separation.

Additional Information Required for Notice of Disability

Any notice of disability that you provide must include (1) the name and address of the disabled qualified beneficiary; (2) the date that the qualified beneficiary became disabled; (3) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage; (4) the date that the Social Security Administration made its determination; (5) a copy of the Social Security Administration's determination; and (6) a statement whether the Social Security Administration has subsequently determined that the disabled qualified beneficiary is no longer disabled.

Additional Information Required for Notice of Second Qualifying Event

Any notice of a second qualifying event that you provide must include (1) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage; (2) the second qualifying event and the date that it happened; and (3) if the second qualifying event is a divorce or legal separation, a copy of the decree of divorce or legal separation.

Who May Provide Notices

The covered employee (i.e., the employee or former employee who is or was covered under the Plan), a qualified beneficiary who lost coverage due to the qualifying event described in the notice, or a representative acting on behalf of either may provide notices. A notice provided by any of these individuals will satisfy any responsibility to provide notice on behalf of all qualified beneficiaries who lost coverage due to the qualifying event described in the notice.