



Appalachian Regional Healthcare

APPALACHIAN REGIONAL HEALTHCARE, INC.

THRIFT PLAN

Summary Plan Description

Current as of January 1, 2014

**APPALACHIAN REGIONAL HEALTHCARE, INC.
THRIFT PLAN**

TABLE OF CONTENTS

INTRODUCTION	1
HIGHLIGHTS	2
GLOSSARY	3
BECOMING A PARTICIPANT	5
When May I Join The Plan?	5
CONTRIBUTIONS	6
Where Will The Money For The Plan Come From?	6
What Is An Elective Contribution?	6
What Are The Tax Savings From Making Elective Contributions?	7
What Will Be My Share of Company Matching Contributions?	8
What Will Be My Share of Company Contributions?	8
What About Forfeitures?	9
What Is The Saver's Credit?	9
Reemployment Rights Of Employees Returning From Military Leave.....	10
ACCOUNTS AND INVESTMENT OPTIONS.....	11
What is My Account?	11
How Is The Money Invested?.....	11
How Can I Find Out More About The Investment Options?	12
Do I Have Any Responsibility As A Participant?	12
Will I be Charged Any Fees?	12
How Do Investments Affect My Account?	13
DISTRIBUTION AND WITHDRAWAL OF BENEFITS.....	14
When Will My Account Be Paid?	14
What Benefits Are Payable If My Employment Terminates Before Retirement?	14
How Will My Benefits Be Paid?	15
When Do I Forfeit The Unvested Portion of My Account?	16
Under What Circumstances Can I Withdraw My Accounts While Still Employed?.....	17
How Do Taxes Affect My Distribution?	19
LIMITATIONS	20
What Are Some Situations Involving Limitations On Contributions And Benefits?.....	20
Can I Borrow Money From The Fund Or On My Interest In The Fund?.....	20
Can Others Put A Lien On Or Take An Assignment Of My Account?	20
CLAIMS PROCEDURE, OTHER RIGHTS AND MANAGEMENT	21

How Do I Make A Claim For Benefits Or Appeal Denial Of A Claim?21
What Other Rights Do I Have Under The Plan?22
Who Manages The Plan?23
May ARH Change The Plan Or Drop It?24
How Can I Obtain More Information About The Plan?24
GENERAL INFORMATION.....25

YOUR BENEFIT PLAN

INTRODUCTION

Appalachian Regional Healthcare, Inc. (ARH) believes in you and your abilities. To make your job more attractive, ARH offers many benefits, including a Thrift Plan, established effective January 1, 2008.

Sharing ARH's success with those who help create it benefits everyone:

- It gives you a more personal interest in the continued success of ARH because it rewards you financially for working efficiently, carefully and creatively.
- It helps provide you with increased security for your eventual retirement, in the form of benefits payable on the basis of your own contributions and your share of contributions made by ARH.

We have written this booklet in a non-technical manner to summarize the essential features of the Plan and to try to answer most of the questions that you may have. Please read this booklet carefully and keep it in a safe place for referral. The Plan is formally set forth in a separate legal document.

IF THERE ARE ANY INCONSISTENCIES BETWEEN THIS BOOKLET AND THE LEGAL DOCUMENT, THE LEGAL DOCUMENT GOVERNS.

HIGHLIGHTS

- The Plan is formally known as the "Appalachian Regional Healthcare, Inc. Thrift Plan"), and it is sponsored by Appalachian Regional Healthcare, Inc. (in this booklet referred to as "ARH" or the "Company").
- This is the sole ARH Retirement plan for most ARH employees. All employees of ARH, other than members of the United State Steelworkers, AFL-CIO-CLC who have not bargained for participation will be eligible to participate in the Plan
- The benefits from the Plan are in addition to any benefits available to you under Social Security, and any past-service benefits under the ARH Retirement or ARH Administrative Retirement Plan.
- The actual amount of benefits you may receive from the Plan will depend on the amount of your account balance at the time you receive the benefits.
- Your account balance will reflect your own contributions; ARH's contributions; any Rollover Contributions which you may have made to the Plan from distributions received from another retirement plan or an IRA; the period of time you participate in the Plan; and the success of the investment funds in which you choose to have your account invested.
- The Plan may provide benefits upon:
 - Retirement
 - Disability
 - Death
 - Hardship
 - Separation from Service

GLOSSARY

Be sure to read this Glossary. It can help you with certain unfamiliar words used in the remaining pages of this booklet.

ACCOUNT—The term "Account" is explained at page 9.

ADMINISTRATOR—is ARH, but ARH may appoint a Committee from time to time to handle certain administrative matters regarding the Plan.

BASE CONTRIBUTIONS—refers to a percentage of Eligible Compensation that ARH will contribute for each month for those Participants who meet certain eligibility requirements, whether or not the Participant makes salary deferrals from the Participant's own pay to the Plan.

BREAK IN SERVICE—for purposes of determining your eligibility to participate in the Plan is any Plan Year when you have terminated employment and during which you have not completed more than 500 Hours of Service (see **When May I Join the Plan?**). For purposes of Vesting Service, a Break in Service is a period of severance (as described below in the definition of **YEARS OF VESTING SERVICE**) of at least 12 consecutive months.

ELECTIVE CONTRIBUTIONS – are amounts you elect to have deducted from your compensation to be contributed to the Plan.

ELIGIBLE COMPENSATION—means a Participant's federal income-taxable compensation each pay period, with pre-tax amounts deducted for ARH benefits (including for your own Thrift Plan contributions) added back.

FUND—means the combined total of all Accounts held by the Plan's custodian for the Plan. The Plan's custodian is Mutual of America, but ARH has reserved the right to change the custodian at any time or change the investment options in which accounts can be invested, as long as those options meet the requirements of section 403(b) of the Code.

HOUR OF SERVICE—means any hour for which you have received payment (a) for the performance of duties for ARH, (b) as a result of a back-pay award (credited for the period covered by the award), and (c) for a period of time when no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, or leave of absence (but not more than 501 hours). Military service will be counted as required by law, which generally means missed service will be credited for eligibility and vesting purposes.

MATCHING CONTRIBUTIONS—refers to a monthly contribution that ARH will make only if, and to the extent, a Participant elects and makes contributions of the required percentage from the Participant's own Eligible Compensation for each pay period.

NORMAL RETIREMENT AGE—is age 65.

PLAN YEAR—is a twelve-month period beginning on July 1 and ending the following June 30.

VALUATION DATE—is the date the Administrator chooses to determine Plan earnings and allocate them among Participant Accounts. Your Account is valued on a daily basis, and you will receive a statement of your Account shortly after the end of each quarter.

YEARS OF ELIGIBLE SERVICE—refers to all years of credited service you earned under any other retirement plan sponsored by ARH before December 31, 2007 (rounded to the newest whole year), plus service you render on or after January 1, 2008 (or after January 1, 2007 for those who were never eligible for the other ARH Retirement Plans). Years of Eligible Service for purposes of what level of benefit you'll enjoy in a year will be measured as of January 1 of each year and will apply for the entire calendar year. You'll get one year of additional Eligible Service for each full calendar year, beginning with 2008, without reference to how many hours you actually work in that year.

YEARS OF VESTING SERVICE—is important for vesting credit, and is computed as the total years and completed months beginning on the date you first perform an Hour of Service for ARH and ending when you experience a "period of severance." A "period of severance" is a continuous period of time during which you are not employed by ARH. A period of severance may begin with your retirement, quit, or discharge, but in any case a period of severance occurs on the 12-month anniversary of your absence from service with ARH for any reason (unless your absence from service is on account of maternity or paternity).

BECOMING A PARTICIPANT

When May I Join The Plan?

Eligible employees are all employees of ARH who are not covered by a collective bargaining agreement. Employees covered by a collective bargaining agreement are not eligible to participate in the Thrift Plan, unless the collective bargaining agreement, by a specific reference to the Plan, provides for coverage under the Plan.

If you are an eligible employee, you may make pre-tax, Elective Contributions to the Plan on the date you first perform an Hour of Service for ARH.

If you are an eligible employee, you will become eligible to receive ARH Matching and Base Contributions under this Thrift Plan, on the date you meet the following eligibility requirements, if you are employed by ARH on that date.

- Be at least age 18; and
- remain employed with ARH until the 12 month anniversary of the date you first performed an Hour of Service for ARH.

For example, let's say you were hired on April 12, 2013. You would be eligible to begin making Elective Contributions to the Thrift Plan custodian as of April 12, 2013 (the date you first perform an Hour of Service for ARH). You would be eligible to share in ARH Matching and Base Contributions as of April 12, 2014.

Note: Employees who elected to receive an in-service withdrawal after attaining age 62, under the terms of the ARH Retirement Plan or the ARH Administrative Retirement Plan, as such plans were amended effective January 1, 2009, are eligible to make Elective Contributions under this Plan, but are **not** eligible to receive Matching and Base Contributions.

CONTRIBUTIONS

Where Will The Money For The Plan Come From?

Money in the Plan will be contributed by ARH based on (i) your Elective Contributions, (ii) Matching Contributions made by ARH, and (iii) Base Contributions made by ARH. The level of Matching and Base Contributions you will receive will be determined based on your Years of Eligible Service.

Matching and Base Contributions are subject to the vesting schedule described later in this summary. Elective Contributions are always nonforfeitable, which means you are vested in your contributions and entitled to them (as adjusted for earnings and losses) on termination of employment.

Custodial fees and administrative expenses for the Plan may be paid from the Fund or by ARH.

What Is An Elective Contribution?

The amount of your salary reduction you contribute to the Plan is called your "Elective Contribution." The amount you can contribute to your Elective Contribution Account in any year is subject to certain legal limits, including a \$17,500 limit (for calendar year 2014) on how much you contribute through Elective Contributions to the Plan and all other similar plans. This limit may be indexed (increased) for inflation by IRS from time to time.

If you have sufficient service, or will be age 50 or over in a calendar year, your annual limit on Elective Contribution will be higher.

If you have been credited with at least 15 years of service with ARH, you may make a service-based catch-up contribution. For this purpose, your "years of service" include both a full year of service for each year during which you are a full-time employee of ARH for the entire calendar year and a fraction of a year for each part of a calendar year during which you were a full-time or part-time employee of ARH. Your service-based catch-up contribution cannot exceed the least of the following amount for a given calendar year:

- \$3,000;
- \$15,000 minus the total of your service-based catch-up contributions for previous years, or
- \$5,000 multiplied by your years of service with ARH, minus the total of your Elective Contributions (including any catch-up contributions) made in all previous years to the Plan or any other plan maintained by ARH.

In addition, if you are at least age 50 at any time during the calendar year, you may contribute an additional \$5,500 of Elective Contributions (for calendar year 2014; this amount is also indexed for inflation by the IRS from time to time). This is referred to as the age-based catch-up contribution. Generally, the age-based catch-up contribution is available after all other

contribution limits have been reached. See IRS publications for worksheets and more detail on calculating your service-based catch-up limit.

The annual dollar limit (\$17,500; or \$23,000 for those aged 50 or older in 2014) applies on a combined basis to the Plan and all other similar plans such as a 403(b) or a 401(k) plan you have participated in at a prior job during the calendar year. If you have participated in more than one employer's plan like this in a calendar year, you should review Internal Revenue Service Publication 571 to avoid violating these limits and causing tax problems for yourself.

You may direct ARH to reduce your Eligible Compensation in any whole percentage each pay period. ARH then contributes the amount of your salary reduction to your Elective Contribution Account. For example, if your monthly pay is \$1,000 and you elect a reduction of 10% then your monthly pay will become \$900, and \$100 will be contributed to your Elective Contribution Account. Your Elective Contribution Account is always nonforfeitable. In other words, you always "own" your Elective Contribution Account (although you cannot elect distribution except when permitted under the Plan).

The amount of your Elective Contribution, if any, is based on the amount you elect. You can enroll in the Plan and make contribution elections by submitting a salary reduction agreement on a form approved by ARH, which are available at the Human Resources Department at each ARH location. You can change your election at any time by submitting a new salary reduction agreement, which will be implemented as soon as practicable after it is received.

If a new election to contribute or an election to stop contributions is made, but is not implemented within two payroll periods of the date it should have been implemented, it is your responsibility to contact the Administrator within 15 days regarding the failure to implement your election. If you notify the Administrator of a mistake, the Administrator will take appropriate action to correct your contributions. If you do not notify the Administrator of any mistake and request correction, your previous election will continue in effect.

What Are The Tax Savings From Making Elective Contributions?

Your Elective Contributions are not includible in your income for federal tax purposes (and state tax purposes) in the year contributed to the Plan, or so long as they are held in the Plan. Thus, the amount of your Elective Contributions will not be shown as taxable income on your form W-2. Elective Contributions are counted as wages for purposes of calculating Social Security, unemployment and occupational taxes. Any payments you receive from the Plan will be taxed in accordance with the tax laws in effect at that time. Like an IRA, you pay income taxes only when the funds are withdrawn.

The following illustrates the benefits of this tax deferral, based on 2014 tax rates (federal and Kentucky), for an employee who is paid bi-weekly, is married and has withholdings for a family of three:

	5% Contribution		2% Contribution	
Annual Compensation	\$30,000	\$50,000	\$30,000	\$50,000
<i>You save for retirement</i> (annual Elective Contribution to your Thrift Plan Account)	\$1,500	\$2,500	\$600	\$1,000
<i>For the cost of</i> (actual annual take-home pay is only reduced by)	\$ <u>1,253.52</u>	\$ <u>1,959.20</u>	\$ <u>517.84</u>	\$ <u>783.68</u>
Federal, state, and local taxes are reduced	\$ <u>(246.48)</u>	\$ <u>(540.80)</u>	\$ <u>(82.16)</u>	\$ <u>(216.32)</u>
OR, IF YOU CONSIDER THE SAVINGS VERSUS THE REDUCTION IN YOUR CHECKS BI-WEEKLY, THE RESULTS ARE:				
<i>You save for retirement</i> (bi-weekly Elective Contribution to your Thrift Plan Account)	\$ <u>57.69</u>	\$ <u>96.15</u>	\$ <u>23.08</u>	\$ <u>38.46</u>
<i>For the cost of</i> (average bi-weekly take-home pay is only reduced by)	\$ <u>48.21</u>	\$ <u>75.35</u>	\$ <u>19.92</u>	\$ <u>30.14</u>

What Will Be My Share of ARH Matching Contributions?

Your share of Matching Contributions to the Plan is based on the amount of Elective Contributions you make and begin only after you reach the entry date applicable for sharing in ARH contributions. After that entry date, the Match will be deposited by ARH monthly, based on that period's Elective Contributions.

ARH will match your Elective Contributions at the rate set forth on the chart below.

Years of Eligible Service	ARH Match to Employee Contributions
After Year 1	100% Up 0.5% Of Eligible Compensation
After Year 2	100% Up 0.5% Of Eligible Compensation
After Year 3	100% Up 1% Of Eligible Compensation
After Year 4, through 9 Years	100% Up 1.5% Of Eligible Compensation
After 10 years, through 20 years	100% Up 1.75% Of Eligible Compensation
After 20 years and more	100% Up 2% Of Eligible Compensation

What Will Be My Share of Base Contributions?

Base Contributions will be made for you after you reach the entry date applicable for sharing in ARH contributions, whether or not you make Elective Contributions. After that entry date, the Base Contributions will be deposited by ARH monthly, based on that period's Eligible Compensation. The amount contributed will be based on Years of Eligible Service, as follows:

Years of Eligible Service	ARH Base Contribution
After Year 1	1% Of Eligible Compensation
After Year 2	1.5% Of Eligible Compensation
After Year 3	2% Of Eligible Compensation

After Year 4	2.5% Of Eligible Compensation
5 years and more	3% Of Eligible Compensation

Here's an example: Assume that your Compensation is \$44,000 and that you have 11 Years of Eligible Service and meet the requirements to be a Participant for the Plan Year.

$$\$44,000 \times 3\% = \$1,320$$

Amount contributed to your
Base Contribution Account

What About Forfeitures?

Forfeitures result from other Participants leaving the Plan without a fully vested right to their Accounts, and will be used to reduce ARH's contributions for the year in which the forfeiture occurs.

What Is The Saver's Credit?

You may be eligible for the new income tax credit that is available for eligible taxpayers who contribute to a retirement plan. It's called the "**Saver's Credit**" and is equal to a specific percentage as illustrated in the chart below. The maximum amount of contributions eligible for the credit is \$2,000 per tax year for contributions to the Thrift Plan. The credit will range from 10% to 50% depending on your filing status and income level. Your credit amount determined under the chart below is reduced by any taxable distributions from a retirement plan or IRA that you or your spouse receive during the year you claim the credit, during the preceding two years, or during the period after the end of the year for which you claim the credit and before the due date of your return for that year. You must be at least age 18 by the end of the year, and you cannot be a full time student or a dependent claimed on someone else's tax return to be eligible for this credit. If you are married and file a joint tax return, this credit is available for contributions by or for either or both spouses, up to \$2,000 per year for each spouse. The credit is only available to the extent of taxes you otherwise owe; it is a nonrefundable credit. The income levels shown in the chart below are for the 2014 tax year and may be indexed for inflation in future years.

ADJUSTED GROSS INCOME

<u>Married Filing Joint</u>	<u>Head of Household</u>	<u>All Other Filers</u>	<u>Saver's Credit Rate</u>
\$0 - \$36,000	\$0 - \$27,000	\$0 - \$18,000	50% of contribution
\$36,001 - \$39,000	\$27,001 - \$29,250	\$18,001 - \$19,500	20% of contribution
\$39,001 - \$60,000	\$29,251 - \$45,000	\$19,501 - \$30,000	10% of contribution
Over \$60,000	Over \$45,000	Over \$30,000	Credit not available

Reemployment Rights Of Employees Returning From Military Leave.

The Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") provides veterans reemployment rights and gives certain veterans who return to service with an employer immediately following military leave credit for military service for eligibility, vesting and Plan contributions. In other words, military service while an Employee of the Employer will be treated as service with the Employer and veterans will be entitled to any accrued benefits they would have received if they had continued employment instead of temporarily leaving to perform military duties, including any matching contributions to the extent the veteran makes up elective deferrals. Elective Contributions must be made up within the first five years of reemployment after military service, or if less, three times the period of military service.

ACCOUNTS AND INVESTMENT OPTIONS

What Is My "Account"?

As a Participant in the Plan you will have accounts--something like savings accounts -- in which contributions will be placed and held for you. Contributions to the Plan are invested via a custodial account. The term "Account" as used in this booklet includes the total of your Base Contribution Account, Elective Contribution Account, Matching Contribution Account and Rollover Account, plus earnings on these Accounts. Here is an explanation of the various accounts:

Base Contribution Account. This is a separate account to which your share of the Company's Base Contribution to the Plan (and any earnings) will be credited.

Elective Contribution Account. This is a separate account to which your Elective Contributions to the Plan (and any earnings) will be credited.

Matching Contribution Account. This is a separate account to which any Matching Contributions to the Plan made by ARH on your behalf (and any earnings) will be credited.

Rollover Account. This is a separate account in each Plan to which you may, with the Administrator's approval, transfer funds which you have accumulated in other retirement accounts including Individual Retirement Accounts, a tax sheltered annuity or governmental employer retirement plan, but not money from these sources that was contributed after-tax.

You may make a rollover contribution to the Plan at any time after you become an employee of ARH, even if you are not yet eligible for ARH contributions to the Plan. Your rollover account can be distributed at any time.

How Is The Money Invested?

The Plan is intended to comply with Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA"). This means that the Plan fiduciaries are relieved of liability for losses which are the result of your investment directions, or, if you don't make investment directions, in accordance with the Department of Labor rules about permissible default investments.

You have the choice of investing your Accounts in one or all of the investment options offered by ARH under the Plan. Your investment elections must be made by completing the employee enrollment form approved by ARH and which are available at the Human Resources Department at each ARH location. Consultants are available to assist you at ARH on a regularly scheduled basis; contact the Human Resources Department for times and location. When you first enroll, you will be assigned a personal identification number (PIN) to make future changes via telephone or on the internet. You can access your Accounts 24 hours a day, seven days a week. Your investment election for future contributions to your Accounts can be changed at any time. Likewise, you can change the percentages of your Accounts allocated between the various investment options at any time. You can access your Plan account via the telephone by calling

TransAmerica's automated voice response system, at 1-800-755-5801. You can access the internet site for the Plan at www.trsrretire.com. You can also obtain a paper election form from the Human Resources Department at each ARH location.

Only you can decide which options or combination of investments are right for you. Each investment option offers a potential for return and carries a certain degree of risk. Expected *return* is what you can expect to earn on your investment. Investment *risk* is the chance you take that at certain times your investment may experience some loss.

The more aggressive you are in choosing investments, the more investment risk you take in the short term. But over the long term, the more conservative investments have the risk that they may not keep up with inflation.

To deal with these risks, investment specialists give this advice:

Invest for the Long Term. Short term returns can fluctuate. If you are not comfortable with swings, such as those typical with stocks, you may be tempted to "bail out" when current returns look unfavorable. Do not fall into the trap of moving to last month's best performer. If you do, you'll probably end up buying high and selling low--and losing money.

Measure Risk in Terms of Your Age. Short term value swings are not expected to affect the security of your long term investment for retirement. As you get closer to retirement, you may be more concerned about protecting your investment from loss.

Diversify Your Investments. A mix of investments lets you spread the risk as well as your potential for earnings.

How Can I Find Out More About The Investment Options?

You can call TransAmerica at 1-800-855-5801 or access the website at www.trsrretire.com for a prospectus with detailed information on each of the investment options, historical information about their performance, and other information that you may want, to check your current Account value and investment mix. Each year you will receive a notice with updated information about the investment options, their performance, and applicable fees and expenses.

Do I Have Any Responsibility As A Participant?

You are responsible for reviewing investment confirmations and account statements to verify that your investments are in accordance with your current investment election. If you do not object to an incorrect investment confirmation or account statement within 30 days of the date you receive it, you may be considered to have accepted the investment allocations on the confirmation or account statement.

Will I Be Charged Any Fees?

The Plans allow fees and expenses related to Plan administration and investments to be paid from Plan assets. Generally, any fees or costs will reduce earnings or increase losses shown on your Account statement based on the Plans' invested assets. The directed funds in the Plan have their own internal expenses, which reduce the funds' earnings or increase their losses—see the fund prospectuses for more details. Also, the Administrator may charge administrative costs to the Plans from time to time, or the Company may choose to pay these costs. You will receive information periodically about the fees and expenses associated with the Plan's investment funds and other administrative costs that are charged to your Plan Account.

How Do Investments Affect My Account?

Dividends from stock and income from other investments are received by the investment options and increase their value. Changes in the value or market price of the various stocks and other securities held by the investment options are also important. As values in the investment funds you choose go up, your Accounts increase. But as values go down, your Account also goes down.

Each day the markets are open the Custodian will determine the amount of any changes in the value of the investment options. Your Accounts will then be credited with a pro rata share of the investment options increases or decreases -- and your Accounts will get larger or smaller as the investment options you have chosen change in value.

DISTRIBUTION AND WITHDRAWAL OF BENEFITS

When Will My Accounts Be Paid?

If you terminate employment for any reason, your vested Accounts will be paid in the annuity forms described in **How Will My Benefits Be Paid?** below, or in a lump sum in cash or in installment payments, if you (and your spouse, if any) consent, as soon as administratively feasible following your date of termination.

The Administrator must obtain your written consent (and your spouse's, if any) to any distribution if the value of your vested Account balance exceeds \$1,000 and you will receive the distribution prior to reaching Normal Retirement Age. If you (or your spouse) do not consent, then distribution will be postponed until your Normal Retirement Age or until you request the distribution. The Administrator need not obtain consent to the distribution if the value of your vested Account does not exceed \$1,000 at the time of distribution.

In general, distribution of your benefits may be postponed until the later of April 1 of the calendar year following the calendar year in which you attain age 70½ or when you actually retire from ARH.

What Benefits Are Payable If My Employment Terminates Before Retirement?

You are always entitled to 100% of your Rollover Accounts and any Accounts attributable to your own Elective Contributions (and earnings) regardless of your Years of Vesting Service.

If your employment terminates prior to Normal Retirement Age for any reason other than death or disability, then your interest in your Base and Matching Contribution Accounts in the Plan becomes vested in accordance with the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Fewer than 2	0
2 but fewer than 3	20
3 but fewer than 4	40
4 but fewer than 5	60
5 but fewer than 6	80
6 or more	100

The portion of your Accounts not included in the vested percentage determined above will be forfeited at the end of the Plan Year in which you take a distribution of your vested Accounts. If you are reemployed before the fifth successive one-year Breaks in Service your Accounts will be restored to its balance when forfeited (with no earnings after your departure).

For example, if you terminated on May 10, 2014 with 3 Years of Vesting Service, your vesting would be as follows (note that values would continue to be adjusted for gains and losses until payment):

<i>Account</i>	<i>\$ Value</i>	<i>Vested %</i>	<i>Vested Value</i>
Elective Contribution	\$17,532	100%	\$17,532
Matching Contribution	\$ 5,850	40%	\$ 2,340
Base Contribution	\$ 5,220	40%	\$ 2,088
Rollover Contribution	\$15,320	100%	\$15,320
Total			\$37,280

You will be entitled to the full value of your Accounts (*i.e.*, you will be fully vested) after the Administrator determines you have ceased to be employed on or after Normal Retirement Age, or if you cease to be employed on account of death or Total and Permanent Disability. Your Account balance will be paid in the same manner as if you had retired. Total and Permanent Disability means that you have been determined to be disabled for purposes of receipt of disability benefits under the Employer's Long Term Disability Plan. If you are in a class of Employees not covered by an ARH Long Term Disability Plan, then you will be considered disabled if you are determined to be eligible to receive Social Security disability benefits for a disability date that is at or before you left ARH's employ.

How Will My Benefits Be Paid?

Married Participants with benefits of more than \$5,000 have a right to receive their benefits from the Plan in the form of a joint and survivor annuity. For Accounts under that value, you will receive a lump sum when you elect to be paid, or at Normal Retirement Age, if you did not elect earlier, and your spouse need not consent to you taking the payment.

A joint and survivor annuity means you would receive monthly payments for as long as you live, with 120 months guaranteed, and, upon your death, your surviving spouse would receive monthly payments for as long as your spouse lives in an amount equal to 66-2/3% of your monthly payments. For example, if you were receiving a monthly pension of \$300 until your death, your surviving spouse would receive a monthly payment of \$200 beginning at your death and continuing until your spouse's death.

If you are not married when your benefits become payable and your Account is valued at \$5,000 or more, then your benefits will be paid as a life annuity, unless you elect a lump sum cash payment, installment payments, or some other form of annuity. A life annuity means that you would receive payments for your life, but no amounts would be payable after your death.

To provide the joint and survivor annuity, or the life only annuity, the custodian would provide or purchase from an insurance company, with the nonforfeitable portion of the balance of your Accounts, that type of annuity contract. When your benefits become payable, the Administrator will provide you an appropriate form to elect to receive your benefits in the form of a joint and survivor annuity if you are married, or a life only annuity if you are not married, or to elect to receive your benefits in a lump sum instead. The form the Administrator will provide to you will explain the effect of the decision between an annuity or a lump sum. Your spouse must consent in writing to any election not to take a joint and survivor annuity form of payment and your spouse's consent must be notarized.

If you choose to waive the joint and survivor or the life annuity form of payment, you may choose to receive your benefit in a lump sum in cash, as a life annuity (with or without a refund of any remainder), in quarterly or annual installments, as a life annuity with guaranteed payments for as many as 180 months, or as a joint and survivor annuity (with or without a guaranteed payment period). The joint and survivor annuity can only be waived with your spouse's written consent.

Depending on the payment form you elect, there may be a benefit remaining when you die, in which case the balance of your Accounts will be paid to your beneficiary according to the payment form you elect. Distributions upon death will be paid in an annuity to your spouse in a value equal to 66-2/3% of your Accounts unless you and your spouse had previously waived the joint and survivor annuity, or your spouse or beneficiary so elects after your death, in which event a lump sum may be paid to the beneficiary designated.

If you die after annuity payments have begun, payments will continue in accordance with the terms of the annuity contract that was purchased with your Account.

Designating Your Beneficiary. The Administrator will provide forms on which you may designate who is to receive any amount payable by the Plan at your death. You may provide what part of this amount each beneficiary will receive. For example, you could provide that your spouse will be the beneficiary and is to receive the entire amount. Or, you could provide that your spouse and your only child will be the beneficiaries and each of them is to receive one-half of this amount. If you name more than one beneficiary and do not provide what each beneficiary is to receive, the beneficiaries will share the amount equally.

If you fail to designate a beneficiary, or if the designation is not effective (perhaps because your spouse did not consent), death benefits will be paid to your surviving spouse. If you do not have a surviving spouse and you die with all of your children living, your death benefit will be divided equally among those children. If, however, you do not have a surviving spouse and you die with some of your children living and others who do not survive you but who have children of their own surviving you, then any payment will be divided into as many equal shares as you have (1) children living at your death, and (2) children not living at your death but who have descendants living at your death. If you have no living spouse, children or other descendants, the death benefit will be paid to your estate.

Payment of Plan Benefits Under \$1,000. If the present value of your benefits from the Plan is less than \$1,000, the Administrator will automatically distribute your entire vested Account in a lump sum. You may elect whether to receive the distribution or to roll over the distribution to another retirement plan such as an individual retirement account ("IRA"). At the time of your termination of employment, the Plan Administrator will provide you with further information regarding your distribution rights.

If you have any questions or would like more information about the Plan's automatic distribution rules, please contact Sonya C. Bergman (HR Director of Strategic Initiatives), Hazard ARH System Center, 100 Airport Garden Road, Hazard, KY 41701, at 606-487-7573.

When Do I Forfeit The Unvested Portion Of My Account?

If you terminate employment and receive a total distribution of the vested portion of your Accounts, or if you are zero percent vested when you terminate (because you had only an unvested Base Contribution Account), you will forfeit the unvested portion of your Base and Matching Contribution Accounts in the Plan Year when you take a distribution of your vested accounts. This is called the "cashout" forfeiture rule.

Even if you don't take a cashout distribution of your vested Accounts, you will forfeit the unvested portion of your Accounts if you have a "forfeiture break in service." A "forfeiture break in service" is a period of five consecutive one-year Breaks in Service.

You should also know that if you take a "cashout" distribution of the vested portion of Accounts (or if you are 0% vested at termination), but you later return to work for ARH before incurring a forfeiture break in service as described in the preceding paragraph, the unvested Accounts you forfeited will be restored.

Here are some examples to illustrate these rules:

Example 1: Assume you terminate employment during 2014, you have three Years of Vesting Service, and the total value of your Accounts (other than your Elective and Rollover Accounts) is \$6,200. Assume further that you receive a distribution of the \$2,480 vested portion ($\$6,200 \times 40\%$) in 2014. In this case the 60% non-vested portion of your Accounts will be forfeited by you in the Plan Year when the vested portion is paid to you. However, if you return to employment and before incurring five one-year Breaks in Service by the end of the 2019 Plan Year (five years), the amount you forfeited will be restored if you repay the \$2,480 distribution you received. However, you must make this repayment by the end of 2019.

Example 2: Assume you are 40% vested in your account balance at the end of 2013. You terminate employment and perform no further service for ARH during the 2014 to 2019 Plan Years, but you do not request a distribution. Under this example, you have a "forfeiture break in service" in the 2019 Plan Year employment because you incurred five one-year Breaks in Service from 2014 to 2019. Because of your forfeiture break in service, you forfeit the 60% non-vested portion of your Base Contribution and Matching Contribution Accounts at the end of the 2019 plan year, and this forfeiture will not be restored even if you later return to work for ARH.

Under What Circumstances Can I Withdraw My Accounts While Still Employed?

The Plan provides for withdrawals under certain circumstances while you are still employed. The first alternative--a "hardship withdrawal," applies to only the balance of your Elective Contribution and Rollover Contribution Accounts, but not including any earnings on Elective Contributions.

You may only withdraw your money for "hardship" in the case of an immediate and heavy financial need arising from the following circumstances:

- medical expenses of the Participant, spouse or dependents previously incurred or necessary for these persons to obtain medical care;

- purchase of a principal residence for the Participant;
- payment of tuition and related expenses for the next 12 months of post-secondary education for Participant, spouse or dependents;
- payments to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage on that residence;
- payments for funeral or burial expenses for the Participant's deceased parent, spouse, child or dependent; and
- expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income.)

Any withdrawal while still employed may not be in excess of the amount necessary to satisfy the financial need (plus taxes due upon withdrawal), nor shall any withdrawal be permitted if your need may be satisfied from other resources reasonably available to you. The Administrator will require that you certify that you cannot get money to meet your financial needs:

- Through reimbursement or compensation by insurance or otherwise;
- By reasonable liquidation of your assets, or the assets of your spouse or dependents which are reasonably available to you and to the extent that such liquidation will not itself cause immediate and heavy financial need;
- By ceasing Elective contributions under this Plan or any other plan maintained by ARH or any other employer;
- By other distributions or nontaxable loans (if available) from any employee benefit plan maintained by ARH or by any other employer; or
- By borrowing from commercial sources at reasonable commercial terms.

If you make a hardship withdrawal from the Plan, you may not make Elective Contributions to the Plan or any other Plan maintained by ARH for the six month period after you receive the hardship distribution. To be eligible for a withdrawal, you must complete an application requiring certain financial information. Applications are available from the Administrator.

You may also request a withdrawal of your Elective Contribution Account and your Base and Matching Contributions Account (but only if you are 100% vested) when (or after) you reach age 59½, and from your Rollover Account at any time. You can obtain an application for these in-service withdrawals from the Administrator. Your spouse must consent to these withdrawals.

How Do Taxes Affect My Distribution?

Normally, income taxes, and sometimes early distribution excise taxes, will be payable when you receive a distribution from the Plan. The Administrator will provide a notice to you of these tax rules when you request a distribution. All plans are required to permit Participants receiving a distribution to elect to have their distribution (other than a hardship distribution of just Elective Contributions) paid (rolled over) directly to another qualified retirement plan or an IRA in a direct rollover. By handling the distribution as a direct rollover, you would not be subject to the mandatory 20% federal income tax withholding now required by law.

LIMITATIONS

What Are Some Situations Involving Limitations On Contributions And Benefits?

The Plan is subject to regulations of the Internal Revenue Service which place certain maximums on the amounts that may be added to your Accounts each year. If you wish to know the precise level of these limitations, contact the Administrator for details.

If a contribution is made to the Plan by a mistake of fact or if all or any part of a contribution is not deductible by ARH under the Internal Revenue Code of 1986, as amended, then such contributions may be returned to ARH.

Also, see **May the Company Change the Plan or Drop It?** later in this summary.

The fact that the Company has established the Plan does not confer any right to future employment with the Company.

Can I Borrow Money From The Fund Or On My Interest In The Fund?

No, you may not request a loan from the Plan.

Can Others Put A Lien On Or Take An Assignment Of My Account?

None of the benefits or interests under the Plan are assignable by any person. This means that you may not use the value of your Account as collateral for a loan or direct that benefits be paid to others as gifts or as payment for debts. Your Account cannot be reached by your creditors or anyone else *except* under a qualified domestic relations order (a "QDRO"). This is a court order relating to divorce, legal separation, custody or support proceedings. The QDRO recognizes the right of someone other than you (referred to as the "alternate payee") to receive a portion of your benefits in the Plan, and allows for an earlier than normal distribution to the alternate payee. You will be notified if a QDRO relating to your benefits in the Plan is received. You or your beneficiary can obtain a copy of the QDRO procedures for the Plan from the Company at no charge.

* * * * *

CLAIMS PROCEDURE, OTHER RIGHTS AND MANAGEMENT

How Do I Make A Claim For Benefits Or Appeal Denial Of A Claim?

If you believe you are eligible for a benefit and you have not already been advised by the Administrator of your eligibility, you may submit a written claim to the Administrator. Claim statements are available from the Administrator for this purpose. The Administrator will present the claim to the Administrator-appointed "Claims Examiner." The Claims Examiner will review the claim, and, if approved, the claim will be processed under the terms of the Plan.

If your claim is wholly or partially denied by the Claims Examiner, the Claims Examiner will give you a written notice of claim denial. This notice must be given to you within 90 days (45 days for a claim for vesting based on disability) after receipt of your claim by the Plan unless special circumstances require an extension of time for processing the claim (but the extension may not be for more than an additional 90 days (30 days for a disability claim, and an additional 30 day extension is available). In the event of an extension, written notice of the extension will be furnished to you before the end of the first time period, stating the reasons for the delay and the date you may expect to receive a decision about your claim.

The notice of claim denial will specifically state why the claim was denied, referring to the Plan provisions on which the denial was based. This notice will also tell you what, if any, additional material or information is necessary in order to have your claim approved, and the notice will explain why such material or information is necessary. The notice will also give you appropriate information as to the steps to be taken if you wish to request a review of the denied claim, and inform you of the 60 day (180 days for disability claims) deadline for filing any request for review. If you request a review of the denial of your claim and your claim is again denied, you may bring a civil action under ERISA.

Your request for review must be received within 60 days (180 days for disability claims) after you receive a denial notice, or after you assume that your claim has been denied. Your request must be in writing and include issues, comments and reasons why you believe your claim should not have been denied. You may also make a written request for reasonable access to or copies of the legal plan text and Plan records and other documents relevant to your claim. Your claim will be reviewed by the Administrator. In connection with the review, you are entitled to review pertinent documents and submit issues and comments in writing. You may have a duly authorized representative act on your behalf in connection with the review procedure. The review of your claim will take into account all comments, documents, records and other information you have submitted regarding your claim, whether or not that information was provided or considered in connection with the initial claim decision.

The Administrator's final decision will be made and furnished to you promptly, but not ordinarily later than 60 days (45 days for disability claims) after the Administrator's receipt of your request for review. If special circumstances (including the need to hold a hearing) require an extension of time for processing, the decision will be rendered as soon as possible, but not later than 120 days (105 days for disability claims) after receipt of the request for review. If an extension of time for review is required because of special circumstances, written notice of the extension will be furnished to you prior to the commencement of the extension. The decision on

review will be in writing and will include specific reasons for the decision, as well as specific references to the pertinent Plan provisions on which the decision is based.

Decision on a claim on appeal is final and binding on the Plan and on you as the Participant unless the court finds that the decision was arbitrary and capricious, based on the record prepared during the claims procedure.

What Other Rights Do I Have Under The Plan?

As a participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the plan administrator, copies of documents governing the operation of the Plan, including insurance contracts, copies of the latest annual report (Form 5500 series) and an updated summary plan description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of the summary annual report.

Obtain a statement telling you how much is in your Accounts and the part of your Accounts to which you are entitled (i.e., the vested portion of your Accounts) if you stop working under the Plan as of the date of the statement. If you do not have a right to the Accounts, the statement will tell you how many years you have to work to get such a right. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit 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, your union, 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.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part past the deadlines noted above, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report 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 the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, past the deadlines noted above you may then (and only then) file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or 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, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Who Manages The Plan?

The Administrator administers the Plan, but it does not handle investments. The Administrator is a Named Fiduciary of the Plan. The Administrator has the responsibility of making the rules under which the Plan are run.

The Custodian has the responsibility for management of the Plan's assets and investments. (See **How Is The Money Invested?** on page 9).

May ARH Change The Plan Or Drop It?

In order to protect itself and the Participants against any unforeseen future events, ARH has reserved the right to amend or to terminate the Plan. Termination of the Plan could occur before you reach your Normal Retirement Age. If ARH terminates the Plan or completely discontinues its contributions, then you will be considered to have retired on the effective date of the termination and will receive the retirement benefit provided for under the terminated Plan.

Because the Plan provide for an individual account for each Participant and because your benefits depend solely on the amount in your Accounts, the law provides that the Plan are not insured under Title IV of the Employee Retirement Income Security Act of 1974.

How Can I Obtain More Information About The Plan?

We hope this booklet has provided you with full and complete information about the Plan and your rights under ERISA. If you have any questions, please get in touch with the Administrator. The Administrator will be glad to answer your questions. But remember: A copy of the formal legal instruments creating the Plan and the Trust is available to you at any time, and the formal instrument controls if there is any conflict between the provisions of those instruments and any explanation you receive.

* * * * *

GENERAL INFORMATION

NAME OF PLAN: Appalachian Regional Healthcare, Inc. Thrift Plan

EMPLOYER: Appalachian Regional Healthcare, Inc.
100 Airport Gardens Road
Hazard, Kentucky 41701

EMPLOYER IDENTIFICATION NUMBER: 52-0795508

PLAN NUMBER: 004

TYPES OF PLAN: A 403(b) Plan that also provides for employer contributions

TYPE OF ADMINISTRATION: Self-administered by ARH, which has appointed an Administrative Committee to carry out its duties. The Administrative Committee is referred to as the Administrator."

PLAN ADMINISTRATOR: Appalachian Regional Healthcare, Inc.
100 Airport Gardens Road
Hazard, Kentucky 41701
606-487-7573

AGENT FOR SERVICE OF LEGAL PROCESS: Appalachian Regional Healthcare, Inc.
c/o General Counsel
100 Airport Gardens Road
Hazard, Kentucky 41701

Service of Legal Process may also be made upon the Custodian

CUSTODIAN OF THE PLAN Transamerica Retirement Solutions
4333 Edgewood Road NE
Cedar Rapids, IA 52499

LOULibrary 0105628.0551769 1570113v1