

Benefits Overview

Prime Therapeutics (Prime) is pleased to offer employees a wide range of benefits. Each benefits-eligible employee has the flexibility to select the benefits that best meet his or her needs. To be eligible for benefits an employee must be scheduled to work at least 20 hours per week.

The core benefits are mandatory. Health and Dental coverage may be waived if an employee shows proof of other existing coverage. Supplemental benefits are optional.

All benefits except 401(k), which is effective immediately, become effective on the next first of the month from the employee's hire date.

Description of Core Benefits

1. Medical Plan: Prime participates in a traditional medical insurance benefit (PPO) and a high deductible health plan with a health savings account (HSA). These plans are administered by Blue Cross and Blue Shield of Minnesota. Please see the Comparison of Health Plan Options for details.

Prime provides each full-time employee who participates in the HSA with money to be used towards the HSA account. The benefit is calculated on a quarterly basis. Employees starting after the first of the year will receive a proportional amount. Please see the 2007 Health Care Cost for details.

2. Dental Plan: Prime participates in DeltaUSA, allowing employees access to their national network of providers. Please see the Delta Dental Plan for details.

3. Core Life and AD&D: This insurance provides the employee coverage totaling \$50,000. The premium on the first \$50,000 of coverage is paid for by Prime. Employees have the option to increase the coverage from \$50,000 to 1x or 2x their salary. The premiums on the portion of coverage over \$50,000 is an out-of-pocket expense and is taxable.

4. Short-Term Disability (STD): This benefit provides 60 percent of an employee's weekly salary with a maximum weekly payout of \$1,750.00. Coverage may continue up to a maximum of 13 weeks. An elimination period applies to illnesses.

If a person has been treated for any condition, including pregnancy, three months prior to the plan start date, that condition would not be covered for 12 months from the plan start date. **Short-term disability is paid by Prime.**

5. Long-Term Disability (LTD): This benefit provides 60 percent of an employee's monthly salary with a maximum of \$7,500 per month. This coverage begins after three months, when STD coverage ends. **Long-term disability is paid by Prime.**

Description of Supplemental Benefits

1. Health Care Flexible Spending Account: This benefit reimburses employees for certain medical and dental expenses that are not covered by an insurance plan with pre-tax dollars. A further explanation of qualifying expenses is available. Participating employees may contribute a minimum of \$260 and a maximum of \$3,000 per year.

2. Dependent Care Flexible Spending Account: This benefit reimburses employees for certain dependent/day care expenses with pre-tax dollars. A further explanation of qualifying expenses is available. Participating employees may contribute a minimum of \$260 and a maximum of \$5,000 per year.

3. Dependent Group Term Life Insurance: Annual cost is \$18 per family unit. Coverage amounts are:
Spouse – \$10,000
Each child – \$5,000
Infant child – \$500 (15 days – 6 months)
This coverage is discontinued when an employee terminates.

4. Portable Term Life Insurance: A variety of portable term life products are available from MII Life. Please see the Voluntary Term Life Insurance description for rates and details.

■ **Employee Voluntary Term Life Insurance**

Additional term life may be purchased in increments of \$10,000 up to \$500,000. (New employees interested in purchasing this coverage within 30 days of their start date will get a guarantee issue of up to \$200,000.) Employees who request to purchase up to \$240,000 will be required to provide a health history. Employees requesting over \$240,000 will be required to complete a physical exam, which will be paid for by MII Life. This coverage (up to \$250,000) can be converted into an individual policy upon leaving the company.

■ **Spouse Voluntary Term Life Insurance** Spouse term life is available in increments of \$10,000 up to \$500,000 — spouses of new employees interested in purchasing this coverage within 30 days of the new employee's start date will get a guarantee issue of up to \$50,000. Requests up to \$120,000 require a health history. Employees requesting over \$120,000 in spousal coverage will be required to have their spouse complete a physical exam, which will be paid for by MII Life. This coverage (up to \$250,000) can be converted into an individual policy upon leaving the company.

■ **Child Certificates**

There are three certificate amounts – \$10,000, \$15,000, or \$25,000. Individual certificates must be purchased for each child. The child must be more than 15 days and less than 19 years old to be eligible for this benefit. This coverage can be converted into an individual policy once the child turns 19 and/or when the employee leaves the company.

5. Long Term Care: Prime offers long-term coverage. It includes coverage for home health care, assisted living facilities, nursing home care, and adult day care. Ask Human Resources for more details.

6. Vision Plan: Prime participates in VSP vision plan. With VSP doctors, you'll enjoy quality, personalized care. Your benefits are easy to use, no ID cards or filling out claim forms. See VSP Plan for details.

Additional Benefits from Prime Therapeutics

1. Paid Time Off (PTO): PTO allows flexibility and responsiveness to individual needs. This program allows employees to manage their own time off for vacation and occasional absences from the scheduled workday while protecting the employee's income. PTO may be used for the following reasons: vacation; personal or family illness, including family and medical leave; observance of religious holidays; and military leaves extending beyond 10 working days. PTO is accrued for all employees on a bi-weekly basis. Please see the PTO Program for details.

2. Holiday & Payroll

■ **Holidays**

There are seven paid holidays per calendar year: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the following Friday, and Winter Holiday.

■ **Payroll**

Employees are paid bi-weekly. Prime offers a direct-deposit option. Please see the Pay Periods and Holiday schedule for details.

3. Retirement: 401(k)

■ Employees may participate immediately. Employees can contribute 1 percent to 50 percent up to a maximum annual contribution set by the IRS. Prime matches 50 percent of the first 6 percent of the employee's contribution. The vesting schedule is 34 percent after one year, 67 percent after two years, and 100 percent after three years. A vested year is reached after an employee is paid for 1,000 hours in a calendar year.

■ **Defined Contribution Pension Plan**

Prime contributes into each employee's 401(k) three percent of their bi-weekly salary regardless of the employee's participation. This money is immediately vested.

- There are ten investment options ranging from conservative to aggressive. In addition, there are rollover provisions and a loan program that lets employees borrow up to half of their vested balance.

4. Education/training: Prime encourages employees to pursue professional development opportunities.

■ **Undergraduate/Graduate Programs**

The company will reimburse employees who successfully complete educational programs which are part of a formal degree program and are directly related to their jobs or the company's business activity.

Prime provides reimbursement for both undergraduate and graduate level course work. Employees attending undergraduate classes are eligible to be reimbursed a maximum of \$2,500 per calendar year. For those attending graduate level classes, the maximum is \$4,000 per calendar year. Certain restrictions apply. Please see the Education Reimbursement Policy for more information.

■ **General Training**

Reimbursement for other training courses and employee travel may be provided when the course is directly related to his/her job or the company's business activity.

5. Employee Incentive Plan: Prime's Incentive Plan is

designed to encourage the achievement of company goals. All employees are eligible for incentive pay, but the criteria will differ based on unique departmental goals and individual performance. Employees hired before October 1 are eligible in the current year. Managers are responsible for clarifying employee goals, but you may contact Human Resources if you have additional questions that your manager is unable to answer.

6. Pay raises: Employees are eligible to receive yearly salary increases based on performance. (Employees hired before October 1 are eligible for an increase based on performance in their first year.) All changes are effective the pay period in which February 1 occurs.

7. Additional perks

- Employee Assistance Program
- Flex time — subject to department approval
- Free parking
- Leaves of absence
- Three-day paid funeral leave
- Pay during jury duty
- Ten-day paid military leave
- FirstHelp — nurse phone care 24/7
- Mail-order prescription program