Sheppard Pratt Health System
Tax Sheltered Annuity Program
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Important Information About the Plan</td>
<td>4</td>
</tr>
<tr>
<td>Joining the Plan</td>
<td>5</td>
</tr>
<tr>
<td>Contributions to the Plan</td>
<td>6</td>
</tr>
<tr>
<td>Managing Your Account</td>
<td>9</td>
</tr>
<tr>
<td>Ownership of Your Account (Vesting)</td>
<td>12</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>12</td>
</tr>
<tr>
<td>Loans</td>
<td>14</td>
</tr>
<tr>
<td>Benefits</td>
<td>18</td>
</tr>
<tr>
<td>Taxes on Distributions</td>
<td>20</td>
</tr>
<tr>
<td>Distribution Claim Procedures</td>
<td>21</td>
</tr>
<tr>
<td>Legal Rights</td>
<td>22</td>
</tr>
<tr>
<td>Additional Information</td>
<td>24</td>
</tr>
</tbody>
</table>
Introduction

The Sheppard Pratt Health System Tax Sheltered Annuity Program ("Plan") was established effective as of July 1, 2009 to provide you with greater financial security. The Plan is known as a 403(b) Tax Deferred Annuity Plan. It has been established to help you provide for your future financial security through a combination of personal savings and current tax savings.

This Plan offers you an easy way to save for your retirement using pre-tax contributions which are directly deducted from your paycheck. Neither the amount you choose to save, nor the earnings on those savings, is subject to federal taxation until you withdraw them from the Plan.

This Summary Plan Description -- or SPD -- will explain how the Plan works. It describes your benefits and rights under the Plan, effective as of July 1, 2009.

This SPD is only a summary of your benefits and rights under the Plan. It is important that you understand that it cannot cover all of the details of the Plan or how the rules of the Plan apply to every person, in every situation. You can find the specific rules of the Plan in the Plan document, which you may request from your Plan Administrator.

Every effort has been made to accurately describe the Plan. If you find a difference between the information in this SPD and the information in the Plan document, your benefits will be determined based on the information found in the Plan document.

If in reading this SPD or the Plan document you find you have questions concerning your benefits under the Plan, please contact your Plan Administrator or Diversified Investment Advisors.
Important Information About the Plan

Plan Sponsor: Sheppard Pratt Health System (“Employer”)
6501 N. Charles Street
Baltimore, MD 21204-6819
(410) 938-3000
EIN: 52-0591684

Plan Name: Sheppard Pratt Health System Tax Sheltered Annuity Program

Plan Number: 003

Plan Effective Date: The Plan is effective as of July 1, 2009.

Plan Year: January 1 – December 31

Plan Administrator: Sheppard Pratt Health System
6501 N. Charles Street
Baltimore, MD 21204-6819
(410) 938-3000

Plan Custodian: State Street Bank and Trust Company
One Lincoln Street
Boston, MA 02111
(617) 786-3000

Agent for Service of Legal Process*: Sheppard Pratt Health System
6501 N. Charles Street
Baltimore, MD 21204-6819
(410) 938-3000

*Service of legal process may be made upon the Plan Custodian, if applicable, or the Plan Administrator.

Plan Funding: All assets of the Plan are held in a custodial account. The custodial account established by the Plan's custodian will be the funding medium used for the accumulation of assets from which benefits will be distributed.

Plan Recordkeeper: Diversified Investment Advisors (“Diversified”)  
4 Manhattanville Road
Purchase, NY 10577
Mail Drop 4-12
Joining the Plan

May I join the Plan?

All employees are eligible to participate in the Plan.

When can I become a participant in the Plan?

You may enter the Plan immediately.

How do I become a participant in the Plan?

When you are eligible to participate in the Plan, your Plan Administrator will give you an enrollment kit. This kit will explain the enrollment procedures. You may join the Plan by visiting Diversified Direct Online at www.divinvest.com or by calling Diversified Direct at 800-755-5801.

If you elect not to join the Plan when you first become eligible, you may join on any business day thereafter.

The Plan has adopted an automatic enrollment provision effective as of July 1, 2009. This means that new employees hired on or after that date who satisfy the Plan’s eligibility requirements or any employee who was previously automatically enrolled in the Sheppard Pratt Health System Thrift Plan will be automatically enrolled in the Plan at the stated percentage rate.

If you are eligible to participate in the Plan, then, unless you elect otherwise, 2% of your salary will be automatically deducted as a pre-tax salary deferral contribution to the Plan and invested in PortfolioXpress, which is a service that invests your contributions in the underlying funds of the Plan based on your projected years to retirement.” This automatic enrollment will occur on the first payroll period after your hire date.

Can I opt out of the automatic salary deferral enrollment feature of the Plan?

You have the right to elect not to have salary deferral contributions automatically made on your behalf or to elect to have such contributions made at a percentage that is different from the percentage designated above (see the question “How often may I change the percentage of my salary deferral contributions and catch-up contributions?” for how to make an affirmative election).

If you are automatically enrolled in the Plan, you may, within ninety (90) days after the first automatic deferral is taken from your pay, elect to have the Plan distribute to you all of your prior automatic deferrals and the earnings on those deferrals. You may submit a 90-day withdrawal election form to Diversified.
If I am married, may I designate someone other than my spouse as the beneficiary of my account?

Yes, but you must first submit the written consent of your spouse witnessed by either a notary public or Plan representative.

Contributions to the Plan

What are the tax advantages of being in the Plan?

Saving through the Plan provides you with tax advantages. You pay no current income taxes on contributions and the earnings in your account while the money is in the Plan. Money in the Plan is not subject to federal taxation until it is actually distributed to you.

May I elect to make salary deferral contributions to the Plan?

Yes, you may make salary deferral contributions to the Plan. Salary deferral contributions are pre-tax contributions.

Your salary deferral contributions go directly into the Plan instead of your paycheck. Since these contributions do not show up as income on your W-2 form, the amount you contribute will not be subject to federal or, in most cases, state income taxes, until paid to you. However, you do pay Social Security (FICA) and certain other employment taxes on your contributions.

For example: If your salary is $20,000 per year and you elect to make contributions to the Plan totaling $1,000 during the Plan Year, you only pay income taxes on $19,000.

How much of my salary may I contribute to the Plan?

You may contribute a percentage of your salary up to the maximum dollar limit (see the question “Are there any other limits to the amount of salary deferral contributions that I can make?” for the applicable limit). To do this, you must elect to have a portion of your salary contributed to the Plan through payroll withholding. To make your salary deferral election, please visit Diversified Direct Online at www.divinvest.com or call Diversified Direct at 800-755-5801. Your salary deferral election will become effective no later than 30 days after you have completed the election and it will remain in effect until you amend it.
In addition, Diversified’s SaveXpress allows you to have your retirement savings contribution rate increased automatically each year by a set amount, at any point in the year you choose. To make your SaveXpress election, visit Diversified Direct Online at www.divinvest.com. Once elected, your contribution rate will be automatically increased each year by the amount you select, subject to the contribution limits above. You may turn SaveXpress off at any time.

Are there any other limits to the amount of salary deferral contributions that I can make?

The total dollar amount that you can contribute as salary deferral contributions to 403(b) plans is limited by law. Your total salary deferral contributions to all 403(b) plans (and 401(k) plans) during a calendar year generally cannot exceed this maximum dollar amount. For the 2009 calendar year, your salary deferral contributions cannot exceed $16,500. After calendar year 2009, the salary deferral limit may increase for cost-of-living increases. If you only participate in this Plan during the year, your Employer automatically limits your salary deferral contributions to the maximum dollar limit. However, if you participated in another employer’s 403(b) plan (or 401(k) plan) as well as this Plan during the year, your total salary deferral contributions to both plans together may not exceed the maximum dollar limit.

Adverse tax consequences may apply if your total salary deferral contributions to all 403(b) plans (and 401(k) plans) exceed the maximum annual dollar limit. If you participated in more than one 403(b) plan (or 401(k) plan) during a year, and you contributed more than the maximum dollar limit during such year, you may request that any excess salary deferral contributions made to this Plan, with earnings, be distributed to you by April 15th of the following year. Your request should be made no later than March 1st of the following year. If you think this limitation may apply to you, contact your Plan Administrator.

You may be allowed to make additional catch-up salary deferral contributions beginning in the calendar year in which you become age 50, or in any calendar year after 2001 if you are already 50 or older. For the 2009 calendar year, your catch-up contributions cannot exceed $5,500. After calendar year 2009, the catch-up contribution limit may increase for cost-of-living increases. You may make such catch-up contributions, if you have already contributed salary deferral contributions up to the maximum limit permitted by law, or you have reached other plan or IRS limits for that year. To make catch-up salary deferral contributions, you must elect to have a portion of your salary contributed to the Plan through payroll withholding. Please visit Diversified Direct Online at www.divinvest.com or call Diversified Direct at 800-755-5801 in order to make your initial catch-up salary deferral contribution election. Unless you amend it, the election will remain in effect for each succeeding year.

How often may I change the percentage of my salary deferral contributions and catch-up contributions?

You may change the percentage of your pre-tax salary deferral contributions as well as catch-up contributions, at any time by visiting Diversified Direct Online at www.divinvest.com or by calling Diversified Direct at 800-755-5801. Changes will be effective as of the next payroll period, or as soon as administratively possible thereafter.
May I stop making salary deferral contributions and catch-up contributions to the Plan?

Yes, you may stop making pre-tax salary deferral contributions as well as catch-up contributions, at any time by visiting Diversified Direct Online at www.divinvest.com or by calling Diversified Direct at 800-755-5801. Your change will be effective as of the next payroll period, or as soon as administratively possible thereafter. If you decide to start making salary deferral contributions and/or catch-up contributions again at a later date, you may begin making them by visiting Diversified Direct Online or by calling Diversified Direct. Contributions will be deducted as of the next payroll period, or as soon as administratively possible thereafter.

In addition, if you are automatically enrolled in the Plan, and elect a refund of your contributions (and earnings attributable to automatic contributions) under the 90-day refund provision, the amount of any such withdrawal will be includible in your gross income for the taxable year in which the distribution is made. No excise tax will be imposed under section 72(t) with respect to the distribution.

What happens if I go on a qualified military service leave?

Generally, when you go on a qualified military service leave, you are no longer able to make pre-tax salary deferral contributions or catch-up contributions until you return to work. However, when you return to work, you will be given an opportunity to make up the contributions that you could have made while you were on such leave. You will have a period of three times the period of military service to make up these contributions, not to exceed five years.

May I make a rollover contribution to the Plan?

Yes, unless you are an excluded employee. If you were a participant in another plan (for example, a 403(b) plan, qualified plan or governmental 457(b) plan from a previous employer), you may elect a direct rollover or a participant rollover contribution into this Plan from the other plan. You generally have 60 days from the date of a distribution to contribute that amount to this Plan as a participant rollover contribution. If you elect a direct rollover, that amount will be contributed directly to this Plan. You may also roll over amounts that were previously contributed to a traditional Individual Retirement Account (“IRA”). To make a rollover contribution, you must provide Diversified with a certification from your former employer, plan administrator or IRA provider stating that the distribution you received from their plan or traditional IRA qualifies as a rollover contribution. Please call Diversified Direct at 800-755-5801 if you want to make a rollover contribution.

What is the most that may be contributed to the Plan on my behalf?

The Internal Revenue Service (IRS) places a maximum limit on the amount of money (the “Annual Contributions”) that may be contributed to your account each Plan Year. For your Plan, this limit applies to your own contributions to the Plan (excluding catch-up contributions).
For the 2009 Plan Year, the maximum Annual Contributions to your account cannot exceed the lesser of $49,000 or 100% of your total salary. Total salary for this purpose includes any salary deferral contributions to 403(b) plans, Section 125 cafeteria plans, Section 132(f)(4) plans, governmental 457(b) plans, 401(k) plans, simplified employee pension plans or simple retirement accounts.

**NOTE:** In general, for purposes of applying these limits (which may be adjusted in future years), contributions to all 403(b) defined contribution plans maintained by your Employer are counted.

**Is my total salary used to calculate contributions?**

For the 2009 Plan Year, the IRS allows salary up to $245,000 to be used when calculating contributions. This limit may be adjusted in future years based on the cost-of-living index.

Your salary used to calculate contributions will be your total cash wages and payments (up to the maximum salary as described above) actually paid during the Plan Year, and generally including any salary deferral contributions made to any salary deferral plan(s) of the Employer (e.g., to this 403(b) Plan or a Section 125 cafeteria plan).

For your first year of participation in the Plan, your salary will be recognized as of the date you enter the Plan.

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**Managing Your Account**

**Who decides how the money in my account is invested?**

You do. When you become eligible to participate in the Plan you may select from a variety of professionally managed investment funds. You will receive enrollment material that will include the following information for each fund:

- a description of the investment objectives;
- the risk and return characteristics;
- the type and diversification of the assets; and
- the investment manager.

To help you make your selection, investment education material will be made available to you through your Plan Administrator. You may also visit Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) for more information. Diversified Direct at 800-755-5801 is also available to provide investment information to help you make investment decisions. Diversified is equipped to handle your calls and questions in over 140 languages through Language Line® service. It also provides services for those who are hearing-impaired. All calls are recorded for your protection.
Once you decide how you would like your contributions invested, you will need to call Diversified Direct at 800-755-5801. Please note that your choices must be in whole percentages.

**NOTE:** If you have not made your investment elections, all contributions made on your behalf will be invested in PortfolioXpress, which is a service that invests your contributions in the underlying funds of the Plan based on your projected years to retirement.

Your Plan is intended to be a 404(c) plan as described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA). This provision provides special rules for plans that permit participants to have control over their accounts (like yours). Because you choose your own investments, you are responsible for any investment gains or losses that result from your investment decisions. The Plan’s fiduciaries (the Plan Administrator, etc.) are not liable if the value of your account declines because of investment losses based on your investment decisions.

PortfolioXpress is intended to be a “qualified default investment alternative” as described in proposed DOL regulation 2550.404c-5. PortfolioXpress is a non-discretionary asset allocation service which creates a customized asset allocation for you using the investment funds offered under the Plan based on your years until retirement. Your assets are gradually shifted through model portfolios which become more conservative as you move closer to your retirement. The portfolios are automatically rebalanced each quarter. You have the right to direct any assets invested in the Fund to any other investment option available under the Plan, without financial penalty.

**Is there any other information available?**

Certain additional information is available to you directly from your Plan Administrator upon request. The information for each investment fund includes:

- a description of the annual operating expenses;
- the most recent copies of financial statements, prospectuses (if applicable), reports and other information;
- a listing of assets comprising the portfolio of each designated investment fund holding “plan assets”, its value, and information related to fixed-rate investment contracts (rate of return and maturity date); and
- a performance history and information regarding the value of shares or units in the investment fund and in your account.

There are no investment fund transaction fees or expenses (e.g., commissions, front-end or back-end loads) associated with the investments which will affect your account. Prior to making any investment, you should obtain and read all available information concerning that particular investment, including financial statements, prospectuses (if applicable), reports or other offering documents, where available.
How do I change the way my future contributions will be invested?

You may change the way your contributions are invested by visiting Diversified Direct Online at www.divinvest.com or by calling Diversified Direct at 800-755-5801. Changes received by Diversified before 4:00 p.m. Eastern Time will be effective the same day. You may change the way your contributions are invested at any time. Please note that your choices must be in whole percentages. Confirmation of any changes you make will be sent to you within five business days.

May I transfer money from/to another 403(b) plan?

Plan-to-plan transfers are permitted under the Plan as follows:

Incoming Transfers:
You may initiate a plan-to-plan transfer of your 403(b) account from another 403(b) Plan.

Outgoing Transfers:
You may not initiate a plan-to-plan transfer of your 403(b) account to another 403(b) plan from this 403(b) Plan.

Eligible Employees may not make transfers from this Plan to a governmental defined benefit plan for purposes of purchasing permissive service credit or a repayment of certain prior refunds to which Code section 415 does not apply.

May I transfer money among the different investment funds?

Yes, you may transfer money among the various investment funds by visiting Diversified Direct Online at www.divinvest.com or by calling Diversified Direct at 800-755-5801. Transfers received before 4:00 p.m. Eastern Time will be processed the same day. You may transfer money among the various investment funds at any time. Confirmation of your transfer will be sent to you within five business days.

NOTE: Some investment funds may impose trading restrictions and/or redemption fees as a result of frequent trading activity. If a prospectus is issued for any investment fund in which you invest, please read it carefully to determine if the fund imposes any trading restrictions or redemption fees.
Ownership of Your Account (Vesting)

What does vesting mean?

Vesting means ownership of your account. The portion of your account that is yours is called your vested account.

You are always 100% vested in (i.e., have full ownership of) your account.

What if a Qualified Domestic Relations Order (“QDRO”) is issued against my account?

Generally, your vested account may not be sold, used as collateral for a loan outside the Plan, given away, or otherwise transferred. In addition, with certain limited exceptions (e.g., an IRS levy), your creditors may not interfere with your account in any way. An exception to this general rule, however, is a QDRO. A QDRO is a decree or order issued by a court that makes you pay child support or alimony, or otherwise allocates a portion of your account to your spouse, former spouse, child or other dependent. If a QDRO is received by Diversified, all or a portion of your benefits may be used to satisfy such order. Diversified will determine if the decree or order issued by the court meets the requirements of a QDRO. Participants and beneficiaries can obtain a description of the procedures for QDRO determinations at no charge from Diversified, and should do so before having their legal counsel draft any domestic relations order.

Withdrawals

May I make a withdrawal while I am employed?

Yes, you may make a withdrawal as follows:

Rollover Contributions.
You may withdraw all or a portion of your rollover contributions at any time.

Age 59½ or Older.
When you reach age 59½, you may withdraw all or a portion of your account balance attributable to your salary deferral contributions.
Hardship.
Your Plan allows you to make hardship withdrawals. A “hardship withdrawal” is a withdrawal made for an “immediate and heavy financial need,” such as:

- unreimbursed medical expenses for you, a dependent, a properly designated primary beneficiary of your account under the Plan or a non-custodial child;

- purchase of your principal residence, excluding mortgage payments. Funds cannot be withdrawn to purchase a vacation home;

- post-secondary education (e.g., college), tuition and related educational fees and room and board expenses for the next 12 months for you, your spouse, your child, a properly designated primary beneficiary of your account under the Plan or your dependent;

- amounts necessary to prevent foreclosure or eviction from your principal residence (e.g., unpaid rent or mortgage payments);

- unreimbursed burial or funeral expenses for your deceased parent, spouse, child, a properly designated primary beneficiary of your account under the Plan or dependent;

- unreimbursed expenses for the repair of damage to your principal residence that qualifies for the casualty loss deduction under Code Section 165 (without regard to whether the loss exceeds 10% of adjusted gross income); or

- amounts for other expenses which the IRS may later define as a hardship withdrawal.

The amount of the hardship withdrawal cannot exceed the exact amount needed to cover your financial need, plus any income taxes or penalties reasonably anticipated to result from the hardship withdrawal. In addition, in order to receive approval for a hardship withdrawal, you must certify that your need for the withdrawal cannot reasonably be relieved by:

- stopping of salary deferral contributions under the Plan;

- other distributions or nontaxable loans from plans maintained by the Employer or any other employer;

- reasonable liquidation of your assets to the extent that such liquidation would not itself cause an immediate and heavy financial need;

- borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need; and

- reimbursement or compensation by insurance or otherwise.

Relying on your certification, Diversified will determine whether you qualify for a hardship withdrawal using uniform and nondiscriminatory standards.
If Diversified determines that you qualify for a hardship withdrawal, you may withdraw your salary deferral contributions.

**Are there any restrictions relating to hardship withdrawals?**

Yes. If you take a hardship withdrawal, you may not make any pre-tax salary deferral contributions for six months from the date of your hardship withdrawal.

**How do I apply for a withdrawal?**

You can apply for a withdrawal by calling Diversified Direct at 800-755-5801 and requesting a withdrawal form. Diversified will process your withdrawal request within five business days (or as soon as administratively possible) after it receives your properly completed request.

**If I make a withdrawal, may I repay it?**

No, amounts withdrawn from the Plan may not be repaid.

**What are the tax effects of making a withdrawal?**

If you make a withdrawal from the Plan, you generally will have to pay income taxes on the money you withdraw. Unless you are withdrawing the money to make a direct rollover contribution to another 403(b) plan, governmental 457(b) plan, qualified plan, or traditional IRA, your withdrawal is generally subject to the mandatory 20% federal income tax withholding. Since hardship withdrawals are not eligible to be rolled over to another plan, they are subject to optional 10% federal income tax withholding. Also, if you are under age 59 ½ when you make your withdrawal, an additional 10% penalty tax may apply (unless you are a military reservist called into active duty and you receive a qualified reservist distribution).

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**Loans**

**How do I apply for a loan?**

If you are a participant, you may model and initiate a loan by visiting Diversified Direct Online at [www.divinvest.com](http://www.divinvest.com) or by calling Diversified Direct at 800-755-5801.

**Personal Loans.**

You may take a personal loan for any reason.

**Home Loans.**

If you are applying for a loan for your principal residence with a loan period greater than five years, you will receive a home loan kit, which will explain the loan application process and
includes a home loan application for your completion. You must submit the completed application and the appropriate documentation within 30 days for review and approval, or your request will automatically be cancelled.

Once approved, your loan will be processed. You will be notified if your loan request is denied.

**What are the conditions of the loan?**

1. You may not borrow less than $1,000.

2. You must pay a loan set-up charge of $75 per loan. This charge will be deducted from your account when your loan request is processed.

3. A loan may be made from all contributions that are part of your account balance.

4. You may only have one loan outstanding at a time.

5. You must repay your loan within five years, unless you are using the loan to purchase your principal residence or you are on authorized leave for military service for a period which extends the maturity date of the loan beyond five years. If you are using the loan to purchase your principal residence, the repayment period may be set for a loan term that will extend up to fifteen years.

**What is the maximum loan amount I may borrow?**

The maximum amount you may borrow is determined by your vested account balance. You may borrow up to the lesser of 50% of your vested account balance or $50,000. However, if you had an outstanding loan(s) in the previous 12 months (note: this includes active outstanding loans, defaulted loans and defaulted loans that are deemed distributions. See the question “Can a loan be defaulted?” for the definition of “deemed distribution”), the amount of your highest outstanding loan balance(s) will be deducted from the maximum amount you are allowed to borrow. For example, if you are applying for a loan of $50,000 this year and you had an outstanding active or defaulted loan whose highest outstanding loan balance in the last 12 months was $12,000, you would, assuming your vested account balance was sufficient, only be allowed to borrow up to $38,000.

**How is the interest rate determined for my loan?**

The interest rate is the Prime Rate plus 1%. In accordance with the Servicemembers Civil Relief Act (the “SCRA”), the interest rate on your loan(s) issued before your military service leave begins cannot exceed 6% during the period that you are on military leave provided you submit a written notice of your call to military service and a copy of your military orders and any order extending your military service to your Employer within 180 days after you terminate service or are released from military service. [See the question “What happens to my loan if I am on a leave of absence?”]
In addition, you have the right to waive the reduction in loan interest during your period of military service leave by providing a written waiver which specifies the loan(s) to which the waiver applies. The waiver may be submitted at any time during or after your military service period and must be agreed to by the Plan Administrator. Please contact your Plan Administrator for additional information on this option.

**How do I make loan repayments?**

Participants will be provided with coupons to submit with their loan repayments by the prescribed due dates. Participants will make payment by submitting a money order, certified check or bank check to Diversified.

If you are no longer employed by your Employer, and you still have money in your account, you may continue to make loan payments to Diversified via the coupon method.

Each loan repayment will be equal to the interest payable on the portion of the loan that is still outstanding (known as the loan principal) and an installment of the loan principal. Your loan repayments will be deposited to your account according to your current investment elections in the Plan.

A loan repayment may not be treated as a new or current contribution to the Plan.

**What happens to my loan if I am on a leave of absence?**

If you go out on an authorized (non-military) leave of absence, your loan repayments, which would otherwise be due during your leave, may be suspended for up to one year (“maximum suspension period”). Your loan repayments will be suspended if you go on authorized (non-military) leave of absence provided that (a) you go on leave without pay from your Employer, or (b) your rate of pay (after applicable employment tax withholdings) is insufficient to cover loan repayments. You will be permitted to prepay your loan(s) in full at any time.

Your loan will be reamortized over the remaining term of your loan at the earlier of your return to work or the end of the maximum suspension period. The suspension will not cause the loan to be treated as a taxable distribution, as long as (a) at the end of your authorized leave of absence (not to exceed the maximum suspension period), you resume making your loan repayments in substantially level payments (note that these repayments may not be less than the original loan repayment amounts); (b) you make such repayments at a frequency which is not less than the frequency required under the terms of the loan; and (c) the loan is fully repaid by the last date permitted under the Internal Revenue Code (i.e., 5 years from the date of the loan, unless your loan is a home loan with a longer maturity date).

If you go out on a military service leave, your loan repayments which are due during your military service leave will be suspended and the loan maturity date will be extended for the length of your military service leave. Your loan will be reamortized to the extended maturity date at the end of your military leave period. You will be permitted to prepay your loan(s) in full at any time.
The suspension will not cause the loan to be treated as a taxable distribution, as long as (a) when your military service leave ends, you resume making your loan repayments in substantially level payments (note that these repayments may not be less than the original loan repayment amounts); (b) you make such repayments at a frequency which is not less than the frequency required under the terms of the loan; and (c) the loan is fully repaid (including interest that accrues during the military service leave) by the end of the period equal to the original loan period plus the military service leave.

Can a loan be defaulted?

Yes, your entire loan will be in default if:

- you do not make a loan repayment by the end of the calendar quarter following the quarter in which the repayment was due (Note: If you do not make loan repayments due to an authorized military service leave or due to authorized (non-military) leave of absence, your loan will not be in default during the authorized maximum suspension period);
- you do not resume loan repayments when your authorized leave of absence ends (non-military or military) (Note: Your Plan Administrator will establish a reasonable time period when loan repayments must begin, which will not be less than 15 days from the date your leave of absence ends nor later than the timeframe described above);
- there is still an outstanding balance on the loan’s maturity date;
- you die;
- a lien is made against the loan collateral (in this case, your loan balance);
- or you terminate employment with your Employer, AND
- you don’t pay off the entire unpaid balance of the loan within a reasonable amount of time after termination (your Plan Administrator will establish a reasonable time period, which may not be less than 15 days from the date you terminate or later than the timeframe described above); or
- you fail to continue to make repayments as described above.

If you default on your loan and you are still actively employed, but are not eligible to take an in-service withdrawal, your loan is considered a deemed distribution (“deemed loan”). A deemed loan is considered an outstanding loan and will continue to accrue interest for purposes of calculating the maximum amount you may borrow in the future. You may repay a deemed loan by money order, certified check or bank check.

What happens if my loan is defaulted?

If your loan is defaulted or it is a deemed loan, you will have to pay income taxes on the amount that is defaulted or deemed distributed. In addition, if you are under age 59½ when the loan defaults, an additional 10% penalty tax may apply. The 10% penalty tax is waived for military reservists called into active duty who receive a qualified reservist distribution.
What happens if the Plan is frozen while I have an outstanding loan?

If the Plan is frozen, you may continue to repay your loan. If you do not continue to repay the loan, the outstanding loan balance will be in default and reported to the IRS as a distribution from the Plan. This means that you will have to pay income taxes on the balance.

If you have any questions about the loan program, please contact your Plan Administrator, visit Diversified Direct Online at www.divinvest.com or call Diversified Direct at 800-755-5801.

Benefits

When may I retire under the Plan?

Your normal retirement date is your 65th birthday.

When will I begin to receive benefits from the Plan?

If you terminate service, you have the option to receive the total vested value of your account at any time. The Plan is required by law to distribute your benefits no later than April 1st of the calendar year following the year in which you reach age 70½.

However, if you are still working for your Employer at the time you reach age 70½ and you are not a 5% owner of your Employer you may:

• delay payment of your benefits until the April 1st of the calendar year following the year you retire; or

• provided you did not elect an annuity, choose to delay the rest of your benefit payments until the April 1st of the calendar year following the year you retire, if you had already begun to receive payment of your benefits.

How will my account be paid to me?

Your account will be paid to you in one lump sum payment.
What happens if I become disabled?

If you become disabled, your disability retirement date will be the first day of the month following the date that you become disabled. Your account will be paid to you in one lump sum payment.

You will be considered disabled if you furnish proof of the existence of a disability in the form and manner consistent with the requirements of the Social Security Administration to receive benefits. In other words, if you are not able to work in any substantially gainful activity because of any physical or mental impairment(s) that can be shown medically and those impairments are expected to result in death or to be of long-continued and indefinite duration, you may be considered disabled under the Social Security Administration's guidelines. Furnishing a letter from the Social Security Administration stating that you are entitled to disability benefits would be sufficient proof of your disability.

Does the Plan provide for death benefits?

Yes. If you die before your benefits begin under the Plan, your account will be paid to your beneficiary.

Who will be the beneficiary of my death benefits?

You have the right to designate your beneficiary or beneficiaries at any time. However, if you are married, you may not designate a beneficiary other than your spouse without your spouse's written consent. A notary public or Plan representative must witness your spouse's signature on the consent form. If you fail to designate a beneficiary, if your beneficiary designation is not valid, or if your beneficiary fails to survive you, then your benefits will be paid in the following order to: (1) your spouse; then (2) your estate. To make a beneficiary designation, contact your Plan Administrator to request the appropriate beneficiary designation form.

May a nonspouse beneficiary roll over a death benefit?

Yes, effective January 1, 2007, a nonspouse designated beneficiary of a deceased participant may request a direct rollover to an “inherited IRA”. An inherited IRA means that the title of the IRA account must identify it as an IRA with respect to a deceased individual and also identify the deceased individual and the beneficiary. The rules for determining the required minimum distributions under the Plan with respect to a nonspouse beneficiary also apply under the inherited IRA.

If I terminate employment with my Employer for any reason, do I need to take my money immediately?

It depends.
If your vested account balance is over $5,000 (excluding rollover contributions), you may leave your money in the Plan, unless otherwise required by the Plan’s minimum distribution requirements.

A special rule applies (known as a “mandatory distribution”) if your vested account balance is over $1,000 but not more than $5,000 (excluding rollover contributions), and you have not attained the later of age 62 or the normal retirement age under the Plan. In such case, if you do not make a timely distribution or direct rollover election, your entire vested account balance, including any prior rollover contributions, will automatically be rolled over to a traditional IRA serviced by Diversified. (In computing your vested account balance for purposes of any automatic rollover to an IRA, any loan default amount is not included.) If your vested account balance is $1,000 or less, and you do not make a timely distribution or direct rollover election, your vested account balance will be paid directly to you by check as a mandatory distribution (subject to required 20% federal withholding and any applicable state withholding).

The IRA will be invested in the Money Market Fund of the Transamerica Partners Funds Group. This Fund has been designed to preserve principal and provide a reasonable rate of return and liquidity. You may thereafter elect to transfer your monies from such IRA by completion of the appropriate form(s) provided by Diversified. There are no administrative fees or sales charges associated with this account.

For additional information, please visit Diversified Direct Online at www.divinvest.com or call Diversified Direct at 800-755-5801.

Taxes on Distributions

What are the tax effects of taking my money?

If you withdraw money from the Plan and you do not directly roll it over into another 403(b) plan, governmental 457(b) plan, qualified plan or eligible IRA, you generally will have to pay income taxes on the money. The amount you withdraw is generally subject to a mandatory 20% federal income tax. Note: Since hardship withdrawals are not eligible to be rolled over to another plan, they are subject to an optional 10% federal income tax withholding. In addition, if you separate from service and are under age 55 in the year when you make the withdrawal, an additional 10% IRS penalty tax may apply (unless you are a military reservist called into active duty and you receive a qualified reservist distribution).

Is there a way to reduce or defer the taxes due on my distribution?

Yes, there are ways to either reduce or defer the income taxes due on your distribution. For example:
(1) If you receive a taxable distribution from the Plan, you generally have 60 days from the date of the distribution to roll over all or a portion of that amount to an eligible IRA, another 403(b) plan, a governmental 457(b) plan, or to a qualified plan. If you roll over your account in any of these ways, you will not pay taxes on the money. You will, however, have to pay taxes when you begin to withdraw money from a traditional IRA or new employer’s plan.

Under certain circumstances, all or a portion of your distribution may not qualify as a rollover contribution to an eligible IRA or another employer’s 403(b) plan, governmental 457(b) plan, or qualified plan. In addition, most distributions will be subject to a mandatory 20% federal income tax. This tax will reduce the actual amount you receive in your distribution. For this reason, if you wish to roll over all or a portion of your distribution, you may want to take advantage of the direct rollover option described in (2) below.

(2) If you roll over your distribution directly to an eligible IRA or another employer’s 403(b) plan, governmental 457(b) plan, or qualified plan, no taxes will be taken out. Taxes will be payable, however, when you begin to receive payments.

Like the rollover (described in (1) above), all or a portion of your distribution may not qualify for a direct rollover to an eligible IRA, other 403(b) plan, governmental 457(b) plan, or qualified plan.

You will receive additional information regarding the special tax rules, rollover distributions and direct rollovers when you request a distribution.

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**Distribution Claim Procedures**

**How do I apply for benefits?**

You (“you” includes your beneficiary throughout this section) may apply for benefits by submitting a request as previously described. Your request for benefits must be made at least 30 days before you want to receive your distribution.

**What if my claim is denied?**

Your application for benefits is also known as your “claim for benefits”. If your claim for benefits is wholly or partially denied, you will receive written notice of this decision no later than 90 days after the date you submitted your claim. This written notice will explain:

- why your claim was denied;
• the Plan provisions which led to your claim being denied;

• the additional information needed to process your request for benefits; and

• the Plan’s review procedures and applicable time limits, including a statement of your right to bring a civil action in accordance with Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

**How may I appeal a claim denial?**

If your claim for benefits is denied, you may appeal the decision. However, you must do so within 60 days of receiving the denial notice from your Plan Administrator. You and your representative (such as your attorney) are entitled to review any of the appropriate documents involved in the denial of your claim. All comments must be submitted in writing.

A final decision on your appeal will be made in writing no later than 60 days after receipt of the appeal. The Plan Administrator may request an extension of time to review your appeal, if there are special circumstances (e.g., a need to hold a hearing concerning the appeal). Such an extension will not be longer than 120 days counting from the date your appeal was received.

**Legal Rights**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). ERISA provides that all Plan participants are entitled to:

**Receive Information About Your Plan and Benefits**

• Examine, without charge, at the Plan Administrator’s office and at other specified locations, such as work sites and union halls, all documents governing the Plan, including any collective bargaining agreements, if applicable, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

• Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including any insurance contracts and collective bargaining agreements, if applicable, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan Administrator may charge a reasonable amount for the copies.

• Receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
• Obtain a statement telling you whether you have a right to retirement benefits from your Plan at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working now. If you do not have a right to retirement benefits, the statement will tell you how many more years you have to work to get a right to your retirement benefits. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

**Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

**Enforce Your Rights**

If your claim for a retirement benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights.

• For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

• If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

• If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if the court finds your claim is frivolous).
Assistance With Your Questions

If you have any questions about your Plan, you should contact your Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Additional Information

Who handles the administration of the Plan?

The Plan is administered by your Employer. As Plan Administrator your Employer is generally responsible for Plan operations and has sole discretion to interpret Plan provisions. Note that Diversified has agreed to assume certain fiduciary responsibilities of the Plan Administrator in accordance with certain agreed upon administrative procedures between Diversified and your Employer.

Diversified performs some, but not all, of the recordkeeping services for your Plan. Diversified performs these functions at the direction of the Plan Administrator in accordance with the provisions of the Plan and the Plan funding documents. Diversified:

• receives the Plan contributions;
• credits your account for those contributions; and
• pays benefits to you and/or your beneficiaries.

Who pays the costs of administering the Plan?

The loan set-up charge is deducted from your account. All other costs of administering the Plan will be paid by your Employer or from Plan assets.

Can my Employer amend and/or terminate the Plan?

The Plan is purely voluntary on the part of your Employer, who reserves the right to terminate the Plan and to discontinue contributions completely at any time. In the event the Plan is terminated for any reason, the rights of all Participants to their accounts shall be nonforfeitable. If your Employer decides to amend the Plan, your vested benefit in the account cannot be reduced.

Any termination of the Plan shall be in compliance with Code section 403(b) and any Treasury Regulations or other guidance issued thereunder.
Is this Plan insured?

No, this Plan is not insured. The assets of the Plan are held entirely separate from the assets of your Employer. All assets of the Plan are dedicated to the exclusive benefit of the Plan’s participants. ERISA established a special federal agency, the Pension Benefit Guaranty Corporation (PBGC), to protect employees’ benefits in certain pension plans when there is not enough money to cover benefits if a plan should terminate. By definition, benefits under this Plan are always equal to the value of the investments in the Plan. Thus, there is no need for insurance, nor is coverage available, for plans of this type.
In order to comply with the Employee Retirement Income Security Act of 1974 (ERISA), a Summary Plan Description (“SPD”) must be furnished to each participant and beneficiary receiving benefits within 90 days after becoming a participant or first receiving benefits, or within 120 days after the plan is established (i.e., the plan’s effective date), whichever is later. In addition, when a plan is changed or amended, generally an updated SPD or summary of the change must be furnished to each participant within 210 days after the close of the plan year in which the plan amendment and/or restatement was adopted.

As part of Diversified’s plan document services, we have prepared a draft SPD to help you comply with the requirements of ERISA. The attached SPD is based on your Plan’s provisions and includes all updates required by law. The SPD draft has been prepared as a guide for your attorney’s review. After you have approved the SPD, you may request that Diversified print SPD booklets for distribution to participants (see below).

To ensure that all participants and beneficiaries have the most recent copy of the SPD that includes all changes, and to avoid having to provide new participants with multiple SPDs and/or a SPD with multiple inserts, we are recommending that you approve the SPD by 7/1/09 so that it may then be distributed to all interested parties. This will allow you time to review the SPD and still be able to provide the SPD to participants within a reasonable timeframe. If we do not receive your approval for the SPD by this date, we will assume that you have approved the SPD in its current form and that you have distributed the SPD to participants.

Note that Diversified is able to accommodate minor changes to the attached SPD. However, if you or your legal counsel want to make significant changes to the text or format, you must elect Diversified’s SPD Customization Program and we will provide the SPD to you electronically. You may then customize the SPD. If you choose this option, please note that you are then responsible for maintaining the SPD on an ongoing basis, including any future Summary of Material Modifications and any updates required by law. You will also be responsible for printing the SPD; however, if the format of the SPD has not been altered, Diversified may be able to print the SPD if you so desire. However, we will need to review the SPD once it is finalized to determine if we are able to print the SPD booklet.

If you elect to utilize the attached SPD or you have elected the SPD Customization Program and Diversified has determined that we are able to print your customized SPD, Diversified will print SPD booklets in an amount equal to 110% of the number of eligible employees in the Plan. The initial supply of SPD booklets will be printed at no cost to you. Please indicate below the number of SPDs that you would like printed.

In order to confirm how you want to proceed, please select one of the options below:

☐ I have reviewed the attached SPD and elect to have Diversified print and maintain the SPD for my Plan. Accordingly, please print a total of _____ SPD booklets.

____________________________________________________________________
Signature of Plan Administrator                  Date

Please indicate address where SPD booklets should be delivered:
____________________________________________________________________

Attn: ________________________________________________________________

☐ I have reviewed the attached SPD and elect to have Diversified print and maintain the SPD for my Plan. However, I am requesting minor modifications to the SPD. Please review the attached draft and advise if Diversified is able to accommodate the requested changes.

____________________________________________________________________
Signature of Plan Administrator                  Date
I have reviewed the attached SPD and want to make major modifications to the draft. I understand that Diversified will send me the SPD electronically and will not maintain the SPD, and that I will be responsible for any future updates to the SPD. Once finalized, I will send Diversified a copy of the SPD for their files.

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Signature of Plan Administrator                  Date