

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	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>RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>05/01/1956</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>05/01/1956</u>			
1b Three-digit plan number (PN) ▶	<u>001</u>						
1c Effective date of plan <u>05/01/1956</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 TX</u> <u>1201 WEST FRANK AVENUE</u> <u>LUFKIN, TX 75902</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2b Employer Identification Number (EIN) <u>75-0755367</u></td> <td style="width: 20%;"></td> </tr> <tr> <td>2c Sponsor's telephone number <u>936-634-8111</u></td> <td></td> </tr> <tr> <td>2d Business code (see instructions) <u>622000</u></td> <td></td> </tr> </table>	2b Employer Identification Number (EIN) <u>75-0755367</u>		2c Sponsor's telephone number <u>936-634-8111</u>		2d Business code (see instructions) <u>622000</u>	
2b Employer Identification Number (EIN) <u>75-0755367</u>							
2c Sponsor's telephone number <u>936-634-8111</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	Filed with authorized/valid electronic signature.	10/13/2011	KRISTI GAY
	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") RETIREMENT COMMITTEE PO BOX 1447 LUFKIN, TX 75902-1447	3b Administrator's EIN 75-1516079 3c Administrator's telephone number 936-634-8111
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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	
5 Total number of participants at the beginning of the plan year	5	1190
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	409
b Retired or separated participants receiving benefits.....	6b	285
c Other retired or separated participants entitled to future benefits.....	6c	488
d Subtotal. Add lines 6a , 6b , and 6c	6d	1182
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	
f Total. Add lines 6d and 6e	6f	1182
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1G 1A

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)	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	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	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

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>MEMORIAL HEALTH SYSTEM OF EAST TX</u>	D Employer Identification Number (EIN) <u>75-0755367</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>25508348</u>
b Actuarial value	2b <u>25508348</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>273</u> <u>14075280</u>
b For terminated vested participants	3b <u>463</u> <u>7062556</u>
c For active participants:	
(1) Non-vested benefits	3c(1)
(2) Vested benefits	3c(2) <u>11413385</u>
(3) Total active	3c(3) <u>454</u> <u>11413385</u>
d Total	3d <u>1190</u> <u>32551221</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.60</u> %
6 Target normal cost	6 <u>212000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/04/2011</u>
Signature of actuary	Date
<u>RICHARD B MALLETT</u>	<u>11-04026</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC</u>	<u>214-530-4200</u>
Firm name	Telephone number (including area code)
<u>500 N AKARD ST SUITE 4100</u> <u>DALLAS, TX 75201</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)		
9 Amount remaining (Item 7 minus item 8).....		
10 Interest on item 9 using prior year's actual return of <u>22.76</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		274172
b Interest on (a) using prior year's effective rate of <u>8.10</u> %		22208
c Total available at beginning of current plan year to add to prefunding balance		296380
d Portion of (c) to be added to prefunding balance.....		
12 Reduction in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....		

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	78.36 %
15 Adjusted funding target attainment percentage.....	15	78.36 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.01 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/25/2011	1800		10/18/2010	107000	
03/21/2011	115000		09/27/2010	107000	
02/23/2011	115000		08/04/2010	214000	
01/28/2011	107000		06/07/2010	107000	
01/24/2011	115000		05/14/2010	107000	
01/05/2011	107000		04/06/2010	107000	
			Totals ▶	18(b)	1673800
				18(c)	

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 1606319
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☒ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)		
9 Amount remaining (Item 7 minus item 8).....		
10 Interest on item 9 using prior year's actual return of _____%		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		
b Interest on (a) using prior year's effective rate of _____%		
c Total available at beginning of current plan year to add to prefunding balance		
d Portion of (c) to be added to prefunding balance.....		
12 Reduction in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....		

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	%
15 Adjusted funding target attainment percentage.....	15	%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/01/2010	107000				
02/26/2010	107000				
02/09/2010	150000				
Totals ▶			18(b)		18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	Yes ☐ No ☐
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	Yes ☐ No ☐
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	212000
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	7042873	1393863
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	1605863
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		Total balance
36 Additional cash requirement (item 34 minus item 35).....	36	1605863
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	1606319
38 Interest-adjusted excess contributions for current year (see instructions).....	38	456
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	
40 Unpaid minimum required contribution for all years	40	

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 RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 MEMORIAL HEALTH SYSTEM OF EAST TX	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)

TOWERS WATSON

500 N AKARD ST SUITE 4100
DALLAS, TX 75201

53-0181291

(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?
11	NONE	45124	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 ☐

(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)

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

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 RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MEMORIAL HEALTH SYSTEM OF EAST TX	D Employer Identification Number (EIN) 75-0755367	

Part I	Asset and Liability Statement
---------------	--------------------------------------

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		559000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	62042	61528
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	314232	675189
(2) U.S. Government securities.....	1c(2)	6749327	4520564
(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)	3779264	4145365
(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)		
(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)	14665526	18934513
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

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	25570391	28896159

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	14362	14458
k Total liabilities (add all amounts in lines 1g through 1j)	1k	14362	14458

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	25556029	28881701
---	-----------	----------	----------

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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1672000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1672000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)	253491	
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		253491
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	81637	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		81637
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	15084542	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	15109581	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-25039

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	272390	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		272390
(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)		2815714
c Other income.....	2c		51
d Total income. Add all income amounts in column (b) and enter total.....	2d		5070244

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1533098	
(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)		1533098
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)	45124	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	57968	
(4) Other	2i(4)	108382	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		211474
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1744572

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3325672
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, LLP

(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.).....			
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.			

- 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)

<div>SCHEDULE R (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>		<div>Retirement Plan Information</div> <div>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).</div> <div>► File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010					
A Name of plan RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS				B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MEMORIAL HEALTH SYSTEM OF EAST TX				D Employer Identification Number (EIN) 75-0755367	
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	
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): _____ 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	0
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					
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: 72.1% Investment-Grade Debt: 23.2% High-Yield Debt: 0.2% Real Estate: _____% Other: 4.5%

- 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 AND
SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORT

RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

December 31, 2010 and 2009

C O N T E N T S

Independent Auditors' Report.....	3
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Statement of Accumulated Plan Benefits	6
Statement of Changes in Accumulated Benefits	7
Notes to Financial Statements.....	8
Supplemental Schedules:	
Summary Schedule of Assets Held For Investment Purposes (End of Plan Year)	16
Schedule of Reportable Transactions.....	23

INDEPENDENT AUDITORS' REPORT

Retirement Committee
Retirement Plan for Employees of
Memorial Health System of East Texas
Lufkin, Texas

We were engaged to audit the accompanying Statements of Net Assets Available for Benefits of the Retirement Plan for Employees of Memorial Health System of East Texas as of December 31, 2010 and 2009, and the related Statements of Changes in Net Assets Available for Benefits for the years then ended and the supplemental schedules of Assets Held for Investment Purposes and Reportable Transactions as of and for the year ended December 31, 2010 and the Statement of Accumulated Plan Benefits and related Statement of Changes in Accumulated Benefits as of and for the year ended December 31, 2009. These financial statements and schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan 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 First Bank & Trust of East Texas, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the Trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan 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 schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the 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, are presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Lufkin, Texas
October 7, 2011


CERTIFIED PUBLIC ACCOUNTANTS

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

	DECEMBER 31,	
ASSETS	2010	2009
Investments at Fair Value:		
Short-term money market funds and cash	\$ 675 189	\$ 314 232
U. S. Government bonds and agency securities	4 520 564	6 749 327
Corporate stocks	4 145 365	3 779 264
Mutual funds	18 934 513	14 665 526
TOTAL INVESTMENTS	<u>28 275 631</u>	<u>25 508 349</u>
Receivables:		
Contribution receivable	559 000	-
Accrued interest receivable	61 528	62 042
TOTAL RECEIVABLES	<u>620 528</u>	<u>62 042</u>
 TOTAL ASSETS	 <u>28 896 159</u>	 <u>25 570 391</u>
 LIABILITIES		
Accrued expenses	14 458	14 362
TOTAL LIABILITIES	<u>14 458</u>	<u>14 362</u>
 NET ASSETS AVAILABLE FOR PLAN BENEFITS	 <u>\$ 28 881 701</u>	 <u>\$ 25 556 029</u>

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

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Investment Income (Loss):		
Net appreciation (depreciation) in fair value of investments	\$ 2 776 025	\$ 4 134 119
Interest	253 491	264 565
Dividends	<u>368 677</u>	<u>294 291</u>
	3 398 193	4 692 975
Less investment expenses	<u>57 968</u>	<u>54 419</u>
	3 340 225	4 638 556
Contributions (employer)	1 672 000	1 630 000
Other income	<u>51</u>	<u>495</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u>5 012 276</u>	<u>6 269 051</u>
Payments paid directly to participants/beneficiaries	1 533 098	1 425 938
Administrative expense	<u>153 506</u>	<u>121 857</u>
TOTAL DEDUCTIONS	<u>1 686 604</u>	<u>1 547 795</u>
NET INCREASE (DECREASE)	3 325 672	4 721 256
Net Assets Available for Plan Benefits:		
Beginning of year	25 556 029	20 834 773
END OF YEAR	<u>\$ 28 881 701</u>	<u>\$ 25 556 029</u>

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

STATEMENT OF ACCUMULATED PLAN BENEFITS
RETIREMENT PLAN FOR EMPLOYEES
OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

	DECEMBER 31, 2009
Actuarial Present Value of Accumulated Plan Benefits:	
Vested Benefits:	
Participants currently receiving payments	\$ 10 214 118
Participants with deferred benefits	6 052 302
Participating employees	13 116 674
	<u>29 383 094</u>
Nonvested and death and disability benefits	-
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	<u>\$ 29 383 094</u>

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

STATEMENT OF CHANGES IN ACCUMULATED BENEFITS
RETIREMENT PLAN FOR EMPLOYEES
OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

	FOR THE YEAR ENDED DECEMBER 31, 2009
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT JANUARY 1, 2009	\$ <u>27 091 233</u>
Increase (Decrease) During the Year Ended Attributable To:	
(Decrease) due to payments to participants/beneficiaries	(1 513 340)
Increase due to change in the discount period	2 040 929
Increase due to actuarial losses	951 905
Increase due to change in actuarial assumptions	<u>812 367</u>
NET INCREASE	<u>2 291 861</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT DECEMBER 31, 2009	\$ <u>29 383 094</u>

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

NOTES TO FINANCIAL STATEMENTS
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE A - DESCRIPTION OF THE PLAN

The following description of The Retirement Plan for Employees of Memorial Health System of East Texas ("Plan") provides only general information. For a more complete description of the Plan's provisions, refer to the Summary Plan Description or the Plan Agreement.

1. Employees Included in the Plan: Includes all employees who were participants in the superseded plan as of April 30, 1976 and generally all other employees who have completed 1,000 hours of service in one year subsequent to that date prior to the cessation of benefit accruals ("freezing of plan") at December 31, 2003.
2. Vesting Service: Vesting Service is equal to the total period of elapsed time, computed in years and days, from first date of employment until normal retirement date or termination of employment, if earlier, less that portion of any absence that is in excess of 12 months. A participant's initial Vesting Date at 100% is the earlier of (a) the date the participant has completed five years of Vesting Service or (b) the date the participant attains age 65. Normal Retirement date is the first day of the month coincident with or next following age 65. See Note J for the effect of the amendment to cease benefit accruals for the Plan effective December 31, 2003.
3. Pension Benefits: On termination of service, a participant under the normal form of benefits will receive monthly income for life, qualified joint and contingent benefit for married employees, or lump sum distribution if benefit is less than \$5,000. Employees are eligible for early retirement if the participant has attained age 55 and completed 15 years of credited service.
4. Death and Disability Benefits: Upon the death of a participant after completion of two years of vesting service but prior to his normal retirement date, his beneficiary will receive a monthly retirement income, payable for life thereafter beginning on the first day of the month coincident with or next following the date of death. Upon total and permanent disability of a participant after completion of two years of vesting service but prior to normal retirement date, he will be entitled to a monthly income, payable for life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting: The Plan has prepared its financial statements on the accrual basis in all material respects.
2. Valuation of Investments: Investments are recorded at fair value. Investments with quoted market values are valued at the last reported sales price on the last business day of the plan year. Mutual funds are recorded at their net asset value on the last day of the plan year. The change in the difference between current value and cost of investments is reflected in the statement of changes in net assets available for plan benefits as net appreciation in the fair value of investments. Purchases and sales of securities are recorded on a trade-date basis. Investment values and related income are certified to by the trustee as noted in Note H.
3. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statement. Actual results could differ from those estimates.
4. Benefit Payments: Benefits paid to participants are recorded upon distribution.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Actuarial Present Value of Accumulated Plan Benefits: Accumulated plan benefits are those future periodic payments, including lump sum distributions, that are attributable under the Plan's provisions to services rendered by the employees prior to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. The accumulated plan benefits are based on the employees average monthly rate of basic compensation for the five successive calendar years out of the fifteen calendar years next preceding normal retirement that gave the highest monthly average rate. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included to the extent they are deemed attributable to employee service rendered prior to the valuation date. (See Note J relating to the frozen status of the plan).

The actuarial present value of accumulated plan benefits is determined by an actuary from Towers Watson and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of December 31, 2009 were (a) life expectancy of participants (the 1994 Group Annuity Mortality Tables were used), (b) retirement age assumptions are decrements from age 55 to 70 and (c) investment return. The assumed average returns as of December 31, 2009 and 2008 are 7.50% and 7.75%, respectively. The foregoing actuarial assumptions are based on the presumption that the frozen status of the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

6. The actuarial information used in the statement of accumulated plan benefits and the statement of changes in accumulated benefits is beginning of the year information.
7. The Plan was amended in 2003 to freeze Plan participation and benefit accruals. See Note J for additional details on the benefit accrual.
8. 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 the amounts reported in the statement of net assets available for benefits.
9. Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.
10. Fair Value Measurement: Financial Accounting Standards Board ("FASB") Accounting Standards Codification No. 820 ("ASC No. 820") defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. (See Note F)
11. Subsequent Events: The Plan management has evaluated subsequent events through October 7, 2011, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE C - FUNDING POLICY

Memorial Health System of East Texas funding policy is to make annual contributions in amounts at least equal to the amounts, if any, required to meet the minimum funding requirements of Section 412 of the Internal Revenue Code, as now or hereafter amended, as specified in the actuary's valuation reports for the applicable periods of time. For Plan years beginning January 1, 2010 and January 1, 2009 a contribution of \$1,605,863 and \$1,283,918 respectively, was required to keep the Plan funded in accordance with the minimum funding standards of the Employee Retirement Income Security Act ("ERISA"). The Plan received contributions of \$1,672,000 and \$1,630,000 during the 2010 and 2009 plan years, respectively.

NOTE D - PLAN TERMINATION

Upon plan termination, the Retirement Committee shall determine the asset value available for distribution. Allocation shall then be made in accordance with Section 4044 of the Employee Retirement Income Security Act of 1974, as amended. The distribution shall be (subject to the provisions of Section 417(e)(1) of the Internal Revenue Code) by purchase of insured annuities from a company selected by the Committee. Any remaining residual assets will be distributed to the employer. Order of priorities for distribution shall be subject to distribution rules and limitations provided in the Plan as well as any changes ordered by the Pension Benefit Guarantee Corporation ("PBGC") or Internal Revenue Service.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit. For Plan terminations occurring during 2011, that ceiling is \$4,500 per month based on selection of life annuity.

Whether all participants receive their benefits, should the Plan be terminated at some future time, will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty while other benefits may not be provided for at all.

NOTE E - INVESTMENTS

The Plan's investments are held by a bank-administered trust fund. Investments or groups of similar investments that represent 5% or more of the Plan's net assets are separately identified.

	DECEMBER 31,	
	2010	2009
Investments at Fair Value as Determined by		
Quoted Market Price:		
Federal Home Loan Bank bonds	\$ 2 354 544	\$ 2 795 966
Federal Home Loan Mortgage Corporation bonds	1 336 610	3 507 532
Corporate stocks	4 145 365	3 779 264
Fidelity Puritan Low Price Stock Fund	1 661 588	1 360 927
Vanguard 500 Index Fund	6 163 412	5 373 045
Vanguard Extended Market Index Fund	1 836 878	1 432 682
Vanguard Small Cap Growth Index Fund	1 978 867	1 497 350
Other Investments	8 798 367	5 761 583
TOTAL INVESTMENTS	<u>\$ 28 275 631</u>	<u>\$ 25 508 349</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE E - INVESTMENTS - CONTINUED

During 2010 and 2009, the Plan's investments (including investments bought, sold, and held during the year) appreciated/(depreciated) in value by \$2,776,025 and \$4,134,119 as follows:

	YEARS ENDED DECEMBER 31,	
	2010	2009
U. S. Government bonds and agency securities	\$ (79 064)	\$ (132 469)
Corporate stocks	326 415	655 900
Mutual funds	2 528 674	3 610 688
	<u>\$ 2 776 025</u>	<u>\$ 4 134 119</u>

At December 31, 2010 and 2009, respectively, this appreciation in value is reflective of net realized gains on investments sold of \$(25,039) and \$(199,507) and unrealized appreciation/(depreciation) in value of \$2,801,064 and \$4,333,626.

NOTE F - FAIR VALUE MEASUREMENTS

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.

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 and debt securities. 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.). The Plan has no investments valued using Level 2 inputs.
- **Level 3** inputs are unobservable inputs (including First Bank & Trust'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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE F - FAIR VALUE MEASUREMENTS - CONTINUED

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/ LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
		FAIR VALUE		
December 31, 2010:				
U.S. Government Bonds and Agency Securities:				
Federal Home Loan Bank Bonds	\$ 2 354 544	\$ 2 354 544	\$ -	\$ -
Federal National Mortgage Association Bonds	616 188	616 188	-	-
Federal Home Loan Mortgage Corporation Bonds	1 336 610	1 336 610	-	-
Federal Farm Credit	213 222	213 222	-	-
TOTAL U.S. GOVERNMENT BONDS AND AGENCY SECURITIES	4 520 564	4 520 564	-	-
Corporate Stocks	4 145 365	4 145 365	-	-
Mutual Funds:				
Bond Funds	2 311 619	2 311 619	-	-
Equity Funds	16 622 894	16 622 894	-	-
TOTAL MUTUAL FUNDS	18 934 513	18 934 513	-	-
Short-Term Money Market Funds	667 485	667 485	-	-
	\$ 28 267 627	\$ 28 267 627	\$ -	\$ -

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/ LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
		FAIR VALUE		
December 31, 2009:				
U.S. Government Bonds and Agency Securities:				
Federal Home Loan Bank Bonds	\$ 2 795 966	\$ 2 795 966	\$ -	\$ -
Federal National Mortgage Association Bonds	445 829	445 829	-	-
Federal Home Loan Mortgage Corporation Bonds	445 829	445 829	-	-
Federal Farm Credit	3 297 220	3 297 220	-	-
	3 297 220	3 297 220	-	-
	210 312	210 312	-	-
TOTAL U.S. GOVERNMENT BONDS AND AGENCY SECURITIES	6 749 327	6 749 327	-	-
Corporate Stocks	3 779 264	3 779 264	-	-
Mutual Funds:				
Bond Funds	632 242	632 242	-	-
Equity Funds	14 033 284	14 033 284	-	-
TOTAL MUTUAL FUNDS	14 665 526	14 665 526	-	-
Short-Term Money Market Funds	314 232	314 232	-	-
	\$ 25 508 349	\$ 25 508 349	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE G - TAX RULING OR DETERMINATION LETTER

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter; however the Retirement Committee is not aware of any action or event that has occurred that might affect the Plan's qualified status.

NOTE H - INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information included in the accompanying financial statements, notes and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the trustee.

		DECEMBER 31,	
		2010	2009
Investments at Fair Value:			
Short-term money market funds	\$	675 189	\$ 314 232
U. S. Government bonds and agency securities	\$	4 520 564	\$ 6 749 327
Corporate stocks	\$	4 145 365	\$ 3 779 264
Mutual funds	\$	18 934 513	\$ 14 665 526
		YEARS ENDED DECEMBER 31,	
		2010	2009
Interest income	\$	253 491	\$ 264 565
Dividend income	\$	368 677	\$ 294 291

All information in supplemental Schedule H, line 4i.

Information necessary to complete supplementary Schedule H, line 4j.

Information necessary to complete net appreciation in fair value of investments (Note E) \$2,776,025 and \$4,134,119.

The following is a reconciliation of data certified by the trustee with that presented in the accompanying financial statements regarding interest income:

	2010	2009
Interest income per trustee statements	\$ 256 810	\$ 268 208
Adjustment for interest accruals	(3 319)	(3 643)
FINANCIAL STATEMENT BALANCE	\$ 253 491	\$ 264 565

NOTE I - PLAN ADMINISTRATION

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas

NOTE J - CESSATION OF BENEFIT ACCRUAL

Future benefit accruals, service credits, and compensation increases under the Retirement Plan for Employees of Memorial Health System of East Texas (the "Plan") ceased effective December 31, 2003, by amendment to the Plan, and no Participant will earn any further accruals after such date.

Prior to this Plan amendment, a Participant was entitled to a normal retirement benefit at age 65 in an amount equal to the sum of 1.3% of his Final Average Monthly Compensation multiplied by his years of Credited Service not in excess of 40 years, plus .65% of his Final Average Monthly Compensation in excess of the Monthly Covered Compensation that applies to him multiplied by his years of Credited Service that are not in excess of 35 years.

By modifying the provisions of the Plan, (a) all future benefit accruals for employees of Memorial Health System of East Texas will cease as of December 31, 2003, and credited service, compensation, and final average monthly compensation will not increase after December 31, 2003, and (b) participation in the Plan will be limited to those persons who are Participants in the Plan as of December 31, 2003. No other employee of Memorial Health System of East Texas will be allowed to become a Participant in the Plan after December 31, 2003.

SUPPLEMENTAL SCHEDULES

SCHEDULE H, LINE 4i
 SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR)
 RETIREMENT PLAN FOR EMPLOYEES OF
 MEMORIAL HEALTH SYSTEM OF EAST TEXAS
 Lufkin, Texas
 December 31, 2010

EIN #75-0755367
 PN #001

(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
	Short-Term Money Market Funds	Various, see attached	\$ 675 189	\$ 675 189
	U. S. Government Bonds and Agency Securities	Various, see attached	4 351 912	4 520 564
	Corporate Stocks	Various, see attached	2 997 260	4 145 365
	Mutual Funds	Various, see attached	18 022 844	18 934 513
	TOTAL		\$ 26 047 205	\$ 28 275 631

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2010

EIN #75-0755367
PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
CASH				
INCOME CASH		3,880.00	3,880.00	
PRINCIPAL CASH		3,823.65	3,823.65	
TOTAL CASH		7,703.65	7,703.65	
CASH EQUIVALENTS				
MISC CASH EQUIV-TXBL				
667,485.26	1.000	667,485.26	667,485.26	133
FEDERATED GOVERNMENT OBLIGATIONS # 5 PRIN				
TOTAL CASH EQUIVALENTS		667,485.26	667,485.26	133
FIXED INCOME SECURITIES				
U.S. GOVT AGENCIES				
MATURITY (0 - 5 YRS)				
200,000	100.194	195,389.00	200,388.00	9,100
FEDERAL HOME LOAN MORTGAGE 4.55% DUE 1/20/2011				
200,000	100.523	190,720.00	201,046.00	8,250
FEDERAL HOME LOAN MORTGAGE 4.125% DUE 2/24/2011				
200,000	100.873	199,434.00	201,746.00	9,750
FEDERAL HOME LOAN BANK 4.875% DUE 3/1/2011				
200,000	101.412	198,539.85	202,824.00	10,250
FANNIE MAE 5.125% DUE 4/15/2011				
200,000	101.711	197,190.00	203,422.00	10,000
FEDERAL HOME LOAN BAK 5.00% DUE 5/13/2011				
200,000	102.106	199,625.41	204,212.00	10,500
FEDERAL HOME LOAN BANK 5.25% DUE 6/10/2011				
200,000	102.686	199,040.00	205,372.00	10,500
FREDDIE MAC 5.25% DUE 7/18/2011				

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2010

EIN #75-0755367
PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
MUTUAL FUNDS				
MUTUAL FUNDS-BONDS				
32,913.972	10.760	360,000.00	354,154.34	5,727
		360,000.00	354,154.34	5,727
TOTAL MUTUAL FUNDS				
EQUITIES				
COMMON STOCK				
6,000	30.780	85,445.06	184,680.00	0
5,500	46.280	236,282.54	254,540.00	7,920
6,000	50.620	262,413.80	303,720.00	7,440
5,000	22.900	61,591.55	114,500.00	0
5,000	29.400	216,605.58	147,000.00	855
75	0.023	644.88	1.69	0
3,700	120.090	158,173.13	444,333.00	7,400
960	9.730	8,645.81	9,340.80	720
4,000	21.030	69,792.87	84,120.00	2,520
1,000	146.760	94,053.85	146,760.00	2,600
3,000	61.850	46,484.56	185,550.00	6,480
10,000	31.300	154,869.67	313,000.00	2,000
3,940	17.510	65,580.40	68,989.40	3,152
5,000	95.470	153,289.40	477,350.00	9,000
4,000	64.330	230,220.47	257,320.00	7,708
6,000	52.130	188,028.00	312,780.00	4,002

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS

Lufkin, Texas

December 31, 2010

EIN #75-0755367

PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
10,000	26.970	321,420.73	269,700.00	2,000
4,000	35.780	130,799.64	143,120.00	7,800
9,000	23.760	199,463.71	213,840.00	9,360
4,000	53.680	313,454.47	214,720.00	0
		2,997,260.12	4,145,364.89	80,957
TOTAL COMMON STOCK				
MUTUAL FUNDS-EQUITIES				
10,201.645	8.700	72,500.00	88,754.31	1,602
15,229.739	11.480	96,500.00	174,837.40	1,569
7,047.926	107.760	850,773.45	759,484.51	8,669
12,468.692	67.730	788,330.04	844,504.51	1,347
10,945.742	83.150	788,330.04	910,138.45	1,303
43,293.073	38.380	1,576,660.08	1,661,588.14	6,494
6,849.127	44.590	186,639.77	305,402.57	445
4,999.208	58.530	186,639.77	292,603.64	300
35,951.049	10.870	411,665.02	390,787.90	11,864
12,314.207	26.200	411,665.02	322,632.22	12,400
29,433.223	30.340	823,330.04	893,003.99	12,774
51,801.401	35.460	1,576,660.08	1,836,877.68	18,182

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2010

EIN #75-0755367
PN #001

Shares or Par Value		Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
64,416.93	VANGUARD 500 INDEX FUND SIGNAL SHARES #1340	95.680	6,306,840.30	6,163,411.86	110,990
90,276.783	VANGUARD SMALL CAP GROWTH IN DEX FUND #861	21.920	1,576,660.08	1,978,867.08	6,861
	TOTAL MUTUAL FUNDS-EQUITIES		15,652,993.69	16,622,894.26	194,800
	TOTAL EQUITIES		18,650,253.81	20,768,259.15	275,757
	GRAND TOTAL		26,047,204.54	28,275,630.80	546,368

See independent auditors' report.

SCHEDULE H, LINE 4j
SCHEDULE OF REPORTABLE TRANSACTIONS
RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
For the Year Ended December 31, 2010

EIN #75-0755367
PN #001

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET (INCLUDE INTEREST RATE AND MATURITY IN CASE OF A LOAN)	(c) PURCHASE PRICE	(d) SELLING PRICE	(e) LEASE RENTAL	(f) EXPENSE INCURRED WITH TRANSACTION	(g) COST OF ASSET	(h) CURRENT VALUE OF ASSET ON TRANSACTION DATE	(i) NET GAIN OR (LOSS)
Federated Government Obligations Trust	Short-Term Money Market Fund	\$ 5 685 526	N/A	N/A	N/A	\$ 5 685 526	\$ 5 685 526	N/A
Federated Government Obligations Trust	Short-Term Money Market Fund	N/A	\$ 5 332 271	N/A	N/A	\$ 5 332 271	\$ 5 332 271	N/A

See independent auditors' report.

SCHEDULE H, LINE 4j
SCHEDULE OF REPORTABLE TRANSACTIONS
RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
For the Year Ended December 31, 2010

EIN #75-0755367
PN #001

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET (INCLUDE INTEREST RATE AND MATURITY IN CASE OF A LOAN)	(c) PURCHASE PRICE	(d) SELLING PRICE	(e) LEASE RENTAL	(f) EXPENSE INCURRED WITH TRANSACTION	(g) COST OF ASSET	(h) CURRENT VALUE OF ASSET ON TRANSACTION DATE	(i) NET GAIN OR (LOSS)
Federated Government Obligations Trust	Short-Term Money Market Fund	\$ 5 685 526	N/A	N/A	N/A	\$ 5 685 526	\$ 5 685 526	N/A
Federated Government Obligations Trust	Short-Term Money Market Fund	N/A	\$ 5 332 271	N/A	N/A	\$ 5 332 271	\$ 5 332 271	N/A

See independent auditors' report.

SCHEDULE H, LINE 4i
 SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR)
 RETIREMENT PLAN FOR EMPLOYEES OF
 MEMORIAL HEALTH SYSTEM OF EAST TEXAS
 Lufkin, Texas
 December 31, 2010

EIN #75-0755367
 PN #001

(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
	Short-Term Money Market Funds	Various, see attached	\$ 675 189	\$ 675 189
	U. S. Government Bonds and Agency Securities	Various, see attached	4 351 912	4 520 564
	Corporate Stocks	Various, see attached	2 997 260	4 145 365
	Mutual Funds	Various, see attached	18 022 844	18 934 513
	TOTAL		\$ 26 047 205	\$ 28 275 631

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2010

EIN #75-0755367
PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
CASH				
INCOME CASH		3,880.00	3,880.00	
PRINCIPAL CASH		3,823.65	3,823.65	
TOTAL CASH		7,703.65	7,703.65	
CASH EQUIVALENTS				
MISC CASH EQUIV-TXBL				
667,485.26	1.000	667,485.26	667,485.26	133
FEDERATED GOVERNMENT OBLIGATIONS # 5 PRIN				
TOTAL CASH EQUIVALENTS		667,485.26	667,485.26	133
FIXED INCOME SECURITIES				
U.S. GOVT AGENCIES				
MATURITY (0 - 5 YRS)				
200,000	100.194	195,389.00	200,388.00	9,100
FEDERAL HOME LOAN MORTGAGE 4.55% DUE 1/20/2011				
200,000	100.523	190,720.00	201,046.00	8,250
FEDERAL HOME LOAN MORTGAGE 4.125% DUE 2/24/2011				
200,000	100.873	199,434.00	201,746.00	9,750
FEDERAL HOME LOAN BANK 4.875% DUE 3/1/2011				
200,000	101.412	198,539.85	202,824.00	10,250
FANNIE MAE 5.125% DUE 4/15/2011				
200,000	101.711	197,190.00	203,422.00	10,000
FEDERAL HOME LOAN BAK 5.00% DUE 5/13/2011				
200,000	102.106	199,625.41	204,212.00	10,500
FEDERAL HOME LOAN BANK 5.25% DUE 6/10/2011				
200,000	102.686	199,040.00	205,372.00	10,500
FREDDIE MAC 5.25% DUE 7/18/2011				

See independent auditors' report.

SCHEDULE H, LINE 4i
 SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
 RETIREMENT PLAN FOR EMPLOYEES OF
 MEMORIAL HEALTH SYSTEM OF EAST TEXAS
 Lufkin, Texas
 December 31, 2010

EIN #75-0755367
 PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
MUTUAL FUNDS				
MUTUAL FUNDS-BONDS				
32,913.972	10.760	360,000.00	354,154.34	5,727
		360,000.00	354,154.34	5,727
TOTAL MUTUAL FUNDS				
EQUITIES				
COMMON STOCK				
6,000	30.780	85,445.06	184,680.00	0
5,500	46.280	236,282.54	254,540.00	7,920
6,000	50.620	262,413.80	303,720.00	7,440
5,000	22.900	61,591.55	114,500.00	0
5,000	29.400	216,605.58	147,000.00	855
75	0.023	644.88	1.69	0
3,700	120.090	158,173.13	444,333.00	7,400
960	9.730	8,645.81	9,340.80	720
4,000	21.030	69,792.87	84,120.00	2,520
1,000	146.760	94,053.85	146,760.00	2,600
3,000	61.850	46,484.56	185,550.00	6,480
10,000	31.300	154,869.67	313,000.00	2,000
3,940	17.510	65,580.40	68,989.40	3,152
5,000	95.470	153,289.40	477,350.00	9,000
4,000	64.330	230,220.47	257,320.00	7,708
6,000	52.130	188,028.00	312,780.00	4,002

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS

Lufkin, Texas

December 31, 2010

EIN #75-0755367

PN #001

Shares or Par Value	Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
10,000	26.970	321,420.73	269,700.00	2,000
4,000	35.780	130,799.64	143,120.00	7,800
9,000	23.760	199,463.71	213,840.00	9,360
4,000	53.680	313,454.47	214,720.00	0
		2,997,260.12	4,145,364.89	80,957
TOTAL COMMON STOCK				
MUTUAL FUNDS-EQUITIES				
10,201.645	8.700	72,500.00	88,754.31	1,602
15,229.739	11.480	96,500.00	174,837.40	1,569
7,047.926	107.760	850,773.45	759,484.51	8,669
12,468.692	67.730	788,330.04	844,504.51	1,347
10,945.742	83.150	788,330.04	910,138.45	1,303
43,293.073	38.380	1,576,660.08	1,661,588.14	6,494
6,849.127	44.590	186,639.77	305,402.57	445
4,999.208	58.530	186,639.77	292,603.64	300
35,951.049	10.870	411,665.02	390,787.90	11,864
12,314.207	26.200	411,665.02	322,632.22	12,400
29,433.223	30.340	823,330.04	893,003.99	12,774
51,801.401	35.460	1,576,660.08	1,836,877.68	18,182

See independent auditors' report.

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES (END OF PLAN YEAR) - CONTINUED
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2010

EIN #75-0755367
PN #001

Shares or Par Value		Unit Market	Investment Cost Basis	Total Market Value	Est. Annual Income
64,416.93	VANGUARD 500 INDEX FUND SIGNAL SHARES #1340	95.680	6,306,840.30	6,163,411.86	110,990
90,276.783	VANGUARD SMALL CAP GROWTH IN DEX FUND #861	21.920	1,576,660.08	1,978,867.08	6,861
	TOTAL MUTUAL FUNDS-EQUITIES		15,652,993.69	16,622,894.26	194,800
	TOTAL EQUITIES		18,650,253.81	20,768,259.15	275,757
	GRAND TOTAL		26,047,204.54	28,275,630.80	546,368

See independent auditors' report.

Schedule SB, Line 32 – Schedule of Amortization Bases

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period as of January 1, 2010 (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2010	2,243,473	7	2,243,473	374,945
2	Shortfall	01/01/2009	1,032,151	6	977,861	184,366
3	Shortfall	01/01/2008	4,989,626	5	3,821,539	834,552
Total					7,042,873	1,393,863

Schedule SB, Line 26 – Schedule of Active Participant Data

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Participant Count and Average Compensation¹

Attained Age	Years of Credited Service															
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		0		0		0		0		0		0		0	
25 - 29	0		12		1		0		0		0		0		0	
30 - 34	0		21		7		0		0		0		0		0	
35 - 39	0		29		19		4		0		0		0		0	
40 - 44	0		21		18		10		3		0		0		0	
45 - 49	0		26		18		16		7		8		0		0	
50 - 54	0		28		25		12		11		16		4		0	
55 - 59	0		16		20		11		9		12		6		3	
60 - 64	0		9		8		9		8		3		3		2	
65 - 69	0		3		3		1		1		2		1		1	
70 & Over	0		2		1		2		0		1		0		0	

¹ Note: Compensation is not applicable since plan was frozen effective December 31, 2003. Credited service is as of December 31, 2003, the plan's freeze date.

Schedule SB, Line 25 – Change in Method

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were reflected, and thus all funding method changes are automatically approved.

Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

See Statement of Actuarial Assumptions/Methods for retirement rates. The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x^r	l_x	${}_{x-55}P_{55} = l_x / l_{55}$	$q_x^r * l_x / l_{55}$	$x * q_x^r * l_x / l_{55}$
55	0.02	1,000,000	1.000000	0.020000	1.100000
56	0.02	980,000	0.980000	0.019600	1.097600
57	0.02	960,400	0.960400	0.019208	1.094856
58	0.02	941,192	0.941192	0.018824	1.091783
59	0.02	922,368	0.922368	0.018447	1.088394
60	0.02	903,921	0.903921	0.018078	1.084705
61	0.02	885,842	0.885842	0.017717	1.080728
62	0.15	868,126	0.868126	0.130219	8.073567
63	0.05	737,907	0.737907	0.036895	2.324406
64	0.05	701,011	0.701011	0.035051	2.243236
65	0.50	665,961	0.665961	0.332980	21.643726
66	0.10	332,980	0.332980	0.033298	2.197671
67	0.10	299,682	0.299682	0.029968	2.007872
68	0.10	269,714	0.269714	0.026971	1.834056
69	0.10	242,743	0.242743	0.024274	1.674925
70	1.00	218,468	0.218468	0.218468	15.292791

Average age at retirement 64.930316

Rounded for Schedule SB item 22 65

Schedule SB, Line 19 – Discounted Employer Contributions

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Date	Applicable Plan Year	Contribution	Applicable Effective Rate	Interest Adjusted Contribution
02/09/2010	2010	150,000	6.600%	148,991
02/26/2010	2010	107,000	6.600%	105,960
04/01/2010	2010	107,000	6.600%	105,304
04/06/2010	2010	107,000	6.600%	105,210
05/14/2010	2010	107,000	6.600%	104,503
06/07/2010	2010	107,000	6.600%	104,077
08/04/2010	2010	214,000	6.600%	206,058
09/27/2010	2010	107,000	6.600%	102,065
10/18/2010	2010	107,000	6.600%	101,685
01/05/2011	2010	107,000	6.600%	100,304
01/24/2011 *	2010	63,920	6.60%+5.00%=11.60%	59,642
01/24/2011	2010	51,080	6.600%	47,722
01/28/2011	2010	107,000	6.600%	99,895
02/23/2011	2010	115,000	6.600%	106,889
03/21/2011	2010	115,000	6.600%	106,359
04/25/2011	2010	1,800	6.600%	1,655
Total		1,673,800		1,606,319

* Interest rate of 11.60% is used to discount late quarterly contribution of \$63,920 from quarterly actual payment date of January 24, 2011 to quarterly due date of January 14, 2011, resulted in an amount of \$63,725. Interest rate of 6.60% is then used to discount \$63,725 from January 14, 2011 to January 1, 2010, resulted in an amount of \$59,642.

Schedule SB – Statement by Enrolled Actuary**Plan Name:** Retirement Plan for Employees of Memorial Health System of East Texas**EIN/PN:** 75-0755367/001**Plan Sponsor:** Memorial Health System of East Texas

Valuation date January 1, 2010

Enrolled actuary Richard B. Mallett

Enrollment number 11-04026

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Effective Date and Most Recent Amendment

The plan was originally effective May 1, 1976. The plan was amended and restated effective January 1, 2007.

Plan Year

The twelve-month period ending December 31.

Coverage and Participation

Participation is limited to participants in the plan as of December 31, 2003. All employees prior to December 31, 2003, were eligible to participate under the plan after one year of service. "Employee" means any person on the payroll whose wages are subject to withholding for the purposes of federal income tax.

Note: If an employee meets the age requirement, but fails to complete 1,000 hours during the first year, participation will begin on the January 1 following the plan year in which 1,000 hours are completed.

Benefit Accrual Preservation Date

December 31, 2003. The plan was frozen to participation and benefit accruals after December 31, 2003.

Credited Service

The number of years and completed months of service from date of hire to the Benefit Accrual Preservation Date, adjusted for certain periods of unpaid absence.

Vesting Service

Total service from date of hire to date of termination, less any absence in excess of 12 months.

Final Average Monthly Compensation

The monthly average of the five consecutive years' compensation out of the last fifteen years at the earlier of the date of termination or the Benefit Accrual Preservation Date that gives the highest average. Compensation includes W-2 compensation plus any compensation deferred under a Section 125 or Section 401(k) plan. Compensation is limited to the pay limit as described in IRC Section 401(a)(17). The limit at Benefit Accrual Preservation Date is \$200,000.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

Covered Compensation

A 35-year average of the Maximum Taxable Wages (MTW) under social security. The MTW is the annual limit on wages subject to the FICA tax for social security. The 35-year period ends with the year the employee reaches eligibility for an unreduced social security benefit (age 65, 66, or 67 depending on the year the employee was born). For years after the Benefit Accrual Preservation Date (2003) and prior to the end of the 35-year period, the MTW from the Benefit Accrual Preservation Date (2003) is used.

Normal Retirement Benefit

1. Normal Retirement Date: Age 65.
2. Monthly Benefit: The sum of A and B:
 - A. 1.30% of Final Average Monthly Compensation times Credited Service up to 40 years

plus
 - B. 0.65% of Final Average Monthly Compensation in excess of Monthly Covered Compensation times Credited Service up to 35 years.
3. Normal Form of Retirement Income: Life only.

Late Retirement

For employees who accrue less than 40 hours of service in any calendar month and whose retirement occurs after the Normal Retirement Date, the late retirement income will be based on the greater of 1 and 2:

1. The Normal Retirement Benefit calculated using Credited Service and Final Average Monthly Compensation as of the Benefit Accrual Preservation Date, if earlier than the Late Retirement Date.
2. The income provided on an actuarially equivalent basis by the single-sum value of the retirement income payable as of Normal Retirement Date if earlier than the Benefit Accrual Preservation Date and if employment had then terminated, accumulated with interest to the later of the Benefit Accrual Preservation Date or the Annuity Starting Date.

All other employees who retire after the Normal Retirement Date will receive a Late Retirement Income equal to the Normal Retirement Benefit calculated using Credited Service and Final Average Monthly Compensation as of the Benefit Accrual Preservation Date if earlier than the Late Retirement Date.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Accrued Benefit

The Participant's Accrued Benefit at any given date is the Normal Retirement Benefit, based on the formulas above, the product of (a) the Final Average Monthly Compensation and Monthly Covered Compensation determined as of the earlier of date of termination or the Benefit Accrual Preservation Date times (b) the ratio of Credited Service at the earlier of Date of Termination or Benefit Accrual Preservation Date to Credited Service at Normal Retirement Date.

The Accrued Benefit was frozen for all participants as of December 31, 2003.

Early Retirement Benefit

1. Eligibility: Age 55 and 15 years of vesting service.
2. Monthly Benefit: The sum of A and B:
 - A. 1.30% of Final Average Monthly Compensation determined at the Benefit Accrual Preservation Date times Credited Service at the Benefit Accrual Preservation Date up to 40 years multiplied by the appropriate Factor A reduction as shown below.

plus
 - B. 0.65% of Final Average Monthly Compensation determined at the Benefit Accrual Preservation Date in excess of Monthly Covered Compensation times Credited Service at the Benefit Accrual Preservation Date up to 35 years multiplied by the appropriate Factor B reduction as shown below.

Age	Factor A*	Factor B
65	100.0%	100.0%
64	98.0%	93.3%
63	96.0%	86.7%
62	94.0%	80.0%
61	92.0%	73.3%
60	90.0%	66.7%
59	84.0%	63.3%
58	78.0%	60.0%
57	72.0%	56.7%
56	66.0%	53.3%
55	60.0%	50.0%

* 100% if the participant has both attained age 60 and completed 30 years of Credited Service at the Benefit Accrual Preservation Date.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

Disability Benefit

1. Eligibility: Total and permanent disability of participant prior to Normal Retirement Date and 2 years of Vesting Service.
2. Monthly Benefit: The monthly income that can be provided by the greater of A and B, but not less than C if eligible for Early Retirement Benefit as of the Date of Termination of service due to disability:
 - A. The present value of the accrued benefit as of the Benefit Accrual Preservation Date.
 - B. A multiple of the Final Average Monthly Compensation as of the Benefit Accrual Preservation Date. If the employee is at least age 45 and has completed 15 years of service, the multiple is 30; otherwise, the multiple is 12.
 - C. The Monthly Early Retirement Benefit payable at the Disability Retirement Date.

This income is payable for life only.

The monthly benefit may not be greater than the retirement income the participant would receive if he remained in active employment at his rate of pay at the Benefit Accrual Preservation Date and retired.

3. Waiting Period: Benefits will not commence until the employee has been disabled for six months and has filed a request for disability benefits with the employer.

Vested Benefits Up on Termination of Service

1. Vesting: A participant is 100% vested upon completion of 5 years of vesting service. However, all participants become 100% vested upon reaching age 65.
2. Termination Benefit: The termination benefit is equal to the vested Accrued Benefit, payable in the normal form, commencing at Normal Retirement Date. Optionally, the participant may elect to receive an actuarially reduced benefit commencing prior to Normal Retirement Date. The participant may also elect to receive an actuarially reduced benefit in order to provide a death benefit for the period between termination and the date retirement payments commence. Such death benefit is equal to the actuarial present value of the deferred accrued benefit, determined as of the Benefit Accrual Preservation Date.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Death Benefits for Participants in Active Service

1. Eligibility: Two years of Vesting Service or after initial vesting date.
2. Benefit: The participant's beneficiary will receive an income payable for 10 years certain and life (other optional forms are available) that can be provided by the greater of A or B below:
 - A. The present value of the accrued benefit as of the Benefit Accrual Preservation Date.
 - B. The smaller of (1) or (2) below:
 - (1) A multiple of the Final Average Monthly Compensation. If the employee is at least 45 and has completed 15 years of Vesting Service, the multiple is 30. Otherwise, the multiple is 12.
 - (2) 100 times the Monthly Retirement Income the participant accrued as of the Benefit Accrual Preservation Date.

If death occurs after normal retirement but prior to actual retirement, the participant's beneficiary will receive a benefit equal in value to the Late Retirement Benefit described above that the participant would have received had he retired as of his date of death.

Optional Forms of Retirement Income in Lieu of Normal Form

The plan provides optional payment forms, including the qualified Joint and Contingent benefit for married employees, on an actuarially equivalent basis. Actuarial equivalence for this purpose is based on a 7.0% interest rate and the UP-1984 Mortality Table. Lump-sum distributions are allowed, but only if the lump sum is less than \$5,000.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

Special Provisions for Top-Heavy Plans

The plan is top heavy in any plan year that the value of accrued benefits for "Key Employees" (as defined in the Internal Revenue Code) is 60% or more of the total value of accrued benefits under the plan.

Vesting: For years that the plan is top heavy the minimum vesting percentage is equal to 20% after two years of vesting service, increasing by 20% per year until it is 100% after six years of vesting service.

Minimum Accrued Benefit: There is a minimum accrued benefit equal to 2% of five-year-average pay times the number of years of service after January 1, 1984, that the plan is top heavy, up to a maximum of ten years.

The plan is not currently top heavy.

Minimum Benefit

1. Eligibility: The employee must have been an active participant in the plan as of December 31, 1992.
2. Minimum Accrued Benefit: The participant's Monthly Accrued Benefit shall not be less than that which was accrued as of December 31, 1992, under the terms of the plan in effect on that date.

Special Provisions for Former Polk County Memorial Hospital Participants

1. Eligibility: The employee must have been hired before July 1, 1994.
2. Participation: The later of A and B:
 - A. July 1, 1994
 - B. Completion of at least 1,000 Hours of Service
3. Vesting Service: Vesting Service shall include Credited Service as defined in the Texas County and District Retirement System (TCDRS) as of July 1, 1994.
4. Credited Service: Credited Service shall include Credited Service as defined in the Texas County and District Retirement System (TCDRS) as of July 1, 1994.

Schedule SB, Part V – Summary of Plan Provisions (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Special Provisions for Former Memorial Health System of East Texas (MHSET)

1. Eligibility: The employee must have terminated on or about December 1, 1996 and performed housekeeping or food service functions for MHSET, and were subsequently employed by Marriott Management Services, Healthcare Services Division.
2. These employees are 100% Vested as of December 1, 1996.

Special Provisions for Former Memorial Center – San Augustine

1. Eligibility: The employee must have been employed with Memorial Medical Center – San Augustine as of July 1, 1996.
2. Participation: If the employee has not previously terminated service with Memorial Medical Center – San Augustine, participation begins with the employee's original hire date at that facility. If the employee has terminated service with San Augustine, participation begins with the employee's hire date at MHSET.
3. Vesting Service: Vesting Service at Memorial Health System of East Texas (MHSET) shall begin with the later of A and B:
 - A. July 1, 1996
 - B. The employee's hire date at San Augustine if the employee has not previously terminated from San Augustine or the employee's hire date at MHSET if the employee has previously terminated from San Augustine.
4. Credited Service: Credited Service at MHSET shall begin with the later of A and B:
 - A. July 1, 1996
 - B. The employee's hire date at San Augustine if the employee has not previously terminated from San Augustine or the employee's hire date at MHSET if the employee has previously terminated from San Augustine.

Special Provisions for Former Memorial Health System of East Texas (MHSET)

1. Eligibility: The employee must have terminated on or about December 31, 1997 and were employed in the Medical Records Department of the Medical Transcription Department, and were subsequently employed by Transcend Services, Inc.
2. These employees are 100% Vested as of December 31, 1997.

Changes in Plan Provisions Since Last Actuarial Valuation

None.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Discount rates

Current plan year PPA effective interest rate: 6.60%

Prior plan year PPA effective interest rate: 8.10%

Full Yield Curve: 3 Segment Rates (4.60% for the first 5 years, 6.65% for the next fifteen years, and 6.76% for years after)

Applicable month: January

Transition election: No

Assumed Cost of Living Adjustments

None.

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Plan-related Expenses

The amount included this year for plan-related expenses is \$212,000.

Mortality

The prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)**Plan Name:** Retirement Plan for Employees of Memorial Health System of East Texas**EIN/PN:** 75-0755367/001**Plan Sponsor** Memorial Health System of East Texas

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Age	Retirement Rates
55	2.0%
56	2.0%
57	2.0%
58	2.0%
59	2.0%
60	2.0%
61	2.0%
62	15.0%
63	5.0%
64	5.0%
65	50.0%
66	10.0%
67	10.0%
68	10.0%
69	10.0%
70	100.0%

Disability Rates

Wyatt 1985 Disability Study Class 1 unisex rates.

Disabled Mortality

The prescribed mortality assumption under Section 430(h)(3)(D) of the Internal Revenue Code.

Compensation Increases

Not applicable since plan was frozen effective December 31, 2003.

Future Increases in Social Security

Not applicable as plan was frozen on December 31, 2003.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor: Memorial Health System of East Texas

Future Increases in Maximum Benefits and Plan Compensation Limitations

Not applicable, plan was frozen on December 31, 2003.

Representative Termination Rates Not Due to Disability, Retirement or Mortality

Attained Age	Percentage leaving during the year	
	Males	Females
20	22.4%	29.9%
25	14.9%	19.9%
30	10.4%	13.9%
35	7.4%	9.9%
40	4.3%	5.8%
45	2.7%	3.7%
50	0.9%	1.4%
55	0.0%	0.0%
60 and over	0.0%	0.0%

Form of Payment

Participants are assumed to elect the normal form.

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed that there will be no new or rehired employees.

Plan Compensation

Not applicable as plan was frozen effective December 31, 2003.

Asset Method

Valuation assets are equal to the market value of assets as of the valuation date plus the discounted present value of contributions expected to be made after the valuation date at the prior plan year effective PPA interest rate.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (cont.)

Plan Name: Retirement Plan for Employees of Memorial Health System of East Texas

EIN/PN: 75-0755367/001

Plan Sponsor Memorial Health System of East Texas

Participant Data

Employee data as well as data on persons receiving benefits was supplied on an electronic listing by Memorial Health System of East Texas as of the census date, January 1, 2010. Data on other participants was also supplied by the employer.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2010 is used to determine the maximum deductible contribution for the tax year ending December 31, 2010.

Benefits Not Included in Valuation

None.

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Changes in Assumptions and Methods Since last Actuarial Valuation

Other than the prescribed changes in the discount rate and mortality, there were no changes from last year's actuarial valuation.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	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

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Ret Plan for Ees of Memorial Health System of East Texas	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Memorial Health System of East Texas	D Employer Identification Number (EIN) 75-0755367	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value.....	2a	25,508,348	
b Actuarial value.....	2b	25,508,348	
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	273	14,075,280
b For terminated vested participants.....	3b	463	7,062,556
c For active participants:			
(1) Non-vested benefits.....	3c(1)		0
(2) Vested benefits.....	3c(2)		11,413,385
(3) Total active.....	3c(3)	454	11,413,385
d Total.....	3d	1,190	32,551,221
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	6.60 %	
6 Target normal cost.....	6	212,000	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Richard B. Mallett <i>RBM</i>	<i>October 4, 2011</i>
	Signature of actuary	Date
	Richard B. Mallett	11-04026
	Type or print name of actuary	Most recent enrollment number
	Towers Watson Delaware Inc.	(214) 530-4200
	Firm name	Telephone number (including area code)
	500 N. Akard Street, Suite 4100	
	Dallas TX 75201	
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8)	0	0
10	Interest on item 9 using prior year's actual return of <u>22.76</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		274,172
b	Interest on (a) using prior year's effective rate of <u>8.10</u> %		22,208
c	Total available at beginning of current plan year to add to prefunding balance		296,380
d	Portion of (c) to be added to prefunding balance		0
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages			
14	Funding target attainment percentage	14	78.36 %
15	Adjusted funding target attainment percentage	15	78.36 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	80.01 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
02/09/2010	150,000		08/04/2010	214,000	
02/26/2010	107,000		09/27/2010	107,000	
04/01/2010	107,000		10/18/2010	107,000	
04/06/2010	107,000		01/05/2011	107,000	
05/14/2010	107,000		01/24/2011	115,000	
06/07/2010	107,000		01/28/2011	107,000	
			Totals ▶	18(b)	1,673,800
				18(c)	0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1,606,319

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☒ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

See attachment for remaining contributions for Line 18.

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:**a** Segment rates:1st segment:
4.60 %2nd segment:
6.65 %3rd segment:
6.76 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

0

22 Weighted average retirement age**22**

65

23 Mortality table(s) (see instructions)☐ Prescribed - combined☒ Prescribed - separate☐ Substitute**Part VI Miscellaneous items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment☐ Yes ☒ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment☒ Yes ☐ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment☒ Yes ☐ No**27** If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment**27****Part VII Reconciliation of unpaid minimum required contributions for prior years****28** Unpaid minimum required contribution for all prior years**28**

0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)**29**

0

30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)**30**

0

Part VIII Minimum required contribution for current year**31** Target normal cost, adjusted, if applicable (see instructions)**31**

212,000

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

7,042,873

1,393,863

b Waiver amortization installment

0

0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount**33****34** Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)**34**

1,605,863

Carryover balance

Prefunding balance

Total balance

35 Balances used to offset funding requirement

0

0

0

36 Additional cash requirement (item 34 minus item 35)**36**

1,605,863

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)**37**

1,606,319

38 Interest-adjusted excess contributions for current year (see instructions)**38**

456

39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)**39**

0

40 Unpaid minimum required contribution for all years**40**

0

Plan Name	Ret Plan for Ees of Memorial Health System of East Texas	EIN:	75-0755367
Plan Sponsor's Name	Memorial Health System of East Texas	PN:	001

[illegible]