

KELSEY-HAYES COMPANY

*ERISA Kgmt.
(Sent to all Hourly
Employees 2/78)*

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Dear Employee:

Attached you will find a booklet which is intended to provide you with a better understanding of the many benefits available to you as an employe of the Kelsey-Hayes Company.

Under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and also under regulations of the United States Department of Labor, the Kelsey-Hayes Company is required to furnish you with certain information included in this booklet.

The Kelsey-Hayes Company will continue to provide you with information required by the Employee Retirement Income Security Act of 1974.

KELSEY-HAYES COMPANY

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WHAT YOU SHOULD KNOW ABOUT YOUR
BENEFITS

As set forth in Supplemental Agreements between
the Kelsey-Hayes Company, Speco Division, and the
UAW, Local No. 1192 dated March 2, 1977 covering

...The Insurance Program for Hourly-Rate Employees
...and the Supplemental Unemployment Benefit Plan

AS A KELSEY-HAYES EMPLOYEE you have one of the finest, most comprehensive employe benefit programs in industry. The booklet summarizes the ways in which your Kelsey-Hayes benefit plans can help you in time of need. The information in the booklet will help you understand the protection available to you so that you may have the opportunity to do a better job of providing security for yourself and your family.

Each of the benefit plans has its own terms and conditions which in all respects control the benefits mentioned. The payment of benefits is conditioned, of course, upon your eligibility to receive them.

The information in this booklet with respect to the group insurance changes require an employe to be at work on or after March 2, 1977, unless otherwise specified.

HOW TO FIND THE INFORMATION YOU WANT.....

	PAGE
I. WHILE YOU ARE DISABLED AND UNABLE TO WORK..	3
II. IF YOU HAVE HEALTH CARE EXPENSES.....	6
III. IN THE EVENT OF YOUR DEATH.....	13
IV. IF YOU ARE LAID OFF.....	15
V. GENERAL INFORMATION ABOUT YOUR BENEFITS....	24
VI. PROCEDURES FOR HANDLING QUESTIONS OR DISPUTES ABOUT YOUR BENEFITS.....	26
VII. ADDITIONAL INFORMATION RELATED TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA).....	27

I. WHILE YOU ARE DISABLED AND UNABLE TO WORK

WHILE YOU ARE UNABLE TO WORK...

because of sickness or injury and you are under the care of a doctor, weekly sickness and accident benefits can keep money coming in for as long as 52 weeks, (or up to 6 weeks for periods of absence caused by pregnancy).

SICKNESS AND ACCIDENT BENEFITS CAN BEGIN...

immediately in case of an accident if you are hospitalized or treated by your doctor. In case of sickness, benefits begin after 7 days unless hospitalized in which case benefits are payable from the first day of confinement.

If you return to work before the end of the maximum period for which you are eligible to receive sickness and accident benefits and are absent again because of the same or a related disability within two weeks, benefits pick up where they left off. If your second absence results from a different disability, the first absence does not affect the benefits or waiting period, if any, for the second absence.

SICKNESS AND ACCIDENT BENEFITS ARE REDUCED BY...

any Workers' Compensation payments to which you are entitled for the same period that you receive sickness and accident benefits.

Schedule of Sickness and Accident
Benefits

<u>Date</u>	<u>Weekly Amount</u>
March 2, 1977	\$115
March 1, 1978	120
March 1, 1979	125

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TO APPLY FOR SICKNESS AND ACCIDENT BENEFITS...

you must complete a claim form provided by Kelsey-Hayes for that purpose.

If your Sickness & Accident Benefits expire and you are still unable to return to work, you may be eligible for monthly Extended Disability Benefits based on your "Base Hourly Rate" as of your last day worked as follows:

EXTENDED DISABILITY BENEFITS

<u>Base Hourly Rate</u>	<u>Monthly Extended Disability Benefits</u>
\$3.15 but less than \$3.40	\$285
\$3.40 but less than \$3.65	305
\$3.65 but less than \$3.90	330
\$3.90 but less than \$4.15	350
\$4.15 but less than \$4.40	370
\$4.40 but less than \$4.65	395
\$4.65 but less than \$4.90	415
\$4.90 but less than \$5.15	435
\$5.15 but less than \$5.40	460
\$5.40 but less than \$5.65	480
\$5.65 but less than \$5.90	500
\$5.90 but less than \$6.15	525
\$6.15 but less than \$6.40	545
\$6.40 but less than \$6.65	565
\$6.65 but less than \$6.90	590
\$6.90 but less than \$7.15	610
\$7.15 but less than \$7.40	630
\$7.40 and over	655

EXTENDED DISABILITY BENEFITS ARE PAYABLE...

for a period equal to your Years of Seniority at the beginning of your disability less the period for which you receive sickness and accident benefits, but not beyond age 65.

TO RECEIVE EXTENDED DISABILITY BENEFITS...

you must not be regularly employed and must be totally disabled so as to be unable to engage in any gainful occupation or employment for which you are reasonably qualified by education, training or experience. Your benefit amount is approximately 50% of your base pay as shown in the table above.

EXTENDED DISABILITY BENEFITS ARE REDUCED BY...

any benefit for which you are eligible under the Kelsey-Hayes Pension Plan. In addition, governmental benefits such as Workers' Compensation, certain Social Security benefits or any Federal or State lost-time disability benefits are deductible.

TO APPLY FOR EXTENDED DISABILITY BENEFITS...

you must complete a claim form provided by Kelsey-Hayes for that purpose.

YOU MAY BE ASKED TO BE EXAMINED BY...

an impartial doctor, clinic, or other medical authority for the purpose of verifying disability at any time you may be eligible to receive sickness and accident benefits or extended disability benefits. Failure to report for the examination may affect your eligibility for benefits.

IN CASE YOU BECOME TOTALLY AND PERMANENTLY DISABLED

If at any time after six months of continuous disability it is determined that your sickness or injury is total and permanent, you may be eligible upon application for total and permanent disability benefits under the Pension Plan.

SEPARATION PAYMENTS ARE PROVIDED UNDER THE SUB PLAN...

if you have one or more Years of Seniority and are totally and permanently disabled but do not have the 10 years of credited service required for a disability pension. This is in addition to any extended disability benefits under the Insurance Program, which you may be eligible to receive. (See page 23 for schedule of separation payments - currently this fund is inoperative.)

SOCIAL SECURITY DISABILITY PAYMENTS

If you become disabled before age 65, you may be eligible for disability insurance benefits from Social Security. Your nearest Social Security office can tell you if you qualify. Benefits may be payable after you have been disabled for five full calendar months. However, you do not have to wait five months to apply.

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II. IF YOU HAVE HEALTH CARE EXPENSES

The Insurance Program provides protection for you and your eligible dependents against a wide range of health care expenses while you are an active employe and after your retirement.

HOSPITAL COVERAGE PROVIDES...

-up to 365 days of needed care in a semi-private room in a participating hospital for general conditions, including maternity care;
-up to 45 days of needed care in a hospital for nervous and mental conditions, or in an approved residential substance abuse treatment facility;
-up to 730 days of needed care (other than custodial care) in an approved nursing home for general conditions - up to 90 days for nervous and mental conditions;
-payment for most medical needs in a hospital or approved facility, such as supplies, drugs, dressings, anesthesia, xray, laboratory tests, intensive care, and routine nursery care;
-payment for most services in the out-patient department of a hospital, such as treatment of accidental injuries and certain medical emergencies, surgery, physical therapy (up to 60 treatments, per condition, per year which also may be performed in an approved facility other than a hospital), and use of artificial kidney machine, iron lung and similar equipment;
-payment for up to 35 outpatient treatments per year in an approved substance abuse treatment facility (limited to 140 lifetime treatments);
-benefits under approved home care programs, including payment for necessary skilled nursing and home health aides;
-up to \$1,000 per calendar year for outpatient psychiatric services when billed by an approved facility;

K101886

MEDICAL-SURGICAL COVERAGE PROVIDES...

- payment of physicians' reasonable and customary charges for:
-surgery and anesthesia, including pre- and post-operative care;
 -obstetrical delivery, including pre- and post-natal care;
 -inhospital consultation and technical surgical assistance;
 -inhospital medical care by the doctor in charge of the case and doctor's medical visits at the rate of two per week for up to 730 days in an approved nursing home for general conditions;
 -radiation therapy and chemotherapy for malignant conditions;
 -necessary diagnostic xray, laboratory, and pathology services;
 -laboratory testing for annual pap smears;
 -outpatient treatment of accidental injuries and certain medical emergencies;
 -outpatient psychiatric services, including family counseling, are subject to a co-payment of 10% for the sixth through the tenth visits and a 25% co-payment for all subsequent visits, and up to \$75 for psychological testing. Payment is limited to \$1,000 per calendar year in combination with expenses for outpatient psychiatric services in an approved facility.

PROSTHETIC AND DURABLE MEDICAL EQUIPMENT BENEFITS

Hospital and medical-surgical coverages provide for the purchase, fitting, and repair of certain external prosthetic appliances which replace a body part or the functions of a permanently malfunctioning body part when prescribed by a licensed physician and furnished and billed by a hospital or facility approved by the carrier.

Benefits are also provided for the purchase or rental of certain durable medical equipment (such as hospital beds, crutches, or wheelchairs) when prescribed by a licensed physician, necessary for treatment of an illness condition, and provided and billed by a hospital, nursing home, or professional provider such as a pharmacy or medical supply house.

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DOCTOR'S VISITS

The doctor's reasonable and customary fees (for employes only) will be paid for home and office calls. The combined charges of the home and office calls are subject to a \$300 annual maximum.

PRESCRIPTION DRUG BENEFITS

Benefits are provided for the purchase of drugs which require prescription by a licensed physician under federal law and for injectable insulin. A single \$3 co-payment is applicable for each prescription order or refill.

Quantities are limited to a maximum of a 34-day supply per prescription, except for certain maintenance drugs which may be dispensed in 100 or 200 unit doses.

Drugs purchased from a participating pharmacy will be billed directly to the insurance carrier. If drugs are purchased from a non-participating pharmacy special drug reimbursement forms are available from the Personnel Department, and you will be reimbursed the reasonable and customary charge, less the \$3 co-payment for each prescription.

DENTAL COVERAGE

Effective March 1, 1978, dental coverage is provided for employees with at least one year of seniority and their eligible dependents.

Benefits will be provided up to an annual maximum of \$750 per person for other than orthodontics during any benefit year (January 1st through December 31st), and up to a lifetime maximum of \$500 for orthodontics for dependent children under age 19. Benefits are based on the reasonable and customary charges of all dentists.

COVERED DENTAL SERVICES

Benefits are payable at 100% of the reasonable and customary charge for:

-Oral examinations and prophylaxis (cleaning of teeth), but not more than once in any six consecutive months;
-Topical application of fluoride;
-Emergency treatment for temporary relief of pain.
-Space maintainers that replace prematurely lost teeth by children under 19 years of age.

K101888

Benefits are payable at 85% of the reasonable and customary charge for:

-Dental xrays, including full mouth xrays (but not more than once in any period of thirty-six consecutive months), bitewing xrays (but not more than once in any six consecutive months);
-Extractions and oral surgery, except when provided in conjunction with orthodontic (teeth straightening) treatment;
-Amalgam, silicate, acrylic, synthetic, porcelain, and composite fillings;
-General anesthetics when medically necessary and administered in connection with oral or dental surgery;
-Injections of antibiotic drugs by the attending dentist;
-Endodontic (nerve and pulp) and periodontal (gum) treatment;
-Repair of crowns, bridgework or dentures; and relining or rebasing of dentures more than six months after installation, but not more than one relining or rebasing in any period of thirty-six consecutive months;
-Inlays, onlays, gold fillings, or crowns, but only when the tooth cannot be restored with an amalgam or other filling.

The remaining 15% of the reasonable and customary charge is a co-payment payable by you.

Benefits are payable at 50% of the reasonable and customary charge for:

-Initial installation of fixed bridgework;
-Initial installation of removable dentures, including any adjustments during the six-month period following installation;
-Replacement of an existing denture or fixed bridgework, but only when:
 - (a) The replacement or addition of teeth is required to replace one or more teeth extracted after the existing denture or bridgework was installed; or,
 - (b) The existing denture or bridgework cannot be made serviceable and, if it was installed under this coverage, at least 5 years have elapsed prior to the replacement; or,
 - (c) The existing denture is an immediate temporary denture which cannot be made permanent and replacement by a permanent denture takes place within 12 months from the date of initial installation of the immediate temporary denture;
-Orthodontic diagnostic procedures and treatment (including related oral examinations, surgery and extractions) for dependent children under age 19.

The remaining 50% of the reasonable and customary charge is a co-payment payable by you.

GENERAL INFORMATION ABOUT YOUR HEALTH CARE COVERAGES

EFFECT OF MEDICARE

If you or one of your dependents is enrolled for Medicare, the Kelsey-Hayes Health Care benefits will be reduced by benefits payable for the same services under Medicare.

COORDINATION OF BENEFITS

To avoid duplicate payment for benefits in the event an individual is covered by more than one employer plan, a Coordination of Benefits provision is included in all health care coverages under the Kelsey-Hayes Insurance Program so that benefits payable under this Program, when combined with any other group plan benefits, are limited to the total allowable expenses incurred by the patient during any claim determination period.

SPONSORED DEPENDENTS

Your sponsored dependents (generally aged parents) may have the same health care coverages as you have except that dental coverage is not available to sponsored dependents. You pay the full cost for sponsored dependent coverage.

EXCLUSIONS AND LIMITATIONS

Certain services and charges with respect to health care coverages are excluded or limited. A complete description of exclusions and limitations applicable to each benefit provided under the Kelsey-Hayes Health Care coverages may be found in the appropriate benefit certificates and any riders thereto or similar documents provided by the carriers.

HOW TO CLAIM BENEFITS

Basic Hospital, Medical-Surgical, and Prescription Drug Claims

Show your Aetna Life & Casualty identification card when you go to the hospital, residential or out-patient treatment facility, physician, or other provider of covered services. No deposit should be required for covered services in Aetna Life & Casualty participating hospitals or approved facilities. The hospital or facility is paid directly by Aetna Life & Casualty. Aetna Life & Casualty generally pays physicians directly. In any situation where a provider of a service is not paid directly by Aetna Life & Casualty, you should submit the charges to your Personnel Office.

DENTAL CLAIMS

Dental claim forms and instructions are available at various locations at the plant where you work.

If a course of treatment is expected to involve dental expenses amounting to \$100 or more, your dentist should file a description of the procedures to be performed and an estimate of the charges with the carrier prior to the commencement of treatment.

The carrier will notify the dentist of estimated benefits payable with consideration given to alternate procedures that may be performed in order to accomplish the desired results.

You should discuss with your dentist the treatment plan, his fee, and the estimated dollar amount of benefits BEFORE treatment begins.

SUBROGATION

In the event of any payment for benefits by a health care carrier under the Kelsey-Hayes Insurance Program, such carrier shall acquire all of the employe's or dependent's rights of recovery as a result of a settlement or judgment brought against any person or organization, except against insurers on policies issued in the name of the employe or dependent.

CERTIFICATES

The foregoing is intended only as an outline of your Kelsey-Hayes Health Care coverages. Actual governing provisions are contained in the applicable benefit certificates and any riders thereto as well as detailed benefit schedules or similar documents provided by the carriers which are available to you upon request from the insurance office at your work location.

EXPLANATION OF CERTAIN TERMS APPLICABLE TO HEALTH CARE COVERAGES

CARRIER

Any entity through which benefits are paid or coverage is underwritten.

K101891

APPROVED FACILITY OR TREATMENT PROGRAM

A facility or a treatment program that has met criteria established by the local carrier to provide certain services covered by the Kelsey-Hayes Insurance Program. The following are examples of facilities or treatment programs which must be approved in order for benefits to be paid:

- Hospitals
- Nursing homes
- Out-patient psychiatric care facilities
- Substance abuse treatment facilities
- Outlets for prosthetic appliances
- Free-standing physical therapy facilities
- Home care programs

If you are not sure as to the approved status of a facility or treatment program, you may seek advice from the insurance office at your Kelsey-Hayes work location.

CO-PAYMENT

A part of the charge for services which you must pay. Most health care expenses are paid in full by the appropriate carrier. However, you must pay part of the charge or a "co-payment" for certain services such as out-patient psychiatric care, prescription drugs and dental care.

PARTICIPATING PROVIDER

A provider is a person (such as a doctor), or a facility (such as a hospital), that provides health care services. Such providers are considered to be "participating" when they have signed an agreement with the carrier to accept as payment in full whatever the carrier determines to be an appropriate charge for services rendered.

You may be uncertain about the participating status, or whether there is any need for participation by any health care provider in your plan area. If in doubt, contact your local carrier or the insurance office at your Kelsey-Hayes work location.

REASONABLE AND CUSTOMARY CHARGE

This is determined by the carrier and is the usual amount charged by providers for a specific service in a geographic area.

III. IN THE EVENT OF YOUR DEATH

LIFE INSURANCE

IF YOU DIE...

and you are actively at work or on approved medical leave or retired under Total and Permanent Disability pension, your beneficiary will receive the life insurance in effect as of your last day worked as follows:

<u>Effective Date</u>	<u>Amount</u>
March 2, 1977	\$11,500
March 1, 1978	12,000
March 1, 1979	12,500

Your beneficiary may receive this benefit in a lump sum or elect to receive monthly installments.

IF YOU DIE AFTER AGE 65...

and are retired on or after March 2, 1977 (or voluntarily retired prior to age 65) or you were retired under a Total & Permanent Disability Retirement and die on or after age 65, your beneficiary will receive the life insurance in effect as of the date you retired as follows:

<u>Amount</u>	
\$2,500	if you had 30 or more years of credited service
\$2,250	if you had 25 but less than 30 years of credited service
\$2,000	if you had 20 but less than 25 years of credited service
\$1,750	if you had 10 but less than 20 years of credited service

Your beneficiary may receive this benefit in a lump sum or elect to receive monthly installments.

K101893

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE (For Active Employees)

If you suffer a bodily injury caused solely through accidental means which results in death, loss of a hand, foot or sight of an eye within ninety days of such injury, you are entitled (or your beneficiary) to the following:

<u>Last Worked on or after</u>	<u>Amount</u>
March 2, 1977	\$5,750
March 1, 1978	6,000
March 1, 1979	6,250

In the event of a loss as described above, the benefits are paid as follows:

<u>Loss of</u>	<u>Amount to be Paid</u>
Life	Full Amount
A Hand (at wrist)	1/2 Full Amount
A Foot (at ankle)	1/2 Full Amount
An Eye (100% loss of sight)	1/2 Full Amount

TO APPLY FOR LIFE AND AD & D INSURANCE BENEFITS...

a beneficiary must submit a claim form provided by Kelsey-Hayes for that purpose.

SURVIVOR'S BENEFITS - INSURANCE

If you die before you retire, your survivors may be eligible for a monthly survivor income benefit in addition to life insurance benefits. (Coverage also is provided to age 65 to employees receiving total and permanent disability benefits from the Kelsey-Hayes Hourly-Rate Employees Pension Plan.)

Two kinds of monthly survivor income benefits are provided: a transition benefit and a bridge benefit.

TRANSITION BENEFIT

A transition benefit of \$200 per month (\$225 if you work on or after March 1, 1978) will be paid to your eligible survivors for up to 24 months.

However, the transition benefit will be \$125 (\$137.50 if you work on or after March 1, 1978) if the survivors are or become eligible for certain Social Security benefits.

BRIDGE BENEFIT

A bridge benefit of \$200 per month (\$225 if you work on or after March 1, 1978) will be paid to your surviving spouse if she (or he) was at least age 45 but less than 60 on the date of your death and had been married to you for at least 1 year.

The bridge benefit will begin after payment of the 24th transition benefit. Bridge benefits cease if the surviving spouse remarries or attains either age 62 or the age at which full widow's or widower's insurance benefits or old age insurance benefits become payable under Social Security, or dies.

Bridge benefits are not payable for any month in which a surviving spouse could qualify for a mother's or father's insurance benefit under Social Security, whether or not she or he actually receives the mother's or father's benefit.

AN ELIGIBLE WIDOW OR WIDOWER...

may waive survivor income benefits in order to receive a higher monthly benefit under the Pension Plan.

TO APPLY FOR SURVIVOR BENEFITS...

an eligible survivor must complete a claim form provided by Kelsey-Hayes for that purpose.

HEALTH CARE BENEFITS FOR SURVIVORS

If you die before you are eligible to retire voluntarily, your surviving spouse and dependent children are eligible while receiving survivor income insurance benefits to be covered for the same Health Care benefits (except Dental) as were available to you. The full cost of this protection is paid for by the Kelsey-Hayes Company.

If you die after retirement, or after you are eligible to retire voluntarily under the Pension Plan, all Health Care (except Dental) benefits will be provided and Kelsey-Hayes will pay the full cost for the lifetime of your surviving spouse.

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IV. IF YOU ARE LAID OFF

The Supplemental Unemployment Benefit (SUB) Plan generally provides three kinds of benefits: (However, at present, all provisions relating to payments made to or on behalf of employees are inoperative.)

- A. REGULAR SUBenefits for full weeks of layoff from Kelsey-Hayes.
- B. SHORT WEEK BENEFITS when you are laid off from Kelsey-Hayes for part of a week.
- C. SEPARATION PAYMENTS upon termination of employment because of layoff or total and permanent disability.

A. REGULAR SUBenefits-For a Full Week of Layoff From Kelsey-Hayes

ELIGIBILITY:

You may be eligible for a Regular SUBenefit for a full week of layoff if you are laid off due to:

- reduction in force
- discontinuance of a plant or operation
- temporary layoff
- unable to do work offered by the plant but able to do other available work in the plant if you had more seniority.

You will not be eligible for a Regular Benefit if your layoff was for disciplinary reasons or was a consequence of:

- any strike, slowdown, work stoppage, picketing or concerted action, at a Company plant or plants, or any dispute of any kind involving, generally, employees covered by this Plan;
- any fault attributable to you, the employee;
- any war, or hostile act of a foreign power;
- sabotage or insurrection; or
- any act of God after the first two weeks of layoff resulting from such cause.

K101896

APPLICATION REQUIREMENTS:

You must file an application form covering each week of layoff within 60 days after the end of the week, or within 60 days of a state Unemployment Compensation (UC) redetermination or adjustment which provides a basis for eligibility for a SUBenefit. SUB application forms are available at your Personnel Office.

For each week of layoff for which you apply you must have:

- at least one Year of Seniority;
- at least one credit unit or a fraction thereof;
- reported to the state employment office (as required by the state) and provided the plant with satisfactory evidence that you have received a state UC benefit, or are ineligible for a state UC benefit for an acceptable reason under the SUB Plan.

AMOUNT OF REGULAR SUBenefits:

For full weeks of layoff, your Regular SUBenefit is calculated on the basis of your weekly after-tax or "take-home" pay from Kelsey-Hayes when working full time. This would be 40 hours' gross pay less all federal, state, and local taxes and contributions required to be withheld. If your marital status or dependent income tax withholding exemptions change during a period of layoff, report this fact promptly to the Personnel Office so that you may receive the proper adjustment in your future Regular Benefit payment amounts.

The amount of your Regular SUBenefit will equal 95% of your weekly after-tax pay minus \$7.50 for work-related expenses when added to the sum of the following:

- the amount of your state UC benefit received, plus
- any Kelsey-Hayes pay, plus
- any earnings from another employer or from the military in excess of \$10.00.

A maximum Regular SUBenefit of \$70.00 plus \$1.50 for each dependent up to four will be payable any week for which you refused available Kelsey-Hayes work and for which you were denied a state UC benefit.

K101897

EXAMPLE:

An Employee with a wife and 2 children living and working in Springfield is laid off commencing in June of 1977, with an hourly rate of \$7.01 (including cost-of-living allowance).

40 hours' gross pay.....	\$280.40
Federal, state, local taxes and F.I.C.A.....	<u>-60.70</u>
Weekly after-tax pay.....	<u>219.70</u>
95% of after-tax pay.....	208.72
Work-related expenses.....	<u>-7.50</u>
Total income for week.....	<u>\$201.22</u>

The total gross income for the week of \$201.22 consists of a \$128.00 state UC benefit and a \$73.22 SUBenefit. The SUBenefit amount is subject to federal, state and/or local withholding taxes and F.I.C.A.

CREDIT UNITS-HOW LONG YOU CAN RECEIVE REGULAR SUBenefits:

Credit units are used to determine how long you can receive Regular SUBenefits for full weeks of layoff from Kelsey-Hayes according to your Years of Seniority.

You earn 1/2 credit unit (up to a maximum of 52) for each week for which you are in a Bargaining Unit covered by the SUB Plan and:

- receive pay from Kelsey-Hayes, or
- are on military leave, or
- are on a disability leave and receiving Workers' Compensation.

Credit Units are usually credited to your account initially at the time you attain one Year of Seniority.

Generally, one credit unit is canceled for each Regular SUBenefit paid. If the amount of money in the SUB fund falls below a specified amount, the number of credit units canceled per SUBenefit will increase.

K101898

SPECIAL CREDIT UNIT PROVISIONS APPLY FOR:

- the initial crediting of credit units for certain employes returning from military leave direct to layoff status;
- the reinstatement of credit units forfeited if seniority is lost by being laid off time for time and later is reacquired under the same provision.

GUARANTEED ANNUAL INCOME CREDIT UNITS:

Guaranteed annual income credit units are additional credit units (up to the maximum 52) given annually to eligible employes.

If you have at least one Year of Seniority, are on the active employment roll and in the bargaining unit on the annual guarantee date, you may receive additional credit units as follows:

Subtract the number of credit units you have from 52, and

Multiply the resulting number by the percent set forth in the following table:

Your Years of Seniority On the Guarantee Date	Percentage
1 but less than 2	25%
2 but less than 4	50%
4 but less than 7	75%
7 or over	100%

If you are not eligible on the annual guarantee date, you may receive a pro-rated number of guaranteed annual income credit units when you meet the eligibility requirements during the next 52 weeks.

Each calendar year you will be informed of the total number of credit units in your account as of the end of the prior year.

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B. SHORT WEEK BENEFITS - When Laid Off From Kelsey-Hayes for Part of a Week

ELIGIBILITY:

You may be eligible for an automatic short week benefit for a week if:

- you had less than 40 hours of work or pay made available to you by Kelsey-Hayes;
- you worked for Kelsey-Hayes during the week, or received from Kelsey-Hayes bereavement, jury duty, military or (under certain circumstances) holiday pay, for part of the week;
- you have 1 or more Years of Seniority as of the last day of the week (or have broken your seniority during the week only by reason of death or retirement under the Kelsey-Hayes Pension Plan);
- you were laid off at any time during the week for a qualifying reason shown under Regular SUBenefits on page 16, or were ~~ineligible for Kelsey-Hayes pay~~ for jury duty, bereavement or short term National Guard duty because you would have been on qualifying layoff.

APPLICATION REQUIREMENTS:

Automatic short week benefits will be paid to you, without application, in your regular pay check for the week or shortly thereafter.

If you do not receive an automatic short week benefit to which you believe you are entitled, you must file an application within 60 days after the date you normally would have received the benefit payment. SUB application forms are available at your Personnel Office.

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AMOUNT OF SHORT WEEK BENEFIT:

For short work weeks you will receive 80% of your straight-time pay (including cost-of-living allowance) for each hour less than forty for which you were not offered work or did not receive pay.

EXAMPLE:

An assembler earning \$7.01 per hour (including cost-of-living allowance) worked 23 hours and received holiday pay for 8 additional hours (which he did not work) for a total of 31 hours. He is 9 hours short of 40 and was on a qualifying layoff during the week as shown below:

MONDAY.....	8 hours
TUESDAY.....	6 hours (laid off for 2 hours, machine breakdown)
WEDNESDAY.....	9 hours (1 hour overtime)
THURSDAY.....	0 hours (laid off because of parts shortage)
FRIDAY.....	0 hours (holiday-no work but received 8 hours' holiday pay)

Therefore, he is entitled to an automatic short week benefit of 80% of 9 hours' pay or \$50.47 ($\$7.01 \text{ an hour} \times 9 \text{ hours} \times 80\%$).

C. SEPARATION PAYMENTS-Upon Termination of Employment Due to Layoff or Total and Permanent Disability

ELIGIBILITY:

You may be eligible for a separation payment if you have 1 or more Years of Seniority on the last day you are on the active employment roll, and:

- are laid off from Kelsey-Hayes for 12 or more continuous months, provided you have not refused a Kelsey-Hayes offer of work or broken your seniority within the first 12 months of layoff,
- or

K101901

- are terminated from Kelsey-Hayes for any reason at or after age 60 (including automatic retirement) without a monthly Kelsey-Hayes pension benefit, or
- become totally and permanently disabled but are not eligible for a disability pension solely because you do not have sufficient years of credited service.

If you are automatically retired without monthly pension benefits, you may elect to file for weekly SUBenefits and not receive a separation payment. These benefits are paid on the same basis as Regular SUBenefits described on page 33.

APPLICATION REQUIREMENTS:

You must apply between 12 and 24 months after the first day of layoff or at any time up to 24 months after the date you are:

- determined by Kelsey-Hayes to be totally and permanently disabled, automatically retired, or
- terminated for any reason at or after age 60.

CANCELLATION OF SENIORITY:

After you accept a separation payment, you are no longer an employe of Kelsey-Hayes and your seniority is canceled. However, your seniority may be reinstated if you return the amount of your separation payment to the plant within 30 days from the date of the separation payment check.

AMOUNT OF SEPARATION PAYMENT:

The amount of your separation payment is determined by multiplying your base hourly rate (including cost-of-living allowance) by the number of hours pay according to your Years of Seniority as shown in the table below, less any SUBenefits paid to you after your last day worked.

SEPARATION PAYMENT TABLE

Years of Seniority On Last Day On the Active Employment Roll	Number of Hours' Pay*	Years of Seniority On Last Day On the Active Employment Roll	Number of Hours' Pay
1 but less than 2	50	16 but less than 17	770
2 but less than 3	70	17 but less than 18	840
3 but less than 4	100	18 but less than 19	920
4 but less than 5	135	19 but less than 20	1000
5 but less than 6	170	20 but less than 21	1085
6 but less than 7	210	21 but less than 22	1170
7 but less than 8	255	22 but less than 23	1260
8 but less than 9	300	23 but less than 24	1355
9 but less than 10	350	24 but less than 25	1455
10 but less than 11	400	25 but less than 26	1560
11 but less than 12	455	26 but less than 27	1665
12 but less than 13	510	27 but less than 28	1770
13 but less than 14	570	28 but less than 29	1875
14 but less than 15	630	29 but less than 30	1980
15 but less than 16	700	30 and over	2080

*The amount payable is reduced if the trust fund amount per employe is below \$225 as of the date your application is received by Kelsey-Hayes. The processing of your application will be deferred if it is received at a time when the trust fund amount per employe is below an amount specified in the IB Plan. Processing of your application will be resumed when the trust fund amount per employe equals or exceeds such specified amount.

V. GENERAL INFORMATION ABOUT YOUR BENEFITS

KELSEY-HAYES PAYS THE FULL COST...

of the Pension Plan and the SUB Plan. The rate of Kelsey-Hayes SUB Plan contributions is determined monthly by relating the level of the trust fund to the schedule of contributions set forth in the Plan. However, due to its present inactive status, Kelsey-Hayes' contribution is limited to one cent (1¢) per hour.

All coverages under the Insurance Program are paid for by Kelsey-Hayes while you are in active service. The amounts of Insurance Program contributions are determined by the carriers.

Insurance coverages, other than sickness and accident and extended disability, are continued without cost to you if you are on a qualified layoff until the end of the month following the month in which the layoff commenced.

All coverages under the Insurance Program, other than dental, are paid for by Kelsey-Hayes while you remain on a disability leave of absence which begins while you are insured for sickness and accident benefits.

When you are retired, your life insurance and all of your Health Care coverages, except for dental, are continued without cost to you. In addition, survivor income benefit insurance is provided to age 65 for employes receiving total and permanent disability benefits under the Pension Plan. However, A.D. & D. insurance is not continued after you reach age 65 if retired under a total and permanent disability retirement.

Kelsey-Hayes also pays the full cost of Health Care coverages, except dental care, for surviving spouses and eligible children of deceased pensioners and of employes who die after they are eligible to retire voluntarily under the Kelsey-Hayes Pension Plan or are receiving Survivor Income Benefits.

A surviving spouse age 65 or older who is not enrolled for Medicare Part B coverage is not eligible for Kelsey-Hayes payment for any Health Care coverages.

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WHEN INSURANCE COVERAGES START

All insurance and Health Care coverages (except dental) start upon completion of two months of continuous service.

Dental benefits start on the first day of the month which follows the month in which you were actively at work after acquiring one year of seniority—but not prior to March 1, 1978.

If you are not at work on the day your Insurance and Health Care coverages would otherwise start, such coverages start the day you return to work.

CONTINUANCE OF INSURANCE WHEN ABSENT FROM WORK

At the time of layoff or leave of absence, you will be given a notice explaining your insurance continuance privileges and any contributions which you have to make.

CESSATION OF INSURANCE COVERAGE

All insurance coverages cease on the day you quit voluntarily or are discharged. If your employment is terminated for any other reason, except retirement, all coverages cease on the day of termination.

However, in any case where an employe files a grievance protesting loss of seniority, life, A.D. & D., and hospital, medical and prescription drug expense coverages may be continued by the employe at his/her expense while his/her grievance is pending.

Dental coverage ceases at the end of the month in which you last worked if you go on leave other than for disability. If you are on layoff or disability leave, your dental coverage will remain in force until the end of the month following the month in which you last worked. While on disability leave you may keep dental coverage in force by making the required contributions.

CONTINUING INSURANCE AFTER AGE 65

While you are at work for Kelsey-Hayes after age 65, all of your insurance except extended disability benefit insurance is continued for you.

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VI. PROCEDURES FOR HANDLING QUESTIONS
OR DISPUTES ABOUT YOUR BENEFITS

If you have questions or wish further information about your benefits, please see your supervisor or the Personnel Department at the location where you work.

Under certain circumstances, you also may wish to discuss your questions with the Union member of the Kelsey-Hayes/UAW Local No. 1192 SUB Committee or with your Local No. 1192 UAW Insurance Representative. Provisions with respect to such discussion and procedures for making appeals are set forth below.

INSURANCE

Information about the Insurance Program and any insurance claim you may have is available from your supervisor or Personnel Department. If you disagree with a carrier or plan determination concerning a denial or suspension of your insurance claim, if you have any question regarding lack of coverage, or if you are concerned about an anticipated claim, you may request the presence of your Union Insurance Representative to provide information about your problem. If you are not satisfied with this information, you may request him to review your problem with the Management Representative. If these Representatives cannot resolve your problem, your case may be referred by the Union and Company Insurance Committee to Kelsey-Hayes Corporate for a final decision.

Procedures for obtaining impartial medical determinations in sickness and accident benefit and extended disability benefit cases have been developed by Kelsey-Hayes and the Union. These medical determinations are final and binding upon you, Kelsey-Hayes, the Union, and the insurance company.

SUB

Information about the SUB Plan and any claim you may have under it is available from your supervisor or the Personnel Department at the location in which you work. You may request the presence of a Union member of the SUB Committee to provide information concerning payment, denial, or appeal of a SUBenefit or Separation Payment.

If you disagree with a Kelsey-Hayes determination as to eligibility for or amount of benefits, you may appeal to your Union SUB Committee.

If your Union SUB Committee cannot resolve your claim, or if you disagree with their resolution of your claim, you may request the Committee to refer your claim to the Kelsey-Hayes/UAW SUB Board of Administration. If the Board members cannot agree, the Board may appoint an Impartial Chairman to resolve the dispute. The Board or the Impartial Chairman's decision will be binding on all parties.

VII. ADDITIONAL INFORMATION RELATED TO THE EMPLOYEE
RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

TYPE OF PLANS

The Kelsey-Hayes Insurance Program is an insured welfare benefit plan providing life and disability insurance to employes, as well as Health Care coverages to employes and their eligible dependents. The Kelsey-Hayes SUB Plan is a welfare benefit plan. The SUB Plan provides trustee benefits while employes are absent from work due to layoff.

SUB benefits are provided through Manufacturer's National Bank of Detroit. All life and disability benefits, as well as dental expense benefits for certain employes, are provided through the Aetna Life & Casualty; Health Care benefits for employes are provided through Aetna Life & Casualty. Kelsey-Hayes is responsible for administration of the plans described herein.

PLAN YEAR

August 31st is the end of the plan year for the Insurance Program and SUB Plan. Records of these plans are kept on a fiscal year basis.

NAMED FIDUCIARY

Kelsey-Hayes Company is the Named Fiduciary for the Insurance and SUB Plans.

ADMINISTRATOR

Kelsey-Hayes Company is the sponsoring employer and administrator of the insurance plans and the SUB plan described in this booklet. The administrator's address is 38481 Huron River Drive, Romulus, Michigan 48174.

K101907

IDENTIFICATION NUMBER

Kelsey-Hayes employer identification number is 38-0711690;
Plan numbers are as follows:

Plan	Number
Group Insurance	504
Dental	511
Health Care	504
SUB	515

LEGAL PROCESS

Service of legal process on Kelsey-Hayes Company with respect to the Insurance and SUB plans may be made upon the administrator at 38481 Huron River Drive, Romulus, Michigan 48174.

PARTICIPANT RIGHTS

As a participant in the Kelsey-Hayes benefit plans you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled by law to:

Examine, without charge, at the plan administrator's office and at other locations all plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions.

Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.

Receive a summary of the plan's annual financial report.

K101908

Obtain once a year, free of charge, upon written request, a statement of the total pension benefits accrued and the nonforfeitable (vested) pension benefits (if any) or the earliest date on which benefits will become nonforfeitable (vested)..

File suit in a federal court, if any materials requested are not received within 30 days of when requested, unless the materials were not sent because of matters beyond the control of the administrator.

FIDUCIARY RESPONSIBILITIES

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of employe benefit plans.

These persons are referred to as "fiduciaries" in the law. Fiduciaries must act solely in the interest of the plan participants and they must exercise prudence in the performance of their plan duties.

If you feel you are improperly denied a benefit, you may wish to follow the appeal procedures described on page 26. If after exhausting this procedure you continue to claim entitlement to denied benefits, you have a right to file suit in a federal court or request assistance from the U.S. Department of Labor.

If you have any questions about the above statement or your rights under ERISA, you may wish to contact the plan administrator or the nearest Area Office of the U.S. Labor-Management Service Administration, Department of Labor.

TRUSTEES

The Trustee of the SUB Plan, who accumulates assets through which SUBenefits are provided, is the Manufacturers National Bank of Detroit, 151 West Fort Street, Detroit, Michigan 48226.

COLLECTIVE BARGAINING AGREEMENT

The benefit plans described in this booklet are maintained pursuant to the collective bargaining agreement with the United Automobile, Aerospace and Agricultural Implement Workers of America, UAW Local No. 1192. A copy of the agreement may be obtained upon your written request to the plan administrator.

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