

SureWest Communications Retiree Medical Benefits Plan

Summary Plan Description

Effective January 1, 2004

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Plan Summary

For

SUREWEST COMMUNICATIONS

RETIREE MEDICAL BENEFITS PLAN

Introduction

The SureWest Communications Pension Plan provides for certain medical benefits for retirees under that Plan. There are two types of medical benefits provided. First, eligible Participants who retire under the Pension Plan may continue to participate in the Company's group medical insurance plan, at group rates, with monthly premium payments deducted from their pension checks. Second, eligible retirees under the Pension Plan may participate in a Health Reimbursement Arrangement (HRA), which reimburses the Participant for qualified medical expenses incurred by the Participant and his or her spouse and eligible dependents. These two types of benefits together constitute the Retiree Medical Benefits Plan, which is a feature of the Pension Plan.

This booklet describes the benefits provided under the Retiree Medical Benefits Plan ("Plan"), how the Plan operates, and how you can get maximum advantage from the Plan. This booklet describes only the retiree medical benefits features of the Pension Plan. A separate Summary Plan Description for the Pension Plan is available, which describes the other benefits available under the Pension Plan. This booklet is only a summary of the key features of the Retiree Medical Benefits Plan, and a brief description of your rights as a Participant in the Plan. This summary does not cover all of the Plan provisions and is not the official text of the Plan. Copies of the actual Plan document and its related Trust Agreement are available for inspection with the Plan Administrator at the address as shown in Part VII of this document. In the event of any inconsistency between the information in this summary and in the Plan itself, or to the degree the Plan contains more complete or detailed information or rules, the provisions of the Plan will prevail.

Part I

General Information About Participation In The Group Medical Insurance Plan

Questions and Answers

1. What is the purpose of the Plan?

The purpose of this feature of the Plan is designed to permit eligible retirees to continue participating in the Company's group medical insurance plan, at group rates available under the terms of that plan.

2. When does the Plan take effect?

This feature of the Plan originally became effective on January 1, 1991, and continues in effect.

3. Who can participate in the Plan?

Participants in the SureWest Communications Pension Plan who retire under that Plan, who separate from the employment of the Company and begin receiving monthly retirement income benefits under the Pension Plan on account of such separation, are eligible to continue participating in the group health insurance plan maintained by the Company, for the benefit of such Participant and his or her spouse and dependents and at the group rates available under the Plan. The monthly pension benefit to the Participant must be equal to or greater than the cost of the monthly premium attributable to such participation in the group health insurance plan.

4. What benefits are offered through the Plan?

A qualified Participant will be allowed to participate in the group medical health insurance plan at the group rates available under the Plan. The monthly premiums will be deducted from the Participant's monthly pension payment. The amount of the premium for such Participant and his spouse and dependents, if any, will be determined under the governing provisions of the group medical plan. The benefits available to the Participant and his spouse and dependents, if any, will be the benefits provided under the terms and conditions of the group health insurance plan as maintained in effect by the Company. If the Participant initially declines medical coverage under the Plan because of other medical insurance coverage, he or she may later enroll in the Plan, if he or she provides the Company with proof of continuous medical coverage from former provider. Also, a Participant may elect to discontinue participation in the group health insurance plan at any time, effective as of the next premium due date under the group health plan, after which there shall be no further reductions of the Participant's monthly pension payments. Benefits under this Plan terminate the first of the month in which the Participant attains age 65. A participant may continue such coverage for an under-age-65 spouse until such spouse also reaches age 65.

5. How do I become a Participant?

SureWest Communications will notify you of your eligibility to participate in this feature of the Plan. You will be asked to complete an information and enrollment form, which will identify your spouse and dependents and will authorize deduction of the health insurance premiums from your monthly pension payments.

6. What benefits are provided?

All medical benefits are provided solely under the group medical insurance plan maintained by the Company. The benefits available, and the terms and conditions relating to the availability of such benefits are solely those provided through the group medical plan. This particular feature of the Retiree Medical Benefits Plan merely provides access to the group medical insurance plan, and deals with the method for paying premiums attributable to participation in the group medical plan. All claims for benefits under the group medical plan must be submitted and processed in accordance with the rules and conditions applicable to the group medical plan.

Part II

General Information about the Health Reimbursement Arrangement

Questions and Answers

7. What is the purpose of the Health Reimbursement Arrangement?

The HRA feature of the Plan is designed to permit eligible retirees to obtain reimbursement of health care expenses on a nontaxable basis. The arrangement is intended to qualify as an employer-provided medical reimbursement plan under Internal Revenue Code Sections 105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as defined under IRS Notice 2002-45.

8. When does the Plan take effect?

The HRA feature is effective January 1, 2004.

9. Who can participate in the HRA?

An eligible Participant in this feature of the Plan is a Participant in the SureWest Communications Pension Plan who has separated from employment with the Company and who is eligible to receive pension benefits under that Plan on account of such separation. Only Participants with at least 20 accumulated hours of unused sick leave on the date of separation will be eligible to participate in this HRA feature of the Plan.

10. What benefits are offered through the Plan?

An eligible Participant will receive credit to his or her HRA account ("Account") of an amount equal to \$10 per hour for every hour of accumulated sick leave recorded by the Company as of

the Participant's retirement date. This amount is then available to reimburse the Participant for qualified medical expenses incurred by the Participant and his or her spouse and dependents. This amount is NOT payable in cash or any other form of benefit. This amount will be credited by the Company for your use under this HRA.

11. How do I become a Participant?

SureWest Communications Company will notify you of your eligibility to participate in this feature of the Plan. You will be eligible to participate on the first day of the month after the eligibility requirements have been satisfied. Your account information is sent to Polycomp Administrative Services, Inc. ("Polycomp"), the third party Plan Administrator retained by the Company to administer the HRA and process your claims. Polycomp will send you an information packet and you will be asked to complete and return certain forms. The information packet will contain a form that identifies your spouse and dependents whose medical expenses may be submitted to the HRA for reimbursement, as well as provide you with all the necessary forms to process your claims. Please make sure to inform Polycomp of any relevant information changes.

12. How is my Account funded?

Your Account is funded by the employer, through the Pension Plan. You are not allowed to add monies to the Plan. Your Account is credited only once upon your meeting the eligibility requirements of the Plan.

13. Who holds the funds credited to me under the Plan?

The funds available to your account as reimbursement for your medical expenses will remain in the general assets of the Company and are reimbursed to the Company, when claimed, through the Pension Plan.

14. Will my Account earn any interest?

No interest or other earnings will be credited to your Account at any time.

15. How do I receive my benefits under the Plan?

To be paid for allowable medical expenses including insurance premiums, you will have to take certain steps to be reimbursed. When you incur an expense that is eligible for reimbursement out of your Account, you must submit a claim to Polycomp on a Claim Form that will be supplied to you.

Please review the list of eligible expenses included with the Claims Instructions you will be furnished. Note that it is not necessary that you have actually paid an amount due for uninsured medical expenses, only that you have *incurred* the expense, and that it is not being paid for by insurance or from any other source.

16. When may I submit my claims?

You may submit your Claim Form to Polycomp at any time. A schedule of payments is included in your information packet from Polycomp. You will be notified in writing if any claim for benefits is denied.

17. Will unused year-end Account balances be carried over?

Yes. Unused amounts in your HRA Account will carry over from year to year indefinitely – meaning there are no forfeitures at the end of a Plan Year unless you die with a balance remaining in the Account with no surviving spouse or dependents eligible to make subsequent claims. Otherwise, upon your death, all rights and restrictions to the Account are carried forward to your surviving spouse and dependents upon your death.

18. May I withdraw cash from any of my Accounts?

No. Your Account balance may be used only to provide premium payment reimbursement or expense reimbursement benefits, as the case may be.

19. Will I have any administrative costs under the Plan?

No. The Company is bearing the entire cost of administering the Plan.

20. Are my benefits taxable?

Since the Plan is intended to meet certain requirements of the federal tax laws, the benefits you receive under the Plan are not currently taxable to you under present law. However, neither the Company nor Polycomp can guarantee the tax treatment to any given Participant, as individual circumstances may produce differing results. In case of doubt, you should consult your own tax adviser.

21. What happens if my claim for benefits is denied?

You will be notified in writing by Polycomp as soon as possible if the claim is denied. Such notification will state the reasons your claim was denied, and further advise you of what steps, if any, you might take to validate the claim. It will further advise you of your right to request an administrative review of the denial of the claim; you may request a review any time within the 60-day period after you have received notice that the claim was denied. You or your authorized representative will have the opportunity to review any important documents held by Polycomp, and to submit comments and other supporting information. In most cases, a decision will be reached within 60 days of your request for a review.

Part III

Uninsured Medical Expense Reimbursement Benefits

One of the important features of your HRA is your opportunity to elect to use these benefits to receive income tax-free reimbursement for some or all of the uninsured medical expenses incurred by you, your spouse and your dependents.

Questions and Answers

22. What amounts will be available for reimbursement during the Plan Year?

The entire amount of your Account is available for reimbursement of eligible medical expenses at any time during the year.

23. How do I receive my benefits under the Plan?

You will have to take certain steps to be reimbursed for your eligible medical expenses. When you incur an expense that is eligible for reimbursement, you must submit a claim to Polycomp on a Claim Form that will be supplied to you. You will be reimbursed for your eligible expenses as per the calendar provided in your information packet.

To have your claims processed as soon as possible, please read the Claims Instructions you have been furnished. Please note that it is not necessary that you have actually paid an amount due for an eligible medical expense, only that you have *incurred* the expense, and that it is not being paid for or reimbursed from any other source.

24. What is an "eligible expense"?

An "eligible expense" means any item for which you could have claimed a medical expense deduction on an itemized federal income tax return for which you have not otherwise been reimbursed from insurance, or some other source.

Please review the list of eligible medical expenses included with the Claims Instructions for assistance in determining what is an "eligible expense." You are also encouraged to consult your personal tax adviser or IRS Publication 17 "Your Federal Income Tax" for further guidance as to what is or is not an eligible expense if you have any doubts.

Over-the-counter drugs can be reimbursed under this Plan. This includes reimbursement for diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. Items such as over-the-counter antacids, allergy remedies, pain and cold remedies are included. Vitamins, toiletries, cosmetics and creams are not included.

25. When must the expenses be incurred that I may be reimbursed for?

Eligible expenses must have been incurred any time after becoming eligible for the Plan.

Part IV

Insurance Premium Benefits

In addition to the expense reimbursement-type benefits described in Part II above, you may be reimbursed for the cost of premiums for medical plan coverage provided through the Company. If you participate in the Company's medical plans at retirement, the cost of the premiums deducted from your pension check are eligible to be reimbursed through the Plan.

For the details regarding eligibility provisions and benefit amounts, please refer to the plan summary of each separate insurance plan that is being furnished to you by the Employer.

Part V

Cash Benefits

There are **NO** Cash Benefits offered under this Plan.

Part VI

Duration of Plan

Although the Company expects to maintain the Retiree Medical Benefits Plan indefinitely, it has the right to modify or terminate the Plan at any time. The Plan may be amended or terminated by a written resolution duly adopted by the Company's Board of Directors. The Plan will also automatically terminate if the Company (1) is legally dissolved; (2) makes a general assignment for the benefit of its creditors; (3) files for liquidation under the Bankruptcy Code or (4) merges or consolidates with any other entity and it is not the surviving entity, or if it sells or transfers substantially all of its assets, or goes out of business, unless the Company's successor in interest agrees to assume the liabilities under the Plan as to the Participants and eligible dependents. If the Plan is terminated, credits to your HRA Account will be used to provide benefits through the end of the Plan Year in which termination occurs. It is also possible that future changes in state or federal tax laws may require that the Plan be amended accordingly.

Part VII

Administrative and ERISA Information

Name of the Plan

The Retiree Medical Benefits Plan is a feature of the SureWest Communications Pension Plan.

Name and Address of Plan Administrator

Administrative Committee of the Retirement Plans
SureWest Communications

8150 Industrial Avenue
P.O. Box 969
Roseville, CA 95678

Plan Numbers

- (1) 68-0365195-the employer identification number assigned to SureWest by the Internal Revenue Service; and
- (2) 001-the Plan number used for reporting to the Department of Labor and the Internal Revenue Service.

Type of Plan

The SureWest Communications Pension Plan is a defined benefit plan. The Retiree Medical Benefits Plan is a feature of the Pension Plan governed by Section 401(h) of the Internal Revenue Code and related Regulations.

Trustee

The Trustee is Wells Fargo Bank.

Agent for Service of Legal Process

Service of legal process may be served on the Plan Administrator at the address shown above.

Plan Record Keeper

The Employer has a contract with Polycomp Administrative Services, Inc. to assist with the operation and administration of the Plan. Forms and claims may be submitted to Polycomp Administrative Services, Inc. at the following address:

Dawnna Douglass
Polycomp Administrative Services, Inc.
2999 Douglas Blvd., Suite 155
Roseville, CA 95661

Plan Year

For purposes of administering the Plan, records are maintained on a calendar year basis. The Plan Year is from January 1 through December 31.

Claims Procedure

If you or your beneficiary feel that you are not receiving a Plan benefit that you should, you may file a written claim for the benefit with the Plan Administrator. The claim must set

forth the reasons you believe you are eligible to receive benefits and authorize SureWest to conduct such examinations and take such steps as may be necessary to evaluate the claim.

If the Plan Administrator denies your claim, you will receive written notice within 60 days of the date your claim was received, telling you why it was denied, and on what part of the Plan the denial is based. The notice will also tell you what, if anything, you can do to have your claim approved. You will have a chance, within 60 days after you get this written notice, to ask for a final review of your claim and its denial by the Plan Administrator. You and your representative can review the documents that relate to your claim and file written comments with the Plan Administrator. Your claim will then be reviewed again by the Plan Administrator and you will get a written notice of the final decision within 60 days after receipt of your request for a review. (See ERISA Rights below for more information regarding claims procedures.)

Part VIII

ERISA Rights

As a Participant in the Retiree Medical Benefits Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act ("ERISA"). ERISA provides that all Plan Participants shall be entitled to:

- Examine, without charge, at Polycomp's office and at other specified locations, such as work sites and union halls, 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 detailed annual reports and Plan descriptions.
- Obtain copies of all Plan documents and other Plan information upon written request to the Company or to Polycomp. The Company or Polycomp may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of the Plan Participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit from the 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 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 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 Polycomp to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits, which is

denied or ignored in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the 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 your claim is frivolous. 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 U.S. Department of Labor-Management Services Administration, Department of Labor.

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