

continuation coverage rights
COBRA summary

salaried and full-time hourly employees

Coldwater Creek

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You are receiving this notice because you have recently become eligible under a Coldwater Creek's Benefit Plan. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

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

what is COBRA continuation coverage?

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

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

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

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

- Your spouse (domestic partner) dies;
- Your spouse's (domestic partner) hours of employment are reduced;
- Your spouse's (domestic partner) employment ends for any reason other than his or her gross misconduct;
- You become divorced or legally separated from your spouse (domestic partner).

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

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

when is COBRA coverage available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment, reduction of hours of employment or death of the employee, the employer must notify the Plan Administrator of the qualifying event.

you must give notice of some qualifying events

For the other qualifying events (divorce or legal separation of the employee and spouse (domestic partner) or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days. You must provide written notice

to Coldwater Creek Benefit Plan Administrator. If this notice is not sent to Coldwater Creek Benefits Administrator within 60 days after the later of (1) the date of the qualifying event or (2) the date that the qualifying beneficiary would lose coverage on account of the qualifying event, Coldwater Creek does not have to offer COBRA continuation coverage to the qualified beneficiary. If more than one qualified beneficiary loses coverage as the result of a divorce or legal separation, a timely notice of the divorce or legal separation that is provided by the covered employee or any one of the qualified beneficiaries or a representative of either is sufficient to preserve the election rights of all qualified beneficiaries.

how is COBRA coverage provided?

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

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

disability extension of 18-month period of continuation coverage

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

You must provide Coldwater Creek's Benefit Plan Administrator a copy of your Social Security Disability Determinations within 60 days of the determination and prior to the expiration of the 18-month period of COBRA coverage; the beneficiaries also must notify Coldwater Creek's Benefits Administrator within 30 days of a final determination that they are no longer disabled. Any of the persons who are qualified beneficiaries with the disabled qualified beneficiary by reason of the same qualifying event, the covered employee or the person acting as representative of a covered employee or qualified beneficiary may notify the Plan Administrator of the disability determination.

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

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

if you have questions

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

keep your plan informed of address changes

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

plan contact information

Coldwater Creek Employee Benefits Administrator
One Coldwater Creek Drive
Sandpoint, Idaho 83864
800.395.6439