

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN</u>	1b Three-digit plan number (PN) ►	<u>002</u>	
	1c Effective date of plan	<u>01/01/1998</u>	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>MEMORIAL HEALTH SYSTEM OF EAST TEXAS</u> <u>1201 FRANK AVE</u> <u>LUFKIN, TX 75902-1447</u>	2b Employer Identification Number (EIN) <u>75-0755367</u>	2c Sponsor's telephone number <u>936-639-7678</u>	2d Business code (see instructions) <u>622000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/13/2011</u>	<u>KRISTI GAY</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") MEMORIAL HEALTH SYSTEM OF EAST TEXAS 1201 FRANK AVE LUFKIN, TX 75902-1447	3b Administrator's EIN 75-0755367 3c Administrator's telephone number 936-639-7678
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	2470
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	2028
b Retired or separated participants receiving benefits.....	6b	2
c Other retired or separated participants entitled to future benefits.....	6c	221
d Subtotal. Add lines 6a , 6b , and 6c	6d	2251
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	2252
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1567
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	133

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2L 2M

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☒ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☐ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500. MEMORIAL HEALTH SYSTEM OF EAST TEXAS	D Employer Identification Number (EIN) 75-0755367

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
LINCOLN NATIONAL LIFE INSURANCE CO

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
35-0472300	65676	892167-007	1439	01/01/2010	12/31/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	
5	Current value of plan's interest under this contract in separate accounts at year end	5	
6	Contracts With Allocated Funds:		
a	State the basis of premium rates ▶		
b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	
e	Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity (3) ☐ other (specify) ▶		
f	If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐		
7	Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)		
a	Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee (3) ☐ guaranteed investment (4) ☒ other ▶ STABLE VALUE		
b	Balance at the end of the previous year	7b	7621526
c	Additions: (1) Contributions deposited during the year	7c(1)	
	(2) Dividends and credits	7c(2)	
	(3) Interest credited during the year	7c(3)	
	(4) Transferred from separate account	7c(4)	
	(5) Other (specify below)	7c(5)	
	(6) Total additions	7c(6)	0
d	Total of balance and additions (add b and c(6))	7d	7621526
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
	(2) Administration charge made by carrier	7e(2)	
	(3) Transferred to separate account	7e(3)	7621526
	(4) Other (specify below)	7e(4)	
	(5) Total deductions	7e(5)	7621526
f	Balance at the end of the current year (subtract e(5) from d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.		OMB No. 1210-0110
			2010
			This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning **01/01/2010** and ending **12/31/2010**

A Name of plan MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 MEMORIAL HEALTH SYSTEM OF EAST TEXAS	D Employer Identification Number (EIN) 75-0755367	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LINCOLN NATIONAL CORPORATION

35-0472300

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	SERVICE PROVIDER	10419	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

MORGAN-KEEGAN

64-0474907

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	VENDOR- INVESTMENT SERVICE	5000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III	Termination Information on Accountants and Enrolled Actuaries (see instructions) (complete as many entries as needed)
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a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning **01/01/2010** and ending **12/31/2010**

A Name of plan MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 MEMORIAL HEALTH SYSTEM OF EAST TEXAS		
D Employer Identification Number (EIN) 75-0755367		

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	3289	3288
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	73223	62164
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	154948	7590
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	1862688	2007879
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	24116491	27775749
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	7621526	0
(15) Other	1c(15)		8116122

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	33832165	37972792

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	30637	43835
k Total liabilities (add all amounts in lines 1g through 1j)	1k	30637	43835

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	33801528	37928957
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	779410	
(B) Participants	2a(1)(B)	2924509	
(C) Others (including rollovers)	2a(1)(C)	134503	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3838422

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	7	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	110004	
(F) Other	2b(1)(F)	202167	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		312178

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	735046	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		735046

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2654752
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		7540398

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3397550	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3397550
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	10419	
(3) Investment advisory and management fees	2i(3)	5000	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		15419
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		3412969

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4127429
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: AXLEY & RODE

(2) EIN: 75-0767305

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	X		

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MEMORIAL HEALTH SYSTEM OF EAST TEXAS</u>	D Employer Identification Number (EIN) <u>75-0755367</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>51-6502293</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>370</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
403(b) SAVINGS PLAN
Lufkin, Texas

December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

Retirement Committee of
Memorial Health System of East Texas
403(b) Savings Plan
Lufkin, Texas

We were engaged to audit the financial statements of Memorial Health System of East Texas 403(b) Savings Plan ("Plan") as of December 31, 2010 and 2009 and for the year ended December 31, 2010, and the supplemental schedule as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan's administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note H, which was certified by Wilmington Trust at year end (Trustee of the Plan) except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan's administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan's administrator has obtained a certification from the Trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the Plan's administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Lufkin, Texas
October 3, 2011


CERTIFIED PUBLIC ACCOUNTANTS

MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	DECEMBER 31,	
	2010	2009
ASSETS		
Investments, at Fair Value:		
Cash	\$ 3 288	\$ 3 289
Money market	7 590	154 948
Mutual funds	27 775 749	24 116 491
Lincoln Stable Value Fund	8 116 122	7 621 526
TOTAL INVESTMENTS	<u>35 902 749</u>	<u>31 896 254</u>
Receivables:		
Participant contributions	104 644	-
Employer contributions	29 328	-
Notes receivable from participants	2 007 879	1 829 400
Interest and dividends receivable	20 462	19 602
Other receivable	41 701	53 893
TOTAL ASSETS	<u>38 106 763</u>	<u>33 799 149</u>
LIABILITIES		
Other payables	43 835	30 637
TOTAL LIABILITIES	<u>43 835</u>	<u>30 637</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$ 38 062 928</u>	<u>\$ 33 768 512</u>

The accompanying notes are an integral part of these financial statements.

MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2010

ADDITIONS	
Additions to Net Assets Attributed to Investment Income:	
Net appreciation in fair value of investments	\$ 2 654 775
Interest and dividends	<u>965 632</u>
	<u>3 620 407</u>
 Interest income on loans to participants	 <u>109 582</u>
 Contributions:	
Participant's	3 029 154
Rollovers	134 503
Employer's	<u>808 739</u>
	<u>3 972 396</u>
 TOTAL ADDITIONS	 <u>7 702 385</u>
 DEDUCTIONS	
Deductions from Net Assets Attributed to:	
Benefits paid to participants	3 397 550
Administrative expense	<u>10 419</u>
 TOTAL DEDUCTIONS	 <u>3 407 969</u>
 NET INCREASE	 4 294 416
 Net Assets Available for Benefits:	
Beginning of year	<u>33 768 512</u>
END OF YEAR	<u>\$ 38 062 928</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE A - DESCRIPTION OF PLAN

The following description of the Memorial Health System of East Texas ("Company") 403(b) Savings Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. General. Effective January 1, 1995, the Company elected to begin the above-mentioned Plan. The Plan is a defined contribution Plan covering all of the Company's employees who work full time. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").
2. Contributions. Participants may elect to contribute a percentage of their compensation, as defined in the Plan. Participants may also contribute amounts representing distributions from other types of retirement Plans (rollovers) subject to special rules. Effective September 1, 2009, the Company will match from 25% to 50%, based upon years of service, of the Participant's contributions, up to a maximum of 6% of compensation, as defined and may elect to contribute 2% of compensation for each participant that had completed one year of service as of December 31 of each plan year. Contributions are subject to certain limitations.
3. Participant Accounts. Each participant's account is credited with the participant's contribution, the Company's contribution and, allocations of Plan earnings, expenses and forfeitures. Allocations are based on account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.
4. Vesting. Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts plus actual earnings thereon is based on years of participation in the Plan. A participant is 100 percent vested after three years of full time service.
5. Investment Options. Participants have the option of investing their contributions among one or all of the available mutual funds and one unallocated stable value annuity fund. Participants may transfer some or all of the balances out of any fund into one or any combination of the other funds. Participants may change their election options at any time during the year.
6. Participant Notes Receivable. Participants may borrow a minimum of \$1,000 up to a maximum equal to 50 percent of their nonforfeitable account balance from their fund accounts up to \$50,000. Loan terms range from 1-5 years. The loans are secured by the vested balance in the participant's account and bear interest at the then prime rate for loans of a similar type. Principal and interest is paid ratably through monthly payroll deductions.
7. Payment of Benefits. On termination of service due to death, disability or retirement, a participant will receive an amount equal to the value of the participant's vested interest in his or her account. Distributions will be either in a lump sum or in the form of an installment annuity.
8. Forfeited Accounts. If a participant terminates service prior to becoming fully vested, the unvested portion of employer contributions and earnings is forfeited. This amount will be treated the same as a participant's account until the participant has incurred five (or, if greater, the number of years of service) consecutive years of severance. If that occurs, the forfeited amount will be utilized by the Plan to offset employer contributions. If the participant becomes re-employed before the five-year period is up, their account is reactivated.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE A - DESCRIPTION OF PLAN - CONTINUED

Balance December 31, 2008	\$ 93 389
Forfeitures lost	148 479
Forfeitures reinstated	(429)
Investment earnings	4 722
Balance December 31, 2009	<u>246 161</u>
Forfeitures lost	114 050
Forfeitures reinstated	-
Investment earnings	7 595
Used for employer contribution	<u>(59 886)</u>
Balance December 31, 2010	<u>\$ 307 920</u>

9. Reclassifications. Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. The reclassifications have no impact on net assets available for benefits or the change in net assets.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in all material respects.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Participant notes receivable are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of the investments indicates the Plan's gains and losses on investments bought and sold as well as held during the year.

See Note E for accounting policies concerning the Lincoln Stable Value Fund.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

Management has evaluated subsequent events through October 3, 2011, the date the financial statements were available to be issued.

NOTE C - FAIR VALUE MEASUREMENT

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE C - FAIR VALUE MEASUREMENT - CONTINUED

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, Level 1 measurements, and the lowest priority to measurements involving significant unobservable inputs, Level 3 measurements. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value; Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The three levels of the fair value hierarchy are as follows:

- **Level 1** inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date. Investments whose values are based on quoted market prices in active markets, and whose values are therefore classified as Level 1 prices, include active listed equities. Investments in underlying mutual funds are valued at their Net Asset Value (NAV) daily and are classified as Level 1 prices.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- **Level 3** inputs are unobservable inputs (including Wilmington Trust Company's own assumption in determining the fair value of investments) for the asset or liability. Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all. When observable prices are not available for these securities, the Funds use one or more valuation techniques for which sufficient and reliable data is available. See the discussion below regarding the Lincoln Stable Value Fund.

The following is a summary of the valuation as of December 31, 2010 and 2009 for the Funds based upon the three levels defined above:

	LEVEL 1 - QUOTED PRICES	LEVEL 2 - OTHER SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 - SIGNIFICANT UNOBSERVABLE INPUTS	TOTAL
<u>December 31, 2010</u>	INVESTMENT SECURITIES	INVESTMENT SECURITIES	INVESTMENT SECURITIES	INVESTMENT SECURITIES
<u>FUND NAME</u>				
Money Market	\$ 7 590	\$ -	\$ -	\$ 7 590
Mutual Funds:				
Index Funds	709 508	-	-	709 508
Bond Funds	3 583 887	-	-	3 583 887
Value Funds	1 146 222	-	-	1 146 222
Overseas Funds	2 835 307	-	-	2 835 307
Growth Funds	6 119 707	-	-	6 119 707
Socially Responsive Funds	108 230	-	-	108 230
Investment Income Funds	4 175 590	-	-	4 175 590
Diversified Income Funds	2 111 265	-	-	2 111 265
Convertible Funds	3 071 384	-	-	3 071 384
Strategic Allocation Funds	178 941	-	-	178 941
Renaissance Funds	906 934	-	-	906 934
Small Companies Funds	3 524	-	-	3 524
Developing Markets Funds	2 825 250	-	-	2 825 250
TOTAL MUTUAL FUNDS	27 775 749	-	-	27 775 749
Lincoln Stable Value Fund	-	-	8 116 122	8 116 122
	\$ 27 783 339	\$ -	\$ 8 116 122	\$ 35 899 461

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE C - FAIR VALUE MEASUREMENT - CONTINUED

<u>December 31, 2009</u>	LEVEL 1 - QUOTED PRICES	LEVEL 2 - OTHER SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 - SIGNIFICANT UNOBSERVABLE INPUTS	TOTAL
FUND NAME	INVESTMENT SECURITIES	INVESTMENT SECURITIES	INVESTMENT SECURITIES	INVESTMENT SECURITIES
Money Market	\$ 154 948	\$ -	\$ -	\$ 154 948
Mutual Funds:				
Index Funds	640 857	-	-	640 857
Bond Funds	3 114 209	-	-	3 114 209
Value Funds	719 918	-	-	719 918
Overseas Funds	2 521 445	-	-	2 521 445
Growth Funds	8 111 323	-	-	8 111 323
Socially Responsive Funds	88 080	-	-	88 080
Investment Income Funds	3 537 310	-	-	3 537 310
Diversified Income Funds	2 227 022	-	-	2 227 022
Strategic Allocation Funds	152 481	-	-	152 481
Renaissance Funds	714 451	-	-	714 451
Developing Markets Funds	2 289 395	-	-	2 289 395
TOTAL MUTUAL FUNDS	24 116 491	-	-	24 116 491
Lincoln Stable Value Fund	-	-	7 621 526	7 621 526
	\$ 24 271 439	\$ -	\$ 7 621 526	\$ 31 892 965

The unallocated fixed group annuity contract with an insurance company is not actively traded and significant other observable inputs are not available. Fair value of the Lincoln Stable Value Fund is considered to be the contract value. The following table provides further details of the Level 3 fair value measurements.

	LINCOLN STABLE VALUE FUND
<u>December 31, 2010</u>	
Beginning balance	\$ 7 621 526
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits	-
Purchases, sales, issuances and settlements (net)	494 596
ENDING BALANCE	\$ 8 116 122
<u>December 31, 2009</u>	
Beginning balance	\$ 5 704 329
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits	-
Purchases, sales, issuances and settlements (net)	1 917 197
ENDING BALANCE	\$ 7 621 526

NOTE D - INVESTMENTS

The Plan's investments are held by a bank-administered trust fund (Note G). Investments that represent 5% or more, for either year, of the Plan's net assets are separately identified.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE D - INVESTMENTS - CONTINUED

	DECEMBER 31,	
	2010	2009
Investments at Fair Value as Determined by Quoted Market Price:		
Lincoln Stable Value Account	\$ 8 116 122	\$ 7 621 526
Oppenheimer International Bond	3 583 887	3 114 209
Calamos Growth & Income	-	2 759 114
Calamos Convertible Fund	3 071 384	-
American Funds Growth Fund of America	4 897 532	4 212 931
Delaware Diversified Income	2 111 265	2 227 022
First Eagle Overseas	2 835 307	2 521 445
Fundamental Investment Income	4 175 590	3 537 310
Oppenheimer Developing Markets Fund	2 825 250	2 289 395
Other - Under 5% Investments	4 283 124	3 610 013
TOTAL INVESTMENTS	<u>\$ 35 899 461</u>	<u>\$ 31 892 965</u>

During 2010, the Plan's investments bought, sold, and held during the year appreciated (realized and unrealized) in value by \$2,654,775 and received interest and dividend income of \$965,632.

NOTE E - GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan invests in an unallocated fixed group annuity contract referred to in these financial statements as the Lincoln Stable Value Fund. The sponsor of the contract is Lincoln National Life Insurance Company (Lincoln). Lincoln maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals. The contract is included in the financial statements at contract value (assumed to be fair value) as reported to the Plan by Lincoln. As the group annuity contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the group annuity contract. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value if the withdrawal is in accordance with the contract provisions. The group annuity contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 3%. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the Plan's ability to transact at contract value with Lincoln. Such events include the following: (a) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (b) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan (c) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974, or (d) certain events causing a decline in workforce by more than 20%. The Plan administrator does not believe that any events that would limit the Plan's ability to transact at contract value with Plan participants are probable of occurring. The group annuity contract also has certain restrictions on and methods of withdrawal.

The group annuity contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE E - GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY - CONTINUED

	<u>2010</u>	<u>2009</u>
Average Yields:		
Based on actual earnings	3%	3%
Based on interest rate credited to participants	3%	3%

NOTE F - PLAN ADMINISTRATION

Certain administrative costs are paid for by the Plan sponsor and not reimbursed by the Plan. These include employee and other overhead expenses.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

NOTE H - INVESTMENTS AND RELATED TRANSACTIONS

As of December 31, 2010 and 2009, Wilmington Trust was the corporate trustee of the Plan. Financial information relating to the Plan assets is included in the accompanying financial statements based on information provided by the trustee. Total assets as of December 31, 2010 and 2009 were \$37,972,791 and \$33,801,528, respectively, according to the trustee. Total assets as well as all related transactions and income (net depreciation in fair value of investments and interest and dividends) of the Plan were certified as complete and accurate by the trustee.

The following is a reconciliation of total assets and investment income certified by the trustee to net assets available for plan benefits and investment income as reported in the financial statements:

	<u>DECEMBER 31,</u>	
	<u>2010</u>	<u>2009</u>
Total assets certified by the trustee	\$ 37 972 791	\$ 33 801 528
Participant contributions receivable	104 644	-
Employer contributions receivable	29 328	-
Other payables	<u>(43 835)</u>	<u>(33 016)</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$ 38 062 928</u>	<u>\$ 33 768 512</u>
Investment income certified by the trustee	\$ 3 620 363	
Reclassified dividend income	<u>44</u>	
INVESTMENT INCOME AS REPORTED IN THE FINANCIAL STATEMENTS	<u>\$ 3 620 407</u>	

NOTE I - TAX STATUS

The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE J - TERMINATED PARTICIPANTS

As of December 31, 2010, the Plan held accounts of participants who have withdrawn from the Plan but who have not yet withdrawn their funds totaling \$6,120,229.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN

NOTE K - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statement of net assets available for benefits.

NOTE L - PARTY-IN-INTEREST

The Plan invests in a fund managed by Lincoln Financial Group and a money market account managed by Wilmington Trust. Lincoln Financial Group is the Third Party Administrator and Wilmington Trust is the Trustee. As such, transactions related to these investments qualify as party-in-interest transactions.

NOTE M - RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of amounts per the financial statements to Schedule H of Form 5500:

	DECEMBER 31, 2010
Net Assets Available for Benefits:	
Net assets available for benefits per the financial statements	\$ 38 062 928
Employee contributions receivable	(104 644)
Employer contributions receivable	(29 328)
Rounding differences	1
NET ASSETS AVAILABLE FOR BENEFITS PER SCHEDULE H TO THE FORM 5500	<u>\$ 37 928 957</u>
Statement of Changes in Net Assets Available for Benefits:	
Contributions:	
Total contributions per the financial statements	\$ 3 972 396
Less: Contributions receivable December 31, 2010	(133 972)
Less: Rounding differences	(2)
Contributions - Form 5500	<u>\$ 3 838 422</u>
Earnings on Investment:	
Per financial statements	\$ 3 620 407
Add: Reclass payment of expenses by Plan Administrator	5 000
Add: Interest on Loans to Participants	109 582
Less: 2009 loan payment posted in 2010	(33 016)
Add: Rounding differences	3
Earnings on investments - Form 5500	<u>\$ 3 701 976</u>
Administrative Expenses:	
Per financial statements	\$ 10 419
Add: Reclass payment of expenses by Plan Administrator	5 000
Administrative Expenses - Form 5500	<u>\$ 15 419</u>

SUPPLEMENTARY INFORMATION

SCHEDULE H PART IV, LINE4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN
December 31, 2010

EIN #75-0755367
PN #002

(a)	(b) IDENTITY OF ISSUE BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE RATE OF INTEREST, COLLATERAL PAR OR MATURITY VALUE	**	
			(d) COST	(e) CURRENT VALUE
*	Lincoln Financial	Stable Value Fund	\$ -	\$ 8 116 122
	AIM Trimark	Small Companies Fund Class A	-	3 524
	Allianz	Renaissance Fund	-	906 934
	American Funds	Strategic Allocation Moderate	-	178 941
	Calamos	Growth Fund Class A	-	1 222 175
	Calamos	Convertible Fund	-	3 071 384
	Delaware	Diversified Income Class A	-	2 111 265
	First Eagle	Overseas Fund Class A	-	2 835 307
	Fundamental	Investment Income Class R-3	-	4 175 590
	American Funds	Growth Fund Income Class R-3	-	4 897 532
	Neuberger and Berman	Berman Socially Responsive Fund	-	108 230
	Oppenheimer	International Bond Fund Class A	-	3 583 887
	Oppenheimer	Developing Markets Fund Class A	-	2 825 250
	Thornburg	International Value Fund	-	1 146 222
	Vanguard	Index Trust 500	-	709 508
*	Wilmington	Prime Money Market Fund	-	7 590
	Participant Loans	Rate 4.25% to 9.25%	-	2 007 879
			<u>\$ -</u>	<u>\$ 37 907 340</u>

* Party-in-interest

** Column not applicable as this is an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account.

See independent auditors' report.

SCHEDULE H PART IV, LINE4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MEMORIAL HEALTH SYSTEM OF EAST TEXAS 403(B) SAVINGS PLAN
December 31, 2010

EIN #75-0755367
PN #002

(a)	(b) IDENTITY OF ISSUE BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE RATE OF INTEREST, COLLATERAL PAR OR MATURITY VALUE	**	
			(d) COST	(e) CURRENT VALUE
*	Lincoln Financial	Stable Value Fund	\$ -	\$ 8 116 122
	AIM Trimark	Small Companies Fund Class A	-	3 524
	Allianz	Renaissance Fund	-	906 934
	American Funds	Strategic Allocation Moderate	-	178 941
	Calamos	Growth Fund Class A	-	1 222 175
	Calamos	Convertible Fund	-	3 071 384
	Delaware	Diversified Income Class A	-	2 111 265
	First Eagle	Overseas Fund Class A	-	2 835 307
	Fundamental	Investment Income Class R-3	-	4 175 590
	American Funds	Growth Fund Income Class R-3	-	4 897 532
	Neuberger and Berman	Berman Socially Responsive Fund	-	108 230
	Oppenheimer	International Bond Fund Class A	-	3 583 887
	Oppenheimer	Developing Markets Fund Class A	-	2 825 250
	Thornburg	International Value Fund	-	1 146 222
	Vanguard	Index Trust 500	-	709 508
*	Wilmington	Prime Money Market Fund	-	7 590
	Participant Loans	Rate 4.25% to 9.25%	-	2 007 879
			<u>\$ -</u>	<u>\$ 37 907 340</u>

* Party-in-interest

** Column not applicable as this is an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account.

See independent auditors' report.