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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2015

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 05/01/1956

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
MEMORIAL HEALTH SYSTEM OF EAST TX

1201 WEST FRANK AVENUE
LUFKIN, TX 75901

1201 WEST FRANK AVENUE
LUFKIN, TX 75901

2b Employer Identification Number (EIN)
75-0755367

2c Plan Sponsor's telephone number
936-634-8111

2d Business code (see instructions)
622000

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.	10/13/2016	KEN MILLER
	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

Preparer's name (including firm name, if applicable) and address (include room or suite number)
DAVE R. STEWART, P.C., CPA
AXLEY & RODE, LLP
1307 S 1ST ST
LUFKIN, TX 75901-4717

Preparer's telephone number
936-634-6621

3a Plan administrator's name and address ☐ Same as Plan Sponsor

RETIREMENT COMMITTEE

PO BOX 1447
LUFKIN, TX 75902-1447

3b Administrator's EIN: 75-1516079

3c Administrator's telephone number: 936-634-8111

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** 829
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).	
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)** 297
a(2)	Total number of active participants at the end of the plan year	**6a(2)** 286
b	Retired or separated participants receiving benefits	**6b** 320
c	Other retired or separated participants entitled to future benefits	**6c** 184
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d** 790
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e** 39
f	Total. Add lines **6d** and **6e**.	**6f** 829
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 Characteristics Codes in the instructions:

1A

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

9a Plan funding arrangement (check all that apply)

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

9b Plan benefit arrangement (check all that apply)

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

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)

Part III **Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

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

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

▶ **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
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 or 5500-SF
MEMORIAL HEALTH SYSTEM OF EAST TX

D Employer Identification Number (EIN)
75-0755367

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2015

2 Assets:

a Market value	**2a**	31213952
b Actuarial value	**2b**	31213952

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	324	17231950	17231950
b For terminated vested participants	208	4203453	4203453
c For active participants	297	8271289	8939787
d Total	829	29706692	30375190

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	6.25%
6 Target normal cost	**6**	322000

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

Signature of actuary — Date: 10/11/2016

JUDY M KRUSE — Type or print name of actuary

14-05907 — Most recent enrollment number

TOWERS WATSON DELAWARE INC — Firm name

312-525-2500 — Telephone number (including area code)

191 NORTH WACKER DRIVE SUITE 2100
CHICAGO, IL 60606-1615

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 [ ]

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 (line 13 from prior year)		703891
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)		703891
10	Interest on line 9 using prior year's actual return of 7.39%		52018
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		3328517
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.45%		214689
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
	c Total available at beginning of current plan year to add to prefunding balance		3543206
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		755909

Part III Funding Percentages

14	Funding target attainment percentage	14	100.27 %
15	Adjusted funding target attainment percentage	15	102.76 %
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	100.82 %
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
01/04/2016	140000		08/01/2016	105000	
03/01/2016	105000		09/01/2016	105000	
04/01/2016	105000				
05/02/2016	105000				
06/02/2016	105000				
07/01/2016	105000				
			Totals ► 18(b)	875000	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 contributions 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	856598

20 Quarterly contributions and liquidity shortfalls:

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

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

c If line 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:	2nd segment:	3rd segment:	
4.72 %	6.11 %	6.81 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
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 subject to 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 contributions for all prior years	**28**	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	322000
b Excess assets, if applicable, but not greater than line 31a	**31b**	82853

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment		
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 (lines 31a - 31b + 32a + 32b - 33)	**34**	239147

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			

36 Additional cash requirement (line 34 minus line 35)	**36**	239147
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	856598

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	617451
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	
40 Unpaid minimum required contributions for all years	**40**	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2015** **This Form is Open to Public Inspection.**

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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)

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

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

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 DELAWARE INC

191 NORTH WACKER DRIVE SUITE 2100
CHICAGO, IL 60606-1615

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	214857	Yes [ ] No [X]	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 [ ]

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)

(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: STEVEN C ERICKSON
b EIN: 23-1159360
c Position: ACTUARY
d Address: 500 N AKARD ST SUITE 4100
DALLAS, TX 75201
e Telephone: 214-530-4200

Explanation: THE ACTUARIAL WORK WAS MOVED FROM THE DALLAS OFFICETO THE CHICAGO OFFICE. THE NEW ACTUARY, JUDY M KRUSE, EA 14-05907, ALSO WORKS FOR TOWERS WATSON. HER ADDRESS IS 191 NORTH WACKER DRIVE,SUITE 2100, CHICAGO, IL 60606-1615

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan 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

2015

This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS

B Three-digit plan number (PN) ▶ 001

C Plan or DFE 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 Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: CHI PENSION MASTER TRUST

b Name of sponsor of entity listed in (a): CATHOLIC HEALTH INITIATIVES

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
80-0000385-001	M	27101097

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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		241328
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1860000	875000
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	8464	320
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	4507270	2236118
(2) U.S. Government securities	1c(2)	1554429	
(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)	1949113	
(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)		0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		27101097
(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)	23315305	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(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	33194581	30453863
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	98029	52786
k Total liabilities (add all amounts in lines 1g through1j)	1k	98029	52786
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	33096552	30401077

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)	875000	
(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)		875000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	14103	
(B) U.S. Government securities	2b(1)(B)	21066	
(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)		35169
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	16883	
(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)		16883
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	105499848	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	104525974	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		973874
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-1029541	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-1029541

		(a) Amount	(b) Total
(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)		-1248903
(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)		1446532
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1069014
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3291084	
(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)		3291084
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)	214857	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	49103	
(4) Other	2i(4)	209445	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		473405
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		3764489
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-2695475
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)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] 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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	N/A	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.)	4a		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.)	4b		X		

		Yes	No	N/A	Amount
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.)	4c		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.)	4d		X		
e Was this plan covered by a fidelity bond?	4e	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?	4f		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?	4g		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?	4h		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.)	4i	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.)	4j	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?	4k		X		
l Has the plan failed to provide any benefit when due under the plan?	4l		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n				
o Did the plan trust incur unrelated business taxable income?	4o				
p Were in-service distributions made during the plan year?	4p		X		

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

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☒ Yes ☐ No ☐ Not determined

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2015

This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

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 of 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 (include any prior year accumulated funding deficiency not waived) **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 or other authority 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. 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**

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A

22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____ (See instructions for tax law changes and codes).

22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter _____/_____/_____ and the letter's serial number _____.

22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter _____/_____/_____.

23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORT

RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS

Lufkin, Texas

December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Retirement Plan for Employees of Memorial Health System of East Texas (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, the related statements of changes in net assets available for benefits for the years then ended, the statement of accumulated plan benefits as of January 1, 2015, and the related statement of changes in the accumulated plan benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note I, which was certified by First Bank & Trust East Texas and Bank of New York Mellon, the trustees of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustees as of and for the years ended December 31, 2015 and 2014, that the information provided to the plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significant of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules of assets held for investment (at December 31, 2015), reportable transactions and assets (acquired and disposed within the year) as of or for the year ended December 31, 2015 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees, 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's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
October 10, 2016

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

	DECEMBER 31, 2015	DECEMBER 31, 2014
ASSETS		
Investments at Fair Value:		
Short-term money market funds	$ 2 236 118	$ 2 259 125
Certificates of deposit	-	2 248 145
U. S. Government bonds and agency securities	-	1 554 429
Corporate stocks	-	1 949 113
Mutual funds	-	23 315 305
Plan interest in CHI Pension Master Trust	27 101 097	-
TOTAL INVESTMENTS	29 337 215	31 326 117
Receivables:		
Employer contributions receivable	875 000	1 860 000
Accrued interest receivable	320	8 464
TOTAL RECEIVABLES	875 320	1 868 464
Cash (noninterest-bearing)	241 328	-
TOTAL ASSETS	30 453 863	33 194 581
LIABILITIES		
Accrued expenses	52 786	98 029
TOTAL LIABILITIES	52 786	98 029
NET ASSETS AVAILABLE FOR BENEFITS	$ 30 401 077	$ 33 096 552

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, 2015 and 2014

	2015	2014
Investment Income:		
Net appreciation/(depreciation) in fair value of investments	$ (509 365)	$ 1 828 981
Interest	36 678	71 458
Dividends	89 526	803 260
	(383 161)	2 703 699
Less investment expenses	49 103	72 192
	(432 264)	2 631 507
Plan interest in CHI Pension Master Trust investment income	577 175	-
	144 991	2 631 507
Contributions (employer)	875 000	3 540 000
Other income	-	1 367
TOTAL ADDITIONS	1 019 911	6 172 874
Payments paid directly to participants/beneficiaries	3 291 084	11 235 909
Administrative expense	424 302	275 866
TOTAL DEDUCTIONS	3 715 387	11 511 775
NET INCREASE (DECREASE)	(2 695 475)	(5 338 901)
Net Assets Available for Benefits:		
Beginning of year	33 096 552	38 435 453
END OF YEAR	$ 30 401 077	$ 33 096 552

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

	JANUARY 1, 2015
Actuarial Present Value of Accumulated Plan Benefits:	
Vested Benefits:	
Participating employees	$ 7 773 466
Participants with deferred benefits	3 958 402
Participants currently receiving payments	16 528 835
	28 260 703
Nonvested and death and disability benefits	578 356
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	$ 28 839 059

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 JANUARY 1, 2015
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT JANUARY 1, 2014	$ 34 649 059
Increase (Decrease) During the Year Ended Attributable To:	
(Decrease) due to payments to participants/beneficiaries	(13 149 480)
Increase due to change in the discount period	2 105 574
Increase due to changes in actuarial assumptions	1 117 423
Increase due to actuarial losses	4 116 483
NET DECREASE	(5 810 000)
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT JANUARY 1, 2015	$ 28 839 059

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

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. The plan sponsor is Memorial Health System of East Texas.

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 K 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.

   The Plan was amended effective March 3, 2015 to allow eligible participants to elect lump sum benefit distributions in excess of the $5,000 limit beginning March 10, 2014 and ending on April 18, 2014. Lump sum benefits totaling approximately $9.5 million are included in payments paid directly to participants/beneficiaries in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2014.

   During the year ended December 31, 2015, corrective distributions related to benefit calculations not in accordance with plan provision were made to participants. These corrective distributions totaled approximately $1.7 million and are included in payments paid directly to participants/beneficiaries in the Statement of Changes in Net Assets Available for Benefits.

4. Death and Disability Benefits: Upon the death of a participant, 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 he will be entitled to a monthly income, payable for life.

5. During May 2015, the plan sponsor transferred plan assets from First Bank & Trust East Texas to Bank of New York Mellon. The existing investments at First Bank & Trust East Texas were sold, and the Plan began investing primarily in the CHI Pension Master Trust (Note G). As of December 31, 2015, the remaining assets at First Bank & Trust East Texas consist of noninterest-bearing cash and money market securities. These assets were liquidated and transferred to Bank of New York Mellon subsequent to December 31, 2015.

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. Investments Valuation and Income Recognition: 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/depreciation 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 trustees as noted in Note I. Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis in all material respects.

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. Actual results could differ from those estimates.

4. Benefit Payments: Benefits paid to participants are recorded upon distribution.

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 K relating to the frozen status of the plan).

   The actuarial present value of accumulated plan benefits is determined by an actuary from Willis 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 valuation as of January 1, 2015 and 2014 were (a) life expectancy of participants (the RP-2000 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 January 1, 2015 and 2014 are 7.50%. Changes to these assumptions reflected in the Statement of Changes in Accumulated Benefits include the update to the mortality table used to include one additional year of projected mortality improvements. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 K 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. Administrative Expenses: The Plan's expenses are paid either by the Plan or the plan sponsor. Expenses that are paid directly by the sponsor are excluded from these financial statements. Expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying Statement of Changes in Net Assets Available for Benefits.

12. Subsequent Events: The Plan management has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued.

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, 2015 and January 1, 2014 a contribution of $239,147 and $-0- respectfully, 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 $1,860,000 and $1,680,000 during the 2015 and 2014 plan years, respectively. The Plan had contributions receivable from the employer totaling $875,000 and $1,860,000 at December 31, 2015 and 2014, respectively. Contributions received and receivable in 2015 and 2014 from the Plan Sponsor resulted from expectation of increased benefit payments.

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 2015 for participants retiring at an age no greater than 70, that ceiling is $8,319 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 - ACCOUNTING CHANGES

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962, Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Part I is not applicable to the Plan. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics, and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be applied retrospectively. Management has elected to adopt Part II early.

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.

NOTE F - FAIR VALUE MEASUREMENTS - CONTINUED

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

- ***Level 1*** inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access at the measurement date. Investments whose values are based on quoted market prices in active markets, and whose values are therefore classified as Level 1 prices, include active listed equities 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.)

- ***Level 3*** inputs are unobservable inputs (including the trustees' own assumptions 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 trustees use one or more valuation techniques for which sufficient and reliable data is available.

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/ LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
December 31, 2015:				
Short-Term Money Market Funds	$ 2 236 118	$ 2 236 118	$ -	$ -
December 31, 2014:				
U.S. Government Bonds and Agency Securities	$ 1 554 429	$ 1 554 429	$ -	$ -
Corporate Stocks	1 949 113	1 949 113	-	-
Mutual Funds:	23 315 305	23 315 305	-	-
Short-Term Money Market Funds	2 259 125	2 259 125	-	-
Certificates of Deposit	2 248 145	2 248 145	-	-
	$ 31 326 117	$ 31 326 117	$ -	$ -

(a) The fair value hierarchy for the underlying investments of the master trust (2015) are presented in a separate schedule (Note G).

NOTE G - INTEREST IN CHI PENSION MASTER TRUST (UNAUDITED)

A portion of the Plan's investments are in the CHI Pension Master Trust which was established for the investment of assets of the Plan and several other CHI sponsor retirement plans. Each participating plan has an undivided interest in the CHI Pension Master Trust. The assets of the CHI Pension Master Trust are held by Bank of New York Mellon. At December 31, 2015, the Plan's interest in the net assets of the CHI Pension Master Trust was approximately 0.76%. Investment income and administrative expenses relating to the CHI Pension Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table represents the net assets, including investments, of the CHI Pension Master Trust as of December 31, 2015:

		2015
Cash (United States)	$	1 478 147
Cash (Foreign, valued in USD)		389 677
		1 867 824
103-12 investment entities		60 256 348
Corporate debt instruments		509 208 300
Corporate stock - Common		1 347 295 567
Corporate stock - Preferred		5 424 255
Interest-bearing cash		927 638
Other investments		63 092 685
Partnership/Joint venture		838 492 037
Registered investment companies		381 005 548
U.S. government securities		365 288 202
		3 570 990 580
Variation margin on swaps		(112 909)
Receivables for securities sold		9 745 249
Accrued income		10 214 156
FFX contracts receivable		19 476 685
Other receivables		6 000
		39 442 090
Liabilities for short sales		(1 785 754)
Liabilities for written options		(87 035)
Liabilities for securities purchased		(20 830 294)
FFX contracts payable		(19 459 325)
Foreign taxes payable		(126 881)
		(42 289 289)
TOTAL NET ASSETS	$	3 569 898 296
PLAN INTEREST IN CHI PENSION MASTER TRUST	$	27 101 097

NOTE G - INTEREST IN CHI PENSION MASTER TRUST (UNAUDITED) - CONTINUED

Investment income for the CHI Pension Master Trust for the year ended December 31, 2015 is as follows:

	2015
Net depreciation in fair value of investments	$ (125 494 171)
Interest	43 333 460
Dividends	42 611 139
Venture capital income	5 333 634
Other investment income	854 131
	$ (33 361 807)

The following are the changes in the net assets of the CHI Pension Master Trust for the year ended December 31, 2015:

	2015
Investment loss	$ (33 361 807)
Received from plan accounts	41 500 000
Administrative expenses	(14 214 338)
Distribution to plan accounts	(178 161 573)
DECREASE IN NET ASSETS	(184 237 719)
Net assets - Beginning of year	3 754 136 014
NET ASSETS - END OF YEAR	$ 3 569 898 296

The following table represents the fair values of the assets and liabilities and related level of inputs used to determine the fair values of the CHI Pension Master Trust as of December 31, 2015:

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
December 31, 2015	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/ LIABILITIES (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets:				
103-12 investment entities	$ 60 256 348	$ -	$ 60 256 348	$ -
Corporate debt instruments	509 208 300	-	345 972 120	163 236 180
Corporate stock - Common	1 347 295 567	1 347 295 567	-	-
Corporate stock - Preferred	5 424 255	1 597 287	3 826 968	-
Interest-bearing cash	927 638	-	927 638	-
Other investments	63 092 685	698 417	62 394 268	-
Partnership/joint venture	838 492 037	142 678 086	-	695 813 951
Registered investment companies	381 005 548	181 775 408	199 230 140	-
U.S. Government Securities	365 288 202	341 308 561	23 979 641	-
TOTAL ASSETS IN THE FAIR VALUE HIERARCHY	$ 3 570 990 580	$ 2 015 353 326	$ 696 587 123	$ 859 050 131
Liabilities:				
Short sales	$ 1 785 754	$ 1 785 754	$ -	$ -
Written options	87 035	87 035	-	-
TOTAL LIABILITIES IN THE FAIR VALUE HIERARCHY	$ 1 872 789	$ 1 872 789	$ -	$ -

NOTE G - INTEREST IN CHI PENSION MASTER TRUST (UNAUDITED) - CONTINUED

Certain assets of the CHI Pension Master Trust are not activity traded and significant other observable inputs are not available. The following tables provides further details of the Level 3 fair value measurements:

	CORPORATE DEBT INSTRUMENTS	PARTNERSHIP/ JOINT VENTURE
Opening balance	$ 141 611 374	$ 680 171 270
Transfer out	-	-
Transfer in	-	-
Acquisitions	170 090 848	30 972 738
Dispositions	(141 227 960)	(57 161 601)
Net realized gain/loss	(1 780 679)	34 815 032
Net unrealized gain/loss	(5 457 403)	7 016 512
CLOSING BALANCE	$ 163 236 180	$ 695 813 951

NOTE H - TAX STATUS

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 obtained its latest determination letter on December 2, 2014. The Plan has been amended since receiving the determination letter. However the Retirement Committee believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

NOTE I - INFORMATION PREPARED AND CERTIFIED BY TRUSTEES

The Plan administrator has elected the method of annual reporting compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Plan's trustees have certified that the following data, included in the accompanying financial statements, is complete and accurate:

Investments at fair value and cash as shown in the statements of net assets available for benefits as of December 31, 2015 and 2014.

Net appreciation (depreciation) in fair value of investments as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2015 and 2014.

Interest/Dividend income as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2015 and 2014.

Plan interest in CHI Pension Master Trust investment income for the year ended December 31, 2015.

Fair value amounts as reflected in Note F.

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

NOTE I - INFORMATION PREPARED AND CERTIFIED BY TRUSTEES

The Plan's independent auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

The following is a reconciliation of data certified by the trustee with that presented in the accompanying financial statements regarding interest income for the year ended December 31, 2014:

	2015	2014
Interest income per certified trust statement	$ 45 142	$ 71 872
Adjustment for interest accruals	(8 464)	(414)
FINANCIAL STATEMENT BALANCE	$ 36 678	$ 71 458

NOTE J - PLAN ADMINISTRATION

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

NOTE K - 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 (END OF PLAN YEAR)
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2015

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
	Federated Government Obligations	426,331.030 shares	$ 426 331	$ 426 331
*	CHI Pension Master Trust	7,763,266.3570 shares	28 927 762	27 101 097
	Dreyfus Institutional Cash Advantage Fund Institutional	1,809,786.7400 shares	1 809 787	1 809 787
	TOTAL		$ 31 163 880	$ 29 337 215

* Party-in-interest

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, 2015

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	$ 32 059 507	N/A	N/A	N/A	$ 32 059 507	$ 32 059 507	N/A
Federated Government Obligations Trust	Short-Term Money Market Fund	N/A	$ 33 892 301	N/A	N/A	$ 33 892 301	$ 33 892 301	N/A
Dreyfus Institutional Cash Advantage Fund Institutional	Short-Term Money Market Fund	$ 31 810 233	N/A	N/A	N/A	$ 31 810 233	$ 31 810 233	N/A
Dreyfus Institutional Cash Advantage Fund Institutional	Short-Term Money Market Fund	N/A	$ 30 000 446	N/A	N/A	$ 30 000 446	$ 30 000 446	N/A
CHI Pension MTU	Master Trust	$ 29 000 000	N/A	N/A	N/A	$ 29 000 000	$ 29 000 000	N/A
Dodge & Cox	Mutual Fund	N/A	$ 1 955 973	N/A	N/A	$ 1 873 500	$ 1 955 973	$ 82 473
Vanguard Ext. Market	Mutual Fund	N/A	$ 2 870 311	N/A	N/A	$ 1 450 334	$ 2 870 311	$ 1 419 977
Vanguard 500 Index	Mutual Fund	N/A	$ 9 298 025	N/A	N/A	$ 5 597 754	$ 9 298 025	$ 3 700 271
Vanguard Small Cap Gr	Mutual Fund	N/A	$ 2 769 640	N/A	N/A	$ 1 284 756	$ 2 769 640	$ 1 484 884
Vanguard World Fund International Growth	Mutual Fund	N/A	$ 1 729 673	N/A	N/A	$ 1 339 247	$ 1 729 673	$ 330 426
Fidelity Mt. Vernon	Mutual Fund	N/A	$ 2 757 625	N/A	N/A	$ 1 558 053	$ 2 757 625	$ 1 199 572
Fidelity Low Price	Mutual Fund	N/A	$ 2 336 445	N/A	N/A	$ 1 606 018	$ 2 336 445	$ 730 427

See independent auditors' report.

SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (ACQUIRED AND DISPOSED WITHIN THE YEAR)
RETIREMENT PLAN FOR EMPLOYEES OF MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2015

EIN #75-0755367
PN #001

(a) IDENTITY OF ISSUE BORROWER, LESSOR OR SIMILAR PARTY	(b) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL PAR OR MATURITY VALUE	(c) COSTS OF ACQUISITIONS	(d) PROCEEDS FROM DISPOSITIONS
Federal Farm Credit Bank	2.00%, maturity December 16, 2019	$ 404 012	$ 397 993
Federal Farm Credit Bank	2.10%, maturity April 14, 2021	$ 399 800	$ 394 268
Federal Home Loan Mortgage Corporation	2.00%, maturity October 16, 2019	$ 400 000	$ 400 000
Federal National Mortgage Association	1.75%, maturity September 12, 2019	$ 407 072	$ 400 499
Federal National Mortgage Association	1.625%, maturity November 27, 2018	$ 407 896	$ 401 627

See independent auditors' report.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2015

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

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, 2015

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Statement of Actuarial Assumptions and Methods

Economic Assumptions

Interest rate basis:

■ Applicable month	September
■ Interest rate basis	3-Segment Rates

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
■ First segment rate	4.72%	1.15%
■ Second segment rate	6.11%	4.06%
■ Third segment rate	6.81%	5.15%
■ Effective interest rate	6.25%	4.33%

Administrative "and investment" expenses $322,000

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

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

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

Mortality (Healthy and Disabled) Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2030 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2022 using Scale AA.

Termination Rates varying by age and gender

Representative Termination Rates

Percentage leaving during the year		
Attained Age	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%

Disability Wyatt 1985 Disability Study Class I unisex rates.

Retirement Rates varying by age

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

Percentage retiring during the year	
Age	Rates
55 - 61	2.0%
62	15.0%
63 - 64	5.0%
65	50.0%
66 - 69	10.0%
70	100.0%

SCHEDULE SB ATTACHMENTS

Benefit commencement date:	
• Preretirement death benefit	The later of age 55 with 15 years of vesting service or death of the active participant
• Deferred vested benefit	The later of age 55 with 15 years of vesting service or termination of employment
• Disability benefit	Upon disablement
• Retirement benefit	Upon termination of employment
Form of payment	For valuation purposes, participants are assumed to elect the normal form.
Percent married	100% of males; 100% of females. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement.
Spouse age	Wife three years younger than husband.
Covered pay	Not applicable since plan was frozen effective December 31, 2003.
At-risk assumptions	For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month.

SCHEDULE SB ATTACHMENTS

Methods	
Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets	The actuarial value of assets is equal to the market value of assets as of the valuation date plus the discounted present value of contributions made after the valuation date for the 2014 plan year, discounted using the effective interest rate for the 2014 plan year.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Memorial Health System of East Texas and, based on that review, is not aware of any significant benefits required to be valued that were not.

Assumptions Rationale – Significant Economic Assumptions	
Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.

Assumptions Rationale – Significant Demographic Assumptions	
Healthy Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Disabled Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender because of expected differences in termination rates by age and gender.
Retirement	Retirement rates are based on plan sponsor expectations for the future with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

SCHEDULE SB ATTACHMENTS

Source of Prescribed Methods	
Funding methods	The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods	
Change in assumptions since prior valuation	The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC 430. The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC 430. The assumed plan-related expenses added to the target normal cost were changed from $306,000 for the prior valuation to $322,000 for the current valuation to account for higher expected expenses to be paid from the trust.
Change in methods since prior valuation	None.

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Summary of Plan Provisions

Plan Sponsor

Memorial Health System of East Texas

Plan

Retirement Plan for Employees of 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, 2012.

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 earlier of date of termination or Benefit Accrual Preservation Date, adjusted for certain periods of unpaid absence.

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, 2015

SCHEDULE SB ATTACHMENTS

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 5 consecutive years' compensation out of the last 15 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.

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

   and

   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.

SCHEDULE SB ATTACHMENTS

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 Accrued 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.

Accrued Benefits

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.

SCHEDULE SB ATTACHMENTS

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 Accrued Preservation Date.

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 Upon 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.

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, 2015

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.

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 age 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.

Special Provisions for Top-Heavy Plans

1. 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.
2. 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.
3. 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.
4. The plan is not currently top heavy.

SCHEDULE SB ATTACHMENTS

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.

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.

SCHEDULE SB ATTACHMENTS

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 - Statement by Enrolled Actuary

Plan Sponsor	Catholic Health Initiatives
EIN/PN	EIN 75-0755367 PN 001
Plan Name	Retirement Plan for Employees of Memorial Health System of East Texas
Valuation Date	January 1, 2015
Enrolled Actuary	Judy M. Kruse
Enrollment Number	14-05907

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 (Form 5500)	Single-Employer Defined Benefit Plan Actuarial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.	2015 This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

▶ **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	B Three-digit plan number (PN) ▶
Retirement Plan for Employees of Memorial Health System of East Texas	001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF	D Employer Identification Number (EIN)
Memorial Health System of East Texas	75-0755367

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2015

2 Assets:

a Market value	2a	31,213,952
b Actuarial value	2b	31,213,952

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	324	17,231,950	17,231,950
b For terminated vested participants	208	4,203,453	4,203,453
c For active participants	297	8,271,289	8,939,787
d Total	829	29,706,692	30,375,190

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.25%
6 Target normal cost	6	322,000

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 JUDY M. KRUSE

Signature of actuary

10/11/16

Date

JUDY M. KRUSE

Type or print name of actuary

1405907

Most recent enrollment number

TOWERS WATSON DELAWARE INC

Firm name

312-525-2500

Telephone number (including area code)

191 NORTH WACKER DRIVE, SUITE 2100

CHICAGO MH 60606-1615

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 [ ]

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 (line 13 from prior year)	0	703,891
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	703,891
10 Interest on line 9 using prior year's actual return of 7.39%	0	52,018
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		3,328,517
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.45%		214,689
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		3,543,206
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	755,909

Part III Funding Percentages

14 Funding target attainment percentage	14	100.27%
15 Adjusted funding target attainment percentage	15	102.76%
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	100.82%
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
01/04/2016	140,000	0			
03/01/2016	105,000	0			
04/01/2016	105,000	0			
05/02/2016	105,000	0			
06/02/2016	105,000	0			
07/01/2016	105,000	0			
08/01/2016	105,000	0			
09/01/2016	105,000	0			
			Totals ▶ 18(b)	875,000	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 contributions 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	856,598

20 Quarterly contributions and liquidity shortfalls:

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

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

c If line 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:	2nd segment:	3rd segment:	
4.72%	6.11%	6.81%	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	4
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 subject to 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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):		
a Target normal cost (line 6)	31a	322,000
b Excess assets, if applicable, but not greater than line 31a	31b	82,853

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
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 (lines 31a - 31b + 32a + 32b - 33)	34	239,147

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	36	239,147
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	856,598
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	617,451
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26
Schedule of Active Participant Data for Frozen Plan
as of January 1, 2015

	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		35 to 39		40 & Over	
Attained Age	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.	No.	Avg. Ben.
Under 25	0		0		0		0		0		0		0		0		0		0	
25 – 29	0		0		0		0		0		0		0		0		0		0	
30 – 34	0		0		0		10		1		0		0		0		0		0	
35 - 39	0		0		0		14		6		1		0		0		0		0	
40 - 44	0		0		0		20		11		7		0		0		0		0	
45 - 49	0		0		0		13		18		9		1		0		0		0	
50 - 54	0		0		0		11		14		6		7		7		1		0	
55 - 59	0		0		0		14		17		9		11		6		7		0	
60 - 64	0		0		0		9		17		8		6		7		6		2	
65 - 69	0		0		0		3		4		5		4		1		0		0	
70 & Over	0		0		0		2		1		1		0		0		0		0	

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, 2015

SCHEDULE H, LINE 4i
SUMMARY SCHEDULE OF ASSETS HELD FOR INVESTMENT (END OF PLAN YEAR)
RETIREMENT PLAN FOR EMPLOYEES OF
MEMORIAL HEALTH SYSTEM OF EAST TEXAS
Lufkin, Texas
December 31, 2015

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
	Federated Government Obligations	426,331.030 shares	$ 426 331	$ 426 331
*	CHI Pension Master Trust	7,763,266.3570 shares	28 927 762	27 101 097
	Dreyfus Institutional Cash Advantage Fund Institutional	1,809,786.7400 shares	1 809 787	1 809 787
	TOTAL		$ 31 163 880	$ 29 337 215

* Party-in-interest

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, 2015

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	$ 32 059 507	N/A	N/A	N/A	$ 32 059 507	$ 32 059 507	N/A
Federated Government Obligations Trust	Short-Term Money Market Fund	N/A	$ 33 892 301	N/A	N/A	$ 33 892 301	$ 33 892 301	N/A
Dreyfus Institutional Cash Advantage Fund Institutional	Short-Term Money Market Fund	$ 31 810 233	N/A	N/A	N/A	$ 31 810 233	$ 31 810 233	N/A
Dreyfus Institutional Cash Advantage Fund Institutional	Short-Term Money Market Fund	N/A	$ 30 000 446	N/A	N/A	$ 30 000 446	$ 30 000 446	N/A
CHI Pension MTU	Master Trust	$ 29 000 000	N/A	N/A	N/A	$ 29 000 000	$ 29 000 000	N/A
Dodge & Cox	Mutual Fund	N/A	$ 1 955 973	N/A	N/A	$ 1 873 500	$ 1 955 973	$ 82 473
Vanguard Ext. Market	Mutual Fund	N/A	$ 2 870 311	N/A	N/A	$ 1 450 334	$ 2 870 311	$ 1 419 977
Vanguard 500 Index	Mutual Fund	N/A	$ 9 298 025	N/A	N/A	$ 5 597 754	$ 9 298 025	$ 3 700 271
Vanguard Small Cap Gr	Mutual Fund	N/A	$ 2 769 640	N/A	N/A	$ 1 284 756	$ 2 769 640	$ 1 484 884
Vanguard World Fund International Growth	Mutual Fund	N/A	$ 1 729 673	N/A	N/A	$ 1 339 247	$ 1 729 673	$ 330 426
Fidelity Mt. Vernon	Mutual Fund	N/A	$ 2 757 625	N/A	N/A	$ 1 558 053	$ 2 757 625	$ 1 199 572
Fidelity Low Price	Mutual Fund	N/A	$ 2 336 445	N/A	N/A	$ 1 606 018	$ 2 336 445	$ 730 427

See independent auditors' report.