



Highlights of
Benefit Programs
for
Marine Systems, Inc.

Effective January 1, 2008

Benefit Package Highlights
Effective January 1, 2008

<u>BENEFIT</u>	<u>ELIGIBILITY</u>	<u>EMPLOYEE COST</u>	<u>BENEFIT COVERAGE</u>
Basic Life Insurance	Full time, regular employees with 30 days service.	No cost to the employee.	One times your annual base pay on January 1 rounded to the next higher \$1000 increment.
Supplemental Life Insurance	Full time, regular employees with 30 days service.	See Cost Sheet	\$25,000 - \$300,000 coverage not to exceed 5x an employee's salary.
Dependent Spouse Life Insurance	Full time, regular employees with 30 days service.	See Cost Sheet	\$10,000 - \$50,000 coverage, not to exceed 50% of an employee's supplemental life insurance coverage amount.
Dependent Child Life Insurance	Full time, regular employees with 30 days service.	See Cost Sheet	\$5,000 coverage for each dependent child (at least 6 months old). An employee must elect supplemental life insurance in order to be eligible.
Basic Accidental Death & Dismemberment Insurance	Full time, regular employees with 30 days service.	No cost to the employee.	One times your annual base pay on January 1 rounded to the next higher \$1000 increment.
Business Travel Accidental Death & Dismemberment Insurance	Full time, regular employees with 30 days service.	No cost to the employee.	\$100,000 coverage while traveling on company business. The policy includes coverage while commuting between your home and assigned vessel.
Supplemental Accidental Death & Dismemberment Insurance	Full time, regular employees with 30 days service.	See Cost Sheet	\$25,000 - \$300,000 coverage for either the Employee or Employee and Family.
Sick Pay Allowance	Full time, regular employees with 30 days service.	No cost to the employee.	After 3 months of employment, five days per year that may be carried over with no limit.
Short Term Disability	Full time, regular employees with 30 days service.	No cost to the employee.	30 day waiting period, 60% of base pay for up to 5 months,
Long Term Disability	Full time, regular employees with 30 days service.	No cost to the employee.	This policy provides an income benefit of 60% of base pay reduced by other disability income; there is a 180-day waiting period.

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<p>Health Care: PPO Medical Plan</p>	<p>Full time, regular employees with 30 days service.</p> <p>A participant must live within an area covered by a PPO network</p>	<p>See Cost Sheet</p>	<p>The Plan covers medically necessary services and will pay up to a \$ 2 million lifetime benefit. Participants who live in an area covered by a PPO network are assigned to the PPO Plan. Within the PPO Plan a participant may select either the Core or Optional coverage.</p> <p><u>Core Coverage:</u></p> <ul style="list-style-type: none"> • \$400 individual deductible, • \$800 family deductible • After the deductible has been met the plan pays 80% • \$2250 individual maximum out-of-pocket • \$4500 family maximum out-of-pocket • The amounts described above <u>double</u> and the co-insurance is reduced to 60% if PPO participants utilize out-of-network providers. <p><u>Optional Coverage:</u></p> <ul style="list-style-type: none"> • \$200 individual deductible, • \$400 family deductible • After the deductible has been met the plan pays 80% • \$2000 individual maximum out-of-pocket • \$4000 family maximum out-of-pocket • The amounts described above <u>double</u> and the co-insurance is reduced to 60% if PPO participants utilize out-of-network providers. <p><u>Physician office visits:</u></p> <p><u>In-network:</u></p> <ul style="list-style-type: none"> • Core Plan: \$ 20 office co-pay • Opt. Plan: \$15 office co-pay • Services provided beyond the normal office examination, such as x-rays or lab tests, are subject to the normal deductible and co-insurance. <p><u>Out-of-network:</u></p> <ul style="list-style-type: none"> • Services provided by a non-network provider is subject to <u>double</u> the normal deductible and maximum out-of-pocket and 60% co-insurance. <p><u>Prescription Drugs:</u> Participants must use participating pharmacies for the following benefits:</p> <ul style="list-style-type: none"> • 30 day supply: <ul style="list-style-type: none"> • Non-Preferred: \$45 co-pay • Preferred: \$25 co-pay • Generic: \$10 co-pay • 60 day supply: <ul style="list-style-type: none"> • Non-Preferred: \$90 co-pay • Preferred: \$50 co-pay • Generic: \$20 co-pay • Mail Order (90 day maximum): <ul style="list-style-type: none"> • Non-Preferred: \$90 co-pay • Preferred: \$50 co-pay • Generic: \$20 co-pay <p>If you use a non-participating pharmacy the Plan will reimburse you 60%.</p> <p><u>Wellness benefits:</u></p> <ul style="list-style-type: none"> • All Expenses paid at 100% after a \$20 Office Visit Co-pay. Includes, but not limited to, well woman exams, cholesterol screening, mammograms, colonoscopy, stress tests, prostate exams, etc. • The Covered Services are based on age appropriateness of the service and subject to standard of care.

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Health Care: Indemnity Plan (or the Non-PPO Plan)	Full time, regular employees with 30 days service.	See Cost Sheet	<p>The Plan covers medically necessary services and will pay up to a \$ 2 million lifetime benefit. Participants who DO NOT live in an area covered by a PPO network are assigned to the Indemnity Plan (non-PPO Plan). This Plan is subject to reasonable and customary charges. Within the Indemnity Plan a participant may select either the Core or Optional coverage.</p> <p><u>Core Coverage:</u></p> <ul style="list-style-type: none"> • \$400 individual deductible, • \$800 family deductible • After the deductible has been met the plan pays 80% • \$2250 individual maximum out-of-pocket • \$4500 family maximum out-of-pocket <p><u>Optional Coverage:</u></p> <ul style="list-style-type: none"> • \$200 individual deductible, • \$400 family deductible • After the deductible has been met the plan pays 80% • \$2000 individual maximum out-of-pocket • \$4000 family maximum out-of-pocket <p><u>Prescription Drugs:</u> Participants must use participating pharmacies for the following benefits:</p> <ul style="list-style-type: none"> • 30 day supply: <ul style="list-style-type: none"> • Non-Preferred: \$45 co-pay • Preferred: \$25 co-pay • Generic: \$10 co-pay • 60 day supply: <ul style="list-style-type: none"> • Non-Preferred: \$90 co-pay • Preferred: \$50 co-pay • Generic: \$20 co-pay • Mail Order(90 day maximum): <ul style="list-style-type: none"> • Non-Preferred: \$90 co-pay • Preferred: \$50 co-pay • Generic: \$20 co-pay <p>If you use a non-participating pharmacy the Plan will reimburse you 60%.</p> <p><u>Wellness benefits:</u> Expenses paid at 100% of usual and customary charges.</p>
Health Care: Dental Plan	Full time, regular employees with 30 days service.	The cost for dental coverage is included in the medical plan premium	<p>The Plan covers some dental services and will pay up to a maximum of \$ 1000 per calendar year for preventive and restorative treatment, and up to a maximum of \$1500 lifetime for each dependent child's orthodontic treatment.</p> <p><u>Preventive Services:</u></p> <ul style="list-style-type: none"> • The Plan pays 80% co-insurance • 2 cleanings per year at least 5 months apart are covered <p><u>Restorative Services:</u></p> <ul style="list-style-type: none"> • Deductible: \$25 per individual, \$50 family • The Plan pays 50% co-insurance <p><u>Orthodontic Services:</u></p> <ul style="list-style-type: none"> • Covers dependents < age 19 • No deductible • The Plan pays 50% co-insurance • Maximum benefit is \$1500 per eligible dependent child

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Flexible Spending Account	Full time regular employee with 30 days service	Employees save money by deferring taxable income.	<p>Employees may defer up to \$5000 of base pay for qualified dependent childcare expenses and/or up to \$4750 for qualified health care expenses.</p> <p>The company will contribute \$250 into your flexible health care spending account for all employees with more than 1 year of service, which can be used to help offset the cost of qualified health care expenses.</p> <p>Employees who achieve one year of service during the year will receive a prorated contribution.</p>												
401(k) Plan	All full time, regular employees with three months of service.	Employees save money by deferring taxable income.	<p>Eligible participants will be automatically enrolled effective the first day of the payroll period following the completion of three months of service. Employees may contribute 1-17% of base pay on a pre-tax basis. In addition to the 17% employees at least age 50 can make "catch up" contributions (\$5000 in 2008). The company will match 100% of the first 3% of the employee's contribution with tax deferred dollars (subject to six year graded vesting schedule).</p> <ul style="list-style-type: none"> • You may direct the investment of your own contribution and the company matching contribution and re-allocate current balances at any time subject to the Insider Trading Policy. • There are 11 investment funds plus 9 target date funds; you may allocate your investments in 1% increments. • All accounts are valued on a daily basis. You may access your account by telephone or internet. Quarterly statements are mailed to participant's homes. <p>You may borrow from your account and repay the loan in one month increments up to five years, at an interest rate of the prime rate +1%. You may have up to two outstanding loans.</p>												
Profit Sharing Plan	All full time, regular employees	No cost to the employee.	<p>Employees are automatically enrolled on their date of employment. Based on annual profits the company may contribute up to 12% of participant's total compensation on a tax-deferred basis, the contribution pool is allocated on base pay.</p> <ul style="list-style-type: none"> • Vesting Schedule: <table style="margin-left: 40px; border: none;"> <tr> <td>< 3 years</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>3 years</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>4 years</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>5 years</td> <td style="text-align: right;">60%</td> </tr> <tr> <td>6 years</td> <td style="text-align: right;">80%</td> </tr> <tr> <td>7 years or age 65</td> <td style="text-align: right;">100%</td> </tr> </table> 	< 3 years	0%	3 years	20%	4 years	40%	5 years	60%	6 years	80%	7 years or age 65	100%
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7 years or age 65	100%														
Bereavement	Full time, regular employees with 30 days service.	No cost to the employee.	Up to three days pay for the death of an immediate family member (see policy for definition).												
Jury Duty pay	Full time, regular employees with 30 days service.	No cost to the employee.	Employees will receive their regular rate of pay while serving as a juror												

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Service Recognition	Full time, regular employees.	No cost to the employee.	In recognition of employee's contribution to the company's success awards are granted as follows: <u>Years Service</u> <u>Award</u> 5 years Lapel Pin/Tie Tack 10 years Lapel Pin/Tie Tack w/ Ruby 15 years Lapel Pin/Tie Tack w/ Sapphire 20 years Lapel Pin/Tie Tack w/ Diamond 25 years Watch 30 years Kirby Stock valued at \$1000 (same stock award for each additional 5 years)
Credit Union	Full time, regular employees with 30 days service.	No cost to the employee.	Employees may join the Southwest Financial Federal Credit Union and establish checking and/or savings accounts. Deposits and loan payments may be made through payroll deduction.
Matching Charitable Contributions	Full time, regular employees with 30 days service.	No cost to the employee.	The Company will match 100% of your contribution, up to \$1000, to a qualified charitable organization. The charity must be nondenominational meet IRS code 501 (c)(3), and be approved by the Company.
Paid Holidays	All full time regular shore side employees	No cost to the employee.	Eight paid holidays are schedule as follows: <ul style="list-style-type: none"> • New Year's Day • Mardi Gras (Gulf Coast Only) • Memorial Day • Independence Day • Labor Day • Thanksgiving Day • Day After Thanksgiving • Christmas Eve Day (Except Gulf Coast) • Christmas Day
College Scholarship Program	All full time regular employees (excluding officers and VPs) with one year of service.	No cost to the employee.	Sons and daughters are eligible to participate up to and including the semester in which they reach their 23 rd birthday. The maximum scholarship amount for each student is \$500 for the Spring semester, and \$500 for the Fall semester. A total of \$50,000 will be available for scholarships each year. Application forms are available through Human Resources.

This document contains some highlights of the Company's policies and programs. In the event of a discrepancy between this document and the actual policy, the policy will be the governing document. The Company reserves the right to amend or discontinue any policy or program, including those described in this document, at any time with approval by the KES Executive Management Committee. If you are uncertain about any policy or program please check with your supervisor.