

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

St. Joseph Health Services of Rhode
Island, Inc.

Vs.

PC 2017-

St. Josephs Health Services of Rhode
Island
Retirement Plan, as amended

PETITION FOR THE APPOINTMENT OF A RECEIVER

Petitioner respectfully represents that:

1. Petitioner, a Rhode Island domestic non-profit corporation, formerly provided hospital and related medical services to communities in northern Rhode Island. In connection therewith, Petitioner coordinated compensation and benefits for its employees, including a defined benefit pension plan.¹

2. In June 2014, Petitioner sold substantially all of its operating assets to a newly-formed entity (the "Hospital Purchaser") owned by Prospect Medical Holdings, Inc. ("Prospect") and CharterCARE Community Board ("CCCB"),² and specifically organized for such purpose. As a result of the sale, Petitioner ceased operating as a health care institution and entered into a "wind-down" phase.

3. Respondent, a defined benefit pension plan, was organized by Petitioner

¹ Generally speaking, a "defined benefit pension plan" is a retirement vehicle which pays out to a beneficiary a defined annuity payment based upon the employee's compensation during employment and length of employment. By comparison, a "defined contribution pension plan" is a retirement vehicle which pays out to a beneficiary a variable annuity or lump sum payment based upon the contributions made to the plan during the employee's employment.

² CCCB was organized in 2009 to seek operating efficiencies and to stem the on-going losses from the operations of Petitioner and Roger Williams Hospital.

as of July 1, 1965 (and amended from time to time), for the benefit of Petitioner's employees (the Respondent pension plan, as amended, shall be hereinafter referred to as the "Plan"). A copy of the latest Plan document is attached as Exhibit 1.

4. Prior to the sale, eligibility for employee participation in the Plan was terminated, thereby closing the Plan to new participants. At the time of the sale, the Plan was estimated to be approximately 90% funded.³ In connection with the sale, additional benefit accruals for existing plan participants were terminated effectively "freezing" benefits for then-eligible employees. Neither Prospect nor the Hospital Purchaser assumed the Plan or any liability with respect thereto as clearly stated in the asset purchase agreement among the parties.⁴

5. At the time of the transaction with the Hospital Purchaser, Petitioner elected to contribute \$14,000,000 to the Plan as a one-time contribution.

6. Throughout its history, Petitioner has been affiliated with the Catholic Church. Petitioner has continued that affiliation during and after the sale to the Hospital Purchaser. As an affiliate of the Catholic Church, the Plan qualified as a "church plan," which is exempt from the provisions of the Employment Retirement Income Security Act of 1974 ("ERISA") governing defined benefit pension plans. As a result of the "church plan" exemption, Petitioner was not required to make annual minimum contributions to the Plan, or make pension insurance payments to the

³ As will be discussed below, the concept of "funding" of a pension plan has different meanings under different circumstances. Here, the assumptions made about the funding level at the time of the transaction with the Hospital Purchaser did not consider all of the long-term issues affecting the Plan.

⁴ Prospect had no role in the evaluation of the Plan or its funding level.

Pension Benefit Guaranty Corporation (“PBGC”).⁵

7. Petitioner is advised and believes that the Plan will lose “church plan” status on or before December 31, 2018.

8. If the Plan loses its status as a “church plan,” Petitioner would be required to make minimum annual contributions and annual payments to PBGC, and would otherwise be required to comply with ERISA. Petitioner does not have the financial resources to make such payments, or to comply with the other financial and regulatory requirements of ERISA.

9. Angell Pension Group, Inc. (“Angell”) performs valuable administrative services for the Plan and serves as the Plan’s actuary. Angell prepares an annual actuarial report of the Plan, the most recent of which is attached hereto as Exhibit 2 (the “Actuarial Report”).

10. Pursuant to the Actuarial Report, the Plan is severely underfunded and requires additional capital of over \$43,000,000 to reach a 100% funding level. See Actuarial Report, p. 2. One of the underlying assumptions in the actuarial calculation, an annual rate of return of 7.75%, has been consistently attributed to the Plan and, historically, constituted a reasonable estimate of performance. However, going forward there is concern that 7.75% projected annualized return is unlikely to be sustained in the long term. Applying a lower anticipated annual rate of return would result in a higher underfunding projection.

11. In light of the considerable underfunding and the imminent loss of “church plan” status, Petitioner requested that Angell perform analyses of different

⁵ PGBC is the quasi-governmental entity that insures defined benefit pension plans.

Plan termination and liquidation scenarios to facilitate an evaluation of options for the Plan and its beneficiaries. Angell provided an analysis dated May 8, 2017, attached hereto as Exhibit 3 (the “Initial Termination Analysis”).

12. The Initial Termination Analysis demonstrated that upon an immediate termination of the Plan, beneficiaries currently receiving benefits would receive a payout of approximately 60% of their accrued benefits and all other beneficiaries would receive no distributions whatsoever. Petitioner believes that such an outcome represents the least favorable result.

13. Following review and evaluation of the Initial Termination Analysis, in an effort to identify better options for Plan beneficiaries, Petitioner requested that Angell perform an analysis of the Plan based upon a uniform reduction of 40% for all current and future beneficiaries’ benefits, and assuming more conservative annualized rates of return. In response to such request, Angell provided an analysis dated May 24, 2017, attached hereto as Exhibit 4 (the “Benefit Adjustment Analysis”).

14. The Benefit Adjustment Analysis demonstrates:

a. That at an annualized rate of return of 6.66%, the Plan will pay out 60% of accrued benefits to 100% of Plan beneficiaries;

b. That at an annualized rate of return of 6.5%, the Plan will pay out 60% of accrued benefits to almost all of the Plan beneficiaries, with the last “allocation group” receiving approximately 48.6% of their accrued benefits; and

c. That at an annualized rate of return of 6.0%, the Plan will pay out 60% of accrued benefits to almost all of the Plan beneficiaries, with the last

“allocation group” receiving only 9% of their accrued benefits.⁶

15. Petitioner believes that a uniform reduction of 40% of pension benefits is likely the most reasonable approach to achieving an equitable resolution for all beneficiaries and therefore requests that the receiver be given authority to make such uniform reduction immediately in order to preserve the Pension assets for the benefit of all beneficiaries.

16. Petitioner, and, Petitioner’s affiliates, Roger Williams Hospital and CCCB,⁷ are winding down their respective affairs. Upon conclusion of such wind-down efforts, the net assets of Petitioner, RWH and CCCB may become available to assist with the Plan.⁸ While the availability of additional funds is uncertain at this time, such additional funds could be used to support the Plan for long-term pay-outs to beneficiaries or provide supplemental distributions to beneficiaries whose benefit payments might be reduced as part of the Plan’s wind-down process. The potential for additional Plan funds is not contemplated by the Benefit Adjustment Analysis.

17. Petitioner believes that the Plan should not be terminated immediately, but rather, that the Court should oversee a long-term wind-down of the Plan through a judicial receivership in the nature of a liquidating trust.

18. Petitioner anticipates that a long-term judicial wind-down could achieve the following goals:

⁶ This 15% payout is more than this group would receive under an immediate liquidation.

⁷ The wind-down of CCCB could potentially take a long time due to its ownership interest in the Hospital Purchaser.

⁸ Petitioner anticipates that the wind-down of RWH and SJHSRI is likely to take several years to complete.

a. Afford all of the Plan beneficiaries the opportunity to receive periodic payments of at least the estimated amount that would result from an immediate termination of the Plan;

b. Afford beneficiaries the opportunity to benefit from the contribution of additional funds to the Plan to increase benefit pay-outs over time;

c. Afford beneficiaries the opportunity to benefit from higher than expected returns should the Plan investments outperform the returns assumed in the Benefit Adjustment Analysis.

19. Petitioner is informed and believes that the Plan is unsustainable absent court intervention and will be unable to pay all accrued benefits as they become due.

20. Absent judicial intervention, Petitioner anticipates that the Plan will be terminated and its funds distributed in a manner that will result in current Plan beneficiaries receiving approximately 60% of their accrued benefits and all others receiving nothing.

21. In the opinion of Petitioner, it is urgent and advisable that a Temporary Receiver be appointed immediately to take charge of the affairs, assets, estate, effects and property of the Plan to preserve the same for the interest of all creditors and the benefit of all interested parties. Petitioner further believes that the current administrators and actuaries of the Plan should remain in place for administrative purposes and to continue to render services to the Plan consistent with past practice, so as to avoid unnecessary additional delay, cost and expense.⁹

⁹ Since the commencement of the wind-down process, administrative expenses of the

22. Petitioner, together with RWH and CCCB are authorized, in the sole discretion of their respective officers and directors, to fund the fees and expenses of the Receiver from time to time, in an effort to avoid further impairment of the Plan's assets to the extent possible.¹⁰

23. This Petition is made in good faith for the protection of the Plan and for the benefit of its beneficiaries, and the appointment of a Temporary Receiver is most desirable pending final hearing on the appointment of a Permanent Receiver.

24. This Petition is filed to seek relief as requested by virtue of and pursuant to this Court's equity powers and pursuant to its powers as authorized by the laws and statutes of the State of Rhode Island.

WHEREFORE, Petitioner respectfully requests that (1) the Court appoint a Temporary Receiver forthwith and also appoint a Permanent Receiver to take charge of the assets, affairs, estate, effects and property of the Plan, (2) that the Temporary Receiver and Permanent Receiver be authorized to continue to operate the Plan, (3) that the request for appointment of a permanent receiver and for an immediate 40% uniform reduction in benefits be set for hearing thirty (30) days

Plan, other than investment management and custodian fees, have been paid for with non-Plan assets. Petitioner anticipates that such expenses will continue to be paid for using non-Plan assets so as to avoid further impairment of participant claims. Investment management and custodial fees and expenses would continue to be paid from Plan assets.

¹⁰ This authorization should not be construed as an obligation of, or affirmative undertaking by, Petitioner, RWH or CCCB, who may determine, in their sole discretion, not to fund such expenses at any given time.

from the date this petition is heard, (4) that notice of such hearing and the relief requested be given to all present and future Plan beneficiaries, at their last known addresses, and to the representative(s) of any unions and other organizations collectively representing any groups of beneficiaries, and (5) that Petitioner have such other and further relief as this Court shall deem proper.

PETITIONER,

St. Joseph Hospital Services
Rhode Island

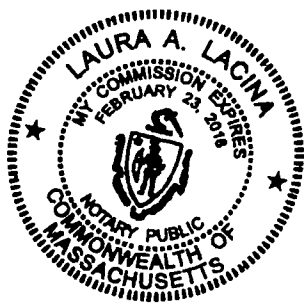
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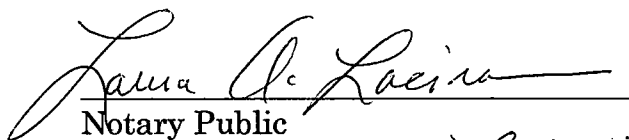


David Hirsch, President

COMMONWEALTH OF MASSACHUSETTS
COUNTY OF Barnstable

In Barnstable on the 16 day of August, 2017, before me personally appeared David Hirsch, who made oath that he subscribed to the foregoing Petition, that he knows the contents thereof and that the same are true, excepting those matters stated on information and belief, and as to those matters he believes them to be true.





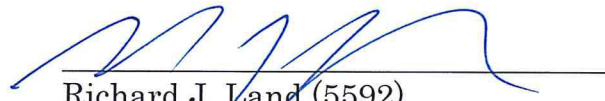
Notary Public

My commission expires: Feb. 23, 2018

On this 16 day of August, 2017
before me, the undersigned notary public, personally
appeared David M. Hirsch proved to me
through satisfactory evidence of identification, which were
RI driver's License, to be the
person whose name is signed on the preceding or attached
document, and acknowledge to me that (he) (she) signed it
voluntarily for its stated purpose.

CERTIFICATE OF ATTORNEY

I, the undersigned, Attorney for the Petitioner, certify that this Petition is made in good faith for the protection of the Plan and for the benefit of beneficiaries, and that the appointment of a Temporary Receiver is desirable pending a hearing for the appointment of a Permanent Receiver.



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EXHIBIT 1

**ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND
RETIREMENT PLAN**

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SIGNATURE PAGE

APPENDIX A

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND RETIREMENT PLAN

WHEREAS, St. Joseph Health Services of Rhode Island (hereinafter referred to as the "Employer") adopted the St. Joseph Health Services of Rhode Island Retirement Plan (hereinafter referred to as the "Plan") for the benefit of its Employees, originally effective as of July 1, 1965; and

WHEREAS, the Plan and the Trust Agreement forming a part hereof are intended to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a non-electing church plan within the meaning of Section 414(e) of the Code and Section 3(33) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and

WHEREAS, the Plan is being maintained for the purpose of providing benefits to Participants and their Beneficiaries in a manner consistent with Section 401(a) of the Code by a church or by a convention or association of churches exempt from tax under Section 501 of the Code; and

WHEREAS, Article 20 of said Plan provides that the Employer may amend the Plan; and

WHEREAS, the Employer wishes to amend the Plan; and

WHEREAS, it is intended that the Plan is to be a qualified plan under Section 401(a) of the Code as a church plan and is to be operated for the exclusive benefit of the Participants and their Beneficiaries;

NOW, THEREFORE, the Plan is hereby amended by restating the Plan in its entirety as follows:

ARTICLE ONE--DEFINITIONS

For purposes of this Plan, unless the context or an alternative definition specified within another Article provides otherwise, the following words and phrases shall have the meanings indicated:

1.1 "**ACCRUED BENEFIT**" shall mean, with respect to Participants who are active Employees after June 30, 2001, the amount to which a Participant would be entitled under the benefit formula in Section 4.1 at his Normal Retirement Date at his present rate of Average Compensation, multiplied by a fraction (not to exceed one (1)), the numerator of which is the actual number of his Years of Service (including fractions thereof) for benefit accrual purposes and the denominator of which is the greater of thirty (30) or the Years of Service for benefit accrual purposes that the Employee would have had or has as of the first day of the month following his 60th birthday.

"Accrued Benefit" shall mean, with respect to Participants who are not active Employees after June 30, 2001, the amount to which a Participant would be entitled under the benefit formula in Section 4.1 at his Normal Retirement Date at his present rate of Average Compensation, multiplied by a fraction (not to exceed one (1)), the numerator of which is the actual number of his Years of Service (including fractions thereof) for benefit accrual purposes and the denominator of which is the total number of Years of Service (including fractions thereof) for benefit accrual purposes that he would have completed if his employment had continued from his Employment Date until his Normal Retirement Date or thirty (30) Years of Service (including fractions thereof) for benefit accrual purposes, if less.

The treatment of benefit accruals beyond Normal Retirement Date shall be determined in accordance with Section 4.2.

Notwithstanding the foregoing provisions of this Section 1.1, with respect to Participants who are not subject to a collective bargaining agreement, a Participant's Accrued Benefit shall not be increased after September 30, 2009.

Notwithstanding the foregoing provisions of this Section 1.1, the Accrued Benefit of a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals shall not be increased after September 30, 2011.

1.2 "**ACTUARIAL EQUIVALENT**" shall mean a benefit that has a value equal to any benefit otherwise payable under the Plan as determined by the Actuary.

(a) Equivalence shall be determined as set forth in Appendix A hereof and made a part of the Plan.

(b) Effective July 1, 1999, the distribution to a Participant of a benefit under the Plan in the form of an Actuarial Equivalent single sum shall be determined in accordance with (1) and (2) below, whichever produces the greater single sum amount:

| | | |
|------------|------------------------------------------------|------------------------------------------------|
| (1) | <u>Pre-Retirement</u> | <u>Post-Retirement</u> |
| Interest: | 6% | 6% |
| Mortality: | The "applicable mortality table" defined below | The "applicable mortality table" defined below |
| (2) | <u>Pre-Retirement</u> | <u>Post-Retirement</u> |
| Interest: | The "applicable interest rate" defined below | The "applicable interest rate" defined below |
| Mortality: | The "applicable mortality table" defined below | The "applicable mortality table" defined below |

For purposes of this Section 1.2, the term "applicable interest rate" means the annual rate of interest on 30-year Treasury securities, or such other applicable interest rate as established under Section 417(e)(3) of the Code, for the first day of the Plan Year in which the distribution occurs. The "applicable interest rate" shall remain constant for one year.

For purposes of this Section 1.2, the term "applicable mortality table" means the mortality table based upon a fixed blend of fifty percent (50%) of the unloaded male mortality rates and fifty percent (50%) of the unloaded female mortality rates underlying the 1994 Group Annuity Reserving Table, projected to 2002, which mortality table is set forth in Internal Revenue Service Revenue Ruling 2001-62, or such other applicable mortality table as established under Section 417(e)(3) of the Code.

(c) In the event the factors used to determine Actuarial Equivalent are modified, the value of a Participant's benefit, on or after the effective date of such change, shall be the greater of (1) the Actuarial Equivalent of the Accrued Benefit determined as of the day before the effective date of the change in such factors, or (2) the Actuarial Equivalent of the Accrued Benefit as of the date of determination computed using the new factors.

1.3 "ACTUARY" shall mean an actuary appointed by the Administrator under whose supervision valuation reports and benefit calculations are performed for the Plan. The actuary must be enrolled under Federal practice.

1.4 "ADMINISTRATOR" shall mean the Plan Administrator appointed in accordance with the provisions of Section 8.1.

1.5 "**BENEFICIARY**" shall mean any person, trust, organization or estate entitled to receive a death benefit under the Plan on the death of a Participant.

1.6 "**BREAK IN SERVICE**" A Break in Service or period of severance shall be a continuous period (as used for measuring Years of Service for vesting purposes) in which an Employee is not employed by the Employer. Such period shall begin on the date the Employee retires, quits, or is discharged or dies or, if earlier, the (12)-consecutive-month anniversary of the date on which the Employee otherwise ceased employment with the Employer.

1.7 "**CODE**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.8 "**COMPENSATION**" shall mean:

(a) The monthly equivalent of a Participant's basic rate of compensation regularly payable to an Employee as of May 1, but exclusive of: (1) compensation in any year prior to January 1, 1973 which exceeds \$15,000; (2) compensation in any year after January 1, 1973 and prior to July 1, 1977 which exceeds \$25,000; (3) compensation in any year after July 1, 1977 and prior to July 1, 1983 which exceeds \$40,000; (4) bonus payments, call pay and overtime; and (5) all other extra and irregular payments. Compensation shall include elective contributions that are made by the Employer on behalf of a Participant that are not includible in gross income under Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B) or 403(b).

Compensation for a period shorter than a year shall be converted to an annual basis, as follows: (1) in the case of an Employee paid on an hourly basis, (i) multiply the hourly rate by the number of hours in the regular work-week and (ii) multiply the product by fifty-two (52); (2) in the case of an Employee paid on a weekly basis, multiply weekly salary by fifty-two (52); and (3) in the case of an Employee paid on a monthly basis, multiply the monthly salary by twelve (12).

Compensation shall be determined as of May 1 of each year, except that, in the event that an Employee is entitled to accrue benefits under the Plan during a period of absence, his last rate of Compensation prior to his absence will be deemed to be his rate of Compensation while he is entitled to accrue benefits during such absence.

For purposes of determining who is a Highly Compensated Employee, Compensation shall mean compensation as defined in Section 414(q)(4) of the Code.

(b) *Compensation Limitations.* The annual Compensation of each Participant taken into account in determining allocations for any Plan Year beginning after December 31, 2001 shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual Compensation means Compensation during the Plan Year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the annual Compensation limit is an amount equal to the otherwise applicable annual Compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12.

If compensation for any prior determination period is taken into account in determining a Participant's allocations for the current Plan Year, the compensation for such prior determination period is subject to the applicable annual Compensation limit in effect for that prior period.

(c) **"AVERAGE COMPENSATION"** shall mean the Compensation of a Participant averaged over the five (5) consecutive years in his last ten (10) years as an Employee producing the highest average prior to his termination of Service. In the event a Participant has completed less than five (5) consecutive years as an Employee, his Average Compensation shall be determined based upon all years as an Employee.

Notwithstanding the foregoing provisions of this Section 1.8, with respect to Participants who are not subject to a collective bargaining agreement, Compensation paid after September 30, 2009 shall not be taken into account for purposes of determining a Participant's Average Compensation under the Plan.

Notwithstanding the foregoing provisions of this Section 1.8, Compensation paid after September 30, 2011 with respect to a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals shall not be taken into account for purposes of determining such Participant's Average Compensation under the Plan.

1.9 **"EFFECTIVE DATE."** The Plan's initial Effective Date is July 1, 1965. The Effective Date of this restated Plan, on and after which it supersedes the terms of the existing Plan document, is July 1, 2011, except where the provisions of the Plan shall otherwise specifically provide. The rights of any Employee or Participant who separated from the Employer's service prior to that date shall be established under the terms of the Plan and Trust as in effect at the time of his separation, unless he subsequently returns to service with the Employer. Rights of spouses or beneficiaries of such Participants shall also be governed by those documents.

1.10 **"EMPLOYEE"** shall mean a common law employee of the Employer, provided that the employee works at least 1,000 hours a year, which is hereby established as full-time status. Employee shall not include a per diem employee. Employee shall not include any individual who the Employer has classified as an independent contractor solely on account of his reclassification by the Internal Revenue Service as an employee.

1.11 **"EMPLOYER"** shall mean the Employer named as party to the Plan and shall include any successor(s) thereto which adopts the Plan. Employer shall also include any Participating Employer, as defined in Article Thirteen, which has adopted the Plan. If, under state law, the Employer at any

time is not governed by directors but instead by its stockholders, or if the Employer is an unincorporated business governed by its owners, reference herein to the Board of Directors shall be deemed to refer to the individual(s) empowered to vote on the Employer's affairs.

1.12 "**EMPLOYMENT DATE**" shall mean the first date as of which an Employee is credited with an Hour of Service, provided that in the case of a Break in Service, his Employment Date shall be the first date thereafter as of which he is credited with an Hour of Service.

1.13 "**HIGHLY COMPENSATED EMPLOYEE**" shall mean:

(a) any Employee of the Employer who:

(1) was a five percent (5%) owner of the Employer (as defined in Section 416(i)(1) of the Code) during the current or the preceding year; or

(2) for the preceding year had Compensation from the Employer in excess of \$80,000 (as adjusted by the Secretary of the Treasury pursuant to Section 415(d) of the Code).

(b) A former Employee shall be treated as a Highly Compensated Employee if: (1) such Employee was a Highly Compensated Employee when such Employee separated from service, or (2) such Employee was a Highly Compensated Employee at any time after attaining age 55.

(c) The determination of who is a Highly Compensated Employee, including the determination of the number and identity of the Employees in the top-paid group, will be made in accordance with Section 414(q) of the Code, the regulations thereunder and other applicable guidance.

(d) For purposes of this Section 1.13, the term "Compensation" means compensation within the meaning of Section 415(c)(3) of the Code, as set forth in Section 9.2(f)(2).

(e) For purposes of this Section 1.13, an Employee is in the top-paid group of Employees for any year if such Employee is in the group consisting of the top twenty percent (20%) of the Employees when ranked on the basis of Compensation paid during such year and determined by excluding the following Employees for the year:

(1) Employees who have not completed six (6) months of service;

(2) Employees who normally work less than seventeen and one-half (17½) hours per week;

(3) Employees who normally work less than six (6) months during any year;

(4) Employees who have not attained age twenty-one (21); and

(5) Employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the Employer.

(f) For purposes of this Section 1.13, employers aggregated under Sections 414(b), (c), (m) or (o) of the Code are treated as a single employer.

The provisions of this Section 1.13 are effective for Plan Years beginning after December 31, 1996, except that, in determining whether an Employee is a Highly Compensated Employee in 1997, this provision is treated as having been in effect in 1996.

1.14 "HOUR OF SERVICE" shall mean:

(a) Each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period in which the duties are performed; and

(b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than five hundred and one (501) Hours of Service shall be credited under this subsection for any single continuous period (whether or not such period occurs in a single computation period). An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws. Hours of Service shall not be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee. Hours of Service under this subsection shall be calculated and credited pursuant to section 2530.200b-2 (b) and (c) of the Department of Labor regulations which is incorporated herein by this reference; and

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service shall not be credited both under subsection (a) or subsection (b), as the case may be, and under this subsection (c). These Hours of Service shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made.

1.15 "LEASED EMPLOYEE" shall mean any person (other than an Employee of the Employer) who pursuant to an agreement between the Employer and any other person ("leasing organization") has performed services for the Employer (or for the Employer and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at

least one year, and such services are performed under primary direction or control by the Employer. Contributions or benefits provided a Leased Employee by the leasing organization which, are attributable, to services performed for the Employer shall be treated as provided by the Employer.

A person will not be considered a Leased Employee if the total number of Leased Employees does not exceed 20% of the Nonhighly Compensated Employees employed by the Employer, and if any such person is covered by a money purchase pension plan providing: (a) a nonintegrated employer contribution rate of at least 10% of compensation, as defined in Section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b) or 457 of the Code; (b) immediate participation; and (c) full and immediate vesting.

The provisions of this Section 1.15 are effective for Plan Years beginning after December 31, 1996.

1.16 "**NONHIGHLY COMPENSATED EMPLOYEE**" shall mean any Employee of the Employer who is not a Highly Compensated Employee.

1.17 "**NORMAL RETIREMENT AGE**" shall mean a Participant's 65th birthday or, if later, the fifth anniversary of his initial commencement of Plan participation.

"**NORMAL RETIREMENT DATE**" shall mean the first day of the month coincident with or next following a Participant's attainment of Normal Retirement Age.

1.18 "**PARTICIPANT**" shall mean any Employee who has satisfied the eligibility requirements of Article Three and who is participating under the Plan, and shall include Participants who terminated Service with the Employer but have not received a total distribution of their vested Accrued Benefits.

1.19 "**PLAN**" shall mean this Plan as set forth herein and as it may be amended from time to time.

1.20 "**PLAN YEAR**" shall mean the twelve (12)-consecutive-month period beginning July 1 and ending June 30.

1.21 "**TRUST**" shall mean the Trust Agreement entered into between the Employer and the Trustee forming part of this Plan, together with any amendments thereto. "Trust Fund" shall mean any and all property held by the Trustee pursuant to the Trust Agreement, together with income therefrom.

1.22 "**TRUSTEE**" shall mean the Trustee or Trustees appointed by the Employer in accordance with Section 8.3, and any successors thereto.

1.23 "**VALUATION DATE**" shall mean the annual date selected by the Actuary as of which Plan assets are valued and liabilities determined for purposes of an actuarial valuation.

1.24 "YEAR OF SERVICE" or "SERVICE" shall mean:

(a) Years of Service for vesting purposes shall mean the Participant's Continuous Service (as defined in Section 1.24(c) below) as of the date of determination.

For purposes of vesting computation, service with the Employer shall include the Employee's service, if any, with members of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined without regard to Section 1563(a)(4) and 1563(e)(3)(C)) and trades or business (whether or not incorporated) which are under common control, and organizations that are part of an affiliated service group with the Employer under Section 414(m) of the Code. Years of Service shall include service with a predecessor employer which maintained the Plan and service with a predecessor employer as required under Section 414(a)(1) of the Code.

(b) Years of Service for benefit accrual purposes shall mean the sum of all periods of service in accordance with the following provisions of this Section 1.24(b) which are applicable to a Participant:

(1) For each Employee who joined the Plan on or before January 1, 1973 and who is an Employee on or after June 30, 2001, the number of completed years and calendar months of Continuous Service rendered immediately prior to the date he joined the Plan, excluding the first one-year of such service.

(2) The number of completed calendar months of Continuous Service with the Employer rendered during each partial Plan Year of employment, while a Participant in the Plan.

(3) For each Participant who is an Employee on or after June 30, 2001, one year for each complete Plan Year of participation in the Plan ending on or before June 30, 2001 and, for Plan Years beginning on or after July 1, 2001, one year for each complete Plan Year of participation in the Plan during which the Employee is paid for 1,000 or more hours by the Employer.

(4) For each Employee who is a Participant in the Plan on or after July 1, 1996, the Employee's first full year of Continuous Service, which would otherwise be excluded under Section 1.24(b)(1).

(c) Continuous Service shall mean:

(1) Except as otherwise provided in Section 2.1, the period of an Employee's years and complete calendar months of unbroken service with the Employer (excluding any period of part-time employment) from his most recent date of employment to his date of termination.

Continuous Service shall include a period of absence due to: (1) layoff of up to 12 months; (2) approved leave of absence (as defined in Section 2.2); (3) disability leave of absence (as defined in Section 2.2); and (4) military leave of absence (as defined in Section 2.2), provided that, in the case of a layoff or an approved leave of absence, the Employee resumes employment within one week following such absence.

(2) With respect to an Employee who leaves employment covered by the Lay Employees' Plan (other than in connection with the transfer of a business unit from the Roman Catholic Bishop of Providence, a corporation sole, or any other "Participating Diocesan Employer" (as defined in the Lay Employees' Plan) to an Employer participating in this Plan) and, within 30 days, enters into employment covered by this Plan, Continuous Service shall include employment covered under Section 2.7 of the Lay Employees' Plan.

Notwithstanding the foregoing provisions of this Section 1.24, with respect to Participants who are not subject to a collective bargaining agreement, for purposes of determining a Participant's benefit under the Plan, no credit shall be given for Years of Service after September 30, 2009.

Notwithstanding the foregoing provisions of this Section 1.24, for purposes of determining the Accrued Benefit under the Plan of a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals, no credit shall be given for Years of Service after September 30, 2011.

ARTICLE TWO--SPECIAL RULES RELATED TO SERVICE

2.1 CESSATION OF EMPLOYMENT AND RETURN TO SERVICE.

(a) For an Employee covered under this Section 2.1 who is an Employee at any time on and after July 1, 1992 the following shall apply:

If an Employee's service with the Employer terminates for any reason prior to the time he has earned a nonforfeitable right to all or a portion of his Normal Retirement Benefit, and he is later reemployed after incurring a substantial service break (as defined below), he shall be considered a new Employee for purposes of the Plan. An Employee incurs a substantial service break once the period following the date his service with the Employer terminates exceeds the greater of:

(1) five years; and

(2) his years and months of Continuous Service (as defined in Section 1.24(c)) at the time his employment terminated.

(b) With respect to an Employee whose service with the Employer terminated prior to July 1, 1986 but on or after July 1, 1976, a substantial service break is incurred once the period following the date his service with the Employer terminates exceeds his years and months of Continuous Service at the time his employment terminated.

(c) With respect to an Employee whose service with the Employer terminated prior to July 1, 1976 a substantial service break is incurred on the date the Employee's service terminated.

(d) For an employee who was reemployed but never became an Employee after June 30, 1992, the substantial service break shall be determined with reference to provisions of the Plan applicable on the date his latest period of employment terminated.

(e) If (i) an Employee's service with the Employer terminates for any reason subsequent to the time he has earned a nonforfeitable right to his normal retirement benefit, and he is later reemployed, or (ii) an Employee's service with the Employer terminates prior to the time he has earned a nonforfeitable right to his normal retirement benefit, and he is later reemployed prior to incurring a substantial service break (as defined in this Section 2.1 above), then

(1) his Continuous Service at the time of his termination from employment shall be restored;

(2) the amount of his normal retirement benefit earned at the time his employment terminated shall be restored (without application of any vesting percentage); and

(3) he shall become eligible to join the Plan on the first day of the month coincident with or next following the date he is reemployed, provided he satisfies the requirements of an Employee.

Notwithstanding the foregoing provisions of this Section 2.1, an Employee who is not subject to a collective bargaining agreement and is hired by the Employer after October 1, 2007 shall not be eligible to participate in the Plan.

2.3 ABSENCE FROM ACTIVE SERVICE.

(a) *Approved Leave of Absence.* An approved leave of absence is a temporary suspension of employment for a specified period of time, or the duration of a specified illness or injury, which does not exceed one year which is granted in writing by the Employer through its officer so authorized by its governing body. In the event an Employee fails to resume employment within one week following an approved leave of absence, his employment shall be deemed to have terminated on the first day of such absence.

(b) *Disability Leave of Absence.* A disability leave of absence means an absence of employment, which commences immediately following a period of employment, during which the Employee is receiving benefits under the Rhode Island Workers' Compensation Laws, the Rhode Island State Disability Plan, an Employer sponsored disability income plan, or disability benefits under the Social Security Act and ends on the earlier of the Employee's Early Retirement Date, Normal Retirement Date and the date the benefits described above cease. For purposes of determining the Participant's Year of Service for benefit accrual purposes, it shall be assumed that an Employee is paid by the Employer at the rate of 1,000 hours per year while he is on a disability leave of absence.

(c) *Military Leave of Absence.* Subject to the provisions of Section 2.4, an Employee who leaves the service of the Employer to enter the Armed Forces of the United States and returns to the service of the Employer within the period entitling him to reemployment rights under Federal laws shall be deemed to have been granted a military leave of absence. For purposes of determining the Participant's Years of Service for benefit accrual purposes, it shall be assumed that an Employee is paid by the Employer at the rate of 1,000 hours per year while he is on a military leave of absence.

2.3 SERVICE IN EXCLUDED JOB CLASSIFICATION, WITH RELATED COMPANIES, OR AS A LEASED EMPLOYEE.

(a) *Preamble.* As provided in more detail below, an Employee is not eligible to accrue benefits under the Plan if Section 3.1 specifically excludes his job classification. However, Employees in an ineligible job classification are entitled, together with Leased Employees and employees of certain related businesses, to credit for their Service in the event such Employees become employed in an eligible classification with the Employer.

(b) *Definitions.*

(1) Eligible Classification. An Employee will be considered in an eligible class of Employees for such period when his Employer has adopted the Plan and such Employee is not in an ineligible class of Employees.

(2) Ineligible Classification. An Employee will be considered in an ineligible class of Employees for any period when:

(A) the Employee is a Leased Employee and the Plan did not specifically provide that Leased Employees were eligible to participate; or

(B) the Employee is in a job classification which is excluded under Section 3.1; or

(C) the Employee is an employee of an employer who is a member of a controlled group of businesses or an affiliated service group (as defined in Section 414 of the Code), which employer has not adopted this Plan.

(c) Service Rules for Ineligible Classifications. Hours of Service in an ineligible classification will be credited for purposes of determining Years of Service for eligibility to participate in the Plan under Section 3.1 and for purposes of determining the Employee's vesting percentage in the event the Employee participates in the Plan. Hours of Service in an ineligible classification will not be credited for purposes of determining the numerator of his Accrued Benefit fraction, for purposes of determining the minimum benefit accrual in Section 11.3, or for purposes of determining the Service required for a benefit under Article Four.

(d) Construction. This Section is included in the Plan to comply with the Code provisions regarding the crediting of Service, and not to extend any additional rights to Employees in ineligible classifications other than those required by the Code and regulations thereunder.

2.4 SPECIAL RULES RELATING TO VETERANS REEMPLOYMENT RIGHTS. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. The provisions of this Section 2.4 are effective December 12, 1994.

ARTICLE THREE--PLAN PARTICIPATION

3.1 PARTICIPATION. All Employees participating in this Plan prior to the Plan's restatement shall continue to participate, subject to the terms hereof.

Effective October 1, 2007, Employees who are not subject to a collective bargaining agreement and are hired by the Employer on or after October 1, 2007 are not eligible to participate in the Plan.

Effective October 23, 2007, Employees who are subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals and are hired on or after October 23, 2007 are not eligible to participate in the Plan.

Effective October 1, 2008, Employees who are subject to a collective bargaining agreement between the Employer and the United Nurses and Allied Professionals and are hired on or after October 1, 2008 are not eligible to participate in the Plan.

In no event, however, shall any Employee participate under the Plan or be credited for Service under its terms (except as provided in Article Two) while he is: (a) a temporary employee; (b) a Leased Employee; (c) a per diem employee; or (d) employed on a part-time, retainer or on a contract basis unless specifically provided for in the contract. A person who works less than 1,000 hours a year is hereby designated to have part-time status.

Effective September 30, 2011, no additional Employees who are subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals (other than those Employees who are Participants in the Plan on September 30, 2011) are eligible to become Participants in the Plan.

3.2 TERMINATION OF ELIGIBILITY. If a Participant shall become ineligible to participate in the Plan because the Participant's job classification is specifically excluded under Section 3.1 or Section 2.3(b)(2), such Participant shall continue to vest in his Accrued Benefit under the Plan for each Year of Service completed while an ineligible Employee until such time as his benefit is distributed to him pursuant to the terms of the Plan. If a Participant becomes ineligible during a Plan Year, such Participant shall accrue a benefit based upon the Participant's Average Compensation as determined as of his termination of eligibility, provided such Participant is credited with a Year of Service in such Plan Year.

ARTICLE FOUR--RETIREMENT AND DISABILITY BENEFITS, VESTING

4.1 NORMAL RETIREMENT BENEFIT.

(a) Each Participant who retires at his Normal Retirement Date shall be entitled to receive a monthly retirement benefit determined as of such date. The amount of his monthly benefit shall be equal to fifty percent (50%) of his Average Compensation less an amount equal to fifty percent (50%) of his Social Security Benefit, each of which amounts have been determined on a monthly basis. A Participant's right to his benefit shall be nonforfeitable upon reaching Normal Retirement Age. It shall be payable under the rules specified in Article Five. In no event will the Normal Retirement Benefit be less than the minimum benefit determined pursuant to Section 11.3 nor greater than the maximum permissible amount defined in Section 9.2(f)(9).

In the case of an Employee described in Section 1.24(c)(2), the Participant's Normal Retirement Benefit shall be offset by an amount equal to the annual normal retirement benefit accrued by the Participant under the Lay Employees' Plan at the time his employment covered by the Lay Employees' Plan terminated.

(b) "Social Security Benefit" shall mean an estimate of the Participant's Primary Old Age Insurance Benefit payable at his Normal Retirement Date or actual retirement date, if later, calculated in accordance with the Social Security Act in effect on the first day of the Plan Year coincident with or next preceding his date of termination of employment and based on the following assumptions:

(1) He has been continuously covered under the Social Security Act since the later of 1951 or the year following his twenty-first (21st) birthday;

(2) His covered earnings under said Act for the calendar year preceding his date of termination of employment were equal to his highest W-2 earnings in his last five complete calendar years of employment preceding his date of termination of employment;

(3) His covered earnings under the Act for each calendar year of continuous coverage prior to the year in (2) were equal to his covered earnings subsequent to the year being determined multiplied by the ratio of the Average Per Worker Total Wage, as reported by the Social Security Administration, for the year being determined to such Average for the year subsequent to the year being determined; and

(4) If the Participant terminates employment prior to his 65th birthday, his covered earnings under the Act for the calendar year in which his employment terminates and each subsequent year prior to his Normal Retirement Date shall be equal to his covered earnings for the year in (2).

If a Participant provides sufficient evidence of actual covered earnings under the Social Security Act for the Employer to calculate the amount of his Old Age Primary Income Benefit (payable at age 65, or actual retirement date, if later, and based upon the assumption that covered earnings for the calendar year preceding his date of termination of employment continue for each calendar year prior to his 65th birthday) and such amount is less than the amount determined under the foregoing provisions of this Section 4.1(b), the Social Security Benefit shall be the amount calculated in accordance with the provisions of this paragraph.

(c) *Minimum Benefit.* If a Participant retires on or after July 1, 1977 he shall be entitled to an annual Normal Retirement Benefit which is not less than \$48 times his Years of Service for benefit accrual purposes, to a maximum of thirty (30) Years of Service for benefit accrual purposes, offset by the amount described in the last paragraph of Section 4.1(a), if applicable.

(d) *Special Minimum Benefit.* If a Participant who was included in the Plan on June 30, 1977 retires after that date, his annual Normal Retirement Benefit shall not be less than the sum of his annual Future Service Benefit and his annual Past Service Benefit as hereinafter defined, offset by the amount described in the last paragraph of Section 4.1(a), if applicable.

(1) *Future Service Benefit*

The annual Future Service Benefit of an Employee for each year of Future Service after he is included in the Plan shall be equal to:

(i) $\frac{3}{4}$ of 1% of that portion of his annual Compensation not in excess of \$4,800 plus

(ii) 1- $\frac{1}{2}$ % of that portion of his Annual Compensation in excess of \$4,800.

For purposes of this Section 4.1(d)(1), if an Employee does not receive compensation during twelve months in any year, his Future Service Benefit for such year will be reduced accordingly.

"Future Service" means the period of Continuous Service of an Employee after the date of his inclusion in the Plan and prior to his date of termination, excluding any complete Plan Year of employment during which the Employee was paid for less than 1,000 hours by the Employer. No credit shall be given for Future Service after September 30, 2009 with respect to Participants who are not subject to a collective bargaining agreement.

(2) *Past Service Benefit*

The annual Past Service Benefit of an Employee who joins the Plan as of the effective date shall be equal to $\frac{3}{4}$ of 1% of his annual Compensation multiplied by the number of his years of Past Service.

"Past Service" means the number of full years of Continuous Service of an Employee with the employer rendered immediately prior to the effective date of the Plan (i.e., July 1, 1965), excluding the first five years of such service and all service prior to the Employee's thirtieth birthday, provided that the Employee joined the Plan on that date.

Notwithstanding the foregoing provisions of this Section 4.1, with respect to Participants who are not subject to a collective bargaining agreement, a Participant's Accrual Benefit shall not be increased after September 30, 2009.

Notwithstanding the foregoing provisions of this Section 4.1, the Accrued Benefit of a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals shall not be increased after September 30, 2011.

4.2 LATE RETIREMENT BENEFIT. A Participant who remains in the employ of the Employer after his Normal Retirement Date shall not be eligible to receive his benefit until his actual retirement date, except if a minimum distribution is required by the rules specified in Section 5.5. Any such Participant who is credited with at least one Hour of Service in a Plan Year beginning after December 31, 1987, shall be entitled to a monthly benefit calculated at the close of the Plan Year coincident with or next following his Normal Retirement Date equal to the monthly benefit determined under Section 4.1 based upon his Average Compensation and Years of Service determined as of the close of such Plan Year. For subsequent Plan Years, the monthly benefit payable to the Participant shall be the monthly benefit determined under Section 4.1 based upon his Average Compensation and Years of Service determined as of the close of the Plan Year. The monthly benefit calculated under this Section 4.2 shall be offset by the Actuarial Equivalent of benefit payments made to the Participant during the Plan Year under the minimum distribution rules.

Notwithstanding the foregoing provisions of the foregoing provisions of this Section 4.2, with respect to Participants not subject to a collective bargaining agreement, a Participant's Accrued Benefit shall not be increased after September 30, 2009.

Notwithstanding the foregoing provisions of this Section 4.2, the Accrued Benefit of a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals shall not be increased after September 30, 2011.

4.3 EARLY RETIREMENT.

(a) *Early Retirement.* A Participant who separates from Service on or after the later of his attainment of age fifty-five (55) and the completion of at least five (5) Years of Service for vesting purposes shall be entitled to elect to receive a distribution of an early retirement benefit which shall be the Participant's Accrued Benefit, reduced by 5/9ths of one percent for each of the first sixty (60) months and by 5/18ths of one percent for each additional month by which the starting date of the benefit precedes his Normal Retirement Date. Payment shall commence at the time and in a manner specified in Article Five following receipt by the Plan Administrator of the Participant's written distribution request. If a Participant separates from the Service of the Employer before attaining age

fifty-five (55) but after completing five (5) Years of Service for vesting purposes, the Participant will be entitled to elect receipt of an early retirement benefit distribution pursuant to this Section 4.3(a) at any time after attaining age fifty-five (55).

(b) *85 Point Early Retirement*. A Participant who separates from Service on or after July 1, 1996 and has accumulated at least 85 Points as of the earlier of (1) his date of termination of employment with the Employer or (2) September 30, 2009 with respect to Participants not subject to a collective bargaining agreement, shall be entitled to elect to receive a distribution of an early retirement benefit which shall be the Participant's Accrued Benefit. Payment shall commence at the time and in a manner specified in Article Five following receipt by the Plan Administrator of the Participant's written distribution request. If a Participant separates from service with 85 Points but prior to his attainment of age fifty-five (55), the Participant is not eligible for 85 Point early retirement pursuant to this Section 4.3(b) at his attainment of age fifty-five (55). Notwithstanding the foregoing provisions of this Section 4.3(b), if a Participant not subject to a collective bargaining agreement is in the employ of the Employer on September 30, 2009 and has accumulated at least 85 Points but has not attained age fifty-five (55) on September 30, 2009, the Participant is not eligible for 85 Point early retirement pursuant to this Section 4.3(b) at his attainment of age fifty-five (55).

For purposes of this Section 4.3(b), a Participant's Points are equal to the sum of the Participant's age and Years of Service for vesting purposes, each determined on the date the Participant separates from Service, or September 30, 2009 for Participants not subject to a collective bargaining agreement, and computed to years and completed months.

Notwithstanding the foregoing provisions of this Section 4.3, with respect to Participants who are not subject to a collective bargaining agreement, a Participant's Accrued Benefit shall not be increased after September 30, 2009.

Notwithstanding the foregoing provisions of this Section 4.3, the Accrued Benefit of a Participant who is subject to a collective bargaining agreement between the Employer and the Federation of Nurses and Health Professionals shall not be increased after September 30, 2011.

4.4 2007 EARLY RETIREMENT INCENTIVE BENEFIT. A Participant who (a) is not a registered nurse or (b) elects to retire between July 20, 2007 and September 30, 2007 and (c) on March 15, 2007, is age 60 or older and has 20 years or more of Continuous Service will be entitled to receive his Accrued Benefit determined under Section 1.1 as of the date his service terminated, plus an amount equal to 25% of his annualized base salary at the time his service terminated (hereinafter referred to as the "Supplemental Benefit"). The Employee may elect to take the Supplemental Benefit as a lump sum or to have it used to increase the amount of the benefit he would otherwise receive as an annuity to an amount which is the Actuarial Equivalent of the lump sum. The Supplemental Benefit will not be used to calculate Average Compensation for normal retirement benefits.

4.5 VESTING. A Participant shall at all times have a nonforfeitable (vested) right to his separate Plan account derived from rollovers from other plans, adjusted for investment experience. Except as otherwise provided with respect to Early or Normal Retirement, or death, a Participant shall have a nonforfeitable right to a percentage of his Accrued Benefit derived from Employer contributions as determined under the following schedule. The benefit shall be payable under the rules specified in Article Five.

| <u>Years of Service</u> | <u>Vested Percentage</u> |
|-------------------------|--------------------------|
| Less than 5 years | 0% |
| 5 years and thereafter | 100% |

Any percentage of a Participant's Accrued Benefit to which he is not entitled shall be forfeited upon the occurrence of a Break in Service. A zero percent vested Participant shall be considered to have received a complete distribution of his vested Accrued Benefit as of the date of his first Break in Service, and if he returns to the employment of the Employer prior to incurring five (5) consecutive Breaks in Service, he shall be considered to have repaid such distribution as of his completion of one Year of Service after his resumption of employment.

4.6 REEMPLOYMENT OF PARTICIPANTS IN PAY STATUS.

(a) Conditions for Suspension. If any Participant is reemployed on or after benefit payments have commenced and before age 70 1/2, or if any Participant continues in employment with the Employer after his Normal Retirement Date, the benefit payable for a calendar month will be withheld. Notwithstanding the prior provisions of this Section 4.6(a), in no event shall benefit payments be withheld on behalf of any Participant who has attained his Normal Retirement Age if he is paid by the Employer for less than 1,000 hours in a Plan Year

The benefit withheld will be the actual amount scheduled to be paid for the calendar month in which the conditions for suspension are met.

(b) Redetermination of Benefits. Upon the subsequent termination of employment of a Participant who was eligible to begin receiving payments under the Plan on his prior termination of employment (whether or not such benefit payments had actually commenced), the Participant's Accrued Benefit shall be redetermined in accordance with the provisions of this Plan applicable to him as of the date of his subsequent termination of employment, as if no prior benefit payments had been made. His Accrued Benefit, as so redetermined, shall then be reduced by (i) the Actuarial Equivalent of the benefit payments (including a single sum payment), if any, previously made to such Participant prior to his Normal Retirement Date, or (ii) in the case of a single sum payment, the Actuarial Equivalent of the payment other than the portion of the payment attributable to the period (if any) after the Participant's Normal Retirement Date and before the date of his reemployment. The

form of payment of any Accrued Benefit to which he may thereafter become entitled shall be determined in accordance with the provisions of Article Five without regard to the form in which his Accrued Benefit had previously been paid.

The Participant's Accrued Benefit as so redetermined shall not be less than his Accrued Benefit prior to the suspension of payments.

(c) Resumption of Benefits. In the case of a Participant who was receiving benefit payments prior to reemployment, payment of such benefits shall resume no later than the first day of the third calendar month following the month in which the Participant ceases to satisfy the conditions for suspension described in Section 4.6(a).

The Participant's benefits shall continue to be paid in the same form of payment as before suspension.

ARTICLE FIVE--MODE AND TIME OF DISTRIBUTION OF PENSION BENEFITS

5.1 NORMAL FORM OF BENEFIT. The pension formula under Section 4.1 is calculated to produce a benefit in the form of a straight life annuity of equal monthly payments, payable to the Participant during his lifetime, with payments ceasing in the month of his death, subject to the succeeding provisions of Article Five. Alternatively, a Participant shall be permitted to select any of the options in Section 5.3. However, if the Actuarial Equivalent of a Participant's vested Accrued Benefit as of the date of determination is \$5,000 or less, his benefit will be paid in a single sum.

5.2 OPTIONAL FORMS OF BENEFIT PAYMENTS. In lieu of the normal monthly income provided under Sections 5.1, a Participant eligible for such benefits may elect to receive an alternative form of monthly payments that is the Actuarial Equivalent of his vested Accrued Benefit in accordance with any of the following options:

(a) A monthly income payable to and during the lifetime of the Participant. In the event of death after payments have commenced, but prior to the completion of one hundred twenty (120) monthly payments, as elected by the Participant, the monthly payments shall continue to be paid to the Participant's designated Beneficiary until a combined total of one hundred twenty (120) monthly payments have been received by the Participant and the Beneficiary. If the Beneficiary predeceases the Participant, the balance of the payments will be made to the Participant's estate or to such other Beneficiary as the Participant elects.

(b) A monthly income payable to and during the lifetime of the Participant with the provision that after his death a monthly income at the rate of 50%, 66.66%, 75% or 100% of his monthly income shall then be paid to and during the lifetime of his named Beneficiary. This option shall be subject to the minimum distribution rules of Section 5.5.

(d) A single sum but only for amounts of \$5,000 or less.

Notwithstanding the provisions of this Section 5.2, options (a) and (b) shall not be available to any Participant whose vested Accrued Benefit has an Actuarial Equivalent single sum value of \$5,000 or less.

Benefit elections shall be in writing and shall be filed in accordance with uniform administrative procedures established by the Administrator. If the Beneficiary dies after the election of an option but prior to the commencement of monthly payments to the Participant, the election shall be null and void and the Participant may elect any alternative form of payment. If the Beneficiary dies following the commencement of monthly payments to a Participant under Section 5.2(b), payment of the monthly income will continue only to the Participant.

5.3 REVOCATION OR CHANGE OF OPTIONAL FORM. A Participant may revoke or change any election previously made or deemed to be made under this Article Five prior to commencement of benefit payments.

5.4 TIME OF COMMENCEMENT OF BENEFIT PAYMENTS.

(a) *Normal or Late Retirement.* Participants whose employment has terminated shall have distribution of their benefits commence as soon as administratively feasible following their Normal Retirement Date, unless the Participant elects to defer receipt of his benefits.

(b) *Early Retirement.* A Participant whose employment has terminated and has met both the age and service requirements for Early Retirement, may request in writing the distribution of his benefits to commence as soon as administratively feasible following receipt by the Plan Administrator of his valid election.

(c) *Pre-retirement Termination of Employment.* If a Participant terminates employment for any reason other than Normal or Early Retirement, or death, distribution of the Actuarial Equivalent of his vested Accrued Benefit shall commence upon the latest of:

(1) If the Actuarial Equivalent single sum value of his vested Accrued Benefit exceeds \$5,000, as soon as administratively feasible following the close of the Plan Year in which the Participant's Normal Retirement Date occurs; or

(2) If the Actuarial Equivalent single sum value of his vested Accrued Benefit does not exceed \$5,000, as soon as administratively feasible following the close of the Plan Year in which he terminated employment; or

(3) As soon as administratively feasible after a Participant's written election is delivered to the Administrator

Unless the Participant elects otherwise, distribution of his vested Accrued Benefit shall begin no later than the 60th day after the latest of the close of the Plan Year in which:

(1) the Participant attains age sixty-five (65);

(2) occurs the tenth anniversary of the year in which the Participant commenced participation in the Plan; or

(3) the Participant terminates Service with the Employer.

(d) If the Actuarial Equivalent single sum value of a terminated Participant's vested Accrued Benefit does not exceed \$1,000, his benefit shall be distributed to him at the time specified in Section 5.4(c)(2) and his consent shall not be required.

If the Actuarial Equivalent single sum value of a terminated Participant's vested Accrued Benefit exceeds \$1,000 but does not exceed \$5,000, the Plan shall provide for the distribution of his benefit at the time specified in Section 5.4(c)(2) with the Participant's consent.

Distribution of benefits with an Actuarial Equivalent single sum value in excess of \$5,000 shall be made only with the consent of the Participant. The consent of the Participant shall not be required to the extent that a distribution is required to satisfy the minimum distribution rules of Code Section 401(a)(9).

(e) Latest Commencement Date. A Participant who terminates employment after his Normal Retirement Date may elect to defer receipt of his retirement benefits; provided, however, in no event shall the distribution of benefits commence later than the April 1st of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70 1/2; or (2) the calendar year in which the Participant retires. In the case of a 5-percent owner (as defined in Section 416 of the Code), in no event shall the distribution of benefits commence later than the April 1st of the calendar year following the calendar year in which the Participant attains age 70 1/2. The provisions of this Section 5.4(e) are subject to a timely election signed by a Participant that complies with the provisions of Section 242(b) of TEFRA.

(1) Any Participant (other than a 5-percent owner) attaining age 70 1/2 in years after 1995 may elect by April 1 of the calendar year following the year in which the Participant attained age 70 1/2 (or by December 31, 1997 in the case of a Participant attaining age 70 1/2 in 1996) to defer distributions until the April 1 of the calendar year following the calendar year in which the Participant retires. If no such election is made, the Participant will begin receiving distributions by the April 1 of the calendar year following the calendar year in which the Participant attained age 70 1/2 (or by December 31, 1997 in the case of a Participant attaining age 70 1/2 in 1996).

(2) The preretirement age 70 1/2 distribution option is only eliminated with respect to Employees who reach age 70 1/2 in or after a calendar year that begins after December 31, 1998. The preretirement age 70 1/2 distribution option is an optional form of benefit under which benefits payable in a particular distribution form (including any modifications that may be elected after benefit commencement) commence at a time during the period that begins on or after January 1 of the calendar year in which an Employee attains age 70 1/2 and ends April 1 of the immediately following calendar year.

The provisions of this Section 5.4(e) (relating to required distributions) are intended to comply with Section 401(a)(9) of the Code, the regulations thereunder and any other applicable guidance, and shall be so interpreted.

5.5 MINIMUM DISTRIBUTION RULES.

(a) In General.

(1) Effective Date. The provisions of this Section 5.5 will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(2) Precedence. The requirements of this Section 5.5 will take precedence over any inconsistent provisions of the Plan.

(3) Requirements of Income Tax Regulations Incorporated. All distributions required under this Section 5.5 will be determined and made in accordance with Section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirement in Section 401(a)(9)(G), and the Income Tax Regulations thereunder.

(4) Limits on Distribution Periods. As of the first distribution calendar year, distributions to a Participant, if not made in a single sum, may be made over one of the following periods:

(A) the life of the Participant,

(B) the joint lives of the Participant and a designated beneficiary,

(C) a period certain not extending beyond the life expectancy of the Participant, or

(D) a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a designated beneficiary.

(b) Time and Manner of Distribution.

(1) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(B) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 5.5(b)(2), other than Section 5.5(b)(2)(A), will apply as if the surviving spouse were the Participant.

For purposes of this Section 5.5(b)(2) and Section 5.5(e), distributions are considered to begin on the Participant's required beginning date (or, if Section 5.5(b)(2)(D) applies, the date distributions are required to begin to the surviving spouse under Section 5.5(b)(2)(A)). If annuity payments irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 5.5(b)(2)(A)), the date distributions are considered to begin is the date distributions actually commence.

(3) *Form of Distribution.* Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 5.5(c), 5.5(d) and 5.5(e). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Income Tax Regulations. Any part of the Participant's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Income Tax Regulations that apply to individual accounts.

(c) *Determination of Amount to be Distributed Each Year*

(1) *General Annuity Requirements.* If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(A) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(B) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 5.5(d) or 5.5(e);

(C) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(D) payments will either be nonincreasing or increase only as follows:

(i) by an annual percentage increase that does not exceed the percentage increase in an eligible cost-of-living index for a 12-month period ending in the year during which the increase occurs or a prior year;

(ii) by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index since the annuity starting date or, if later, the date of the most recent percentage increase;

(iii) by a constant percentage of less than five percent per year, applied not less frequently than annually; or

(iv) as a result of dividend or other payments that result from actuarial gains provided:

(I) actuarial gain is measured not less frequently than annually;

(II) the resulting dividend or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of the annuity over the remaining period of the annuity (beginning no later than the year following the year for which the actuarial experience is measured);

(III) the actuarial gain taken into account is limited to the actuarial gain from investment experience;

(IV) the assumed interest rate used to calculate such actuarial gain is not less than three percent; and

(V) the annuity payments are not increased by a constant percentage as described in (iii) of this Section 5.5(c)(1)(D);

(v) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the distribution period dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order with the meaning of Section §414(p) of the Code;

(vi) to provide a final payment upon the Participant's death not greater than the excess of the actuarial present value of the Participant's accrued benefit (within the meaning of Section 411(a)(7) of the Code) calculated as of the annuity starting date using the applicable interest

rate defined in Section 1.2 of the Plan and the applicable mortality table defined in Section 1.2 of the Plan (or, if greater, the total amount of employee contributions) over the total of payments before the Participant's death;

(vii) to allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the Participant's death; or

(viii) to pay increased benefits that result from a plan amendment.

(2) Amount Required to be Distributed by Required Beginning Date and Later Payment Intervals. The amount that must be distributed on or before the Participant's required beginning date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 5.5(b)(2)(A) or (B)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's required beginning date.

(3) Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(d) Requirements for Annuity Distributions that Commence During Participants Lifetime.

(1) Joint Life Annuities Where the Beneficiary is not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant's required beginning date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Section 1.401(a)(9)-6, Q & A 2(c)(2) of the Income Tax Regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(2) Period Certain Annuities. Unless the Participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9, Q & A 2 of the Income Tax Regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Participant reaches age 70,

the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9, Q & A 2 of the Income Tax Regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the annuity starting date. If the Participant's spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 5.5(d)(2), or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9, Q & A 3 of the Income Tax Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

(e) Requirements for Minimum Distributions After the Participant's Death.

(1) Death After Distributions Begin. If the Participant dies after distribution of his or her interest begins in the form of an annuity meeting the requirements of this article, the remaining portion of the Participant's interest will continue to be distributed over the remaining period over which the distributions commenced.

(2) Death Before Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 5.5(b)(2)(A) or (B), over the life of the designated beneficiary or over a period certain not exceeding:

(i) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(ii) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before

distributions to the surviving spouse begin, this Section 5.5(e) will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 5.5(b)(2)(A).

(f) Changes to Annuity Payment Period.

(1) Permitted Changes. An annuity payment period may be changed only in association with an annuity payment increase described in Section 5.5(c)(1)(D) or in accordance with Section 5.5(f)(2).

(2) Reannuitization. An annuity payment period may be changed and the annuity payments modified in accordance with that change if the conditions in Section 5.5(f)(3) are satisfied; and

(A) the modification occurs when the Participant retires or in connection with a plan termination;

(B) the payment period prior to modification is a period certain without life contingencies; or

(C) the annuity payments after modification are paid under a qualified joint and survivor annuity over the joint lives of the Participant and a designated Beneficiary, the Participant's spouse is the sole designated beneficiary, and the modification occurs in connection with the Participant becoming married to such spouse.

(3) Conditions. The conditions in this Section 5.5(f)(3) are satisfied if:

(A) the future payments after the modification satisfy the requirements of Section 401(a)(9) of the Code, Section 1.401(a)(9) of the Regulations, and this Section 5.5 (determined by treating the date of the change as a new annuity starting date and the actuarial present value of the remaining payments prior to modification as the entire interest of the Participant);

(B) for purposes of Sections 415 and 417 of the Code, the modification is treated as a new annuity starting date;

(C) after taking into account the modification, the annuity (including all past and future payments) satisfies the requirements of Section 415 of the Code (determined at the original annuity starting date, using the interest rates and mortality tables applicable to such date); and

(D) the end point of the period certain, if any, for any modified payment period is not later than the end point available to the Employee at the original annuity starting date under Section 401(a)(9) of the Code and this Section 5.5.

(g) Payments to a Surviving Child

(1) Special Rule. For purposes of this Section 5.5, payments made to a Participant's surviving child until the child reaches the age of majority (or dies, if earlier) shall be treated as if such payments were made to the surviving spouse to the extent the payments become payable to the surviving spouse upon cessation of the payments to the child.

(2) Age of Majority. For purposes of this Section 5.5(g), a child shall be treated as having not reached the age of majority if the child has not completed a specified course of education and is under the age of 26. In addition, a child who is disabled with the meaning of Section 72(m)(7) of the Code when the child reaches the age of majority shall be treated as having not reached the age of majority so long as the child continues to be disabled.

(h) Definitions.

(1) Actuarial Gain. The difference between an amount determined using the actuarial assumptions (i.e., investment return, mortality, expense, and other similar assumptions) used to calculate the initial payments before adjustment for any increases and the amount determined under the actual experience with respect to those factors. Actuarial gain also includes differences between the amount determined using actuarial assumptions when an annuity was purchased or commenced and such amount determined using actuarial assumptions used in calculating payments at the time the actuarial gain is determined.

(2) Designated Beneficiary. The individual who is designated by the Participant (or the Participant's surviving spouse) as the beneficiary of the Participant's interest under the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4 of the Income Tax Regulations.

(3) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 5.5(b)(2).

(4) Eligible Cost of Living Index. An index described in paragraphs (b)(2), (b)(3) or (b)(4) of Section 1.401(a)(9)-6, Q & A 14 of the Income Tax Regulations.

(5) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9, Q & A 1 of the Income Tax Regulations.

(6) Required Beginning Date. The date specified when distributions under Section 401(a)(9) of the Code are required to begin.

(i) TEFRA Section 242(b)(2) Elections.

(1) Notwithstanding the other requirements of this Section 5.5, distribution on behalf of any Employee, including a 5-percent owner, who has made a designation under Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (a "Section §242(b)" election) may be made in accordance with all of the following requirements (regardless of when such distribution commences):

(A) The distribution by the Plan is one which would not have disqualified such Plan under Section 401(a)(9) of the Internal Revenue Code as in effect prior to amendment by the Deficit Reduction Act of 1984.

(B) The distribution is in accordance with a method of distribution designated by the Employee whose interest in the Plan is being distributed or, if the Employee is deceased, by a beneficiary of such Employee.

(C) Such designation was in writing, was signed by the Employee or the beneficiary, and was made before January 1, 1984.

(D) The Employee had accrued a benefit under the Plan as of December 31, 1983.

(E) The method of distribution designated by the Employee or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Employee's death, the beneficiaries of the Employee listed in order of priority.

(2) A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Employee.

(3) For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Employee, or the beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in Sections 5.5(i)(1)(A) and (E).

(4) If a designation is revoked, any subsequent distribution must satisfy the requirements of Section 401(a)(9) of the Code and the regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Section 401(a)(9) of the Code and the regulations thereunder, but for the Section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another beneficiary (one not named in the

designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

(5) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Section 1.401(a)(9)-8, Q & A 14 and Q & A 15 of the Income Tax Regulations shall apply.

5.6 ANNUITY INCOME. The Administrator may direct the Trustee to purchase from an insurance company selected by the Administrator an annuity contract that will provide the monthly income in an amount equal to that which the Participant or Beneficiary is entitled under the Plan. In the event an annuity contract is so purchased, the contract may either be assigned to the Participant or his Beneficiary on a nontransferable basis or held by the Trustee for the benefit of the Participant or his Beneficiary.

5.7 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

(a) This Section 5.7 applies to distribution made after December 31, 2001. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution that is equal to at least \$500 paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. If an Eligible Rollover Distribution is less than \$500, a Distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.

(b) *Definitions:*

(1) *Eligible Rollover Distribution:* An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any other distribution(s) that is reasonably expected to total less than \$200 during a year.

For purposes of this Section 5.7, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (1) an individual retirement account or annuity described in Section 408(a) or (b) of the Code; (2) for taxable years beginning after December 31, 2001 and before January 1, 2007: to a qualified trust which is part of a

defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible; or (3) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in Section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) Eligible Retirement Plan: An Eligible Retirement Plan is an Individual Retirement Account described in Section 408(a) of the Code, an Individual Retirement Annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, or a qualified defined contribution plan described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. In the case of an Eligible Rollover Distribution to the surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, an Eligible Retirement Plan means any of the foregoing arrangements. In the case of an Eligible Rollover Distribution to a Distributee who is a non-spouse beneficiary, an Eligible Retirement Plan is an Individual Retirement Account.

(3) Distributee: A distributee includes an Employee or former Employee and a non-spouse beneficiary for purposes of Section 402(c) of the Code. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse. A distributee also includes the Participant's nonspouse designated beneficiary under Section 5.5(h)(2) of the Plan. In the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in Section 408(a) or Section 408(b) ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Code. Also, in this case, the determination of any required minimum distribution under Section 401(a)(9) of the Code that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q & A 17 and Q & A 18, 2007-5 I.R.B. 395.

(4) Direct Rollover: A direct rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

ARTICLE SIX--DEATH BENEFITS

6.1 DEATH PRIOR TO BENEFIT COMMENCEMENT.

(a) Pre-Retirement. If a Participant should die while in the employ of the Employer prior to the commencement of benefit payments, no death benefit shall be payable except as provided in Section 6.1(c).

(b) Deferred Vested. If a Participant, who has a nonforfeitable interest in his Accrued Benefit, dies after termination of employment but prior to the commencement of benefit payments, no death benefit shall be payable except as provided in Section 6.1(c).

(c) Pre-Retirement Survivor Annuity. In the case of a Participant with a spouse on the date of his death, and is vested in his Accrued Benefit, the following minimum death benefit shall constitute the "Pre-retirement Survivor Annuity" and shall be provided under the Plan to the spouse of a Participant who dies after his attainment of his earliest retirement age (defined below): a monthly pension equal to the amount which the spouse would have received if the Participant had retired on the day before his death and elected a joint and 50% surviving spouse annuity which was the Actuarial Equivalent of his vested Accrued Benefit. In the case of a Participant who dies on or before his earliest retirement age and is vested in his Accrued Benefit, the "Pre-retirement Survivor Annuity" is a monthly pension equal to the amount the spouse would have received if such Participant had separated from service on the date of his death, survived to his earliest retirement age, elected a qualified joint and 50% survivor annuity to commence on such date, and died on the next day. Solely for purposes of this Subsection (c), earliest retirement age is the earliest date on which the Participant could elect to receive retirement benefits. The "Pre-retirement Survivor Annuity" shall be payable at the Participant's Normal Retirement Date or, if the Participant had satisfied the service requirement for early retirement as of the date of his death and the surviving spouse so elects, the first day of the month following the later of the date the Participant dies or would have attained his applicable age for early retirement. In lieu of the monthly payments, the spouse may elect a lump sum payment that is the Actuarial Equivalent of the death benefit.

(d) Payment of Small Amounts. Notwithstanding anything contained herein to the contrary, the Pre-retirement Survivor requirements of this Section shall not be applicable to any Participant if the Actuarial Equivalent of such Participant's vested Accrued Benefit does not exceed \$5,000 determined in accordance with Section 1.2. If the Actuarial Equivalent single sum value of the Participant's Accrued Benefit is \$5,000 or less, the death benefit shall be paid in a single sum.

(e) Death After Commencement of Benefit. If a Participant dies after payment of benefits has commenced, no death benefit shall be payable except as provided in the form of pension elected by the Participant under Article Five.

(f) *Beneficiary's Death Benefit.* In the event there is no spouse, or it is determined by the Plan Administrator that there is no spouse or that the spouse cannot be located, the Participant's Beneficiary shall be eligible to receive a lump sum distribution. The amount of the distribution to a Beneficiary shall be equal to the lump sum amount which would be payable under Section 6.1, if the Participant had a spouse of the same age.

6.2 DESIGNATION OF BENEFICIARY. Each Participant shall be entitled to file with the Administrator a designation of Beneficiary to receive payment of death benefits or other sums payable hereunder if such Beneficiary survives the Participant.

Subject to the above, Beneficiary designations may include primary and contingent Beneficiaries, and may be revoked or amended at any time in a similar manner or form, and the most recent designation shall govern. In the absence of an effective designation of Beneficiary or if the Beneficiary dies before complete distribution of the Participant's benefits, all amounts shall be paid to the surviving spouse of the Participant, if living, or otherwise equally to his then surviving children whether by marriage or adopted and the surviving issue of any deceased children, per stirpes, or, if none, to his estate. Notification to Participants of the death benefits under the Plan and the method of designating a Beneficiary shall be given at the time and in the manner provided by regulations and rulings under the Code.

6.3 TIME AND MODE OF DISTRIBUTING DEATH BENEFITS.

(a) The "required time" for commencement of distribution of any death benefit hereunder shall be within the period ending on the last day of the calendar year following the calendar year in which the Participant died or, in the case of a surviving spouse, within a reasonable time after the Participant's death or, if the surviving spouse so elects, no later than the last day of the calendar year in which the Participant would have attained age 70½. If a surviving spouse dies before distributions begin, this paragraph shall be applied as if the surviving spouse were the Participant.

(b) If payment commences at the "required time" and if all payments are designated to or for the benefit of one or more natural persons, the following distribution modes shall be available:

(1) a level pension in an amount equal to the "Pre-retirement Survivor Annuity" pursuant to Section 6.1(c); or

(2) a single sum.

(c) If a Participant dies after payments have commenced, any survivor's benefit must be paid no less rapidly than the method of payment in effect at the time of the Participant's death.

(d) Nothing within this Section shall invalidate any Participant's previous designation of a mode of paying death benefits, provided such designation was made prior to January 1, 1984 and was in accordance with all requirements announced by the Internal Revenue Service with respect to the transitional rule established under Section 242(b) of TEFRA. No modification of the mode set out in any such election shall be allowed, however, unless it is in compliance with this Section 6.3.

ARTICLE SEVEN--EMPLOYER CONTRIBUTIONS

7.1 EMPLOYER CONTRIBUTIONS. The Employer shall retain an Actuary to assist it in determining the amount of contributions to make under the Plan. The contribution of the Employer may be paid to the Trustee on any date or dates which the Employer may select and shall be made in the form of cash or checks made payable to the Trustee, or in the form of property acceptable to the Trustee under the terms of the Trust.

7.2 FORFEITURES. No forfeiture under the Plan shall be applied to increase the benefits that any Participant or Beneficiary would otherwise receive. Any amounts forfeited shall be held in the Trust Fund and used to reduce the contributions of the Employer.

ARTICLE EIGHT--ADMINISTRATION OF THE PLAN

8.1 PLAN ADMINISTRATOR.

(a) The Employer shall be the Plan Administrator, hereinafter called the Administrator, and named fiduciary of the Plan, unless the Employer, by action of its Board of Directors, shall designate a person or committee of persons to be the Administrator and named fiduciary. The administration of the Plan, as provided herein, including the determination of the payment of benefits to Participants and their Beneficiaries, shall be the responsibility of the Administrator. The Administrator shall conduct its business and may hold meetings, as determined by it, from time to time. The Administrator shall have the right to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any distributions under the Plan to the fullest extent provided by law and in its sole discretion; and interpretations or decisions made by the Administrator will be conclusive and binding on all persons having an interest in the Plan. In the event more than one party shall act as Administrator, all actions shall be made by majority decisions. In the administration of the Plan, the Administrator may (1) employ agents to carry out nonfiduciary responsibilities (other than Trustee responsibilities), (2) consult with counsel who may be counsel to the Employer, and (3) provide for the allocation of fiduciary responsibilities (other than Trustee responsibilities) among its members. Actions dealing with fiduciary responsibilities shall be taken in writing and the performance of agents, counsel and fiduciaries to whom fiduciary responsibilities have been delegated shall be reviewed periodically.

(b) The expenses of administering the Plan and the compensation of all employees, agents, or counsel of the Administrator, including the accounting fees, and the actuarial fees, shall be paid by the Plan, or by the Employer, if it so elects. No compensation may be paid by the Plan to full-time Employees of the Employer.

(c) The Administrator shall keep a record of all its proceedings in the form and to the extent requested by the Board of Directors of the Employer. The Administrator shall obtain from the Trustee, not less often than annually, a report with respect to the value of the assets held in the Trust Fund, in such form as is required by the Administrator.

(d) The Administrator shall administer the Plan and adopt such rules and regulations as, in the opinion of the Administrator, are necessary or advisable to implement and administer the Plan and to transact its business.

8.2 TRUST AGREEMENT AND DESIGNATION OF TRUSTEE. The Employer has created and entered into a Trust Agreement with the Trustee as designated therein. The Employer may designate any number of persons, parties, corporate fiduciaries, or any combination thereof, to act as Trustees as the Employer deems appropriate.

ARTICLE NINE--PRE-TERMINATION RESTRICTIONS AND BENEFIT LIMITATIONS

9.1 PRE-TERMINATION BENEFIT RESTRICTIONS. In the event of plan termination, the benefit of any highly compensated active or former Employee is limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.

Benefits distributed to any of the 25 most highly compensated active and highly compensated former Employees with the greatest compensation in the current or any prior year are restricted such that the annual payments are no greater than an amount equal to the payment that would be made on behalf of the Employee under a straight life annuity that is the Actuarial Equivalent of the sum of the Employee's Accrued Benefit, the Employee's other benefits under the Plan (other than a Social Security supplement, within the meaning of Section 1.411(a)-7(c)(4)(ii) of the Income Tax Regulations), and the amount the Employee is entitled to receive under a Social Security supplement.

The preceding paragraph shall not apply if: (1) after payment of the benefit to an Employee described in the preceding paragraph, the value of Plan assets equals or exceeds 110% of the value of current liabilities, as defined in Section 412(l)(7) of the Code; (2) the value of the benefits for an Employee described above is less than 1% of the value of current liabilities before distribution; or (3) the value of the benefits payable under the Plan to an Employee described above does not exceed the amount set forth in Section 411(a)(11)(A) of the Code.

For purposes of this Section 9.1, benefit includes loans in excess of the amount set forth in Section 72(p)(2)(A) of the Code, any periodic income, any withdrawal values payable to a living Employee, and any death benefits not provided for by insurance on the Employee's life.

An Employee's otherwise restricted benefit may be distributed in full to the affected Employee if prior to receipt of the restricted amount, the Employee enters into a written agreement with the Plan Administrator to secure repayment to the Plan of the restricted amount. The restricted amount is the excess of the amounts distributed to the Employee (accumulated with reasonable interest) over the amounts that could have been distributed to the Employee under the straight life annuity (accumulated with reasonable interest). The Employee may secure repayment of the restricted amount upon distribution by: (1) entering into an agreement for promptly depositing in escrow with an acceptable depository property having a fair market value equal to at least one hundred twenty-five percent (125%) of the restricted amount; (2) providing a bank letter of credit in an amount equal to at least one hundred percent (100%) of the restricted amount; or (3) posting a bond equal to at least one hundred percent (100%) of the restricted amount. If the Employee elects to post bond, the bond will be furnished by an insurance company, bonding company or other surety for federal bonds.

The escrow arrangement may provide that an Employee may withdraw amounts in excess of one hundred twenty-five percent (125%) of the restricted amount. If the market value of the property in an escrow account falls below one hundred ten percent (110%) of the remaining restricted amount,

the Employee must deposit additional property to bring the value of the property held by the depository up to one hundred twenty-five percent (125%) of the restricted amount. The escrow arrangement may provide that the Employee may have the right to receive any income from the property placed in escrow, subject to the Employee's obligation to deposit additional property, as set forth in the preceding sentence.

A surety or bank may release any liability on a bond or letter of credit in excess of one hundred percent (100%) of the restricted amount.

If the Plan Administrator certifies to the depository, surety or bank that the Employee (or the Employee's estate) is no longer obligated to repay any restricted amount, a depository may redeliver to the Employee any property held under an escrow agreement, and a surety or bank may release any liability on a Employee's bond or letter of credit.

9.2 **LIMITATION ON BENEFITS.**

(a) *Effective Date.* The limitations of this Section 9.2 shall apply in Limitation Years beginning on or after July 1, 2007, except as otherwise provided herein.

(b) The Annual Benefit otherwise payable to a Participant under the Plan at any time shall not exceed the Maximum Permissible Benefit. If the benefit the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

(c) If the Participant is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Employer or a predecessor employer, the sum of the Participant's Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the Participant's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, benefits will be reduced under any other defined benefit plan before under this Plan unless such plans are terminated, in which event benefits will be limited in the Plan.

(d) The application of the provisions of this Section 9.2 shall not cause the Maximum Permissible Benefit for any Participant to be less than the Participant's accrued benefit under all the defined benefit plans of the Employer or a predecessor employer as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to Section 415 of the Code in effect as of the end of the last Limitation Year beginning before July 1, 2007, as described in Section 1.415(a)-1(g)(4) of the Income Tax Regulations.

(e) The limitations of this Section 9.2 shall be determined and applied taking into account the rules in Section 9.2(g).

(f) Definitions. The following definitions are applicable to this Section 9.2.

(1) Annual Benefit: A benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Section 9.2. For a Participant who has or will have distributions commencing at more than one annuity starting date, the Annual Benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this Section 9.2 as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Section 1.401(a)-20, Q&A 10(d), and with regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax Regulations.

No actuarial adjustment to the benefit shall be made for (A) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the Participant's benefit were paid in another form; (B) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement incidental death benefits, and post-retirement medical benefits); or (C) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Section 417(e)(3) of the Code and would otherwise satisfy the limitations of this Section 9.2, and the Plan provides that the amount payable under the form of benefit in any Limitation Year shall not exceed the limits of this Section 9.2 applicable at the annuity starting date, as increased in subsequent years pursuant to Section 415(d) of the Code. For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the Annual Benefit shall take into account social security supplements described in Section 411(a)(9) of the Code and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant Section 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in Plan Years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section 9.2(f)(1)(A) or Section 9.2(f)(1)(B).

(A) Benefit Forms Not Subject to Section 417(e)(3) of the Code: The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this Section 9.2(f)(1)(A) if the form of the Participant's benefit is either (1) a non-

decreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the Participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (2) an annuity that decreases during the life of the Participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in Section 401(a)(11)) of the Code).

(i) Limitation Years beginning before July 1, 2007. For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan for adjusting benefits in the same form; and (II) a 5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the Plan for that annuity starting date.

(ii) Limitation Years beginning on or after July 1, 2007. For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (1) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same annuity starting date as the Participant's form of benefit; and (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the Plan for that annuity starting date.

(B) Benefit Forms Subject to Section 417(e)(3): The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this paragraph if the form of the Participant's benefit is other than a benefit form described in Section 9.2(f)(1)(A). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

(i) Annuity Starting Date in Plan Years Beginning After 2005. If the annuity starting date of the Participant's form of benefit is in a Plan Year beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (I) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan for adjusting benefits in the same form; (II) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the Plan; and (III) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate defined in section 1.2 of the Plan and the applicable mortality table defined in Section 1.2 of the Plan, divided by 1.05.

(ii) Annuity Starting Date in Plan Years Beginning in 2004 or 2005. If the annuity starting date of the Participant's form of benefit is in a Plan Year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan for adjusting benefits in the same form; and (II) a 5.5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the Plan.

If the annuity starting date of the Participant's benefit is on or after the first day of the first Plan Year beginning in 2004 and before December 31, 2004, the application of this Section 9.2(f)(1)(B)(ii) shall not cause the amount payable under the Participant's form of benefit to be less than the benefit calculated under the Plan, taking into account the limitations of this Section 9.2, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the great annual amount:

(I) the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan for adjusting benefits in the same form;

(II) the applicable interest rate defined in Section 1.2 of the Plan and the applicable mortality table defined in Section 1.2 of the Plan; and

(III) the applicable interest rate defined in Section 1.2 of the Plan (as in effect on the last day of the last Plan Year beginning before January 1, 2004, under provisions of the Plan then adopted and in effect) and the applicable mortality table defined in Section 1.2 of the Plan.

(2) 415 Safe Harbor Compensation. For purposes of determining maximum permitted benefits under this Section 9.2, Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of

profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable Plan (as described in Section 1.62-2(c) of the Income Tax Regulations), and excluding the following:

(A) Employer contributions (other than elective contributions described in Section 402(e)(3), Section 408(k)(6), Section 408(p)(2)(A)(i), or Section 457(b) of the Code) to a Plan of deferred compensation (including a simplified employee pension described in Section 408(k) or a simple retirement account described in Section 408(p), and whether or not qualified) to the extent such contributions are not includible in the employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a Plan of deferred compensation (whether or not qualified);

(B) Amounts realized from the exercise of a nonstatutory stock option (that is, an option other than a statutory stock option as defined in Section 1.421-1(b) of the Income Tax Regulations), or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(C) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option;

(D) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the gross income of the employee and are not salary reduction amounts that are described in Section 125 of the Code); and

(E) Other items of remuneration that are similar to any of the items listed in (A) through (D).

For any self-employed individual, Compensation shall mean earned income.

Except as provided herein, for Limitation Years beginning after December 31, 1991, compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year.

For Limitation Years beginning on or after July 1, 2007, compensation for a Limitation Year shall also include compensation paid by the later of 2½ months after an employee's severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes the date of the employee's severance from employment with the Employer maintaining the Plan, if: (a) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; (b) the payment is for unused accrued bona fide sick, vacation or

other leave that the employee would have been able to use if employment had continued; or (c) the payment is received by the employee pursuant to a nonqualified unfunded deferred compensation Plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except, (a) payments to an individual who does not currently perform services for the employer by reason of qualified military service (within the meaning of Section 414(u)(1) of the Code) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service; or (b) compensation paid to a Participant who is permanently and totally disabled, as defined in Section 22(e)(3) of the Code, provided salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period, or the Participant was not a highly compensated employee, as defined in Section 414(q), immediately before becoming disabled.

Back pay, within the meaning of Section 1.415(c)-2(g)(8) of the Income Tax Regulations, shall be treated as compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

For Limitation Years beginning after December 31, 1997, compensation paid or made available during such Limitation Year shall include amounts that would otherwise be included in Compensation but for an election under Section 125(a), Section 402(e)(3), Section 402(h)(1)(B), Section 402(k), or Section 457(b) of the Code.

For Limitation Years beginning after December 31, 2000, Compensation shall also include any elective amounts that are not includible in the gross income of the employee by reason of Section 132(f)(4) of the Code.

Compensation shall not include amounts paid as compensation to a nonresident alien, as defined in Section 7701(b)(1)(B) of the Code, who is not a Participant in the Plan to the extent the compensation is excludable from gross income and is not effectively connected with the conduct of a trade or business within the United States.

(3) *Defined Benefit Compensation Limitation.* One hundred percent (100%) of a Participant's High Three-Year Average Compensation, payable in the form of a straight life annuity.

In the case of a Participant who is rehired after a severance from employment, the Defined Benefit Compensation Limitation is the greater of one hundred percent (100%) of the Participant's High Three-Year Average Compensation, as determined prior to the severance from employment; or one hundred percent (100%) of the Participant's High Three-Year Average Compensation, as determined after the severance from employment under Section 9.2(f)(7).

The Defined Benefit Compensation Limit is not applicable for a Participant in a church plan who has never been a Highly Compensated Employee.

(4) Defined Benefit Dollar Limitation: Effective for Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation is \$160,000, automatically adjusted under Section 415(d) of the Code, effective January 1 of each year, as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, but a Participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year.

(5) Employer: For purposes of this Section 9.2, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations, as defined in Section 414(b) of the Code, as modified by Section 415(h)), all commonly controlled trades or businesses (as defined in Section 414(c), as modified, except in the case of a brother-sister group of trades or businesses under common control, by Section 415(h)), or affiliated service groups (as defined in Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the Employer pursuant to Section 414(o) of the Code.

(6) Formerly Affiliated Plan of the Employer: A Plan that, immediately prior to the cessation of affiliation, was actually maintained by the Employer and, immediately after the cessation of affiliation, is not actually maintained by the Employer. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the Employer, such as the sale of a member controlled group of corporations, as defined in Section 414(b) of the Code, as modified by Section 415(h), to an unrelated corporation, or that causes a Plan to not actually be maintained by the employer, such as transfer of Plan sponsorship outside a controlled group.

(7) High Three-Year Average Compensation: The average compensation for the three consecutive years of service (or, if the Participant has less than three consecutive years of service, the Participant's longest consecutive period of service, including fractions of years, but not less than one year) with the Employer that produces the highest average. A year of service with the employer is the 12-consecutive month period defined in Section 1.24 of the Plan. In the case of a Participant who is rehired by the Employer after a severance from employment, the Participant's high three-year average compensation shall be calculated by excluding all years for which the Participant performs no services for and receives no compensation from the Employer (the break period) and by treating the years immediately preceding and following the break period as consecutive. A Participant's compensation for a year of service shall not include compensation in excess of the limitation under Section 401(a)(17) of the Code that is in effect for the calendar year in which such year of service begins.

(8) Limitation Year: This is the 12-consecutive month period used to measure compensation in this Plan for benefit purposes shall be the Plan Year. All qualified Plans maintained by the employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(9) Maximum Permissible Benefit: The lesser of the Defined Benefit Dollar Limitation or the Defined Benefit Compensation Limitation (both adjusted where required, as provided below).

(A) Adjustment for Less Than 10 Years of Participation or Service: If the Participant has less than 10 years of participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Participation in the Plan, and (ii) the denominator of which is 10. In the case of a Participant who has less than ten Years of Service with the employer, the Defined Benefit Compensation Limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Service with the Employer, and (ii) the denominator of which is 10.

(B) Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or after Age 65: Effective for benefits commencing in Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation shall be adjusted if the annuity starting date of the Participant's benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the Defined Benefit Dollar Limitation shall be adjusted under Section 9.2(f)(9)(B)(i), as modified by Section 9.2(f)(9)(B)(ii). If the annuity starting date is after age 65, the Defined Benefit Dollar Limitation shall be adjusted under Section 9.2(f)(9)(B)(ii), as modified by Section 9.2(f)(9)(B)(iii).

(i) Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62:

(I) Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan; or (2) a 5 percent interest rate assumption and the applicable mortality table as defined in Section 1.2 of the Plan.

(II) Limitation Years Beginning on or After July 1, 2007.

(a) Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement. If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for the annuity starting date as defined in Section 1.2 of the Plan (and expressing the Participant's age based on completed calendar months as of the annuity starting date).

(b) Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement. If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the lesser of the limitation determined under Section 9.2(f)(9)(B)(i)(II)(a) and the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this Section 9.2.

(ii) Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65:

(I) Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in Section 1.2 of the Plan and the mortality table (or other tabular factor) specified in Section 1.2 of the Plan; or (2) a 5 percent interest rate assumption and the applicable mortality table as defined in Section 1.2 of the Plan.

(II) Limitation Years Beginning On or After July 1, 2007.

(a) Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement. If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table for that annuity starting date as defined in Section 1.2 of the Plan (and expressing the Participant's age based on completed calendar months as of the annuity starting date).

(b) Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement. If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant's annuity starting date is the lesser of the limitation determined under Section 9.2(f)(9)(B)(ii)(II)(a). and the Defined Benefit Dollar Limitation (adjusted under Section 9.2(f)(9)(A) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this Section 9.2. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the Participant's annuity starting date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical Participant who is age 65 and has the same accrued benefit as the Participant.

(iii) Notwithstanding the other requirements of this Section 9.2(f)(9)(B), in adjusting the Defined Benefit Dollar Limitation for the Participant's annuity starting date under Sections 9.2(f)(9)(B)(i)(I), 9.2(f)(9)(B)(i)(II)(a), 9.2(f)(9)(B)(ii)(I) and 9.2(f)(9)(B)(ii)(II)(a), no adjustment shall be made to the Defined Benefit Dollar Limitation to reflect the probability of a Participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the annuity starting date. To the extent benefits are forfeited upon death before

the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified pre-retirement survivor annuity, as defined in Section 417(c) of the Code, upon the Participant's death.

(C) Minimum benefit permitted: Notwithstanding anything else in this Section 9.2 to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:

(i) The retirement benefits payable for a Limitation Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit Plans (without regard to whether a plan has been terminated) ever maintained by the Employer do not exceed \$10,000 multiplied by a fraction - (I) the numerator of which is the Participant's number of Years (or part thereof, but not less than one year) of Service (not to exceed 10) with the Employer, and (II) the denominator of which is 10; and

(ii) The Employer (or a predecessor employer) has not at any time maintained a defined contribution plan in which the Participant participated (for this purpose, mandatory employee contributions under a defined benefit Plan, individual medical accounts under Section 401(h) of the Code, and accounts for post-retirement medical benefits established under Section 419A(d)(1) of the Code are not considered a separate defined contribution Plan).

(10) Predecessor Employer: If the Employer maintains a Plan that provides a benefit which the Participant accrued while performing services for a former employer, the former employer is a predecessor employer with respect to the Participant in the Plan. A former entity that antedates the Employer is also a predecessor employer with respect to a Participant if, under the facts and circumstances, the Employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(11) Severance from Employment: An employee has a severance from employment when the employee ceases to be an employee of the Employer maintaining the Plan. An employee does not have a severance from employment if, in connection with a change of employment, the employee's new employer maintains the Plan with respect to the employee.

(12) Year of Participation: The Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (A) the Participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and (B) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a year of participation credited to the Participant shall equal the amount of benefit accrual service credited to the Participant for such accrual computation period. A Participant who is permanently and totally

disabled within the meaning of Section 415(c)(3)(C)(i) of the Code for an accrual computation period shall receive a Year of Participation with respect to that period. In addition, for a Participant to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event shall more than one Year of Participation be credited for any 12-month period.

(13) Year of Service: For purposes of Section 9.2(f)(7), the Participant shall be credited with a Year of Service (computed to fractional parts of a year) for each accrual computation period for which the Participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, taking into account only service with the Employer or a predecessor employer.

(g) Other Rules.

(1) Benefits Under Terminated Plans. If a defined benefit plan maintained by the Employer has terminated with sufficient assets for the payment of benefit liabilities of all plan participants and a Participant in the Plan has not yet commenced benefits under the Plan, the benefits provided pursuant to the annuities purchased to provide the Participant's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this Section 9.2. If there are not sufficient assets for the payment of all participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the Participant under the terminated Plan.

(2) Benefits Transferred From the Plan. If a participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan maintained by the Employer and the transfer is not a transfer of distributable benefits pursuant Section 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee Plan). If a participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan that is not maintained by the Employer and the transfer is not a transfer of distributable benefits pursuant Section 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the transferred benefits are treated by the Employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the Employer that terminated immediately prior to the transfer with sufficient assets to pay all participants' benefit liabilities under the plan. If a participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant Section 1.411(d)-4, Q&A-3(c), of the Income Tax Regulations, the amount transferred is treated as a benefit paid from the transferor plan.

(3) Formerly Affiliated Plans of the Employer. A formerly affiliated plan of an Employer shall be treated as a plan maintained by the Employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay participants' benefit liabilities under the plan and had purchased annuities to provide benefits.

(4) Plans of a Predecessor Employer. If the employer maintains a defined benefit plan that provides benefits accrued by a participant while performing services for a predecessor employer, the participant's benefits under a plan maintained by the predecessor employer shall be treated as provided under a plan maintained by the Employer. However, for this purpose, the plan of the predecessor employer shall be treated as if it had terminated immediately prior to the event giving rise to the predecessor employer relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide benefits; the Employer and the predecessor employer shall be treated as if they were a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provide under the plan of the predecessor employer.

(5) Special Rules. The limitations of this Section shall be determined and applied taking into account the rules in Section 1.415(f)-1(d), (e) and (h) of the Income Tax Regulations.

(6) Aggregation with Multiemployer Plans.

(A) If the Employer maintains a multiemployer plan, as defined in Section 414(f) of the Code, and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the Employer shall be treated as benefits provided under a plan maintained by the Employer for purposes of this Section 9.2.

(B) Effective for Limitation Years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of Sections 9.2(f)(3) and 9.2(f)(9)(A) to a plan which is not a multiemployer plan.

ARTICLE TEN--AMENDMENT AND TERMINATION

10.1 AMENDMENT. The Employer shall have the right to amend, alter or modify the Plan at any time, or from time to time, in whole or in part. Any such amendment shall become effective under its terms upon adoption by the Employer. The amendment shall be adopted by formal action of the Employer's Board of Directors. However, no amendment affecting the duties, powers or responsibilities of the Trustee may be made without the written consent of the Trustee. No amendment (including a change in the actuarial basis for determining optional or early retirement benefits) shall be made to the Plan which shall:

(a) deprive any Participant without his consent of any portion of his Accrued Benefit prior to the date of such action. Notwithstanding the preceding sentence, a Participant's Accrued Benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to Service before the amendment shall be treated as reducing Accrued Benefits. In the case of a retirement-type subsidy, these provisions shall apply only with respect to a Participant who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a social security supplement, a death benefit (including life insurance); or

(b) make it possible, except as provided in Sections 10.2 and 12.4 for any part of the corpus or income of the Trust Fund (other than such part as may be required to pay taxes and administrative expenses) to be used for or diverted to purposes other than the exclusive benefit of the Participants or their Beneficiaries; or

(c) alter the schedule for vesting in Accrued Benefits with respect to any Participant who has completed three (3) or more Years of Service without his consent or deprive any Participant of the nonforfeitable portion of his Accrued Benefit. If the Plan's vesting schedule is amended or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, or if the Plan is deemed amended by an automatic change to or from a top-heavy vesting schedule, in the case of an Employee who is a Participant as of the later of the date such amendment or change is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's employer-provided Accrued Benefit will not be less than the percentage computed under the Plan without regard to such amendment or change. Furthermore, each Participant with at least three (3) Years of Service with the Employer may elect within a reasonable period after the adoption of the amendment or change to have his nonforfeitable percentage computed under the Plan without regard to such amendment or change. The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of: (1) 60 days after the amendment is adopted; (2) 60 days after the amendment becomes effective; or (3) 60 days after the Participant is issued written

notice of the amendment by the Employer or Plan Administrator. With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each Participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

No amendment to the Plan (including a change in the actuarial basis for determining optional or early retirement benefits) shall be effective to the extent that it has the effect of decreasing a Participant's Accrued Benefit. For purposes of this paragraph, a plan amendment that has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing Accrued Benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. Notwithstanding the preceding sentences, a Participant's accrued benefit, early retirement benefit, retirement-type subsidy or optional form of benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code (for Plan Years beginning on or before December 31, 2007) or Section 412(d)(2) of the Code (for Plan Years beginning after December 31, 2007), or to the extent permitted under Sections 1.411(d)-3 and 1.411(d)-4 of the Income Tax Regulations.

For purposes of the preceding paragraph, an amendment that raises the Normal Retirement Age under the Plan to comply with Section 1.401(a)-1(b)(2) of the Income Tax Regulations will not be treated as an amendment that decreases a Participant's Accrued Benefit merely because the amendment eliminates a right the Participant may have had to receive a distribution prior to severance from employment on attainment of Normal Retirement Age under the prior plan terms. The preceding sentence applies only in the case of an amendment that is adopted after May 22, 2007 and on or before the last day of the applicable remedial amendment period under Section 1.401(b)-1 of the Income Tax Regulations with respect to the requirements of Section 1.401(a)-1(b)(2) and (3) of the Income Tax Regulations. A Participant who became or would have become eligible for payment of benefits at the Normal Retirement Age under the prior plan terms, and who has severed from employment with the Employer or Employers maintaining the Plan, continues to be eligible for payment at the same age and in at least the same amount as under the prior plan terms with respect to benefits accrued prior to the applicable amendment date.

Notwithstanding the other provisions of this Section or any other provisions of the Plan to the contrary, any amendment or modification of the Plan may be made retroactively, if necessary or appropriate to conform to or to satisfy the conditions of any law, governmental regulation or ruling and to meet the requirements of the Code qualification.

10.2 TERMINATION OF THE PLAN. If the Plan is terminated or partially terminated or if contributions are permanently discontinued, the rights of all Employees affected by such termination of partial termination shall become nonforfeitable, provided, however, that no Employee shall have any right or claim to satisfy his benefit entitlement from any source other than the Trust Fund; and at the time of termination the Trust Fund then held by the Trustee shall be used for the benefit of the

Employees who have retired under the Plan (including their Beneficiaries), active Employees who at the date of such termination of contributions are included in the Plan, and also former Employees who at the date of the termination of their employment may be entitled to retirement benefits, to be allocated in the following order:

First, there shall be allocated to each Employee included in the Plan and each former Employee, a benefit of an amount actuarially equivalent to the total of his own contributions plus Credited Interest to the date of such termination of contributions, less any retirement benefits theretofore received by him. If the Trust Fund is insufficient for this purpose, it shall be allocated to each such Employee in the proportion which the amount of his own contributions plus credited interest to the date of such termination, less any retirement benefits theretofore received by such Employee, bears to the total of such amounts with respect to all Employees. For purposes of this Section 10.2, "Credited Interest" means interest at the applicable rate compounded annually, for the number of completed months from the July 1 following the date of payment to the date to which interest is being calculated. The applicable rate of interest is 3% prior to July 1, 1984 and 5% after July 1, 1984.

Second, if any balance of the Trust Fund shall remain, it shall be allocated for the benefit of retired Employees, and Employees who have reached Normal Retirement Date but who have not commenced to receive benefits, in the proportion which the amount required to provide the monthly benefit of each such Employee, in excess of that provided by the allocation under subparagraph First above bears to the total by which the amounts required to provide all such monthly benefits for all such Employees shall exceed all of the allocations made under subparagraph First above, but not in excess of one hundred percent of such benefit.

Third, the balance of the Fund, if any, remaining after the above allocations shall be allocated for the benefit of all other Employees who are entitled to elect an Early Retirement Benefit, in the proportion which the amount required to provide the accrued monthly benefit of each such Employee, in excess of that provided by the allocation under the preceding subparagraphs bears to the total by which the amounts required to provide all such monthly accrued benefit for such Employees shall exceed all of the allocations made under the preceding subparagraphs, but not in excess of one hundred percent of such benefit.

Fourth, the balance of the Fund, if any, remaining after the above allocations, shall be allocated for the benefit of all other Employees, including former Employees entitled to a vested benefit, in the proportion which the amount required to provide the accrued monthly benefit of each such Employee, in excess of that provided by the allocation under the preceding subparagraphs bears to the total by which the amounts required to provide all such monthly accrued benefits for such Employees shall exceed all of the allocations made under the preceding subparagraphs, but not in excess of one hundred percent of such benefit.

Fifth, the balance of the Fund, if any, remaining after the above allocation and after the satisfaction of all liabilities under the Plan, shall be delivered over and paid to the Employer, or if the Employer is no longer in existence, to such other health care institutions or programs within the group

exemption granted by the Internal Revenue Service to the United States Catholic Conference, operating within the Roman Catholic Church in the diocese of Providence as determined by the Most Reverend Bishop of Providence.

Upon the completion of allocation and the distribution of the amounts allocated in clauses First through Fifth, the Trust Fund will terminate, the Trustee will be relieved of all liabilities with respect to the Plan, and no Participant or such other person will have any claims with respect to the Plan, except as required by applicable law. No participant or other person will have any rights or claims under the Plan beyond the capacity of the Trust Fund to provide benefits in accordance with the above provisions.

ARTICLE ELEVEN--TOP-HEAVY PROVISIONS

11.1 APPLICABILITY. The provisions of this Article shall become applicable only for any Plan Year in which the Plan is a Top-Heavy Plan. The determination of whether the Plan is a Top-Heavy Plan shall be made each Plan Year by the Administrator.

11.2 DEFINITIONS. For purposes of this Article, the following definitions shall apply:

(a) "Key Employee" shall mean, for Plan Years beginning after December 31, 2001, any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the Employer having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), 5% owner of the Employer, or a 1% owner of the Employer having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of Section 9.2(f)(2). The determination of who is a key employee will be made in accordance with Section 416(i)(1) of the Code, the applicable regulations and other guidance of general applicability issued thereunder. "Non-Key Employee" shall mean any Employee or Beneficiary or such Employee or former Employee or Beneficiary of such former Employee who is not or was not a Key Employee during the Plan Year ending on the determination date, nor during the four preceding Plan Years.

(b) "Top-Heavy Plan" shall mean a plan where any of the following conditions exist:

(1) Top-Heavy status defined.

(A) The Plan is a Top-Heavy Plan if the top-heavy ratio for the Plan exceeds 60% and the Plan is not part of any required aggregation group or permissive aggregation group of plans; or

(B) The Plan is a Top-Heavy Plan if the Plan is a part of a required aggregation group of plans (but is not part of a permissive aggregation group) and the top-heavy ratio for the group of plans exceeds 60%; or

(C) The Plan is a Top-Heavy Plan if the Plan is a part of a required aggregation group of plans and part of a permissive aggregation group and the top-heavy ratio for the permissive aggregation group exceeds 60%.

(2) Definition of terms for Top-Heavy status.

(A) "Top-heavy ratio" shall mean the following:

(i) If the Employer maintains one or more defined benefit plans and the Employer has not maintained any defined contribution plan (including any simplified employee pension, as defined in Section 408(k) of the Code) which during the five-year period ending on the determination date(s) has or has had account balances, the top-heavy ratio for this Plan alone or for the required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of the present value of Accrued Benefits of all Key Employees as of the determination date(s) (including any part of any Accrued Benefit distributed in the one-year period ending on the determination date(s) (five-year period ending on the determination date in the case of a distribution made for a reason other than severance from employment, death or disability)), and the denominator of which is the sum of present value of Accrued Benefits (including any part of any Accrued Benefits distributed in the one-year period ending on the determination date(s) (five-year period ending on the determination date in the case of a distribution made for a reason other than severance from employment, death or disability)), determined in accordance with Section 416 of the Code and the regulations thereunder.

(ii) If the Employer maintains one or more defined benefit plans and the Employer maintains or has maintained one or more defined contribution plans (including any simplified employee pension) which during the five-year period ending on the determination date(s) has or has had any account balances, the top-heavy ratio for any required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of the present value of Accrued Benefits under the aggregated defined benefit plan or plans for all Key Employees, determined in accordance with (i) above, and the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees as of the determination date(s), and the denominator of which is the sum of the present value of Accrued Benefits under the defined benefit plan or plans for all Participants, determined in accordance with (i) above, and the account balances under the aggregated defined contribution plan or plans for all Participants as of the determination date(s), all determined in accordance with Section 416 of the Code and the regulations thereunder. The account balances under a defined contribution plan in both the numerator and denominator of the top-heavy ratio are increased for any distribution of an account balance made in the one-year period ending on the determination date (five-year period ending on the determination date in the case of a distribution made for a reason other than severance from employment, death or disability).

(iii) For purposes of (i) and (ii) above, the value of account balances and the actuarial equivalent of accrued benefits will be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the determination date, except as provided in Section 416 of the Code and regulations issued thereunder for the first and second Plan Year of a defined benefit plan. The accrued benefits and account balances of Participants (I) who are not Key Employees but who were Key Employees in a prior year or (II) who have not been credited with at least one hour of service with any employer maintaining the Plan at any time during the one-year period ending on the determination date will be disregarded. The calculations of the top-heavy ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made under Section 416 of the Code and regulations issued thereunder. Deductible employee

contributions will not be taken into account for purposes of computing the top-heavy ratio. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (a) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

(B) "*Permissive aggregation group*" shall mean the required aggregation group of plans plus any other plan or plans of the Employer which, when considered as a group with the required aggregation group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(C) "*Required aggregation group*" shall mean (i) each qualified plan of the Employer (including any terminated plan) in which at least one Key Employee participates or participated at any time during the Plan Year containing the determination date or any of the four preceding Plan Years (regardless of whether the Plan has terminated), and (ii) any other qualified plan of the Employer which enables a plan described in (i) to meet the requirements of Sections 401(a)(4) or 410 of the Code.

(D) "*Determination date*" shall mean, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, "determination date" shall mean the last day of that Plan Year.

(E) "*Valuation Date*" shall mean the date set forth in Section 1.23.

(F) Actuarial equivalence shall be based on the interest and mortality rates utilized to determine actuarial equivalence when benefits are paid from any defined benefit plan. If no rates are specified in said plan, the following shall be utilized: pre- and post-retirement interest -- 5%; post-retirement mortality based on the Unisex Pension (1984) Table.

11.3 MINIMUM BENEFIT FOR ANY PLAN YEAR WHEN THE PLAN IS A TOP-HEAVY PLAN.

(a) This minimum benefit is provided in the Plan for any Plan Year in which this Plan is a Top-Heavy Plan, subject to the provisions below. Each Participant who is a Non-Key Employee and who has been credited with at least one thousand (1,000) Hours of Service in any Plan Year commencing after December 31, 1983, will accrue a benefit, to be provided solely by Employer contributions and expressed as a life annuity commencing at Normal Retirement Date, of two percent (2%) of his or her highest Compensation averaged for the five (5) consecutive years for which the Participant had the highest Compensation (as that term is defined in Section 9.2(b)). The minimum accrual is determined without regard to any Social Security benefit provided by Employer

contributions under that system. If the benefit is received by such Participant in a form other than a single life annuity, such Participant must receive an amount that is that form of benefit's Actuarial Equivalent. If the benefit commences at a date other than at Normal Retirement Date, it must be equal to the Actuarial Equivalent of the minimum single life annuity benefit commencing at Normal Retirement Date.

The minimum accrual applies even though under other Plan provisions the Participant would not otherwise be entitled to receive an accrual, or would have received a lesser accrual for the year because (1) the Non-Key Employee fails to make mandatory contributions to the Plan, (2) the Non-Key Employee's Compensation is less than a stated amount, (3) the Non-Key Employee is not employed on the last day of the accrual computation period, or (4), the Plan is integrated with Social Security. For purposes of computing the minimum accrued benefit, compensation shall mean compensation as defined in Section 9.2(f)(2) of the Plan, as limited by Section 401(a)(17) of the Code.

All accruals of employer-derived benefits, whether or not attributable to years for which the Plan is top-heavy, may be used in computing whether the minimum accrual requirements of this Section 11.3 are satisfied.

For purposes of satisfying the minimum benefit requirements of Section 416(c)(1) of the Code and the Plan, in determining years of service with the Employer, any service with the Employer shall be disregarded to the extent that such service occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no Key Employee or former Key Employee.

(b) No additional benefit accruals shall be provided pursuant to Section 11.3(a) to the extent that the total accruals on behalf of the Participant attributable to employer contributions will provide a benefit expressed as a life annuity commencing at Normal Retirement Age that equals or exceeds twenty percent (20%) of the Participant's highest Compensation for the five (5) consecutive years for which the Participant had the highest Compensation.

(c) The provisions in Subsection (a) shall be applied so that there is no duplication of minimum benefits under this Plan and any defined contribution plan. The minimum benefit shall not be offset by contributions or benefits under any other plan of the Employer.

(d) Any minimum accrued benefit required (to the extent required to be nonforfeitable under Code Section 416(b)) may not be forfeited under Code Sections 411(a)(3)(B) or 411(a)(3)(D).

11.4 VESTING. The following minimum vesting schedule applies to the Plan in any Plan Year in which the Plan is a Top-Heavy Plan, notwithstanding the schedule set forth in Section 4.5. For vesting to be determined under this schedule, an Employee must be credited with at least one (1) Hour of Service in any Plan Year in which the Plan is a Top-Heavy Plan.

| <u>Years of Service</u> | <u>Vested Percentage</u> |
|-------------------------|--------------------------|
| Less than 3 years | 0% |
| 3 years and thereafter | 100% |

The minimum vesting schedule applies to all benefits within the meaning of Section 411(a)(7) of the Code except those attributable to Employee contributions and elective deferrals, including benefits accrued before the effective date of Section 416 and benefits accrued before the Plan became a Top-Heavy Plan. Further, no reduction in vested benefits may occur in the event the Plan's status as a Top-Heavy Plan changes for any Plan Year. In addition, if a Plan's status changes from a Top-Heavy Plan to that of a non-Top-Heavy Plan, a Participant with three (3) or more Years of Service for vesting purposes shall continue to have his vested rights determined under the schedule which he selects. Payment of a Participant's vested Accrued Benefit under this Section shall be made in accordance with the provisions of Article Five.

11.5 ADDITIONAL RULES.

(a) Determination of Present Values and Amounts. This Section 11.5 shall apply, effective for Plan Years beginning after December 31, 2001, for purposes of determining the present values of accrued benefits and the amounts of Account balances of Employees as of the determination date.

(1) Distributions During Year Ending on the Determination Date. The present value of accrued benefits and the amounts of Account balances of an Employee as of the determination date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than severance from employment, death or disability, this provision shall be applied by substituting "5-year period" for "1-year period."

(2) Employees Not Performing Services During Year Ending on the Determination Date. The accrued benefits and Accounts of any individual who has not performed services for the Employer during the 1-year period ending on the determination date shall not be taken into account.

(b) The top-heavy rules of this Article Eleven are not applicable if the Plan is a church plan, collectively bargained plan, governmental plan or no Highly Compensated Employees are participating in the Plan.

ARTICLE TWELVE--MISCELLANEOUS PROVISIONS

12.1 PLAN DOES NOT AFFECT EMPLOYMENT. Neither the creation of this Plan nor any amendment of it nor the creation of any fund or amount nor the payment of benefits hereunder shall be construed as giving any legal or equitable right to any Employee or Participant against the Employer, its officers or Employees, or against the Trustee, and all liabilities under this Plan shall be satisfied, if at all, only out of the Trust Fund held by the Trustee. Participation in the Plan shall not give any Participant any right to be retained in the employ of the Employer, and the Employer hereby expressly retains the right to hire and discharge any Employee at any time with or without cause, as if the Plan had not been adopted, and any such discharged Participant shall have only such rights or interests in the Trust Fund as may be specified herein.

12.2 SUCCESSOR TO THE EMPLOYER. In the event of the merger, consolidation, reorganization or sale of assets of the Employer, under circumstances in which a successor person, firm or corporation shall carry on all or a substantial part of the business of the Employer, and such successor shall employ a substantial number of Employees of the Employer and shall elect to carry on the provisions of the Plan, such successor shall be substituted for the Employer under the terms and provisions of the Plan upon the filing in writing with the Trustee of its election to do so.

12.3 MERGER OF PLANS. In the case of any merger or consolidation of this Plan with, or transfer of the assets or liabilities of the Plan to, any other plan, the terms of such merger, consolidation or transfer shall be such that each Participant would receive (in the event of termination of this Plan or its successor immediately thereafter) a benefit which is not less than he would have received in the event of termination of this Plan immediately before such merger, consolidation or transfer.

12.4 REPAYMENTS TO THE EMPLOYER. Notwithstanding any provisions of this Plan to the contrary, and in the sole discretion of the Employer:

(a) Any monies or other Plan assets attributable to any contribution made to this Plan by the Employer because of a mistake of fact may be returned to the Employer within one year after the date of contribution.

(b) Any monies or other Plan assets attributable to any contribution made to this Plan by the Employer for any fiscal year, for which initial Plan qualification under the Code is denied, may be refunded to the Employer within one year after the date such qualification of the Plan is denied or within one year of the resolution of any judicial or administrative process with respect to the disqualification.

12.5 BENEFITS NOT ASSIGNABLE. Except as provided in Section 414(p) of the Code with respect to "qualified domestic relations orders," the rights of any Participant or his Beneficiary to any benefit or payment hereunder shall not be subject to voluntary or involuntary alienation or assignment. Notwithstanding the prior provisions of this Section 12.5, an offset to a Participant's

benefit against an amount that the Participant is ordered or required to pay the Plan with respect to a judgment, order, or decree issued, or a settlement entered into, on or after August 5, 1997, shall be permitted in accordance with Sections 401(a)(13)(C) and (D) of the Code.

12.6 DISTRIBUTION TO LEGALLY INCAPACITATED PERSON. In the event any benefit is payable to a minor or to a person deemed to be incompetent or to a person otherwise under legal disability, or who is by sole reason of advanced age, illness, or other physical or mental incapacity incapable of handling the disposition of his property, the Administrator may direct the Trustee to distribute the whole or any part of such benefit to the valid power of attorney or court appointed guardian having jurisdiction over the person or to any other person authorized under the applicable state law. The receipt of any such payment or distribution is a complete discharge of liability for Plan obligations.

12.7 CONSTRUCTION. Wherever appropriate, the use of the masculine gender shall be extended to include the feminine or neuter or vice versa; and the singular form of words shall be extended to include the plural; and the plural shall be restricted to mean the singular.

12.8 USE OF ELECTRONIC MEDIA. Wherever appropriate, the reference to an action in writing shall be extended to include the use of electronic media.

12.9 GOVERNING DOCUMENTS. A Participant's rights shall be determined under the terms of the Plan as in effect at his date of separation from eligible Service.

12.10 GOVERNING LAW. The provisions of this Plan shall be construed under the laws of the state of the situs of the Trust, except to the extent such laws are pre-empted by Federal law.

12.11 HEADINGS. The Article headings and Section numbers are included solely for ease of reference. If there is any conflict between such headings and numbers and the text of the Plan, the text shall control.

12.12 COUNTERPARTS. This Plan may be executed in any number of counterparts, each of which shall be deemed an original; said counterparts shall constitute but one and the same instrument, which may be sufficiently evidenced by any one counterpart.

12.13 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN. In the event that all or any portion of the distribution payable to a Participant or to a Participant's Beneficiary hereunder shall, at the expiration of five (5) years after it shall become payable, remain unpaid solely by reason of the inability of the Administrator to ascertain the whereabouts of such Participant or Beneficiary, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, the amount so distributable shall be forfeited and used to offset the Employer contributions to the Plan. In the event a Participant or Beneficiary is located subsequent to the forfeiture of his Accrued Benefit, such benefit shall be restored.

ARTICLE THIRTEEN--MULTIPLE EMPLOYER PROVISIONS

13.1 ADOPTION OF THE PLAN. With the Employer's consent, this Plan may be adopted by any other corporation or entity for its employees, which adopting Employer shall be known as a "Participating Employer." All assets may either be held within one Trust Fund, or each Participating Employer may maintain a separate trust fund attributable to its portion of Plan assets.

13.2 SERVICE. For purposes of vesting, eligibility to participate in the Plan, and determining a Participant's Accrued Benefit, an eligible Employee shall be credited with all of his Hours of Service with any Participating Employer which has adopted the Plan after the effective date of that adoption. Pre-adoption Service will be credited in accordance with the rules in Article Two for such periods of time when the Employees were part of a controlled group of corporations, trades or businesses under common control or affiliated service group. Service during such time when there was no controlled or affiliated service group will be credited only for eligibility to participate in the Plan. These rules may be modified by an instrument of adoption.

13.3 PLAN CONTRIBUTIONS. All contributions made by a Participating Employer, as provided for in this Plan and unless modified by an instrument of adoption, shall be determined separately by each Participating Employer, and shall be paid to and held by the Trustee for the exclusive benefit of the Employees of such Participating Employer and the Beneficiaries of such Employees, subject to all the terms and conditions of this Plan.

13.4 DETERMINING COMPENSATION. In the case of any Employee who is paid by more than one Participating Employer, all of his Compensation from the Participating Employers shall be aggregated for purposes of determining benefits.

13.5 TRANSFERRING EMPLOYEES. The Administrator shall adopt equitable procedures whereby contributions are equitably allocated in the case of Employees transferring from the employment of one Participating Employer to another Participating Employer.

13.6 DELEGATION OF AUTHORITY. Each Participating Employer who has adopted the Plan may delegate to the Employer the right to name the Administrator and Trustees of the Plan.

13.7 TERMINATION. Any termination of the Plan or discontinuance of contributions by any one Participating Employer shall operate with regard only to the Participants employed by that Participating Employer. All Employees affected thereby shall have a one hundred percent (100%) nonforfeitable interest in their Accrued Benefit.

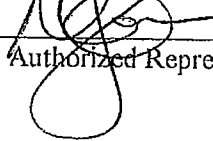
In the event any Participating Employer terminates its participation in this Plan, or in the event that any such Participating Employer shall cease to exist through sale, reorganization or bankruptcy, the Trust Fund shall be allocated by the Trustee, in accordance with the direction of the Administrator,

into separate trust funds. Unless an alternate means of disposition of Plan assets was specified in the instrument of adoption by which the Participating Employer adopted the Plan, the amount to be allocated to the Trust of the terminating Participating Employer shall be the lesser of:

- (a) the valuation of that portion of the Trust Fund attributable to the Participants of such terminating Participating Employer, determined by crediting each of its contributions to the Plan with its share of Plan earnings or losses and deducting all payments made to its Employees; and
- (b) the Actuarial Equivalent of Accrued Benefits of Participants affected as of the date of transaction.

IN WITNESS WHEREOF, the Employer, by its duly authorized representative, has caused this Plan to be executed on the 25th day of August, 2011.

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND

By:  _____
Authorized Representative

APPENDIX A

FACTORS TO DETERMINE EQUIVALENT ACTUARIAL VALUE

1. Joint and Survivor Annuities

To recognize the payment of benefits under a Joint and Survivor Annuity option, the Accrued Benefit shall be multiplied by a factor, determined as follows:

a. 50% Joint and Survivor Annuity Option:

92% plus (minus) $\frac{1}{2}\%$ for each full year by which the Beneficiary is older (younger) than the Employee (Maximum 97%).

b. 66 $\frac{2}{3}\%$ Joint and Survivor Annuity Option:

90% plus (minus) $\frac{2}{3}\%$ for each full year by which the Beneficiary is older (younger) than the Employee (Maximum 96%).

c. 75% Joint and Survivor Annuity Option:

89% plus (minus) $\frac{3}{4}\%$ for each full year by which the Beneficiary is older (younger) than the Employee (Maximum 95%).

d. 100% Joint and Survivor Annuity Option:

86% plus (minus) 1% for each full year by which the Beneficiary is older (younger) than the Employee (Maximum 93%).

2. Life Annuity With 120 Months Certain

To recognize the payment of benefits under the Life Annuity With 120 Months Certain option, the Accrued Benefit shall be multiplied by 96%.

**AMENDMENT FOR
PPA, HEART ACT AND OTHER LAW CHANGES**

ARTICLE ONE -- GENERAL PROVISIONS

1.1 EFFECTIVE DATE OF AMENDMENT. This Amendment to the St. Joseph Health Services of Rhode Island Retirement Plan is effective as indicated below for the respective provisions.

1.2 SUPERSEDING OF INCONSISTENT PROVISIONS. This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

1.3 CONSTRUCTION. Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

1.4 EFFECT OF RESTATEMENT OF PLAN. If the Employer restates the Plan, then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document which incorporates PPA provisions).

**ARTICLE TWO -- PENSION FUNDING EQUITY ACT OF 2004
AS MODIFIED BY SUBSEQUENT LEGISLATION**

2.1 GENERAL RULE.

(a) **Effective Date.** The Employer adopts this Article Two to reflect certain provisions of the Pension Funding Equity Act of 2004 (PFEA), as modified by the Pension Protection Act of 2006 and the Worker, Retiree and Employer Recovery Act of 2008. Except as otherwise provided herein, effective for distributions in Plan Years beginning after December 31, 2003, the required determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with this Amendment. However, this Amendment does not supersede any prior election to apply the transition rule of section 101(d)(3) of PFEA as described in Notice 2004-78.

(b) **Definition of "Applicable Mortality Table".** The "applicable mortality table" means the applicable mortality table within the meaning of Code Section 417(e)(3)(B) (as described in Article Twelve).

2.2 BENEFIT FORMS NOT SUBJECT TO THE PRESENT VALUE RULES OF CODE SECTION 417(c)(3).

(a) **Form Of Benefit.** The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this Section 2.2 if the form of the Participant's benefit is either:

(1) A nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the Participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or

(2) An annuity that decreases during the life of the Participant merely because of:

(A) The death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or

(B) The cessation or reduction of Social Security supplements or qualified disability payments (as defined in Code Section 401(a)(11)).

(b) **Limitation Years Beginning Before July 1, 2007.** For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit computed using whichever of the following produces the greater annual amount:

(1) the interest rate and the mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; and

(2) a 5 percent interest rate assumption and the "applicable mortality table" defined in the Plan for that annuity starting date.

(c) Limitation Years Beginning On or After July 1, 2007. For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of:

(1) The annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same annuity starting date as the Participant's form of benefit; and

(2) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5 percent interest rate assumption and the applicable mortality table defined in the Plan for that annuity starting date.

2.3 BENEFIT FORMS SUBJECT TO THE PRESENT VALUE RULES OF CODE SECTION 417(e)(3).

(a) Form of Benefit. The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined as indicated under this Section 2.3 if the form of the Participant's benefit is other than a benefit form described in Section 2.2(a).

(b) Annuity Starting Date in Small Plans for Plan Years Beginning in 2009 and Later. Notwithstanding anything in this Amendment to the contrary, if the annuity starting date of the Participant's form of benefit is in a Plan Year beginning in or after 2009, and if the Plan is maintained by an eligible employer as defined Code Section 408(p)(2)(C)(i), the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the greater annual amount:

(1) The interest rate and the mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; and

(2) A 5.5 percent interest rate assumption and the applicable mortality table described in Article Twelve.

(c) Annuity Starting Date in Plan Years Beginning after 2005. Except as provided in Section 2.3(b), if the annuity starting date of the Participant's form of benefit is in a Plan Year beginning after December 31, 2005, the actuarially equivalent straight life annuity is equal to the greatest of:

(1) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate and the mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form;

(2) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table for the distribution under Treasury Regulations Section 1.417(e)-1(d)(2) (determined in accordance with Article Twelve for Plan Years after the effective date of that Article); and

(3) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed for the distribution under Treasury Regulations Section 1.417(e)-1(d)(3) (determined in accordance with Article Twelve for Plan Years after the effective date of that Article) and the applicable mortality table for the distribution under Treasury Regulations Section 1.417(e)-1(d)(2) (determined in accordance with Article Twelve for Plan Years after the effective date specified below), divided by 1.05.

The effective date of the applicable mortality table above is for years beginning after December 31, 2008.

(d) Annuity Starting Date in Plan Years Beginning in 2004 or 2005. If the annuity starting date of the Participant's form of benefit is in a Plan Year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the greater annual amount:

(1) The interest rate and the mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; and

(2) A 5.5 percent interest rate assumption and the applicable mortality table for the distribution under Treasury Regulations Section 1.417(e)-1(d)(2).

However, this Section does not supersede any prior election to apply the transition rule of section 101(d)(3) of PFEA as described in Notice 2004-78.

ARTICLE THREE -- DIRECT ROLLOVER OF NON-SPOUSAL DISTRIBUTION

3.1 NON-SPOUSE BENEFICIARY ROLLOVER RIGHT. For distributions after December 31, 2006, a non-spouse beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) and the Regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his or her distribution to an Individual Retirement Account (IRA) the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an "eligible rollover distribution" under Code Section 401(a)(31).

3.2 CERTAIN REQUIREMENTS NOT APPLICABLE. Although a non-spouse beneficiary may roll over directly a distribution as provided in Section 3.1 of this Amendment, the distribution, if made prior to January 1, 2010, is not subject to the direct rollover requirements of Code Section 401(a)(31) (including Code Section 401(a)(31)(B)), the notice requirements of Code Section 402(f) or the mandatory withholding requirements of Code Section 3405(c). If a non-spouse beneficiary receives a distribution from the Plan, the distribution is not eligible for a 60-day (non-direct) rollover.

3.3 TRUST BENEFICIARY. If the Participant's named beneficiary is a trust, the Plan may make a direct rollover to an IRA on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code Section 401(a)(9)(E).

3.4 REQUIRED MINIMUM DISTRIBUTIONS NOT ELIGIBLE FOR ROLLOVER. A non-spouse beneficiary may not roll over an amount that is a required minimum distribution, as determined under applicable Treasury Regulations and other Internal Revenue Service guidance. If the Participant dies before his or her required beginning date and the non-spouse beneficiary rolls over to an IRA the maximum amount eligible for rollover, the beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treasury Regulations Section 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse beneficiary's distribution.

ARTICLE FOUR -- ROLLOVER OF AFTER-TAX AMOUNTS

4.1 DIRECT ROLLOVER TO QUALIFIED PLAN/403(B) PLAN. For taxable years beginning after December 31, 2006, a Participant may elect to transfer employee after-tax contributions by means of a direct rollover to a qualified plan or to a 403(b) plan that agrees to account separately for amounts so transferred (including interest thereon), including accounting separately for the portion of such distribution which is includible in gross income and the portion of such distribution which is not includible in gross income.

ARTICLE FIVE -- QUALIFIED DOMESTIC RELATIONS ORDERS

5.1 PERMISSIBLE QDROS. Effective on or after April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order (QDRO) will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death.

5.2 OTHER QDRO REQUIREMENTS APPLY. A domestic relations order described in Section 5.1 is subject to the same requirements and protections that apply to QDROs.

ARTICLE SIX -- DIRECT ROLLOVER TO ROTH IRA

6.1 ROTH IRA ROLLOVER. For distributions made after December 31, 2007, a Participant or beneficiary may elect to roll over directly an "eligible rollover distribution" to a Roth IRA described in Code Section 408A(b). For this purpose, the term "eligible rollover distribution" includes a rollover distribution described in Article Four, if applicable.

ARTICLE SEVEN -- TOP-HEAVY PROVISIONS

7.1 SEVERANCE FROM EMPLOYMENT. Effective for any Plan Year beginning after December 31, 2001, the provisions of the Plan setting forth the top-heavy provisions of Code Section 416 are modified by substituting the term "separation from service" with "severance from employment."

**ARTICLE EIGHT
HEART ACT PROVISIONS**

8.1 DEATH BENEFITS. In the case of a death or disability occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant had resumed and then terminated employment on account of death.

8.2 DIFFERENTIAL WAGE PAYMENTS. For years beginning after December 31, 2008, (a) an individual receiving a differential wage payment, as defined by Code Section 3401(h)(2), shall be treated as an Employee of the Employer making the payment, (b) the differential wage payment shall be treated as compensation, and (c) the Plan shall not be treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

**ARTICLE NINE
CHANGE IN APPLICABLE INTEREST RATE AND
APPLICABLE MORTALITY ASSUMPTION**

9.1 EFFECTIVE DATE. Except as provided by the Pension Benefit Guaranty Corporation (PBGC) and IRS, the limitations of this Article shall first apply in determining the amount payable to a Participant having an annuity starting date in a Plan Year beginning on or after January 1, 2008.

9.2 APPLICABLE INTEREST RATE. For purposes of the Plan's provisions relating to the calculation of the present value of a benefit payment that is subject to Code Section 417(e), as well as any other Plan provision referring directly or indirectly to the "applicable interest rate" or "applicable mortality table" used for purposes of Code Section 417(e), any provision prescribing the use of the annual rate of interest on 30-year U.S. Treasury securities shall be implemented by instead using the rate of interest determined by applicable interest rate described by Code Section 417(e) after its amendment by PPA. Specifically, the applicable interest rate shall be the adjusted first, second, and third segment rates applied under the rules similar to the rules of Code Section 430(h)(2)(C) for the calendar month (lookback month) before the first day of the Plan Year in which the annuity starting state occurs (stability period), or such other lookback month and stability period set forth in the Plan for purposes of determining the applicable interest rate. For this purpose, the first, second, and third segment rates are the first, second, and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

(a) Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in the preceding paragraph for the average yields for the 24-month period described in such section, and

(b) Code Section 430(h)(2)(G)(i)(II) were applied by substituting "Section 417(e)(3)(A)(ii)(II) for "Section 412(b)(5)(B)(ii)(II)," and

(c) The applicable percentage under Code Section 430(h)(2)(G) is treated as being 20% in 2008, 40% in 2009, 60% in 2010, and 80% in 2011.

9.3 APPLICABLE MORTALITY ASSUMPTION. For purposes of the Plan's provisions relating to the calculation of the present value of a benefit payment that is subject to Code Section 417(e), as well as any other Plan provision referring directly or indirectly to the "applicable interest rate" or "applicable mortality table" used for purposes of Code Section 417(e), any provision directly or indirectly prescribing the use of the mortality table described in Revenue Ruling 2001-62 shall be amended to prescribe the use of the applicable annual mortality table within the meaning of Code Section 417(e)(3)(B), as initially described in Revenue Ruling 2007-67.

IN WITNESS WHEREOF, the Employer, by its duly authorized representative, has caused this Amendment to be executed this 25th day of August, 2011.

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND

By: _____


EXHIBIT 2



A N G E L L

March 8, 2016

SENT VIA E-MAIL
PERSONAL & CONFIDENTIAL

Richard J. Land, Esq.
c/o Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903

The ANGELL Pension Group, Inc.
88 Boyd Avenue
East Providence, Rhode Island 02914
Tel: 401.438.9250 • Fax: 401.438.7278
info@angellpensiongroup.com
www.angellpensiongroup.com

RE: St. Joseph Health Services of Rhode Island Retirement Plan

Dear Richard:

Enclosed is the following material pertaining to the annual administration of the above referenced Plan for the plan year beginning July 1, 2016 and ending June 30, 2017:

- The Actuarial Valuation, which outlines the funding options for the plan year and summarizes the current funding status of the Plan.

The valuation was prepared based on the Plan sponsor's conclusion and direction to the Angell Pension Group, Inc. that the Plan is a non-electing church plan within the meaning of Section 414(e) of the Internal Revenue Code of 1986, as amended, and Section 3(33) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As a non-electing church plan, the Plan is exempt from Titles I and IV of ERISA.

Please call me at extension 183 if you have any questions or need additional information. Simon Encarnacion is also available at extension 153.

Sincerely,

A handwritten signature in black ink that reads "ALBERT V. KRAYER". The signature is written in a cursive, slightly slanted style.

Albert V. Krayter
Director of Defined Benefit Department
akrayter@angellpensiongroup.com
admlet 2016.doc/A4360A/AVK

Enclosures

cc: Jeffrey A. Bauer, CPC, QPA, *The Angell Pension Group, Inc. (w/out enclosures)*

**St. Joseph Health Services of Rhode Island
Retirement Plan**

Actuarial Valuation as of July 1, 2016

For the Plan Year Beginning July 1, 2016

and Ending June 30, 2017

Prepared By:

**The Angell Pension Group, Inc.
88 Boyd Avenue
East Providence, RI 02914
401-438-9250**

March 2017

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I. INTRODUCTION

This report presents the results of the actuarial valuation as of July 1, 2016 of the St. Joseph Health Services of Rhode Island Retirement Plan. The report is prepared for the plan year beginning July 1, 2016 and ending June 30, 2017. The purpose of the report is to:

- Illustrate the current actuarial position of the plan.
- Provide a summary of participant census and benefit detail.
- Present information which will assist the plan sponsor in determining the appropriate contribution for the plan year.
- Outline the actuarial assumptions and methods used.
- Summarize the results of our review of compliance with appropriate non-discrimination and/or top heavy requirements.

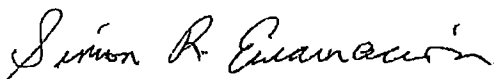
The asset smoothing method amortizes asset gains and losses over five years. Continued use of the "five-year" smoothing of gains and losses will spread gains and losses and prevent the plan from experiencing the full impact of recent market fluctuations. It is our understanding that there were no contributions deposited to the plan for the plan year ending June 30, 2016.

The valuation was prepared based on the Plan sponsor's conclusion and direction to the Angell Pension Group, Inc. that the Plan is a non-electing church plan within the meaning of Section 414(e) of the Internal Revenue Code of 1986, as amended, and Section 3(33) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As a non-electing church plan, the Plan is exempt from Titles I and IV of ERISA.

This valuation was prepared on the basis of information submitted to The Angell Pension Group, Inc. in the form of payroll and asset data, as well as ancillary material pertaining to the plan and the plan sponsor, and was prepared in accordance with current federal statutes and regulations, and consistent with current actuarial standards of practice. We have not independently verified, nor do we make any representations as to, the accuracy of such information.

The method for determining the actuarial value of plan assets includes a limitation so that the value is no less than 80% nor greater than 120% of the fair market value of plan assets. This limitation continues to allow smoothing but restricts its impact so that the actuarial value of assets remains reasonably close to the fair market value.

I meet the qualification Standard of the American Academy of Actuaries to render the actuarial opinions included in this report, based upon my education, experience and continuing education.



March 8, 2017

Simon R. Encarnacion, E.A., M.A.A.A.
Enrolled Actuary

Date



Albert V. Krayter
Director of Defined Benefit Department

II. VALUATION RESULTS

Contributions for Plan Year Ending June 30, 2017

| | |
|---------------------------------------------------------------------------------|--------------|
| Minimum Contribution: | \$2,707,643 |
| Recommended Contribution: | \$4,599,689 |
| Contribution to reach 100% funding level projected to the end of the plan year: | \$43,032,480 |

Summary of Valuation Results:

| <i>Participants</i> | <u>2016</u> | <u>2015</u> |
|--------------------------------------------------------------------------------|---------------|---------------|
| Active | 471 | 508 |
| Terminated vested | 997 | 1,045 |
| Retirees in pay status | 1,229 | 1,178 |
| Other (including per diem employees) | <u>27</u> | <u>28</u> |
| Total | 2,724 | 2,759 |
| <i>Normal Cost</i> | | |
| Dollar amount | \$ 0 | \$ 0 |
| Covered payroll | N/A | N/A |
| As a percentage of payroll | N/A | N/A |
| <i>Minimum Contribution</i> | | |
| Dollar amount | \$ 2,707,643 | \$ 2,342,652 |
| As a percentage of payroll | N/A | N/A |
| <i>Assets</i> | | |
| Market Value | \$ 86,780,384 | \$ 98,488,646 |
| Actuarial Value | 95,502,349 | 101,485,298 |
| Net rate of return on market value | -1.81% | 0.21% |
| Net rate of return on actuarial value (as limited by 80 – 120% limitations) | 4.20% | 8.04% |

Plan Assets as of July 1, 2016

| | |
|------------------------------------|----------------------|
| Bank of America | \$ 86,780,384 |
| Total Value of Plan Assets: | \$ 86,780,384 |

Actuarial Value of Plan Assets

| | |
|-----------------------------------------|----------------------|
| Total Market Value of Plan Assets | \$ 86,780,384 |
| Plus: Receivable Contributions | 0 |
| Plus: Adjustment to Actuarial Value | 8,721,965 |
| Less: Benefits Payable | 0 |
| Less: Advance Contributions | 0 |
| Less: Interest on Advance Contributions | N/A |
| Actuarial Value of Plan Assets | \$ 95,502,349 |

Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is a measurement of plan liabilities attributable to credited service and/or compensation as of a certain point in time. The information provided below can be used to satisfy Accounting Standard Codification Topic 960 ("ASC960", previously known as SFAS 35). It can also be used to gauge funding progress relative to plan assets.

The liability figures presented below are based upon actuarial assumptions which reflect the long term nature of an ongoing plan. The present values shown **do not** represent the liabilities that would be incurred to purchase annuity contracts or to pay single sums in the event of the termination of this Plan. The cost to purchase annuity contracts is dependent upon insurance company rates. The cost to pay single sums would necessitate a comparison with 30 year Treasury interest rates, or other IRS designated bond rates, and will generally be higher than the figures shown below.

The information in this section is based on the same actuarial assumptions as outlined in Section V of this report except that no salary scale assumption has been applied.

Present Values as of July 1, 2016

| | <u>Number of Lives</u> | <u>Vested Benefits</u> | <u>Non-Vested Benefits</u> | <u>Total Present Value</u> |
|-----------------------------------|--------------------------------|----------------------------|--------------------------------|------------------------------------|
| Active Lives: | 471 | \$ 13,365,648 | \$ 192,400 | \$13,558,048 |
| Vested Terminations/Inactives: | 997 | 18,901,884 | 0 | 18,901,884 |
| Disabled Lives: | 0 | 0 | 0 | 0 |
| Retired Lives: | 1,229 | 93,637,424 | 0 | 93,637,424 |
| Other (incl. per diem employees): | 27 | 620,364 | 0 | 620,364 |
| Totals: | 2,724 | \$ 126,525,320 | \$ 192,400 | \$126,717,720 |

Statement of Change in Accumulated Plan Benefits

| | |
|--------------------------------------------------------------------------------------------------|-----------------------|
| Actuarial present value of accumulated plan benefits as of the prior valuation date | \$ 128,492,828 |
| Increase (decrease) during the year attributable to: | |
| Plan amendment | \$ 0 |
| Change in actuarial assumptions | (1,379,392) |
| Benefits accumulated | 88,215 |
| Increase for interest due to the decrease in the discount period | 9,537,503 |
| Benefits paid | (10,021,434) |
| Net increase (decrease): | \$ (1,775,108) |
| Actuarial present value of accumulated plan benefits as of the current valuation date | \$ 126,717,720 |

III. SUMMARY OF PLAN PROVISIONS

Plan Effective Date: July 1, 1965

Plan Description: The Plan is a non-electing Church Plan within the meaning of Section 414c of the Code and Section 3(33) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended.

Eligibility Requirements: Age: None
Service: One Year
Exclusions: Any Employees hired after October 1, 2007 will not be able to participate in this Plan, other than UNAP employees hired on or before October 1, 2008.

Benefit Accruals for Non-Union participants were frozen on September 30, 2009.

Benefit Accruals for Federation of Nurses and Health Professionals ("FNHP") participants were frozen on September 30, 2011.

Benefit Accruals for Union participants were frozen on June 19, 2014

Year of Service: 12-consecutive-month computation period commencing on the employee's date of hire in which an employee is credited with 1,000 or more hours of service.

Year of Service for Benefit Accrual: Service shall equal total plan years of service with the Employer. Prior to July 1, 2001, a year of service was credited for each plan year in which an employee was an active participant in the plan and was paid for at least 1,000 hours. On July 1, 2001 the plan was amended to use elapsed time to determine service through July 1, 2001. Thereafter, the 1,000 hour rule will continue to be used.

Benefit Accruals for Non-Union participants were frozen on September 30, 2009.

Benefit Accruals for Federation of Nurses and Health Professionals ("FNHP") participants were frozen on September 30, 2011.

Benefit Accruals for Union participants were frozen on June 19, 2014

Plan Entry Date: An eligible employee will enter the plan on the first of the month following completion of the eligibility requirements.

Normal Form of Benefit: Life annuity

III. SUMMARY OF PLAN PROVISIONS (CONT'D)

Normal Retirement Date: The first day of the month coincident with or next following the later of age 65 or the fifth anniversary of the participant's participation.

Compensation: "Annual Earnings" means the basic rate of compensation, excluding bonus payments, call time, overtime and any irregular payments. In no event shall compensation for any year exceed the IRC limit on annual compensation includable in a defined benefit plan (\$260,000 for 2014).

Average Compensation: The average of the five highest consecutive Annual Earnings during the ten years immediately preceding employee's termination of employment.

Normal Retirement Benefit: The amount of annual normal retirement benefit to be paid in monthly installments for life, based on credited service to normal retirement date, is:

1. Fifty percent of Final Average Earnings, less
2. Fifty percent of the Social Security Benefit

The above difference shall be multiplied by the ratio of the participant's credited service not in excess of 30 years over 30 years.

The annual retirement benefit can not be less than \$48.00 multiplied by years of credited service, to a maximum of 30 years.

If an employee was a member on June 30, 1977, his benefit should not be less than the sum of (a) and (b) below:

(a) Future Service Benefit: 0.75% of Annual Earnings up to \$4,800 plus 1.5% of Annual Earnings in excess of \$4,800, for each year of future service.

(b) Past Service Benefit: 0.75% of Annual Earnings for each year of past service

Benefit Accruals for Non-Union participants were frozen on September 30, 2009.

Benefit Accruals for Federation of Nurses and Health Professionals ("FNHP") participants were frozen on September 30, 2011.

III. SUMMARY OF PLAN PROVISIONS (CONT'D)

Benefit Accruals for Union participants were frozen on June 19, 2014.

Accrued Benefit:

The accrued benefit at any time prior to a participant's normal retirement date shall be the projected normal retirement benefit based on credited service projected to normal retirement and Final Average Earnings as of the accrual date multiplied by a fraction.

The numerator of this fraction is the number of years credited service on the accrual date and the denominator is the projected number of years of credited service at the later of age 60 or 30 years of service, but no later than normal retirement date. This fraction cannot exceed one. The plan was amended as of July 1, 2001 to change age 65 to age 60, for this purpose.

Benefit Accruals for Non-Union participants were frozen on September 30, 2009.

Benefit Accruals for Federation of Nurses and Health Professionals ("FNHP") participants were frozen on September 30, 2011.

Benefit Accruals for Union participants were frozen on June 19, 2014.

Early Retirement Benefit:

Upon the completion of five years of continuous service and the attainment of age fifty-five, a participant may elect to retire. He may receive a monthly benefit for life beginning at his early retirement date equal to the benefit accrued at normal retirement date reduced by the following:

- First 60 months between early and normal retirement dates: 5/9% each month.
- Additional months after first 60 months prior to normal retirement date: 5/18% each month.
- If the participant has accumulated eighty-five points, (as of September 30, 2009 for Non-Union Participants) computed as the sum of age and continuous service at termination (years and complete months), and has attained the age of fifty-five he may receive an unreduced monthly benefit for life beginning at this early retirement date equal to his benefit accrued at termination.

III. SUMMARY OF PLAN PROVISIONS (CONT'D)

Late Retirement Benefit: A participant may continue in the employment of the Employer after his normal retirement date. In such event he will receive at actual retirement his accrued benefit calculated using service as of his actual retirement date.

Death Benefit: In the event of the death of an active married participant who completed five years of service whose benefit payments have not commenced, it will be assumed that the participant had separated from service on the date of death, survived to the earliest retirement age, began receiving a joint and one-half survivor benefit based on the participant's vested accrued benefit, and died on the day after the earliest retirement date.

A spouse may elect a life annuity, a lump sum, or a reduced benefit payable anytime from when the participant would have reached age fifty-five.

Vesting: Based on Years of Vesting Service, subject to the following schedule

| <u>Years of Service</u> | <u>Vested Percentage</u> |
|-------------------------|--------------------------|
| Less than 5 years | 0% |
| 5 Years or more | 100% |

Notwithstanding the above vesting schedule, a participant will become 100% vested upon reaching Normal Retirement Date.

IV. ACTUARIAL METHODS

Actuarial Cost Method

The ultimate cost of a pension plan cannot be determined until the last participant is paid and all obligations are discharged. An Actuarial Cost Method, rather than determining the cost of a pension plan, assigns the overall cost to a period of time. The Employee Retirement Income Security Act of 1974 (ERISA) specifies several acceptable cost methods. IRS regulations allow some variations among these methods.

Costs have been computed in accordance with the Accrued Benefit (Unit Credit) method, as described below.

The Normal Cost is the sum of individual normal costs for each participant who has not reached the assumed retirement age. The normal cost for a participant is determined as the actuarial present value of the projected benefit allocated to the current plan year.

In addition, there is a second cost component in which the payment, in the first plan year, is determined as an amortization of the unfunded accrued liability. The accrued liability is defined as the actuarial present value of the portion of the projected benefit that is allocated to prior plan years. This calculation is done for each participant, and then summed to get a total accrued liability. The unfunded accrued liability is the difference between the total accrued liability and the actuarial value of plan assets.

Under the Accrued Benefit (Unit Credit) Method, any change in the accrued liability resulting from experience gains or losses is calculated each plan year and separately amortized in accordance with minimum funding rules. In addition, changes in plan provisions or actuarial assumptions that result in an increase or decrease in the accrued liability will be separately amortized.

The method is the same method described in Section 3.01 of Internal Revenue Procedure 2000-40.

Asset Valuation Method

The actuarial value of the plan assets used in determining plan costs is equal to the "five-year" smoothing of gains and losses method. Under this method, asset gains and losses are recognized at the rate of 20% per year. As a result, the impact of appreciation or depreciation on valuation assets is smoothed. The resulting value is limited to be no less than 80% nor greater than 120% of the fair market value of plan assets. Even when the limitation applies the underlying "five-year" smoothing method will be maintained.

Changes In Actuarial Methods

No changes in actuarial methods have occurred since the prior plan year.

V. ACTUARIAL ASSUMPTIONS

Assumptions Used For The Current Plan Year

Actuarial assumptions are estimates as to the occurrence of future events affecting the costs of the plan such as mortality rates, withdrawal rates, changes in compensation level, retirement ages, rates of investment earnings, expenses, etc. The assumptions have been chosen to anticipate the long-term experience of the plan. The enrolled actuary will certify to the reasonableness of these assumptions, as required by ERISA.

Pre-Retirement Investment Return: 7.75% per annum

Post-Retirement Investment Return: 7.75% per annum

Pre-Retirement Mortality: RP-2014 Employee (M/F) with Scale MP-2016
 Generational Improvements from 2006

Post-Retirement Mortality: RP-2014 Healthy Annuitant (M/F) with Scale MP-
 2016 Generational Improvements from 2006

Withdrawal Rate: Select and ultimate rates of withdrawal are as follows:

| <u>Age</u> | <u>Mortality</u> | | <u>Termination</u> | |
|------------|------------------|---------------|--------------------|---------------|
| | <u>Male</u> | <u>Female</u> | <u>Male</u> | <u>Female</u> |
| 25 | 0.000366 | 0.000207 | 0.066 | 0.099 |
| 30 | 0.000444 | 0.000264 | 0.050 | 0.077 |
| 35 | 0.000773 | 0.000475 | 0.034 | 0.054 |
| 40 | 0.001079 | 0.000706 | 0.018 | 0.032 |
| 45 | 0.001508 | 0.001124 | 0.012 | 0.021 |
| 50 | 0.002138 | 0.001676 | 0.006 | 0.011 |
| 55 | 0.003624 | 0.002717 | 0.000 | 0.000 |

In addition to the above rates, the following rates based on service are added to the termination rates for participants with 10 or fewer years of service:

| <u>Termination</u> | | <u>Termination</u> | |
|--------------------|-------------|--------------------|-------------|
| <u>Service</u> | <u>Rate</u> | <u>Service</u> | <u>Rate</u> |
| 1 | 10% | 8 | 3% |
| 2 | 9% | 9 | 2% |
| 3 | 8% | 10 | 1% |
| 4 | 7% | | |
| 5 | 6% | | |
| 6 | 5% | | |
| 7 | 4% | | |

V. ACTUARIAL ASSUMPTIONS (CONT'D)

Disability Rate: None

Salary Scale: None

*Taxable Wage
Base:* None

Consumer Price Index: None

Expenses: None

Assumed Retirement Age: Beginning at age fifty-five, the following rates are assumed:

| <u>Age</u> | <u>Probability of Retirement</u> |
|------------|--------------------------------------|
| 55 | 2.0% |
| 56-59 | 0.8% |
| 60-61 | 3.0% |
| 62 | 15.0% |
| 63 | 7.5% |
| 64 | 10.0% |
| 65 | 75.0% |
| 66 | 80.0% |
| 67 | 91.0% |
| 68 | 100.0% |

Marital Status: 100% of participants are assumed to be married; wives are assumed to be three years younger than their husbands.

Recommended Funding Level: The recommended contribution is based on the Plan's Normal Cost plus an amortization of the Plan's unfunded liability. If the plan is projected to have no unfunded liability at the end of the Plan Year then no contribution is recommended, if the asset surplus is greater than the Normal Cost. While the Plan is a church plan, and is not subject to the funding requirements of ERISA, the current funding policy follows the ERISA guidelines without regard to the current liability calculations or Pension Protection Act of 2006 modifications.

**SECTION V (Cont.)
 SELECTION OF ACTUARIAL ASSUMPTIONS**

| | | | | | | |
|-----------------------------------------|----------------------------------------------------------------------------------------|--------------------------------|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assumption | | | | | | |
| Discount Rate for Minimum Contribution | 7.75% | The Angell Pension Group, Inc. | | | | The interest rate is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor. |
| Inflation Rate | N/A | N/A | | | | Long-term CPI-U experience. |
| Salary Scale | N/A | N/A | | | | Plan benefits are frozen and do not depend on future salary. |
| Taxable Wage Base Increase | N/A | N/A | | | | Plan benefits are frozen and do not depend on future taxable wage base. |
| IRC 415 and 401(a)(17) Limit Projection | N/A | N/A | | | | Projected increases to benefit and pay limits are not applicable under the Actuarial Funding Method used for the Present Value of Accumulated Plan Benefits. |
| Pre-Retirement Mortality | RP-2014 Employee with Scale MP-2016 generational improvements from 2006 (MIF) | The Angell Pension Group, Inc. | | | | The mortality tables changed from the RP-2014 Employee with Scale MP-2015 generational improvements from 2006 (MIF) as of the prior measurement date, July 1, 2015, to reflect the current prescribed tables. This change, together with the change in post-retirement mortality, decreased the Present Value of Accumulated Plan Benefits as of the current measurement date, July 1, 2016, by 1.08%. |
| Post-Retirement Mortality | RP-2014 Healthy Annuitant with Scale MP-2016 generational improvements from 2006 (MIF) | The Angell Pension Group, Inc. | | | | The mortality tables changed from the RP-2014 Healthy Annuitant with Scale MP-2015 generational improvements from 2006 (MIF) as of the prior measurement date, July 1, 2015, to reflect the current prescribed tables. This change, together with the change in pre-retirement mortality, decreased the Present Value of Accumulated Plan Benefits as of the current measurement date, July 1, 2016, by 1.08%. |
| Disability Mortality | None | The Angell Pension Group, Inc. | | | | The incidence of disability under the Plan is negligible. |
| Disability Rates | None | The Angell Pension Group, Inc. | | | | The incidence of disability under the Plan is negligible. |
| Withdrawal Rates | Select and ultimate rates | The Angell Pension Group, Inc. | | | | Using rate applicable to plan experience |
| Retirement Rates | Employees were assumed to retire in accordance with rates shown below: | The Angell Pension Group, Inc. | | | | This assumption was set based on a review of experience under the Plan. |
| | Age Rates Age Rates | | | | | |
| | 55 2.00 63 7.50 | | | | | |
| | 56 0.80 64 10.00 | | | | | |
| | 57 0.80 65 75.00 | | | | | |
| | 58 0.80 66 80.00 | | | | | |
| | 59 0.80 67 91.00 | | | | | |
| | 60 3.00 68 100.00 | | | | | |
| | 61 3.00 | | | | | |
| | 62 15.00 | | | | | |
| Percent Married | 100% of males and 100% of females are assumed to be married. | The Angell Pension Group, Inc. | | | | This assumption was set based on a review of experience under the Plan. |
| Age of Spouse | The female spouse is assumed to be three years younger than the male spouse. | The Angell Pension Group, Inc. | | | | This assumption was set based on a review of experience under the Plan and general experience from similarly situated plans. |

APPENDIX A Development of Normal Cost

The Normal Cost is the portion of plan benefit costs which is allocated to the current plan year by the Actuarial Cost Method being used. The following represents the development of the Normal Cost under the chosen Actuarial Cost Method, unless the method determines the normal cost on an individual participant basis.

| | | | |
|-----|------------------------------------------------------------------------------------|-----------|----------|
| 1. | Present Value of Benefits | \$ | N/A |
| 2. | Actuarial Value of Assets | | N/A |
| 3. | Unamortized Balance of Amortization Bases (412)/ Unfunded Liability (404) | | N/A |
| 4. | Funding Standard Account Credit Balance (412)/ Prior year's carry forward (404) | | N/A |
| 5. | Accumulated Reconciliation Account (412) | | N/A |
| 6. | Present Value of Future Normal Cost [(1) - (2) - (3) + (4) + (5)] | | N/A |
| 7. | Present Value of Future Compensation | | N/A |
| 8. | Current Compensation | | N/A |
| 9. | Normal Cost [(6) / (7) x (8)] | | 0 |
| 10. | Expense Load / Term Cost | | 0 |
| 11. | Total Normal Cost [(9) + (10)] | \$ | 0 |

APPENDIX B Development of Contributions

| 1. Minimum Contribution | July 1, 2016 | July 1, 2015 |
|---------------------------------------------------------------------------------|---------------------|---------------------|
| a. Actuarial funding level | | |
| i. Accrued liability | 126,717,720 | 128,492,828 |
| ii. Actuarial Value of Assets | 95,502,349 | 101,485,298 |
| iii. Unfunded Actuarial Accrued Liability (UAAL) ((1.a.i. - 1.a.ii.), max 0) | 31,215,371 | 27,007,530 |
| b. 30 Year Amortization of UAAL | 2,512,894 | 2,174,155 |
| c. Normal cost | 0 | 0 |
| d. Interest (0.0775 x (1.b. + 1.c.)) | 194,749 | 168,497 |
| e. Minimum Contribution [(1.b. + 1.c. + 1.d.), if 1.b. > 0] | 2,707,643 | 2,342,652 |
| 2. Recommended Contribution | | |
| a. Normal Cost | 0 | 0 |
| b. 10 Year Amortization of UAAL | 4,268,853 | 3,693,411 |
| c. Interest (0.0775 x (2.a. + 2.b.)) | 330,836 | 286,239 |
| d. Subtotal | 4,599,689 | 3,979,650 |
| e. Recommended Contribution (greater of (2d) and (1e), not less than 0) | 4,599,689 | 3,979,650 |

3. Contribution to reach 100% funding level projected to the end of the plan year

| | July 1, 2016 | July 1, 2015 |
|--------------------------------------------------------------------------------------|---------------------|---------------------|
| a. Actuarial Funding Level | | |
| i. Lesser of Market Value and Actuarial Value of Assets | \$ 86,780,384 | \$ 98,488,646 |
| ii. Projected beginning of year funding shortfall (1.a.i. + 1.c. - 3.a.i.) | 39,937,336 | 30,004,182 |
| iii. Projected end of year funding shortfall (3.a.ii.x 1.0775) | 43,032,480 | 32,329,506 |
| b. Contribution to reach 100% funding level projected to the end of the plan year | 43,032,480 | 32,329,506 |

APPENDIX C Development of Actuarial Value of Assets

Development of Actuarial Value of Assets

| | | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------------------------------|
| 1. | Actuarial value as of July 1, 2015 (Without 80 - 120% limitations) | \$ | 101,485,298 | |
| 2. | Market value as of July 1, 2015 | | 98,488,646 | |
| 3. | Employer contribution made during the Plan Year | | 0 | |
| 4. | Benefit payments from July 1, 2015 through June 30, 2016 | | 10,021,434 | |
| 5. | Expected interest at 7.75% through June 30, 2016 | | | |
| a. | On (1) | | 7,865,111 | |
| b. | On (3) | | 0 | |
| c. | On 13/24 of (4) | | 420,691 | |
| d. | Net expected interest [(a) + (b) - (c)] | | 7,444,420 | |
| 6. | Expected market value as of June 30, 2016 [(2) + (3) - (4) + (5d)] | | 95,911,632 | |
| 7. | Actual market value as of June 30, 2016 | | 86,780,384 | |
| 8. | Market value gain (loss) from July 1, 2015 to June 30, 2016 [(7) - (6)] | | (9,131,248) | |
| 9. | Recognition of actuarial value gain (loss) amounts | | | |
| | <u>Plan Year</u> <u>Ending</u> | <u>Original</u> <u>Gain (Loss)</u> | <u>June 30, 2016</u> <u>Balance</u> | <u>Amount to</u> <u>Recognize on</u> <u>July 1, 2016</u> |
| a. | June 30, 2012 | (9,476,777) | (1,895,357) | (1,895,355) |
| b. | June 30, 2013 | 2,868,182 | 1,147,274 | 573,636 |
| c. | June 30, 2014 | 6,083,522 | 3,650,114 | 1,216,704 |
| d. | June 30, 2015 | (7,373,352) | (5,898,682) | (1,474,670) |
| e. | June 30, 2016 | \$(9,131,248) | (9,131,248) | (1,826,250) |
| f. | | | Total: | \$ (3,405,935) |
| 10. | Actuarial value as of July 1, 2016 [(1) + (3) - (4) + (5d) + (9f)]: | | \$95,502,349 | |
| 11. | Actuarial value as a percentage of market value | | 110.05% | |
| 12. | Employer Contribution Receivable | | \$ 0 | |
| 13. | Actuarial value as of July 1, 2016 including Employer Contribution Receivable | | \$95,502,349 | |
| 14. | Actuarial value as of July 1, 2016 including Employer Contribution Receivable, limited to at least 80% and maximum of 120% of market value as of July 1, 2016 | | \$95,502,349 | |

APPENDIX D - Participant Data

A. Reconciliation of Participant Data

| | Actives | Inactives Per-diem | Terminated with Vested Benefits | Retirees & Beneficiaries | Total |
|---------------------------------|------------|-----------------------|---------------------------------------|-----------------------------|--------------|
| Total as of July 1, 2015 | 508 | 28 | 1,045 | 1,178 | 2,759 |
| New Entrants | 0 | 0 | 0 | 0 | 0 |
| Rehires | 0 | 0 | 0 | 0 | 0 |
| Terminated Vested | (2) | 0 | 2 | 0 | 0 |
| Terminated Nonvested | 0 | 0 | 0 | 0 | 0 |
| New Retirees | (34) | (1) | (46) | 81 | 0 |
| New Beneficiaries | 0 | 0 | (1) | 5 | 4 |
| Active Deaths | 0 | 0 | 0 | 0 | 0 |
| Terminated Vested Deaths | 0 | 0 | (2) | 0 | (2) |
| Retiree/Beneficiary Deaths | 0 | 0 | 0 | (37) | (37) |
| Inactive Per-diem | 0 | 0 | 0 | 0 | 0 |
| Per-diem returned to Actives | 0 | 0 | 0 | 0 | 0 |
| Lump Sum Payment | (1) | 0 | (2) | (1) | (4) |
| Data Adjustments | 0 | 0 | 1 | 3 | 4 |
| Total as of July 1, 2016 | 471 | 27 | 997 | 1,229 | 2,724 |

Notes:

As of June 19, 2014 benefit accruals for Union Participants were frozen. No members under the Plan accrue any benefits as of July 1, 2014.

APPENDIX D - Participant Data (Continued)

B. Age and Service Distribution of Active Participants

| <u>Age</u> | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | <u>Service</u> 25-29 | 30-34 | 35-39 | 40 + | Total |
|--------------|-----|-----------|------------|-----------|-----------|-------------------------|-----------|-----------|-----------|------------|
| 0-19 | - | - | - | - | - | - | - | - | - | - |
| 20-24 | - | - | - | - | - | - | - | - | - | - |
| 25-29 | - | 2 | 1 | - | - | - | - | - | - | 3 |
| 30-34 | - | 6 | 9 | 3 | - | - | - | - | - | 18 |
| 35-39 | - | 3 | 18 | 7 | - | - | - | - | - | 28 |
| 40-44 | - | 10 | 21 | 9 | 6 | 1 | - | - | - | 47 |
| 45-49 | - | 6 | 30 | 16 | 10 | 11 | 2 | - | - | 75 |
| 50-54 | - | 9 | 27 | 17 | 12 | 33 | 8 | 8 | - | 114 |
| 55-59 | - | 5 | 35 | 13 | 12 | 8 | 16 | 18 | 5 | 112 |
| 60-64 | - | 8 | 9 | 11 | 7 | 11 | 8 | 2 | 6 | 62 |
| 65-69 | - | 0 | 6 | 3 | - | - | - | - | 1 | 10 |
| 70-74 | - | - | 2 | - | - | - | - | - | - | 2 |
| 75-79 | - | - | - | - | - | - | - | - | - | - |
| 80-84 | - | - | - | - | - | - | - | - | - | - |
| 85+ | - | - | - | - | - | - | - | - | - | - |
| Total | - | 49 | 158 | 79 | 47 | 64 | 34 | 28 | 12 | 471 |

EXHIBIT 3

St. Joseph Health Services of Rhode Island Retirement Plan

The following analysis has been prepared to present the current health of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Retirement Plan"). The following exhibits are enclosed, each with specific assumptions and notes.

| | |
|-----------|------------------------------------------------------------|
| Exhibit A | Projected Insolvency of Retirement Plan |
| Exhibit B | Estimated Funded Liability -Annuity Basis (2.85%) |
| Exhibit C | Estimated Funded Liability - Lump Sum Basis (4.19%) |
| Exhibit D | Estimated Funded Liability - Ongoing Funding Basis (6.50%) |
| Exhibit E | Projection of Minimum Funding Requirements Under ERISA |

The results contained in this analysis are for illustrative purposes only and are estimates based on the July 1, 2016 valuation census, updated for retirements and deaths known to date. All data, assumptions, methods, and plan provisions not specified in this report are the same as shown in the July 1, 2016 actuarial valuation report.

The ANGELL Pension Group, Inc.
88 Boyd Avenue
East Providence, RI 02914
(401) 438 - 9250

May 8, 2017

St. Joseph Health Services of Rhode Island Retirement Plan

EXHIBIT A: Projected Insolvency of Retirement Plan

| Duration | Year | Participant Count | Estimated Benefit Payment Stream | Estimated Plan Actuarial Expenses | Market Value of Assets Beg. of Year | Contributions During Year | Investment Earnings During Year | Expected Unfunded Benefit Payments |
|----------|-----------|-------------------|----------------------------------|-----------------------------------|-------------------------------------|---------------------------|---------------------------------|------------------------------------|
| 1 | 2017 | 2,710 | \$10,203,963 | \$110,000 | \$84,291,881 | \$0 | \$5,147,343 | \$0 |
| 2 | 2018 | 2,677 | 10,276,905 | 110,000 | 79,125,261 | 0 | 4,809,143 | 0 |
| 3 | 2019 | 2,642 | 10,455,150 | 110,000 | 73,547,499 | 0 | 4,440,795 | 0 |
| 4 | 2020 | 2,606 | 10,616,000 | 110,000 | 67,423,144 | 0 | 4,037,484 | 0 |
| 5 | 2021 | 2,568 | 10,726,446 | 110,000 | 60,734,628 | 0 | 3,599,141 | 0 |
| 6 | 2022 | 2,526 | 10,785,565 | 110,000 | 53,497,323 | 0 | 3,126,795 | 0 |
| 7 | 2023 | 2,482 | 10,897,830 | 110,000 | 45,728,553 | 0 | 2,618,176 | 0 |
| 8 | 2024 | 2,433 | 10,903,301 | 110,000 | 37,338,899 | 0 | 2,072,671 | 0 |
| 9 | 2025 | 2,387 | 11,010,593 | 110,000 | 28,398,269 | 0 | 1,488,043 | 0 |
| 10 | 2026 | 2,340 | 10,936,418 | 110,000 | 18,765,719 | 0 | 864,338 | 0 |
| 11 | 2027 | 2,291 | 10,911,883 | 110,000 | 8,583,639 | 0 | 203,300 | 2,234,944 |
| 12 | 2028 | 2,242 | 10,833,811 | 110,000 | 0 | 0 | 0 | 10,943,811 |
| 13 | 2029 | 2,191 | 10,675,548 | 110,000 | 0 | 0 | 0 | 10,785,548 |
| 14 | 2030 | 2,137 | 10,487,428 | 110,000 | 0 | 0 | 0 | 10,597,428 |
| 15 | 2031 | 2,083 | 10,307,785 | 110,000 | 0 | 0 | 0 | 10,417,785 |
| 16 | 2032 | 2,027 | 10,104,398 | 100,000 | 0 | 0 | 0 | 10,204,398 |
| 17 | 2033 | 1,969 | 9,874,653 | 100,000 | 0 | 0 | 0 | 9,974,653 |
| 18 | 2034 | 1,910 | 9,557,596 | 100,000 | 0 | 0 | 0 | 9,657,596 |
| 19 | 2035 | 1,849 | 9,244,059 | 110,000 | 0 | 0 | 0 | 9,354,059 |
| 20 | 2036 | 1,787 | 8,896,778 | 100,000 | 0 | 0 | 0 | 8,996,778 |
| 21 | 2037 | 1,724 | 8,512,506 | 100,000 | 0 | 0 | 0 | 8,612,506 |
| 22 | 2038 | 1,659 | 8,115,944 | 100,000 | 0 | 0 | 0 | 8,215,944 |
| 23 | 2039 | 1,593 | 7,723,476 | 100,000 | 0 | 0 | 0 | 7,823,476 |
| 24 | 2040 | 1,527 | 7,301,678 | 100,000 | 0 | 0 | 0 | 7,401,678 |
| 25 | 2041 | 1,460 | 6,874,430 | 100,000 | 0 | 0 | 0 | 6,974,430 |
| 26 | 2042 | 1,392 | 6,454,001 | 100,000 | 0 | 0 | 0 | 6,554,001 |
| 27 | 2043 | 1,324 | 6,026,184 | 100,000 | 0 | 0 | 0 | 6,126,184 |
| 28 | 2044 | 1,257 | 5,601,540 | 100,000 | 0 | 0 | 0 | 5,701,540 |
| 29 | 2045 | 1,190 | 5,196,267 | 100,000 | 0 | 0 | 0 | 5,296,267 |
| 30 | 2046 | 1,124 | 4,793,351 | 100,000 | 0 | 0 | 0 | 4,893,351 |
| 31-40 | 2047-2056 | | 29,306,558 | 1,000,000 | 0 | 0 | 0 | 30,306,558 |
| 41-50 | 2057-2066 | | 8,725,092 | 777,140 | 0 | 0 | 0 | 9,502,232 |
| 51-60 | 2067-2076 | | 1,920,232 | 192,023 | 0 | 0 | 0 | 2,112,255 |
| 61-70 | 2077-2086 | | 297,994 | 29,799 | 0 | 0 | 0 | 327,793 |
| 71-80 | 2087-2096 | | 24,125 | 2,413 | 0 | 0 | 0 | 26,538 |
| 81-90 | 2097-2106 | | 1,564 | 156 | 0 | 0 | 0 | 1,720 |
| 91-100 | 2107-2116 | | 33 | 3 | 0 | 0 | 0 | 36 |

| | |
|----------------------------------------------------------------------------------------|-------------------|
| Projected Year of Insolvency with Investments Earning 6.50%: | 2027 |
| Projected Year of Insolvency with Investments Earning 7.75%: | 2028 |
| Projected Year of Insolvency with Investments Earning 4.50% (2% loss per year): | 2026 |
| Minimum Rate of Return on Investments to Avoid Insolvency: | 12.65% |
| Duration of Payments (Years) at 6.50%: | 10.4 |

St. Joseph Health Services of Rhode Island Retirement Plan
EXHIBIT A: Projected Insolvency of Retirement Plan

Summary of Estimated Benefit Payments

| | | |
|------------------------|---------------|-------|
| Sum of all years: | \$314,581,085 | |
| Sum of first 10 years: | \$106,812,171 | 34.0% |
| Sum of first 20 years: | \$207,706,110 | 66.0% |
| Sum of first 30 years: | \$274,305,487 | 87.2% |
| Sum of first 40 years: | \$303,612,045 | 96.5% |
| Sum of first 50 years: | \$312,337,137 | 99.3% |

Assumptions and Notes:

- The primary purpose of this report is to present how long the plan assets may be expected to provide for the payment of the expected benefit payments and actuarial fees from the plan given the current level of plan assets, any expected contributions and estimated net investment earnings.
- The analysis is based on the July 1, 2016 valuation census, updated for retirements and deaths known to date. All data, assumptions, methods, and plan provisions are shown in the July 1, 2016 valuation report.
- Assets are based on **March 31, 2017 market value**. Future projections on Plan assets also assume a **6.50% rate of return**. The actual return on investments from year-to-year will impact the results of this projection.
- Expected benefit payments and contributions are expected to be made mid-year.
- Projected actuarial expenses are assumed to be \$100,000 fixed fees plus a variable fee for expected benefit calculations (but in no event greater than 10% of expected benefit payments for a year).

*The Angell Pension Group, Inc. cannot render tax or legal advice.
You may wish to discuss any issues with your tax advisor or legal counsel.*

St. Joseph Health Services of Rhode Island Retirement Plan
EXHIBIT B: Estimated Funded Liability -Annuity Basis (2.85%)

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation <u>Group</u> | <u>Group Description</u> | Participant <u>Count</u> | Estimated Benefit <u>Liability</u> | Estimated Benefits Covered by <u>Plan Assets</u> | Estimated Benefits NOT Covered by <u>Plan Assets</u> |
|----------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 142,210,991 | 84,291,881 | 57,919,110 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 46,920,909 | 0 | 46,920,909 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 21,344,417 | 0 | 21,344,417 |
| Totals: | | 2,724 | 210,476,318 | 84,291,881 | 126,184,437 |

Funding Percentage - Total Plan - Annuity Basis (2.85%): 40%

Flat Percent Decrease to All Benefits to Fully Fund: 60%

Immediate Plan Termination Funding Percentage

- Allocation Group 2: 59%

- Allocation Groups 3 and 4: 0%

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming annuities will be purchased from an insurance carrier as of July 1, 2017. Data is based on preliminary July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using an effective discount rate of approximately 2.85% and the RP-2014 mortality tables with generational improvement scale MP-2016 for males and females. The cost to purchase annuities has not been provided by an insurance carrier but is based on a current estimate of the discount rates. The rates are estimated based on the general movement of discount rates over the past 12 months. The actual assumptions used to determine the cost of annuities will depend on the insurance carrier selected by the Plan Sponsor and the economic environment at the time of the purchase of annuities, and the actual discount rates could be significantly different than the estimated discount rates. The actual liability must be determined by the insurance carrier selected by the Plan Sponsor.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

*The Angell Pension Group, Inc. cannot render tax or legal advice.
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St. Joseph Health Services of Rhode Island Retirement Plan
EXHIBIT C: Estimated Funded Liability - Lump Sum Basis (4.19%)

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation <u>Group</u> | <u>Group Description</u> | Participant <u>Count</u> | Estimated Benefit <u>Liability</u> | Estimated Benefits Covered by <u>Plan Assets</u> | Estimated Benefits NOT Covered by <u>Plan Assets</u> |
|----------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 127,679,382 | 84,291,881 | 43,387,501 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 38,061,390 | 0 | 38,061,390 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 13,991,975 | 0 | 13,991,975 |
| Totals: | | 2,724 | 179,732,747 | 84,291,881 | 95,440,867 |

Funding Percentage - Total Plan - Lump Sum Basis (4.19%): 47%

Flat Percent Decrease to All Benefits to Fully Fund: 53%

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming all participants would receive a lump sum payment from the Plan as of July 1, 2017. Data is based on the July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using the March 2017 IRS segment interest rates (effective discount rate is approximately 4.19%) and the RP-2014 mortality tables with generational improvement scale MP-2016 for males and females.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

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St. Joseph Health Services of Rhode Island Retirement Plan
EXHIBIT D: Estimated Funded Liability - Ongoing Funding Basis (6.50%)

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation <u>Group</u> | <u>Group Description</u> | Participant <u>Count</u> | Estimated Benefit <u>Liability</u> | Estimated Benefits Covered by <u>Plan Assets</u> | Estimated Benefits NOT Covered by <u>Plan Assets</u> |
|----------------------------|------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 104,767,689 | 84,291,881 | 20,475,808 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 28,384,171 | 0 | 28,384,171 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 9,038,192 | 0 | 9,038,192 |
| Totals: | | 2,724 | 142,190,052 | 84,291,881 | 57,898,171 |

Funding Percentage - Total Plan - Ongoing Funding Basis (6.50%): 59%

Flat Percent Decrease to All Benefits to Fully Fund (6.50%): 41%

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming the Retirement Plan will remain ongoing and benefit payments will be paid from the Trust. The long term rate of return on investments of the Trust are expected to be **6.50%**, net of expenses. Data is based on the July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using the long term rate of return on investments of 6.50% and the recently published RP-2014 mortality tables with generational improvement scale MP-2016 for males and females.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

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St. Joseph Health Services of Rhode Island Retirement Plan
EXHIBIT E: Projection of Minimum Funding Requirements Under ERISA

| Plan Year | 7/1/2017 | 7/1/2018 | 7/1/2019 | 7/1/2020 | 7/1/2021 |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Rate of Return Assumed | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% |
| Market Value of Assets (inc. receivables) | \$84,300,000 | \$91,700,000 | \$99,900,000 | \$108,800,000 | \$119,200,000 |
| Funding Target Liability | \$148,000,000 | \$148,900,000 | \$149,600,000 | \$149,500,000 | \$148,500,000 |
| At-Risk | No | Yes | Yes | Yes | Yes |
| At-Risk Funding Target Liability | \$148,000,000 | \$150,400,000 | \$152,600,000 | \$158,700,000 | \$160,600,000 |
| Funding Shortfall to be Amortized | \$63,700,000 | \$58,600,000 | \$52,700,000 | \$49,800,000 | \$41,300,000 |
| AFTAP | 56.96% | 61.00% | 65.48% | 68.59% | 74.26% |
| Target Normal Cost (PBGC Premiums) | \$1,596,000 | \$1,601,000 | \$1,608,000 | \$1,604,000 | \$1,599,000 |
| Target Normal Cost (Expenses) | \$110,000 | \$110,000 | \$110,000 | \$110,000 | \$110,000 |
| Shortfall Amortization | \$10,522,000 | \$10,867,000 | \$11,197,000 | \$12,265,000 | \$12,620,000 |
| Minimum Required Contribution (MRC) | \$12,228,000 | \$12,578,000 | \$12,915,000 | \$13,979,000 | \$14,329,000 |
| Effective Interest Rate: | 6.08% | 5.88% | 5.67% | 5.49% | 5.34% |

Assumptions and Notes:

- Projections above assume the Retirement Plan becomes subject to ERISA and the minimum funding requirements effective July 1, 2017. The projections are based on a calendar year measurement period for illustration purposes only.
- Assets are based on **March 31, 2017 market value** and 6.50% assumed rate of return. Minimum required contributions are assumed to be paid mid-year.
- PBGC premiums are assumed to be projected for a given year and included in the Target Normal Cost. PBGC premiums are assumed to increase by 3% inflation from the current required levels.
- Liabilities are measured based on the 25-year average segment rates under HATFA (assuming future segment rates remain constant with March 2017 rates), utilizing RP-2014 mortality tables with generational improvement scale MP-2016 for males and females, and an assumed increase of 5% to measure at-risk liabilities.

*The Angell Pension Group, Inc. cannot render tax or legal advice.
 You may wish to discuss any issues with your tax advisor or legal counsel.*

EXHIBIT 4

St. Joseph Health Services of Rhode Island Retirement Plan

Projected Insolvency of Retirement Plan

40% Reduction to Benefits

| Duration | Year | Participant Count | Estimated Benefit Payment Stream | Estimated Plan Actuarial Expenses | Market Value of Assets Beg. of Year | Contributions During Year | Investment Earnings During Year | Expected Unfunded Benefit Payments |
|----------|-----------|-------------------|----------------------------------|-----------------------------------|-------------------------------------|---------------------------|---------------------------------|------------------------------------|
| 1 | 2017 | 2,710 | \$6,122,378 | \$110,000 | \$84,291,881 | \$0 | \$5,180,506 | \$0 |
| 2 | 2018 | 2,677 | 6,166,143 | 110,000 | 83,240,009 | 0 | 5,110,001 | 0 |
| 3 | 2019 | 2,642 | 6,273,090 | 110,000 | 82,073,867 | 0 | 5,028,988 | 0 |
| 4 | 2020 | 2,606 | 6,369,600 | 110,000 | 80,719,765 | 0 | 4,936,267 | 0 |
| 5 | 2021 | 2,568 | 6,435,868 | 110,000 | 79,176,432 | 0 | 4,832,720 | 0 |
| 6 | 2022 | 2,526 | 6,471,339 | 110,000 | 77,463,284 | 0 | 4,719,636 | 0 |
| 7 | 2023 | 2,482 | 6,538,698 | 110,000 | 75,601,581 | 0 | 4,595,341 | 0 |
| 8 | 2024 | 2,433 | 6,541,981 | 110,000 | 73,548,224 | 0 | 4,461,713 | 0 |
| 9 | 2025 | 2,387 | 6,606,356 | 110,000 | 71,357,957 | 0 | 4,316,207 | 0 |
| 10 | 2026 | 2,340 | 6,561,851 | 110,000 | 68,957,808 | 0 | 4,162,367 | 0 |
| 11 | 2027 | 2,291 | 6,547,130 | 110,000 | 66,448,324 | 0 | 3,999,968 | 0 |
| 12 | 2028 | 2,242 | 6,500,287 | 110,000 | 63,791,162 | 0 | 3,829,537 | 0 |
| 13 | 2029 | 2,191 | 6,405,329 | 110,000 | 61,010,413 | 0 | 3,653,417 | 0 |
| 14 | 2030 | 2,137 | 6,292,457 | 110,000 | 58,148,501 | 0 | 3,472,895 | 0 |
| 15 | 2031 | 2,083 | 6,184,671 | 110,000 | 55,218,939 | 0 | 3,287,728 | 0 |
| 16 | 2032 | 2,027 | 6,062,639 | 100,000 | 52,211,996 | 0 | 3,098,226 | 0 |
| 17 | 2033 | 1,969 | 5,924,792 | 100,000 | 49,147,583 | 0 | 2,905,759 | 0 |
| 18 | 2034 | 1,910 | 5,734,558 | 100,000 | 46,028,551 | 0 | 2,712,296 | 0 |
| 19 | 2035 | 1,849 | 5,546,435 | 110,000 | 42,906,289 | 0 | 2,518,520 | 0 |
| 20 | 2036 | 1,787 | 5,338,067 | 100,000 | 39,768,374 | 0 | 2,324,714 | 0 |
| 21 | 2037 | 1,724 | 5,107,504 | 100,000 | 36,655,021 | 0 | 2,133,586 | 0 |
| 22 | 2038 | 1,659 | 4,869,566 | 100,000 | 33,581,103 | 0 | 1,945,380 | 0 |
| 23 | 2039 | 1,593 | 4,634,086 | 100,000 | 30,556,917 | 0 | 1,760,288 | 0 |
| 24 | 2040 | 1,527 | 4,381,007 | 100,000 | 27,583,119 | 0 | 1,579,329 | 0 |
| 25 | 2041 | 1,460 | 4,124,658 | 100,000 | 24,681,441 | 0 | 1,403,217 | 0 |
| 26 | 2042 | 1,392 | 3,872,401 | 100,000 | 21,860,000 | 0 | 1,232,120 | 0 |
| 27 | 2043 | 1,324 | 3,615,710 | 100,000 | 19,119,720 | 0 | 1,066,516 | 0 |
| 28 | 2044 | 1,257 | 3,360,924 | 100,000 | 16,470,525 | 0 | 906,739 | 0 |
| 29 | 2045 | 1,190 | 3,117,760 | 100,000 | 13,916,340 | 0 | 752,571 | 0 |
| 30 | 2046 | 1,124 | 2,876,011 | 100,000 | 11,451,151 | 0 | 604,119 | 0 |
| 31-40 | 2047-2056 | | 17,583,935 | 1,000,000 | 23,434,599 | 0 | 1,041,886 | 8,462,789 |
| 41-50 | 2057-2066 | | 5,235,055 | 777,140 | 0 | 0 | 0 | 6,012,195 |
| 51-60 | 2067-2076 | | 1,152,139 | 192,023 | 0 | 0 | 0 | 1,344,162 |
| 61-70 | 2077-2086 | | 178,796 | 29,799 | 0 | 0 | 0 | 208,596 |
| 71-80 | 2087-2096 | | 14,475 | 2,413 | 0 | 0 | 0 | 16,888 |
| 81-90 | 2097-2106 | | 938 | 156 | 0 | 0 | 0 | 1,095 |
| 91-100 | 2107-2116 | | 20 | 3 | 0 | 0 | 0 | 23 |

Projected Year of Insolvency with Investments Earning 6.50%:

2051

Projected Year of Insolvency with Investments Earning 6.00%:

2043

Projected Year of Insolvency with Investments Earning 7.75%:

No Runout

Minimum Rate of Return on Investments to Avoid Insolvency:

6.66%

Duration of Payments (Years) at 6.50%:

10.4

St. Joseph Health Services of Rhode Island Retirement Plan
Projected Insolvency of Retirement Plan
40% Reduction to Benefits

Summary of Estimated Benefit Payments

| | | |
|------------------------|---------------|-------|
| Sum of all years: | \$188,748,651 | |
| Sum of first 10 years: | \$64,087,303 | 34.0% |
| Sum of first 20 years: | \$124,623,666 | 66.0% |
| Sum of first 30 years: | \$164,583,292 | 87.2% |
| Sum of first 40 years: | \$182,167,227 | 96.5% |
| Sum of first 50 years: | \$187,402,282 | 99.3% |

Assumptions and Notes:

- The primary purpose of this report is to present how long the plan assets may be expected to provide for the payment of the expected benefit payments and actuarial fees from the plan given the current level of plan assets, any expected contributions and estimated net investment earnings.
- The analysis is based on the July 1, 2016 valuation census, updated for retirements and deaths known to date. All data, assumptions, methods, and plan provisions are shown in the July 1, 2016 valuation report.
- Assets are based on **March 31, 2017 market value**. Future projections on Plan assets also assume a **6.50% rate of return**. The actual return on investments from year-to-year will impact the results of this projection.
- Expected benefit payments and contributions are expected to be made mid-year.
- Projected actuarial expenses are assumed to be \$100,000 fixed fees plus a variable fee for expected benefit calculations (but in no event greater than 10% of expected benefit payments for a year).

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St. Joseph Health Services of Rhode Island Retirement Plan
Estimated Funded Liability - Annuity Basis (2.85%)
40% Reduction to Benefits

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation Group | Group Description | Participant Count | Estimated Benefit Liability | Estimated Benefits Covered by Plan Assets | Estimated Benefits NOT Covered by Plan Assets |
|------------------|---------------------------------------------------------------------------|-------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 85,326,595 | 84,291,881 | 1,034,714 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 28,152,546 | 0 | 28,152,546 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 12,806,650 | 0 | 12,806,650 |
| Totals: | | 2,724 | 126,285,791 | 84,291,881 | 41,993,910 |

| | |
|------------------------------------------------------------------------|------------|
| <i>Funding Percentage - Total Plan - Annuity Basis (2.85%):</i> | 67% |
|------------------------------------------------------------------------|------------|

Immediate Plan Termination Funding Percentage

| | |
|-----------------------|------------|
| - Allocation Group 2: | 99% |
| - Allocation Group 3: | 0% |
| - Allocation Group 4: | 0% |

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming annuities will be purchased from an insurance carrier as of July 1, 2017. Data is based on preliminary July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using an effective discount rate of approximately **2.85%** and the RP-2014 mortality tables with generational improvement scale MP-2016 for males and females. The cost to purchase annuities has not been provided by an insurance carrier but is based on a current estimate of the discount rates. The rates are estimated based on the general movement of discount rates over the past 12 months. The actual assumptions used to determine the cost of annuities will depend on the insurance carrier selected by the Plan Sponsor and the economic environment at the time of the purchase of annuities, and the actual discount rates could be significantly different than the estimated discount rates. The actual liability must be determined by the insurance carrier selected by the Plan Sponsor.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

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St. Joseph Health Services of Rhode Island Retirement Plan
Estimated Funded Liability - Ongoing Funding Basis (6.50%)
40% Reduction to Benefits

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation Group | Group Description | Participant Count | Estimated Benefit Liability | Estimated Benefits Covered by Plan Assets | Estimated Benefits NOT Covered by Plan Assets |
|------------------|---------------------------------------------------------------------------|-------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 62,860,613 | 62,860,613 | 0 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 17,030,502 | 17,030,502 | 0 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 5,422,915 | 4,400,765 | 1,022,150 |
| Totals: | | 2,724 | 85,314,031 | 84,291,881 | 1,022,150 |

| | |
|-----------------------------------------------------------------|------------|
| Funding Percentage - Total Plan - Annuity Basis (6.50%): | 99% |
|-----------------------------------------------------------------|------------|

Immediate Plan Termination Funding Percentage

| | |
|-----------------------|-------------|
| - Allocation Group 2: | 100% |
| - Allocation Group 3: | 100% |
| - Allocation Group 4: | 81% |

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming the Retirement Plan will remain ongoing and benefit payments will be paid from the Trust. The long term rate of return on investments of the Trust are expected to be **6.50%**, net of expenses. Data is based on the July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using the long term rate of return on investments of 6.50% and the recently published RP-2014 mortality tables with generational improvement scale MP-2016 for males and females.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

*The Angell Pension Group, Inc. cannot render tax or legal advice.
 You may wish to discuss any issues with your tax advisor or legal counsel.*

St. Joseph Health Services of Rhode Island Retirement Plan
Estimated Funded Liability - Ongoing Funding Basis (6.00%)
40% Reduction to Benefits

Projected Liability to Settle Benefit Obligations as of July 1, 2017

| Allocation Group | Group Description | Participant Count | Estimated Benefit Liability | Estimated Benefits Covered by Plan Assets | Estimated Benefits NOT Covered by Plan Assets |
|------------------|---------------------------------------------------------------------------|-------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|
| 1 | Return of Employee Contributions | 0 | 0 | 0 | 0 |
| 2 | Retirees and Active/Vested Terms who reached their Normal Retirement Date | 1,382 | 65,252,539 | 65,252,539 | 0 |
| 3 | Active/Vested Terms who reached their Early Retirement Date | 639 | 18,135,291 | 18,135,291 | 0 |
| 4 | Active/Vested Terms prior to Early Retirement Date | 703 | 6,052,350 | 904,051 | 5,148,299 |
| Totals: | | 2,724 | 89,440,180 | 84,291,881 | 5,148,299 |

| | |
|-----------------------------------------------------------------|------------|
| Funding Percentage - Total Plan - Annuity Basis (6.00%): | 94% |
|-----------------------------------------------------------------|------------|

Immediate Plan Termination Funding Percentage

| | |
|-----------------------|-------------|
| - Allocation Group 2: | 100% |
| - Allocation Group 3: | 100% |
| - Allocation Group 4: | 15% |

Assumptions and Notes:

- Estimated benefit liabilities are determined assuming the Retirement Plan will remain ongoing and benefit payments will be paid from the Trust. The long term rate of return on investments of the Trust are expected to be **6.00%**, net of expenses. Data is based on the July 1, 2016 valuation census projected to July 1, 2017. Liabilities are valued using the long term rate of return on investments of 6.00% and the recently published RP-2014 mortality tables with generational improvement scale MP-2016 for males and females.
- Assets are based on **March 31, 2017 market value, projected to July 1, 2017 based on 6.50% return.**
- Allocation groups are determined by Section 10.2 of the Plan document executed on January 30, 2017. Outside legal counsel should review the priority of the allocation groups since The Angell Pension Group, Inc. cannot render legal advice.

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