WESTERN MARYLAND HEALTH SYSTEM
RETIREMENT PLAN

SUMMARY PLAN DESCRIPTION

Effective: January 1, 2008
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This document summarizes WMHS’s Pension Plan effective January 1, 2008. The following fifteen questions and answers highlight the important operational aspects of our retirement plan. Remember, these are only highlights. If you have any questions about these highlights, or any aspect of this plan, you should direct those questions to our Human Resources Department. Throughout these highlights, the terms “we”, “us”, and “our” will refer to WESTERN MARYLAND HEALTH SYSTEM.

1. Why are we sponsoring a retirement plan?

We are sponsoring this Plan to reward your efforts by helping you to plan for your retirement. We intend for this Plan to be an important part of your total financial planning for your retirement. We expect that your Social Security benefits, 403(b) Plan accounts, and other personal savings will also make important contributions to your post retirement financial security.

2. When am I eligible to participate in the Plan?

You will be eligible to participate in the Plan once you have completed 12 months of pension service during which you worked at least 832 hours. You will automatically become a participant on the January 1st or July 1st coincident with or next following the completion of the service requirement. However, if you meet the service requirement by January 2, 3 or 4 of a particular year, you shall be treated as if you had met the requirement on January 1 and if you meet the service requirement by July 2 or 3 of a particular year, you shall be treated as if you had met the requirement on July 1. If you fail to work at least 832 hours during your first 12 months of employment, you can subsequently meet that requirement by working 832 hours during any calendar year.

3. Do I have to contribute money to the Plan in order to participate?

The plan is a “defined benefits” plan. Among other things, this means that you are not required to contribute any money in order to participate in our Plan. However, if you made contributions prior to January 1, 1989, your benefit will reflect such contributions. All future benefits will come from our contributions made to the Plan for you.

4. How are my retirement benefits calculated under the Plan?

Your ultimate pension from the Plan will be calculated based on your pension service with Western Maryland Health System and your compensation throughout your career with the Health System. The benefit formula is purposefully designed to reward long service.

Compensation

For the purposes of your Plan, compensation has a special meaning. Compensation is defined as
your total compensation paid to you by us during a Plan Year that is subject to income tax, that is, all of your compensation reported on your W-2 form, including your salary reduction contributions to any plan or arrangement maintained by the Employer. The Plan, by law, cannot recognize compensation in excess of $225,000 (for 2007 as indexed by the Code.) This amount may be adjusted in future years for cost of living increases.

If you are grandfathered in the pre-2008 benefit formula, your Normal Retirement Benefit is based on Average Monthly Compensation which generally means your compensation averaged over the 5 consecutive plan years within the last 10 years which produces the highest average.

Covered Compensation

The projected 35-year average of Social Security wage bases in effect during your working career.

Pension Service

Service prior to January 1, 1999 was based on the rules in effect during each calendar year of employment. Effective January 1, 1999, service is credited for each calendar year in which you are credited with at least 832 hours. You may also receive partial credit in your year of hire, rehire or termination if you were working at the rate of 832 hours per year.

Normal Retirement Date

The earliest date at which you can retire and receive full benefits under the Plan is known as your Normal Retirement Date. Your Normal Retirement Date is the first day of the month coinciding with or next following your 65th birthday (normal retirement age).

Retirement Benefits

At your Normal Retirement Date, you will be entitled to a monthly benefit which is called your "Normal Retirement Benefit".

If you are grandfathered in the pre-2008 benefit formula, your monthly benefit is calculated in the following manner:

The maximum of A and B below:

A. 1.05% of your Average Monthly Compensation times your years of Pension Service plus .5% of the excess, if any, of your Average Monthly Compensation over Covered Compensation times your years of Pension Service, limited to 35.

B. $15 times your years of Pension Service

If you are not grandfathered in the pre-2008 benefit formula, your monthly benefit is calculated in the following manner:

The maximum of A and B below:

A. Your Accrued Benefit as of January 1, 2008 plus for each subsequent year, 1.05% of your annual compensation (1.25% for plan years after which you have been credited
with at least 14 years of Pension Service) plus .5% of the excess, if any, of your annual compensation over Covered Compensation (limited to 35 total years.)

B. $ 15 times your years of Pension Service

Other Benefits

Some former Sacred Heart employees have a prior employee contribution balance from the contributory plan that existed prior to 1/01/1989. The employee contribution account balance consists of contributions made by you and interest earned on the account. Upon termination, death or retirement, you may elect to withdraw the balance and receive a reduced monthly benefit.

Some former Sacred Heart employees have a prior match account balance attributable to the TSA match effective prior to 1/01/1999. The match account balance consists of contributions made by the Hospital and interest earned on the account. Upon termination, death or retirement, you may elect to withdraw the balance or alternatively, leave the balance in the plan and receive an increased monthly benefit.

5. Can I retire at an earlier age than 65?

You are eligible for early retirement on the first day of the month following the date or coinciding with the date you have attained age 55 and completed 5 years of pension service with us. You may elect to retire anytime after you reach this Early Retirement Date.

If you retire on or after your Early Retirement Date, you are entitled to receive your accrued benefit beginning on your normal retirement date, unless you elect to receive it earlier.

If you elect to receive your accrued benefit prior to your Normal Retirement Date, you will receive a reduced benefit. This benefit will be reduced by 5/12 of 1% for each month prior to your Normal Retirement Date that you start payments.

If at the time of your retirement, you are at least age 62 and the sum of your age and service equals or exceeds “90”, then you are eligible to begin receiving your accrued benefit at that time without reduction.

6. Can I retire later than age 65?

You are not required by this Plan to retire at age 65. You will continue to earn pension service benefit credits under the Plan until you actually retire. If you work past age 70 1/2, you may be required by the Internal Revenue Service to commence receiving benefits under the Plan.

7. What Retirement Plan benefits are available to me for reasons other than normal retirement or early retirement?

Death - Prior to Retirement

A) At the time of your death, if you are actively employed and have completed five years of pension service, a death benefit is payable to your spouse or other beneficiary.
B) At the time of your death, if you are not actively employed but had a non-forfeitable benefit payable from the plan and you are married, a death benefit is payable to your spouse or beneficiary.

C) At the time of your death, if you are actively employed and have not completed five years of pension service or if you are not actively employed and are not married, the only death benefit payable to your spouse or other beneficiary is a return of your employee contribution account balance and/or match account balance, if any.

**Death - After Retirement**

As explained in question number 8, at retirement you will be allowed to choose among several benefit payout options all but one of which provide for some type of post-retirement death benefit. Any post-retirement death benefit to your beneficiary will be controlled by your elected option.

**Termination of Employment**

If your employment terminates for reasons other than retirement, you will be entitled to receive the "vested percentage" of your accrued benefit. Your vested percentage in your accrued benefit is determined under the following schedule and is based on credited years of pension service. You will always, however, be 100% vested upon reaching your normal retirement age.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4</td>
<td>0%</td>
</tr>
<tr>
<td>5 or more</td>
<td>100%</td>
</tr>
</tbody>
</table>

The term "accrued benefit" means that portion of your Normal Retirement Benefit earned at any time prior to your Normal Retirement Date. You accrue, or earn, a portion of your Normal Retirement Benefit during each year of pension service.

8. **How are my benefits paid?**

The Plan permits various methods by which benefits may be distributed to you. The actual method for you will be based on the elections you and your spouse make. All methods of distribution, however, have equivalent values.

If you are not married on the date your benefits are to begin, and make no election to the contrary, you will automatically receive the formula based pension payments for as long as you live. This means that upon your death, your pension ceases.

If you are married on the date your benefits are to begin, you will automatically receive a 50% joint and survivor annuity, unless you and your spouse otherwise elect. This means that if you die and are survived by a spouse, your spouse will receive a monthly benefit for the remainder of his or her life equal to 50% of the monthly benefit you were receiving at the time of your death. Note: This form of benefit generally produces a monthly pension less than that provided under the life only method.
If you and your spouse elect not to take a 50% joint and survivor annuity, or if you are not married when your benefits are scheduled to begin, you may elect an alternative form of payment. These will be described in detail when you receive your retirement calculations. They include 5, 10 or 15 year certain and continuous benefits, and 50%, 66 2/3%, 75% or 100% joint and survivor benefits. Also, you can elect to receive your pension on a life annuity basis which means that the pension will cease at your death. If applicable, you can elect to receive a lump sum refund of your TSA match account balance, including interest. Also if applicable, you can elect to receive a lump sum refund of your contributions to the plan, including interest, with smaller annuity benefits payable to you and your spouse.

9. **If I leave WMHS before retirement and I am vested in my retirement benefits, may I take a lump sum distribution or rollover my vested plan benefit to another employer plan or my own Individual Retirement Account (IRA)?**

   If the equivalent cash value of your vested benefit is less than $5,000, you do have the option of taking a lump sum distribution. Pension regulations do not permit lump sum distributions of amounts greater than $5,000 or any type of rollovers from this plan.

10. **What happens if I return to the employ of Western Maryland Health System?**

    If you return to our employ, you will generally receive Retirement Plan credit for your original period of service. Employees who terminate with at least 5 years of service and are subsequently rehired will always receive pension credit for their original service. Rehired employees who originally worked less than 5 years may lose service credits if they fail to return to Western Maryland Health System within 5 years of leaving. If you have any questions regarding this provision you should check with the Human Resources Department.

11. **What happens if I'm temporarily absent from work?**

    A temporary absence because of sickness, accident, military service, or authorized leave-of-absence will not be considered termination of employment.

12. **Does my divorced or estranged spouse have rights under this Plan?**

    The law does permit pension benefits to become part of a divorce settlement. If the courts grant your divorced spouse a portion of your pension benefits then that individual becomes a participant under the Plan with essentially the same rights and privileges as any other participant. If you are separated or estranged, your spouse retains all spousal rights under the Plan until your marriage is legally terminated.

13. **Can this Plan be amended or terminated?**

    We reserve the right to amend the Retirement Plan at any time. In no event, however, shall any amendment:

    (a) authorize or permit any part of the Plan assets to be used for purposes other than
the exclusive benefit of participants or their beneficiaries; or

(b) cause any reduction in your Accrued Benefit.

We also have the right to terminate the Plan under certain criteria established by law and set forth in your Plan. Upon plan termination, you would become 100% vested in your Accrued Benefit, and benefits will be distributed to you in any manner permitted by the Plan. We currently have no plans to materially amend or terminate the Retirement Plan.

14. What general information should I know about the Plan?

The following is certain general information which you may need to know about your Plan.

- Western Maryland Health System Retirement Plan is the name of your Plan.
- Your Employer has assigned Plan Number 001 to your Plan.
- Your Plan's records are maintained on a twelve month period of time. This is known as the Plan Year. The Plan Year begins on January 1st and ends on December 31st.
- Certain valuations and distributions are made on the Anniversary Date of your Plan. This date is January 1.
- Your Plan is governed by the laws of the State of Maryland.
- Your Employer is your Plan Administrator. Acting as the Plan Administrator, your Employer keeps the records for the Plan and is responsible for the administration of the Plan. Your Employer's name, address telephone number, and identification number are:

  Western Maryland Health System
  12500 Willowbrook Road
  Cumberland, MD 21502
  (240) 964-7000
  52-0591531

- The names of your Plan's Trustees are Mark Sullivan and Kimberly Repac. The Trustees’ address is 12500 Willowbrook Road, Cumberland, MD 21502. Your Plan's Trustees have been designated to hold and invest Plan assets for the benefit of you and other Plan participants. The trust fund established by the Plan's Trustees will be the funding medium used for the accumulation of assets from which benefits will be distributed.
- Service of legal process may be made upon the Trustees or the Plan Administrator.

15. What are my rights under ERISA?

As a participant in this Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, also called ERISA. ERISA provides that all Plan participants shall be entitled to:
(a) examine, without charge, all Plan documents, including:

(1) insurance contracts;
(2) collective bargaining agreements; and
(3) copies of all documents filed by the Plan with the U. S. Department of Labor, such as detailed annual reports and Plan descriptions.

(Note: This examination may take place in our Human Resources office and at other specified employment locations of Western Maryland Health System.)

(b) obtain copies of all Plan documents and other Plan information upon written request to the Human Resources Department. We may make a reasonable charge for the copies;

(c) receive a summary of the Plan's annual financial report. We are required by law to furnish each participant with a copy of this summary annual report;

(d) obtain a statement telling you whether you have a right to receive a retirement benefit at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a retirement benefit, the statement will tell you how many years you have to work to get a right to a retirement benefit. THIS STATEMENT MUST BE REQUESTED IN WRITING AND IS NOT REQUIRED TO BE GIVEN MORE THAN ONCE A YEAR. The Plan must provide the statement free of charge.

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

If your claim for a retirement benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have us review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require us to provide the materials and pay you up to $100.00 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Western Maryland Health System.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court.

If the Plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U. S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim is
frivolous.

If you have any questions about this statement, or about your rights under ERISA, you should contact the nearest Area Office of the U. S. Labor-Management Services Administration, Department of Labor.