

Carolinas HealthCare System

Pension Plan Summary Plan Description

April 2009

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The Retirement Program

Retirement is something most employees look forward to reaching. It's your reward for your years of dedication and service. To help you prepare for your future financial needs, the Charlotte-Mecklenburg Hospital Authority, doing business as Carolinas HealthCare System (or "CHS"), provides you with retirement plan benefits, which include:

- o **The pension plan**, a CHS-paid retirement program offering benefits that:
 - For legacy participants, are determined by your years of continuous service and compensation; or
 - For non-legacy participants, are determined by the pay credits and interest credits that are made to your account; and
- o **The 401(k) Matched Savings Plan**, that lets you set aside part of your total pay on a pre-tax basis, receive a match on your savings, and invest your account in a variety of investment options, with a broad range of risk characteristics and potential returns.

In addition, you may be eligible to participate in other retirement plans, such as the CHS ADVANTAGE Retirement Account and the PLUS CPN Plan (for eligible physicians). For more information about these plans, contact Benefits Administration.

About this Booklet

This summary plan description (SPD) contains a summary of the major provisions of the pension plan. As a summary, the description included here cannot contain all the details. A more detailed description is contained in the official plan document. If the wording of this summary should disagree with the wording contained in the official plan document, the plan document will always govern.

In addition, you (and your beneficiaries) should not rely on any oral descriptions of the plan, because the written terms of the plan documents will always govern. The Plan Administrator has discretionary authority to interpret the provisions of the plan. See the heading **Plan Administrator** for more information. Finally, this summary does not in any way represent a contract of employment.

CHS reserves the right, in its discretion, to change, amend, modify, or terminate the plan at any time.

If you have any questions about your retirement benefits, please contact Benefits Administration.

Limits on Benefits

Federal law places certain limits on retirement benefits and your benefits will be calculated in accordance with these limits.

The CHS Pension Plan

The Pension Plan of the Charlotte-Mecklenburg Hospital Authority (the “Plan”) is an important component of your retirement income program, along with the Carolinas HealthCare System 401(k) Matched Savings Plan (described in a separate booklet), and benefits you may receive from Social Security. CHS pays the full cost of your benefits under the Plan. Your personal savings, outside your employment-based plans, round out your total retirement planning picture.

The Plan is designed to provide you with a monthly income for your lifetime when you retire from CHS and meet certain plan requirements. You may also be eligible for benefits if you become disabled, as defined by the plan, or if your employment terminates after you are vested in a plan benefit. Your surviving spouse may be eligible for benefits in the event of your death.

The Pension Plan of the Charlotte-Mecklenburg Hospital Authority was established effective August 1, 1982 as an amended and restated continuation of the Charlotte Memorial Hospital Pension Plan dated August 1, 1956 and the Pension Plan of The Charlotte-Mecklenburg Hospital Authority, Inc. dated December 16, 1969. The Plan is intended to be qualified under the Internal Revenue Code, as amended, and changes may be required at times to maintain its qualified status, and to conform to new laws and regulations.

The plan was most recently amended and restated effective January 1, 2009, at which time the NorthEast Medical Center Pension Plan was merged into this plan and certain cash balance design features were added to the plan.

Plan benefits are determined by your status as either a legacy participant or a non-legacy participant.

You are considered a *legacy participant* under the Plan if you were actively employed with CHS on June 30, 2007 **and**:

- o You completed 10 years of continuous service and had reached age 50 before January 1, 2009; or
- o You completed 20 years of continuous service and had reached age 45 before January 1, 2009.

Note: If you were a CMC-NorthEast (formerly NorthEast Medical Center) employee who became an employee of CHS as a result of the merger between NorthEast Medical Center and CHS on July 1, 2007, you are not considered a legacy participant.

You are considered a *non-legacy participant* under the Plan if you do not meet the requirements set forth above for legacy participants, or if you were hired on or after January 1, 2009.

Note: Legacy participants who terminate employment and are re-hired after January 1, 2009 are treated as non-legacy participants for the portion of their service that begins with the date they are re-hired.

Plan Highlights

Highlights of the Plan include:

- o The opportunity to earn the right to receive a benefit from the plan when you leave CHS after completing five years of continuous service;
- o Benefits based on:
 - For legacy participants, are determined by your years of continuous service, and compensation; or
 - For non-legacy participants, are determined by the pay credits and interest credits that are applied to your account; and
- o Your choice of payment options, including a lump-sum option, as well as other options that allow you to provide a benefit for your surviving spouse or other beneficiary(ies).

Participating in the Plan

Your Eligibility and Entry Date

Beginning January 1, 1995, you are eligible to participate in the Plan if you are a regular active employee who receives compensation from CHS. You become a participant in the Plan on the first day of the calendar month on or next following the date you complete one year of service for eligibility purposes.

For example, if you are hired on October 15, 2008 and you complete your first 1,000 hours of service by October 15, 2009, you will begin participating in the Plan on November 1, 2009.

For more information, see the heading **Eligibility Computation Period** on the next page.

Who is Not Eligible

You are not eligible to participate in the Plan if you are:

- o A temporary employee who is not eligible to participate in CHS benefit programs;
- o A leased employee; or
- o An independent contractor.

Plan Cost

CHS pays the full cost of your benefits under the Plan and also for the administration of the plan.

About Your Service

Types of Service Under the Plan

Your years of service help determine the benefit you may receive. For the purposes of the Plan, there are two types of service:

- o *Eligibility computation periods* — Determine your right to participate in the Plan.
- o *Years of continuous service* — Determine your vested status (meaning your right to receive a benefit when you leave CHS), the amount of your benefit at retirement (as part of a benefit calculation formula), and your spouse's (or beneficiary's) right to receive a death benefit under the plan if you die before retirement.

Eligibility Computation Period

You receive service credit for eligibility purposes when you complete an *eligibility computation period*. An eligibility computation period is the first 12-consecutive month period beginning with your most recent date of employment with CHS in which you are credited with 1,000 or more hours of service. If you do not complete 1,000 or more hours of service in your first 12 consecutive months of employment, you will receive credit for an eligibility computation period for any subsequent plan year (calendar year) in which you complete the required number of hours of service.

An *hour of service* is any hour for which you are paid or entitled to payment for the performance of duties, including hours for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by CHS.

Hours of service also include time when no duties are performed due to:

- o Vacation;
- o Holiday;
- o Illness;
- o Incapacity (including disability);
- o Layoff;
- o Jury duty;
- o Military duty; or
- o Leave of absence.

In most circumstances, the total number of credited hours of service will be limited to 501 for the period of absence.

If you have a break in service or leave CHS, your service credit for eligibility purposes may be affected. Breaks in service are explained later under the heading **If You Leave before Retiring**.

Years of Continuous Service

Your years of continuous service may consist of two parts:

- o Service before January 1, 1994; and
- o Service beginning on or after January 1, 1994.

Service before January 1, 1994

If you were eligible to participate in the Plan before January 1, 1994, continuous service before January 1, 1994 meant uninterrupted employment from the date you were last hired until the date your employment terminated or January 1, 1994, if later. You would have received credit for a year of continuous service for each 12-month period during which you had uninterrupted employment.

Prior service may be counted, based on the break in service rules described later in this summary. If you have questions about how service before January 1, 1994 was counted, please contact Benefits Administration.

Service on or after January 1, 1994

Beginning January 1, 1994, continuous service means each calendar year during which you are credited with working 1,000 or more hours. However, if you were employed on January 1, 1994 and continued to work through the 1994 calendar year and you did not receive credit for working at least 1,000 hours of service, you would have been credited with one year of continuous service.

Beginning January 1, 1995, you will not receive credit for a year of continuous service unless you are actually credited with at least 1,000 hours of service in a calendar year.

Continuous service is also used to determine if you are eligible for early retirement.

If you are a legacy participant (or a non-legacy participant who became disabled before January 1, 2009), you become disabled, and you qualify under CHS's definition of long term disability, you will continue to accrue continuous service under the plan for a period up to the lesser of:

- o Five years; or
- o The number of years of continuous service with which you were credited before you became disabled.

If you have a break in service or leave CHS, your credit for years of continuous service may be affected. Breaks in service are explained later under the heading **If You Leave Before Retiring**.

Service with Other Companies

Years of continuous service also include service with Mercy Health Services, Inc., CMC-NorthEast (formerly NorthEast Medical Center), and any other corporation which is authorized by the Board of Commissioners of The Charlotte-Mecklenburg Hospital Authority, Inc. to adopt the plan.

Service for Vesting Purposes

Vesting is the right you earn, over a period of time, to receive a benefit from the plan, even if you leave CHS before retiring.

You become vested in the Plan once you are credited with five years of continuous service or reach your normal retirement date, whichever comes first.

When You Can Receive Benefits Under the Pension Plan

Once you are vested, the Plan pays you a benefit when your employment ends for any reason, regardless of your age. If you leave CHS before you reach one of the following retirement dates, you may leave your vested benefit in the plan until you retire.

You may retire on the following dates:

- o **Normal retirement date:** The later of:
 - The first of the month on or next following your 65th birthday; or
 - The fifth anniversary of your participation in the Plan, if you began participating on or after age 60.
- o **Early retirement date:** First of any month after you reach age 55 and complete at least five years of continuous service; or
- o **Late retirement date:** First of any month after your normal retirement date.

The monthly benefit you may receive when you retire is explained under the headings **Benefits at Normal Retirement**, **Benefits at Early Retirement**, and **Benefits at Late Retirement**.

How Your Retirement Benefits are Calculated

The method used to determine your retirement benefit depends on your status as either a legacy participant or a non-legacy participant.

You are considered a **legacy participant** under the Plan if you were actively employed with CHS on June 30, 2007 **and**:

- o You completed 10 years of continuous service and had reached age 50 before January 1, 2009; or
- o You completed 20 years of continuous service and had reached age 45 before January 1, 2009.

You are considered a **non-legacy participant** under the Plan if you do not meet the requirements set forth above for legacy participants, or if you were hired or re-hired on or after January 1, 2009.

Note: Certain employees of CMC-NorthEast who were participants in the prior NorthEast Medical Center plan on October 1, 1997 are eligible for a special minimum benefit calculation. Please contact Benefits Administration for information if this provision applies to you.

Terms You Should Know

There are several terms that the Plan uses to calculate benefits. They are your:

- o **Years of continuous service** — described earlier in this summary, under the heading **Years of Continuous Service** on page 5.
- o **Annual compensation** — your annual compensation for purposes of the plan is your annual calendar year compensation that is reported on your Form W-2, plus any employee pre-tax contributions to a cafeteria benefit plan (e.g., medical plan premium or FSA contribution), the 401(k) Matched Savings Plan or 457(b) ADVANTAGE Retirement Plan. Pay excludes any reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation payments, welfare benefits, recruitment sign-on bonuses, and amounts paid under the CHS Long Term Incentive Plan. Pay includes housing allowances for ministers employed by CHS.

By federal law, there is a limit on the annual compensation that can be used in the calculation of your benefit. This limit is subject to change by federal law in the future.

Note: If you became a participant in the Plan before January 1, 1996, different compensation limits apply. Contact Benefits Administration for more information about compensation limits.

- o **Average annual compensation** — your average annual compensation means the average of your annual compensation for the five consecutive calendar years within the last 10 calendar years of your employment producing the highest average, ending with the year in which you retire or terminate for any reason.

If you have fewer than five complete calendar years of service at the time you retire, your average annual compensation will be the average of your compensation during your consecutive full calendar years of earnings, excluding breaks.

Pension Benefits for Legacy Participants

If you are a legacy participant, your retirement benefit is equal to:

1% of your average annual compensation up to \$12,000
<i>plus</i>
1.5% of your average annual compensation that exceeds \$12,000
<i>times</i>
Your years of continuous service at your normal retirement date (up to a maximum of 40 years; excluding years of service under the Mercy Plan before January 1, 1996)

If you were a participant in the plan immediately before August 1, 1984, your normal retirement benefit will not be less than your accrued benefit determined as of July 31, 1984.

If you were a participant in the Mercy Plan before January 1, 1996, certain minimum benefit provisions may apply to you.

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An Example for Legacy Participants

Suppose that you elect to retire on your 65th birthday after completing 28 years of continuous service. Your average annual compensation is \$32,000. Here is how to determine your monthly pension benefit.

Step 1	Multiply 1% times \$12,000 (your average annual compensation up to \$12,000)	=	\$120
Step 2	Multiply 1.5% times \$20,000 (your average annual compensation that exceeds \$12,000)	=	\$300
Step 3	Add \$120 (Step 1) and \$300 (Step 2)	=	\$420
Step 4	Multiply \$420 (Step 3) times 28 years of continuous service	=	\$11,760
Step 5	Divide \$11,760 by 12 to determine your monthly benefit	=	\$980 per month

In this example, your normal retirement benefit will be \$11,760 per year, or \$980 per month, before any adjustment for a payment form providing a survivor benefit. Payment forms and how they affect your benefit amount are explained under the heading **How Your Benefits are Paid**. Survivor benefits are explained under the heading **Benefits for Your Survivors**.

Pension Benefits for Non-Legacy Participants

If you are a non-legacy participant, there may be two parts to your retirement benefit:

- o The benefit you earned under the Plan through December 31, 2008 (Part A), if any; and
- o The benefit you earn under the cash balance feature of the Plan from January 1, 2009 or your most recent date of hire (if later) through the date you terminate employment (Part B).

To calculate your retirement benefit, you'll need to add your Part A benefit (if any) and your Part B benefit.

Your Part A Benefit Calculation as of December 31, 2008

1% of your average annual compensation as of December 31, 2008, up to \$12,000
<i>plus</i>
1.5% of your average annual compensation as of December 31, 2008 that exceeds \$12,000
<i>times</i>
Your years of continuous service through December 31, 2008 (up to a maximum of 40 years; excluding years of service under the Mercy Plan before January 1, 1996)

This portion of your benefit was frozen as of December 31, 2008, and no additional benefits may be accrued under this formula after that date.

Your Part B Benefit — Cash Balance Account

Under the cash balance feature of the Plan, CHS makes annual pay credits and guaranteed interest credits to your account during the time you work with CHS (beginning January 1, 2009 and after).

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Annual pay credits, which are a percentage of your annual compensation (described earlier in this summary), are used to calculate your benefit. The pay credit you receive each year is based on your age and your years of continuous service at the end of the year.

If you are a CMC-NorthEast employee, your account balance in the CMC-NorthEast plan on December 31, 2008 became your opening account of your CHS cash balance account on January 1, 2009.

How Pay Credits Work

For active employees, the annual pay credit is added to your account as of the end of each plan year. The annual pay credit you are eligible to receive is based on points. To determine your points, add your age (in whole years) as of the end of the calendar year and your years of continuous service (in whole years).

For example, if you are age 40 with 10 years of continuous service at the end of 2009, you will have 50 points for purposes of the 2009 pay credit made at the end of the plan year.

Generally, you must be a participant and earn a year of continuous service to receive a pay credit.

If you earn a year of continuous service during the calendar year but terminate your employment before the end of the year, you will receive a credit as of your employment termination date. For this calculation, your age will be determined as of the December 31 on or next following your employment termination date.

The following chart shows the pay credit you will earn for each year in which you complete a year of continuous service:

Points	Pay Credit Percentage
Less than 40	3%
Between 40 and 49	4%
Between 50 and 59	5%
Between 60 and 69	6%
Between 70 and 79	7%
Between 80 and 89	8%
90 or more	9%

Interest Credits

In addition to annual pay credits, you will receive a guaranteed interest credit each quarter, based on the average of the 10-year Treasury Bond rate for the month of November before each plan year plus an additional 2%. The last interest credit you will receive is for the quarter that precedes the date your distributions begin.

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An Example for Non-Legacy Participants

In this example, we will assume that you terminate employment on January 1, 2017, after completing 28 years of continuous service. As of December 31, 2008, you were 40 years old and had completed 20 years of continuous service. Your average annual compensation as of December 31, 2008 was \$32,000. Here is how to determine your monthly pension benefit.

Part A — Frozen Benefit as of December 31, 2008

Step 1	Multiply 1% times \$12,000 (your average annual compensation up to \$12,000)	=	\$120
Step 2	Multiply 1.5% times \$20,000 (your average annual compensation that exceeds \$12,000)	=	\$300
Step 3	Add \$120 (Step 1) and \$300 (Step 2)	=	\$420
Step 4	Multiply \$420.00 (Step 3) times 20 years of continuous service	=	\$8,400
Step 5	Divide \$8,400 by 12 to determine your monthly benefit	=	\$700 per month

Part B — Cash Balance Account Benefit

Starting January 1, 2009, you began to earn benefits under the cash balance feature of the Plan. For this example, we will assume that your annual compensation is \$35,000 (for simplicity, we will not factor in pay increases or inflation, or the additional quarterly interest credits CHS makes to your cash balance account). Here is an example of the annual pay credits you are eligible to receive for the remaining eight years of employment.

Year	Age	Continuous Service	Points	Pay Credit Percentage	Annual Pay Credit
2009	41	21	62	6%	\$2,100
2010	42	22	64	6%	\$2,100
2011	43	23	66	6%	\$2,100
2012	44	24	68	6%	\$2,100
2013	45	25	70	7%	\$2,450
2014	46	26	72	7%	\$2,450
2015	47	27	74	7%	\$2,450
2016	48	28	76	7%	\$2,450
Total pay credits:					\$18,200

In addition to the pay credits made to your account, CHS will make guaranteed interest credits each quarter, based on the average of the 10-year Treasury Bond rate for the month of November before each plan year plus an additional 2%.

Benefits at Early Retirement

You may retire early on the first day of any month after you reach age 55 and have completed at least five years of continuous service.

If you terminate your employment and you qualify for an early retirement benefit, you may elect to receive your benefit immediately or delay receipt of your pension. You may elect to have your early retirement benefit begin on the last day of any month between your early retirement date and your normal retirement date.

If you retire early, your benefit will be calculated in the same way as for normal retirement, using your years of continuous service as of your early retirement date.

If you are a legacy participant (or a non-legacy participant with a Part A benefit) and you elect to start receiving your monthly early retirement benefit before reaching age 65, your benefit amount (the Part A portion of your benefit, if you are a non-legacy participant) will be reduced because it will be paid over a longer period of time than if you waited and began receiving benefits at age 65. Your benefit amount will be reduced by:

- o 1/15th for each of the first five years that your early retirement date precedes your 65th birthday; and
- o 1/30th for each of the next five years that your early retirement date precedes your 60th birthday.

The following chart shows examples of monthly benefit percentages paid at various early retirement ages.

Early Retirement Reduction Factors	
Retirement Age	Percentage of Benefit You Receive
55	50.00%
56	53.33%
57	56.67%
58	60.00%
59	63.33%
60	66.67%
61	73.33%
62	80.00%
63	86.67%
64	93.33%
65	100.00%

Note: If you are a non-legacy participant, the early retirement benefit under the Part B cash balance portion of the plan is the value of your account balance at your early retirement date.

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An Early Retirement Example for Legacy Participants and Non-Legacy Participants with a Part A Benefit

Suppose you want to take early retirement at age 60, after completing 28 years of continuous service. For this example, we will assume that your monthly benefit (the Part A portion of your benefit, if you are a non-legacy participant) before reduction would be \$800.

If you choose to wait until your normal retirement date to start receiving retirement checks, this \$800 would be your monthly benefit before adjustment for a payment form providing survivor benefits.

However, suppose you want to start receiving your benefit at your early retirement date. If you begin receiving your payments immediately, your benefit will be reduced by 1/15th for each year your early retirement date precedes your 65th birthday.

In this example, the reduction is 5/15ths, or 33.33% (five years times 1/15th). The easiest way to reduce by 33.33% is to multiply your pension amount by 66.67% (100% minus 33.33% equals 66.67%). This gives you a reduced benefit of \$533.36 per month at age 60, before any additional reduction for a payment form providing survivor benefits.

Benefits at Late Retirement

If you continue to work beyond age 65, your late retirement benefit will be determined in the same way as your normal retirement benefit; however, for legacy participants the formula will use your average annual compensation and years of continuous service as of your actual retirement date, or the actuarial equivalent of your normal retirement benefit, whichever is greater.

For non-legacy participants, the Part A portion of your benefit (determined as of December 31, 2008) will be actuarially increased to account for payments beginning later than your normal retirement date. In addition, for the Part B portion of your benefit, you will continue to receive pay credits and interest credits for your service after your normal retirement date.

How Benefits are Paid

The way in which your retirement benefits are paid to you depends on the payment option you choose. The payment form that is best for you depends on your personal situation. However, the payment option you choose cannot be changed after your benefits begin. All payment options are calculated to be of equal value, based on your age and the age of your survivor (if any) that you designate when your benefit payments begin.

If you are a non-legacy participant who has a frozen Part A benefit, the payment option you elect will apply to both your frozen Part A benefit and your benefit under the cash balance portion of the Plan.

Normal Payment Form

If you do not choose an optional payment form, your Plan benefit will be paid as a *single life annuity*. With this form, payments will be made in monthly installments on the last day of each month after your retirement and will be made for each month during which you have lived the entire month. All payments will end with your death.

Optional Payment Forms

If you wish, you may elect one of the optional payment forms in place of the single life annuity.

- o ***120 or 180 payments certain and life annuity*** — With this payment method, your benefit is reduced, but it will be paid to you for life, with the first 120 or 180 payments guaranteed (you choose the number of monthly payments). If you die before you have received 120 or 180 payments, benefits will continue to your spouse or any other beneficiary that you name for the balance of the 120 or 180 payments.
- o ***Joint and survivor annuity*** — Your benefit is reduced, but either 50% or 100% of the reduced benefit continues after your death for the lifetime of your spouse or other beneficiary you name at your retirement.
- o ***Lump-sum payment*** — A single cash payment which is the actuarial equivalent of your accrued benefit (which includes the balance of your cash balance account, if any) will be paid to you as soon as administratively possible after your date of termination of employment.

Claiming Benefits

If you think you are eligible for a benefit from the plan, you (or your beneficiary) will need to contact Benefits Administration.

Benefits Administration will provide you with an application for benefits, on which you can make your election. Before your election, Benefits Administration will provide you with complete information on your calculated benefits and the effect the various payment options will have on the amount of your benefit. You must make a payment election before your benefit payments may begin.

Payment of Small Amounts

If your benefit payment would be less than \$6.67 per month, payments will be made semiannually for your lifetime and each payment will be six times the benefit that would have been made monthly.

If your benefit payment would be \$6.67 or more per month, but less than \$20 per month, payments will be made quarterly for your lifetime and each payment will be three times the benefit that would have been paid monthly.

If the lump-sum value of your benefit is \$5,000 or less at the time you retire, die, or terminate your employment with CHS, you (or your beneficiary) will receive a benefit determined as follows:

If Your Plan Benefit Is...	When You Leave CHS...
\$1,000 or less	Your plan benefit will be paid to you as a direct rollover to an individual retirement plan designated by the Plan Administrator, unless you elect to roll your balance over to an IRA or another qualified plan or to receive the distribution directly.
Over \$1,000 but not more than	Your plan benefit will be paid to you as a lump-sum payment,

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\$5,000	unless you elect to roll your balance over to an IRA or another qualified plan or to receive the distribution directly.
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When Benefit Payments Begin

You will begin receiving benefit payments on:

- o The last day of the month following your retirement date; or
- o As soon as administratively practical following your retirement date.

Age 70½ Distribution Rules

When you reach age 70½, distribution of your Plan benefit must begin by April 1 of the calendar year following the later of:

- o The calendar year in which you reach age 70½; or
- o The calendar year in which you separate from service.

If You Return to Work after Retiring

If you have retired and you later return to work for CHS, you will be treated as a new employee for purposes of the Plan.

If you decide to return to work for CHS after you have retired and started to receive benefits in a form providing periodic payments, your benefit payments will continue in accordance with the method of payment you elected. When you return to active employment, you are eligible to begin earning benefits as a non-legacy participant under the cash balance portion of the plan.

If you retired and received a lump-sum benefit, and you later return to work for CHS, you will not receive credit for your years of continuous service (except for purposes of determining points under the cash balance portion of the plan and your vesting status) before your reemployment.

Benefits for retirement, termination, or death will be determined based on benefits earned during the years of continuous service after your reemployment.

If You Leave Before Retiring

If your employment with CHS ends before you are eligible to retire, you may still be eligible to receive a benefit. You will earn a permanent *vested* right to your benefit when you complete five years of continuous service.

After your employment with CHS ends, you will receive a notice and calculation of your vested benefit and the appropriate forms as soon as administratively possible.

If you have at least five years of continuous service when you leave CHS, you will be eligible to receive the benefit you had earned through the date your employment ended. You may elect to receive a lump-sum payment of your vested benefit at any time after you terminate employment.

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If you wish, you may leave your benefit in the Plan and postpone receiving monthly payments of your vested benefit until the last day of any month after you have reached age 55, provided you had at least five years of continuous service when you left. Otherwise, your benefit will begin at your normal retirement date.

If you have a benefit under the cash balance portion of the Plan, you will continue to receive interest credits until the quarter before the date you elect to receive your vested account balance as either a lump-sum payment or as a monthly benefit payment.

If you have fewer than five years of continuous service when you leave CHS, no benefits will be payable under the Plan.

Breaks in Service

You will have a break in service if you have a calendar year in which you are not credited with more than 500 hours of service and you are not an employee on the last day of the plan year (December 31). Breaks in service are important if you ever quit and then are rehired.

If You Return to Work

If you return to work for CHS after a break in service, your years of continuous service after you are rehired will be counted in determining benefits, as well as for vesting and eligibility for early retirement.

Years of continuous service before your break in service may also be counted.

In general, your prior service will be counted if:

- o You were vested when your break in service occurred; or
- o You were not vested when your break in service occurred and the number of years with breaks in service is not greater than your number of years of continuous service before your first break in service.

If you have any questions, you should contact Benefits Administration.

When You Become a Participant Again if You are Rehired

If you leave CHS and are rehired following a break in service, you become a participant again immediately on the day you are rehired, provided your service before the break in service is counted.

If your prior service is not counted under the break in service rules, you will be treated as a new employee, and you will become a participant again when you meet the eligibility requirements.

Benefits for Your Survivors

If you are vested at your death before retirement, the plan provides benefits for your surviving spouse or other beneficiary, depending on your status as either a legacy or a non-legacy participant. These benefits are described in this section.

If you die after retiring, your spouse or other beneficiary's benefits (if any) are determined by the payment form you have elected. For more information, see the heading **How Benefits are Paid**.

Survivor Benefits for Legacy Participants and Non-Legacy Participants with a Part A Benefit

If you are vested and die before retiring, your surviving spouse or other beneficiary may be eligible to receive a benefit after your death.

Active or Terminated Vested Participant Eligible for a Normal Retirement Benefit

If you continue working for CHS after you reach your 65th birthday and then you die, or if you have terminated your employment at or after your 65th birthday and you die before benefit payments begin, your surviving spouse or other named beneficiary will be eligible to receive a lump-sum payment equal to the actuarial equivalent value of your accrued benefit (the Part A portion of your benefit only, if you are a non-legacy participant) as of your date of death (or as of December 31, 2008, if you are a non-legacy participant with a Part A benefit) plus the current balance of your cash balance account, if any (non-legacy participants).

Active or Terminated Vested Participant Eligible for an Early Retirement Benefit

If you continue working for CHS after you are eligible for an early retirement benefit or if you have terminated employment and are eligible for an early retirement benefit, and you die before benefit payments begin, your surviving spouse will be eligible to receive 50% of your accrued benefit (the Part A portion of your benefit only, if you are a non-legacy participant) through a survivor annuity without any reduction in benefit, even if the payments begin before the date you would have reached age 65. Or, your surviving spouse may elect to receive the actuarial equivalent value of the death benefit as a lump-sum payment.

The current balance of your cash balance account, if any (non-legacy participants) will also be paid to your designated beneficiary. If you are unmarried or have a nonspousal beneficiary, the designated beneficiary will be entitled to a lump sum payment equal to the value of your cash balance account; If your beneficiary is your spouse, he or she may elect to receive the value in either a lump-sum payment or an actuarially equivalent life annuity.

Active or Terminated Vested Participant Not Eligible for an Early Retirement Benefit

If you are vested and you die while employed or if you are vested and have already terminated employment and then you die before meeting the requirements for an early retirement benefit, your surviving spouse will be eligible to receive a survivor annuity.

If you do not have a surviving spouse, no death benefit will be paid from the plan.

If you are an active participant, your surviving spouse's benefit will be computed as if you:

- o Had separated from service on the date of your death;
- o Survived to the earliest retirement date under the plan;
- o Began receiving payment of a joint and 50% survivor annuity*, with your spouse as the designated beneficiary; and
- o Died on the next day.

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If you are a terminated vested participant, your survivor spouse's benefit will be computed in the same manner as for an active participant, except that your termination date* will be used in the computation instead of the date of your death.

* For non-legacy participants with a Part A benefit, the annuity will be based on your accrued benefit as of December 31, 2008.

Survivor Benefits for Non-Legacy Participants' Cash Balance Accounts

Active or Terminated Vested Participant Not Eligible for an Early Retirement Benefit

If you are vested and you die while employed or if you are vested and have already terminated employment and then you die before meeting the requirements for an early retirement benefit, your designated beneficiary will be eligible to receive a lump-sum payment equal to the value of your cash balance account.

Active or Terminated Vested Participant Eligible for an Early Retirement Benefit

If you continue working for CHS after you are eligible for an early retirement benefit, or if you have terminated employment and are eligible for an early retirement benefit and you die, your surviving spouse or other beneficiary will be eligible to receive the value of your cash balance account.

If you are unmarried at the time of your death or your spouse is not your beneficiary, your beneficiary will receive a lump-sum payment equal to the value of your cash balance account.

If you are married and your spouse is your beneficiary and you die before benefit payments begin, your spouse may elect to receive the value of your cash balance account as either a lump-sum payment or an actuarial equivalent single life annuity.

General Information about Your Plan

Qualified Domestic Relations Orders

Your Plan benefit can become subject to a property or other financial settlement in case of a divorce. The court may then issue a qualified domestic relations order — a court order related to divorce or separation — which could award a portion of your benefit to your former spouse, your child, or another dependent. The order may require the vested portion of assigned benefit to be distributed immediately.

Your Benefit Cannot Be Assigned

You may not assign your benefit to CHS or to any person or business to pay or secure a debt. In addition, your benefit cannot be paid to any person other than you, or, in the event of your death, your beneficiary (except in the case of a domestic relations order).

Loss of Benefits

You (or in some cases, your spouse or other beneficiary) may receive no benefits or benefits which are less than expected if:

- o You leave CHS before you have completed five years of continuous service;

CAROLINAS HEALTHCARE SYSTEM PENSION PLAN

- o Benefits Administration is unable to locate you when it is time to make payments to you;
- o Your benefits become subject to a qualified domestic relations order;
- o You die after payments have started, but you did not elect survivor benefit; or
- o If the plan is discontinued and the plan's assets are not sufficient to cover all accrued benefits under the plan.

Taxation of Benefits

Pension benefits are taxable as ordinary income for the year in which you receive them. You will be asked to complete income tax withholding forms for your pension payment when you apply for retirement. We encourage you to consult a tax advisor if you have questions on how much to have withheld from your pension payments.

If Receive Your Benefit in a Lump-Sum Payment

If you elect to receive your benefits from the Plan in a lump-sum payment, you may:

- o Choose a direct rollover and transfer all of your taxable balance to an IRA or other qualified plan which will accept the transfer; or
- o Have the balance paid directly to you. Keep in mind that your distribution may be subject to 20% tax withholding, and also may be subject to the 10% early withdrawal penalty tax if you are under age 59½.

Future of the Plan

While CHS intends to continue the plan into the future, it reserves the right to discontinue contributions, to amend or terminate a subsidiary organization's participation in the plan, or to amend, suspend, or discontinue the plan at any time.

A decision to amend or end the plan could be due to changes in federal or state law or the Internal Revenue Code. This decision could also be due to the installation of a revised, successor plan, consolidating with another plan, or splitting the plan into two or more parts. In addition, a change in economic or market conditions, or structure that makes the plan no longer feasible as it currently exists could also result in a decision to amend or end the plan.

If the Plan Should End

If the plan ends, your accrued benefits that are vested before the date of termination are nonforfeitable. In addition, you have a fully vested right to the benefits accrued for you with respect to benefits that are not vested on the date the plan terminates, to the extent that funds are available under the trust fund.

Plan assets are shared among plan participants and beneficiaries. After the plan ends, there will be no further accrual of retirement benefits. The amount of your benefit payments, if any, depends on assets held in the plan's trust fund and the terms of the plan.

CHS will be entitled to surplus assets held under the plan only after all benefits have been provided. If the plan is terminated, CHS will not make further contributions to the plan.

Administrative Information

The Plan is designed to comply with the requirements of the Internal Revenue Code.

Plan Name and Type

The Plan, as described in the summary, is officially named the Pension Plan of The Charlotte-Mecklenburg Hospital Authority.

The Plan is a defined benefit pension plan.

Plan Administrator

The Plan Administrator manages the plan on a day-to-day basis and answers questions about plan details. The Plan Administrator for the Plan is:

Retirement Committee
Pension Plan of Charlotte-Mecklenburg Hospital Authority
P.O. Box 32861
Charlotte, NC 28232-2861

The members of the Committee may change from time to time. Benefits Administration will be glad to provide you with a list of current members.

The Plan Administrator (and its delegates) have full discretion to construe and interpret the plan and this summary plan description, and to decide all matters arising under the plan, including whether you are eligible for plan participation and/or entitled to plan benefits. The determinations of the Plan Administrator (and its delegates) are final and binding on you and all other parties, except as otherwise provided by law.

Plan Funding

The Plan is funded entirely through contributions from CHS. Pension consultants, called actuaries, determine the amount the CHS contributes.

Employees are neither required nor permitted to contribute to this plan.

Plan Trustee

Funds for the plan are held in trust for the sole purpose of paying benefits and operating expenses. The trustee is:

JPMorgan Chase Bank, N.A.
1111 Polaris Parkway, OH1-0634
Columbus, OH 43240

Employer Identification Number

The Internal Revenue Service assigns each employer an employer identification number (EIN). CHS's assigned EIN is 56-0529945.

Plan Identification Number

The plan identification number (PIN) assigned to the Pension Plan of The Charlotte-Mecklenburg Hospital Authority is 001.

Plan Year

All records for the Plan are kept on a calendar year basis. The plan year begins each January 1st and ends each December 31st.

Agent for Service of Legal Process

Legal process may be served upon the Plan Administrator or the plan trustee.

Claiming Benefits

If you think you are eligible for a benefit from the Plan, you (or, in the case of your death, your beneficiary) will need to contact Benefits Administration. Benefits Administration will provide the appropriate claim forms and any other information you need to apply for benefits.

Once your claim has been documented and the necessary forms are complete, the people who process your claim must do so within 90 days. You will be notified if an additional 90-day period is required to complete claim processing.

If your claim is granted, the appropriate distribution or payment will be processed as soon as administratively practical.

If your claim is denied, you will be given written notice within 90 days (or longer as may be reasonably necessary) pointing out any additional information which might change the denial, including:

- o The specific reason or reasons for the denial;
- o Specific references to the pertinent plan provisions on which the denial is based;
- o A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary;
- o An explanation of the Plan's claims review procedure.

ADMINISTRATIVE INFORMATION

Appealing Claim Denials

If your claim is denied, you may request in writing that the Plan Administrator conduct a full and fair review of the denial of your claim. You or your duly authorized representative may:

- o Request a review upon written application to the Plan Administrator;
- o Review pertinent documents; and
- o Submit issues and comments in writing.

The Plan Administrator may establish the time limits within which you may request review of a denied claim, however, you have at least 60 days from the time you receive the written notice that your claim was denied.

You will receive the Plan Administrator's decision regarding the appeal normally no later than 60 days following the receipt of your request for review. However, in certain circumstances (for example, if the Plan Administrator decides to hold a hearing on the appeal), the decision will be rendered as soon as possible, but not later than 120 days following the receipt of your request for review. The final decision and a written explanation will be sent to you and it will include specific references to the plan provisions on which the decision is based.

The Plan Administrator has the discretionary authority and responsibility to interpret and construe the Plan and any rules or regulations under the Plan, and the rights of participants, former participants, and beneficiaries to receive benefits from the Plan. The Plan Administrator's decision (on review) is final and binding on all parties. No legal action for benefits under this plan may be brought unless you have exhausted all claims procedures.

Supplement to the Carolinas HealthCare System's Summary Plan Description of the Pension Plan for Employees Who Were Participants in the Mercy Plan

If you were a participant in the Mercy Plan and you terminated employment prior to January 1, 1996, you will be covered under the provisions of the Mercy Plan.

This supplement to the summary plan description is for those employees who were covered under the Mercy Plan who were in the employ of CHS on January 1, 1996. Most of the provisions in the summary plan description apply to you; however, there are some additional provisions that apply and these are listed below.

Your Eligibility and Entry Date

You became a participant in the Plan on January 1, 1996 if you were an active participant in the Pension Plan for the Employees of Mercy Health Services, Inc. as in effect December 31, 1995 and were still employed by CHS on January 1, 1996.

When You Can Receive Benefits under the Pension Plan

How Your Retirement Benefits are Calculated

There are three factors that determine your normal retirement benefit:

- o The number of years of continuous service you are credited with;
- o Your average annual compensation; and
- o Your covered compensation.

Continuous service and average annual compensation are defined in the summary plan description.

Covered Compensation means the average of your taxable wage bases rounded to the nearest \$600 in effect for each year during the 35-year period ending in the year in which you reach your Social Security retirement age. The taxable wage base is the maximum amount of earnings which may be considered wages for purposes of Social Security (or FICA) withholding.

The taxable wage base changes each year. For example, in 1994, the taxable wage base was \$60,600, in 1995, it was \$61,200 and in 1996, it was \$62,700.

Your Social Security retirement age is the age at which you can begin drawing unreduced Social Security benefits. Before the year 2000, the Social Security retirement age was 65. After the year 2000, it gradually increases to age 67 in the year 2022.

Because the taxable wage base changes each year, and because Social Security retirement ages are different, each participant will have a different covered compensation, depending upon the year in which he/she was born.

APPENDIX FOR MERCY PLAN PARTICIPANTS

Pension Benefits for Mercy Plan Participants

If you were a participant who had an accrued benefit in the Mercy Plan immediately before January 1, 1996, the plan will provide you with a benefit equal to the greater of a or b:

a.) The sum of (i) and (ii):

(i) 1% of your average annual compensation up to \$12,000
plus
1.5% of average annual compensation in excess of \$12,000
times
Your years of continuous service (not to exceed 40 years)

Years of continuous service and average annual compensation under the Mercy Plan before January 1, 1996 will not be counted.

(ii) 0.6% of your average annual compensation
plus
0.6% of your average annual Compensation
in excess of covered compensation
times
Your years of continuous service (not to exceed 30 years)

Only years of continuous service and average annual compensation under the Mercy Plan through December 31, 1995 will be counted.

b.) 0.6% of your average annual compensation
plus
0.6% of your average annual compensation
in excess of covered compensation
times
Your years of continuous service (not to exceed 30 years)

This formula counts all years of continuous service, including those which accrued under the Mercy Plan through December 31, 1995.

To get your monthly benefit divide by 12.

Your benefit is an annual benefit that will begin on the last day of the month after the month in which you reach your normal retirement date and will continue to be paid monthly for as long as you live. This is known as the single life annuity. You may or may not actually receive this amount when you retire. It will depend on whether or not you elect how you want your benefit paid. Remember that Social Security benefits will be paid to you in addition to the benefits you receive from this plan.

Benefits at Late Retirement

If you continue to work after your normal retirement date, you may retire as of the first day of any month following your normal retirement date.

Your late retirement benefit will be the greater of:

- o A monthly benefit which is the actuarial equivalent of the benefit you would have received had you retired on your normal retirement date; or
- o A monthly benefit which is equal to the benefit determined under the normal retirement benefit formula, based upon your average annual compensation and years of continuous service up to the date of your actual retirement, and your covered compensation determined as of your normal retirement date.