

SCOTTSDALE HEALTHCARE

403(b) Retirement Security Plan

Summary Plan Description (SPD)

Effective
January 1, 2004

About This Booklet

Scottsdale Healthcare's Retirement Security Plan is a "403(b) plan." It can help you save for a more secure future. The official plan name is The Scottsdale Healthcare Corp. Retirement Security Plan ("the plan").

The 403(b) plan is voluntary...you decide if you want to save in the plan and how much. When you save the 403(b) way, your contributions come out of your pay on a *before-tax* basis. Before-tax contributions actually reduce the taxes taken out of your paychecks, so there's less effect on your take home pay than you might expect. What's more, when you save in the plan, Scottsdale Healthcare will match part of your contributions if you qualify. That means your savings can grow even faster.

Scottsdale Healthcare Corp. (the "Company") first established the plan on January 1, 1991, and it has been amended from time to time. This booklet describes the plan as of January 1, 2004 and applies only to those employees participating on or after that date.

This Summary Plan Description (SPD) describes the basic features of the Retirement Security Plan, how it works and how you can get the greatest value from it. It only summarizes the plan and your rights as a participant. This booklet is not a part of, and does not replace or alter, the official plan document that legally governs the terms and operation of the plan, nor does it replace or alter current tax laws and federal legislation that affects the plan. If there is a conflict between this booklet and the official plan document, current tax laws or federal legislation, the terms of the plan document and/or current tax laws and federal legislation are controlling.

This booklet is not an offer to sell or buy stock or any other securities. **Read the latest prospectus for each investment fund before making investment decisions.** No employee of the Company is authorized to give you investment or tax advice. If you have investment or tax questions, consult a professional advisor.

This booklet is not an employment contract. Having it does not guarantee you a right to continued employment or otherwise affect your employment with Scottsdale Healthcare Corp.



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About The 403(b) Plan

The 403(b) Retirement Security Plan is a retirement savings plan that combines the convenience of automatic payroll deductions with immediate tax savings, self-directed investments *and*, for employees who qualify, a special boost to your savings...Company matching contributions. With the 403(b) plan, you really *can* afford to save for a more secure future.

The 403(b) plan offers advantages that other types of savings, like a savings account, just can't beat:

- ❑ Before-tax savings give you an immediate tax break and that means you can save with less effect on your take-home pay than you might expect.
- ❑ Company matching contributions for qualified employees mean your savings can grow even faster.
- ❑ The large variety of investment funds offered mean you can choose investments that are just right for you.

Have questions or need help?

If you have any questions about the plan, now or later, contact:

Scottsdale Healthcare
Employee Benefits Department
5111 N. Scottsdale Road
Suite 275
Scottsdale, AZ 85250
Telephone: (480) 675-6837

Participation & Enrollment

Who can participate?

Full-time, part-time and on-call employees of Scottsdale Healthcare can participate in the 403(b) plan starting on their first day of employment. You don't have to work a minimum number of hours to participate in the plan. Non-U.S. citizens whose residence is not in the U.S. and independent contractors cannot participate in the plan.

How do I enroll?

To enroll in the plan, you have to complete enrollment forms. On the enrollment forms, you'll have to choose:

- How much you want to contribute to the plan.
- Which one of the investment firms offered by the plan you want to use (if more than one is offered).
- One or more investment funds (offered by the firm you choose) in which you want to invest the money going into your 403(b) plan account.
- A beneficiary who will receive your 403(b) plan account balance if you die.

To get enrollment materials or forms, contact the Scottsdale Healthcare Employee Benefits Department.

Naming A Beneficiary

Your investment firm will provide you with a form to name a beneficiary. The primary beneficiary you name on that form is the person who will receive your 403(b) plan account (or the part of your plan account invested with that firm) if you die. If your primary beneficiary dies and you don't name a new one, your plan account (or the part of your plan account invested with that firm) will be paid to any secondary beneficiary you may have named. If you don't name a beneficiary or if your primary and secondary beneficiaries die and you don't name new ones, your plan account will be paid according to Arizona state law.

If you are single, you can name anyone you want as your beneficiary and you can name more than one person. For example, you can name one person to receive part of your plan account and someone else to receive the rest. You can change your beneficiary at any time by contacting your investment firm for a form to fill out and return.

If you are married, you must name your spouse as primary beneficiary of 100% of your 403(b) plan account. While you can choose another beneficiary, by law, your spouse has to agree with your choice. Even if you name your spouse to receive *part* of your plan account and someone else to receive the rest, your spouse has to agree. To prove that your spouse agrees, your spouse must sign the beneficiary form and your spouse's signature must be notarized. This also applies if you want to change your beneficiary or if you change your investment firm later. Unless your spouse agrees to another beneficiary, if you die before a distribution from the plan begins, your spouse will receive your 403(b) plan account, payable as a "50% Joint & Survivor" annuity. However, your spouse can choose another payment option. For information about a 50% Joint & Survivor annuity and other payment options, see page 14. If you have questions about this rule, contact the Scottsdale Healthcare Employee Benefits Department.

Important!

You should review your beneficiary designation from time to time since personal situations can change. For example, if you get married or divorced, you may want to change your beneficiary.

When can I stop my contributions, and if I do, when can I start making contributions again?

You can stop your contributions at any time. You can start your 403(b) contributions again as early as the next calendar quarter or at any time after that. (Calendar quarters begin January 1, April 1, July 1 and October 1.) For example, if you stop contributions in February, you can start your contributions again during the calendar quarter that begins on April 1 or any time after that. You have to fill out and return a form to stop and start your contributions. Contact the Scottsdale Healthcare Employee Benefits Department for the appropriate forms. Your before-tax contributions will stop or start beginning with the first pay period after you return your form.

What if I leave the Company and then get rehired?

If you leave the Company and later are rehired, you can join the 403(b) plan starting the first day you return – as long as you are an eligible employee at that time, as described on page 1. If you don't join that day, you can join any time later. In either case, you will have to complete the enrollment process again as explained on page 2.

Contributions

Your Before-tax Contributions

You decide how much to save in the 403(b) plan. You can make before-tax contributions of as little as 2% of your "eligible pay" or as much as 50% – but the most you can contribute in any calendar year cannot be more than the calendar year limit permitted by federal law.

When you enroll, or change the amount of your contributions, you have to choose a whole percentage. For example, you can choose 5% or 6%, but not 5½%.

"Eligible pay" means amounts paid for regular hours worked, holiday hours worked or not worked, paid time off and education hours and guaranteed hours under the guaranteed base hour program, but excludes overtime hours, disability hours, bereavement hours, standby hours, any other compensated time not specifically included here or pay above the federal legal limit – see page 6.

What's the advantage of before-tax contributions?

The IRS allows before-tax contributions to plans like the 403(b) plan to encourage you to save for retirement. It's one tax break that's available to all of us. With before-tax contributions, your total gross pay (taxable income) is first reduced by the amount of those contributions. Federal *and* state income taxes are then figured using this lower taxable income amount, so the taxes withheld from your paycheck are less. That's immediate tax savings. And, before-tax contributions are not shown on your yearly W-2 as taxable income.

Do my contributions to the 403(b) plan affect my other benefits?

Even though your before-tax contributions reduce your gross pay, other pay-based benefits (such as the amount of life insurance for certain employees) are not affected. In addition, since Social Security and Medicare taxes (FICA taxes taken out of your paycheck) are based on your gross pay, your eventual Social Security benefits are not affected by your participation in the 403(b) plan.

Company Matching Contributions

Matching contributions are like the Company *actually paying you to save* for your own future. Once you're eligible, for every dollar you save (up to 4% of your pay), the Company will contribute a dollar to your 403(b) plan account. The Company does not match before-tax contributions over 4% or a "rollover contribution" – see page 5.

Special Note: Employees who are physicians and who are classified as part-time temporary are not eligible for Company matching contributions.

You'll be eligible for Company matching contributions beginning with the first pay period after you complete your first year of service, provided you have at least 1,000 "hours of service" during that first year. Otherwise, you'll be eligible for Company matching contributions beginning with the first pay period after you have worked a full calendar year during which you have at least 1,000 "hours of service" in that calendar year. And, once you meet the match eligibility rules, you won't have to meet them again as long as you remain employed by Scottsdale Healthcare. So, even if your work hours drop, you'll still be eligible for Company matching contributions – as long as you still are contributing to the plan.

Important!

"Hours of service" include each hour you are paid, or are entitled to be paid, for performing your job. They include up to 501 hours for any continuous absence due to Paid Time Off (PTO), holiday, illness, disability, layoff, jury duty, military duty or a leave of absence. Low workload hours do not count in determining when you are eligible for Company matching contributions.

What if I leave the Company and then get rehired?

If you leave the Company after meeting the match eligibility rules and are rehired within five years, you will be eligible for matching contributions as soon as you start making contributions to the plan. If you are rehired more than five years after you leave, you will have to meet the match eligibility rules again.

When do Company matching contributions go into my 403(b) plan account?

Company matching contributions are figured each pay period and go into your plan account as soon as possible after that.

Rollover Contributions

A rollover contribution is when you put all or part of a distribution from another qualified 403(b) plan, a 401(k) plan or an IRA into this plan. A rollover contribution lets you continue to defer taxes on the distribution while it remains in this plan.

Generally, you can make a rollover contribution to the 403(b) plan at any time. In addition, you can make a rollover contribution even if you are not making before-tax contributions to the plan (as long as you have chosen an investment firm — see page 7). The Company does not match rollover contributions.

A rollover contribution has to be received by the plan either directly from the other plan's trustee/custodian or within 60 days after you receive the other plan's distribution. In addition, a rollover contribution to the plan must be in cash (a check).

To make a rollover contribution, you have to fill out and return forms from your investment firm.

A rollover contribution has to be approved by the plan administrator. If you have questions about a rollover, contact the Scottsdale Healthcare Employee Benefits Department.

Before you make any rollover contribution it would be best to discuss the pros and cons with your investment firm's representative.

What are the limits on contributions?

For employees under age 50

Federal law limits the amount of contributions that can go into your 403(b) plan account each year. From time to time, the annual limits are changed. When that happens you will be notified before the beginning of the new year so you can make adjustments in your contributions if you so desire.

For employees age 50 and older

If you are 50 years of age or older, current federal law allows you to make additional contributions to your 403(b) plan. The additional amount you can contribute may change from year to year so you will be notified whenever there is a change.

For employees with 15 or more years of service

If you have 15 or more years of service, you may be eligible to contribute even more than the limits mentioned above (up to \$3,000 more in any calendar year). To find out if you are eligible you will need to contact your investment firm representative. Your rep will do a series of calculations that will determine if you are eligible and if so, the maximum amount you will be allowed to contribute. If you decide you want to contribute the extra amount, you and your rep must complete a form authorizing the additional contribution.

Are there any other limits on contributions?

Yes. Federal law also limits the combined amount of your before-tax contributions and Company matching contributions that can go into your plan account each year. Our current plan design, however, prevents this limit from being reached or exceeded. As is the case with the other limits mentioned above, this limit may change from time to time as well. For your information, rollover contributions are not included in determining when this limit has been reached.

In addition, federal law also limits the amount of eligible pay that can be used for figuring your matching contributions. Generally, the eligible pay limit will only affect you if you are one of the top earners in the organization. Since the government changes the eligible pay limit from time to time, you may want to contact the Employee Benefits Department for the current eligible pay limit.



Vesting

What does vesting mean?

Vesting means ownership. It means having a right to the money in your 403(b) plan account even if you leave the Company.

When am I fully vested?

You are *always 100% vested* in your before-tax contributions, any rollover contribution and earnings on those contributions and, you are also 100% vested in Company matching contributions and their earnings regardless of your length of service.

Investment Choices

You choose how you want your 403(b) plan account invested. The 403(b) plan may offer one or more investment firms in whose investment funds you can invest. The investment firm(s) will offer a variety of investment funds that have differing investment objectives, degrees of risk and rates of return.

Important!

Special Note: You can choose to participate with *only one* investment firm at a time.

Scottsdale Healthcare reserves the right to change investment firms at any time.

How are earnings invested?

Any earnings, interest or dividends for an investment fund are reinvested in that fund.

Will my account value always go up?

Depending on the performance of the funds you invest in, the value of your 403(b) plan account can go up or down. The Company is not responsible for the performance (gains or losses) of any of the funds. The funds do not guarantee principal or the rate of return. The investment objective, potential return and degree of risk varies from fund to fund. The current prospectus for each fund has detailed information, including recent performance. Contact your investment firm for the current prospectus for any fund.

Do the investment firms or funds ever change?

The plan administrator can change, add or eliminate investment firms offered by the 403(b) plan. In addition, the investment firms can add or eliminate investment funds. You'll receive an announcement from the plan administrator or your investment firm if any of the investment firms or funds change. It will tell you if you have to make new investment choices and whether you can keep money with the old investment firm, or in the old fund.

Plan Account Statement

Your investment firm will mail you a statement of your plan account after the end of each calendar quarter. Calendar quarters end on March 31, June 30, September 30

and December 31. Your statement will show the status of your plan account at the end of that quarter. It will show your contributions and Company matching contributions, as well as other activity, such as investment gains and losses.

Making Changes

Changing the Amount of Your Contributions

You can increase or decrease the amount of your before-tax contributions once each calendar quarter. Calendar quarters begin January 1, April 1, July 1 and October 1. You have to fill out a form to change your contributions. Contact the Scottsdale Healthcare Employee Benefits Department to find out how to obtain a form and where to send the form after you fill it out. The increase or decrease will be effective with the first pay period after you return your form.

Stopping Your Contributions

You can stop your contributions completely at any time. Contact the Scottsdale Healthcare Employee Benefits Department to find out how to obtain a form and where to send the form after you fill it out. Your before-tax contributions will stop with the first pay period after you return your form. If you stop your before-tax contributions, Company matching contributions will also stop.

You can request that your contributions start again on the first day of the next calendar quarter or any day after that. (Calendar quarters begin January 1, April 1, July 1 and October 1.) For example, if you stop contributions in February, you can request that they start them again on April 1 or any day after that. You have to fill out and return a form to start your contributions again. Contact the Scottsdale Healthcare Employee Benefits Department to find out how to obtain a form and where to send the form after you fill it out. Your before-tax contributions will begin again with the first pay period after you return your form.

Changing Your Investments

During a calendar year, you can change the investment funds in which contributions

going into your 403(b) plan account will be invested by calling your investment firm. You only can choose other investment funds offered by your investment firm. Your new investment choice(s) only will apply to contributions going into your plan account after the change is effective.

You may be able to transfer contributions already in one investment fund into one or more other investment funds. Again, you only can choose investment funds offered by your investment firm. The number of changes, if any, may be limited by your investment firm and there may be a charge (that will be applied to your plan account) for transferring amounts from one fund to another.

Contact your investment firm for details and instructions if you want to change your investment funds.

Can I change my investment firm?

You can change your investment firm during the annual open enrollment period — held in the fall of each year. The change will apply to all contributions going into your 403(b) plan account during the next year.

Generally, when you change your investment firm, any amounts you invested in the past with another investment firm will stay with that other firm. You may be able to transfer amounts from one investment firm to another. However, you may be charged a transfer fee and an early withdrawal fee. For details, call the investment firm *from which* you want to transfer money.

Loans

Federal law sets strict rules for loans from 403(b) plans. However, you can borrow from your before-tax contributions, any rollover contributions and earnings on those contributions and from Company matching contributions and any earnings on those contributions for any reason. The collateral for a loan is 50% of your total 403(b) plan account.

How much can I borrow?

The least you can borrow from your 403(b) plan account is \$1,000. The most you can borrow is:

- ❑ 50% of the total of your 403(b) plan account including before-tax contributions, any rollover contributions and any earnings on those contributions and Company matching contributions and any earnings on those contributions; or

- ❑ If it's less, \$50,000 (minus the highest loan balance you had in the last 12 months).

Other rules concerning the amount you may borrow may apply. Contact your investment firm for information.

How do I apply for a loan?

To get a loan, contact your investment firm. If you have contributions invested with more than one investment firm, you may have to contact the other investment firm as well, depending on how much you want to borrow. Your investment firm will send you a loan application to complete and sign. If you are married, your spouse also must sign your loan application and your spouse's signature must be notarized. If your loan application requires plan administrator approval, return your loan application to the Scottsdale Healthcare Employee Benefits Department. It will be processed immediately upon receipt and forwarded to your investment firm. Otherwise, return the application directly to your investment firm.

Important!

Before your loan will be issued you will have to sign a promissory note. A promissory note describes the amount and terms of your loan and is your legal promise to pay back the loan. If you are married, your spouse also must sign any promissory note and your spouse's signature must be notarized.

Your loan check will be issued as soon as possible after your loan application has been processed by your investment firm.

What's the interest rate for a loan?

Like all interest rates, the interest rate for a 403(b) plan loan changes over time. Generally, it will be similar to the prevailing interest rate for a non-plan loan. For the current interest rate, contact your investment firm.

Is there any fee for taking a loan?

Your investment firm may charge your 403(b) plan account a fee to process a loan. Contact your investment firm for the amount of this fee.

How long do I have to repay my loan?

You decide how long you want to repay your loan, within certain limits. You can take up to five years to repay it. If you take out a residential loan to purchase your principal residence, you may be able to extend the term of the loan even longer. Discuss this with your investment firm.

How do I make my loan payments?

The method and frequency of your loan payments is determined by your investment firm. While you are an active participant in the plan, your investment firm may require that your loan payments be made via payroll deduction. You should discuss your loan payment method with your investment firm during the loan application process. Loan payments are deposited back into your 403(b) plan account according to your current investment choices. You do have the option to pay off your loan early. You should discuss the process with your investment firm.

If loan payments are to be made through payroll deduction, your investment firm will notify the Employee Benefits Department of the amount of the per pay period deduction and the date those deductions are to begin. You should notify the Scottsdale Healthcare Employee Benefits Department immediately if those deductions are not being taken.

If you do not make a loan payment within 90 days of its due date, your loan may be "defaulted".

Who gets the interest I pay on a loan?

Most of the interest that's part of your loan payments is credited back to your 403(b) plan account. The amount can vary depending on the investment firm that issued your loan. Contact your investment firm for more information.

Do I have to pay taxes on a loan?

You don't have to pay taxes on the money you receive from a loan, unless your loan has been "defaulted" (don't make the required payments or don't make them on time).

Are loan interest payments tax deductible?

No. Interest included in monthly loan payments is *not* deductible on your federal tax return.

What happens if my loan is defaulted?

If your loan is defaulted, the remaining amount of your loan will be reported to the IRS as taxable income to you for the year in which you default. You will have to pay federal and state income taxes on that remaining amount and, possibly, a 10% federal early withdrawal penalty tax. In addition, the plan administrator and your investment firm may charge you a fee if you default on your loan.

What if my employment ends while I have a loan?

If you have an outstanding loan when your employment ends, you should contact your investment firm to see what arrangements, if any, can be made to continue making your loan payments directly to them (if you're not already doing so).

Otherwise, you may have to take a distribution to pay off the loan.

Is there a limit on the number of loans?

Each investment firm has rules governing the number of loans you may have outstanding at any one time and the frequency of loan requests. Check with your investment firm for details.

Withdrawals

While federal law restricts withdrawals from the plan while you are working, you can withdraw money from your 403(b) plan account if you suffer one of the financial hardships described later on this page.

Special Note: When you apply for a withdrawal, be sure to read the tax information provided by your investment firm. You may want to get professional tax advice before you withdraw money from your 403(b) plan account.

Important!

Hardship Withdrawal

You can withdraw your before-tax contributions and any rollover contributions if you have a "financial hardship" at any time. With a hardship withdrawal, you cannot withdraw any earnings on your contributions or Company matching contributions.

A financial hardship means that you have a severe "financial need" (but only those listed below) for which you do not have any other financial resources reasonably available. A financial need is when you need money because of one or more of the following:

- Medical expenses that are not covered by insurance – for you, your spouse or your dependents;
- Expenses for purchasing your primary residence, but not its mortgage payments;
- Educational expenses that are not covered by our tuition reimbursement benefit – for you, your spouse or your dependents; or
- Expenses to prevent foreclosure or eviction from your primary residence.

How much can I withdraw for a hardship withdrawal?

The most you can withdraw is the amount necessary to satisfy the financial need

causing the hardship (up to the amount of available contributions in your 403(b) plan account).

How do I apply for a hardship withdrawal?

To get a hardship withdrawal, contact your investment firm. Your investment firm will send you a withdrawal application to complete. If you are married, your spouse also must sign your withdrawal application and your spouse's signature must be notarized. Return your withdrawal application to the Scottsdale Healthcare Employee Benefits Department.

Important!

Before your hardship withdrawal will be issued, it must be approved by the plan administrator. You must provide the plan administrator with any proof of your financial hardship that is requested. Your hardship withdrawal check will be issued as soon as possible after your application has been received, approved by the plan administrator and processed by your investment firm.

Is there any fee for a hardship withdrawal?

Your investment firm may charge your 403(b) plan account a fee to process a hardship withdrawal. Contact your investment firm for the amount of this fee.

Do I have to pay taxes on a hardship withdrawal?

Mandatory federal withholding of 20% will be taken out of your hardship withdrawal. The total amount of your withdrawal will be reported to the IRS as taxable income to you for the year you receive it. You will have to pay federal and state income taxes on your hardship withdrawal and, possibly, a 10% federal early withdrawal penalty tax.

Distributions

When will I get the money in my 403(b) plan account?

You can receive a distribution if:

- Your employment terminates (e.g.: you retire, quit, are released or discharged);
- You become totally and permanently disabled; or
- You are age 59½ or over.

Your beneficiary can receive a distribution if you die.

Special Note: When you (or your beneficiary) apply for a distribution, be sure to read the tax information provided by your investment firm. You (or your beneficiary) may want to get professional tax advice before completing a distribution form.

Important!

In any event, you must begin receiving benefit distributions no later than April 1 of any calendar year after you reach age 70 ½ or retire, whichever is later (this is called a required minimum distribution). If you do not do this, there may be substantial tax consequences. You should contact your investment firm representative several months beforehand to discuss your options.

How do I (or my beneficiary) apply for a distribution?

To get a distribution, you (or your beneficiary, if you die) should contact your investment firm. If you have contributions invested with more than one investment firm, you (or your beneficiary) will have to contact the other investment firm as well. Your investment firm will send you a distribution application to complete and return.

How is a distribution paid?

Your investment firm will offer a number of payment options. Depending on your investment firm, you may be able to choose from such options as an immediate lump sum payment, a deferred lump sum payment, periodic payments and a variety of annuity options that provide you a monthly benefit for life.

Special Note: If you are married, by law, you must choose a "50% Joint & Survivor" annuity. You can choose another payment option, however, your spouse must agree. To prove that your spouse agrees, your spouse must sign your distribution application and your spouse's signature must be notarized.

Important!

What is a 50% Joint & Survivor annuity?

With this payment option, the total amount of your vested 403(b) plan account is first converted into a monthly amount payable for your life. That amount is then reduced in order to provide a survivor benefit to your spouse if you die. You receive the reduced monthly amount for life. If you die, your spouse will receive 50% of the reduced monthly amount for life.

Is there any fee for a distribution?

Your investment firm may charge your 403(b) plan account a fee to process a distribution. Contact your investment firm for the amount of this fee.

Taxation of Distributions

Generally, a distribution from the plan is taxable to you when you receive it. But, since the 403(b) plan is designed to provide money after you retire, you're likely to be in a lower tax bracket. In addition, some of the payment options that provide periodic payments spread out the taxes due, so the *annual* taxes you'll have to pay on the distribution may be less.

Important!

You should be aware that, generally, mandatory federal withholding of 20% applies to most distributions from the 403(b) plan unless you make a "direct rollover" into an IRA or another qualified plan. In addition, if you receive a distribution before age 59½, a 10% federal early withdrawal penalty tax applies. ***Be sure to thoroughly read the tax information that your investment firm will include with your distribution application for complete details. In addition, you may want to get professional tax advice before filling out a distribution application.***

Leaves of Absence

What happens to contributions during a leave of absence?

If you go on a *paid* leave of absence, i.e., using PTO during a medical leave or before Short Term or Long Term Disability benefits begin, your before-tax contributions will continue during your leave.

If you go on an *unpaid* leave of absence (or begin receiving Short-Term Disability or Long-Term Disability benefits), your before-tax contributions to the 403(b) will stop. Company matching contributions also will stop. Your contributions, and Company matching contributions, if you are eligible for them, will begin again on the day you return from your leave.

What happens to the money already in my 403(b) plan account during a leave?

During your leave of absence, before-tax contributions, any rollover contributions and Company matching contributions that are already in your 403(b) plan account will continue to be credited with investment gains and losses. In addition, you still can change your investments and apply for a loan or hardship withdrawal.

What about loan payments during a leave?

If you make loan payments by check directly to your investment firm, you still must

make your loan payments on time during your leave of absence. Otherwise, your loan will be in default – see page 11.

If your loan payments are made through payroll deduction, your loan payments will be deferred until you come back to work. Because, by law, the term of your loan cannot be extended, your loan may have to be re-amortized, which means that the loan payments coming out of your check may increase after you return to work.

Other Important Plan Information

Plan Name & Number

The official plan name is the Scottsdale Healthcare Corp. Retirement Security Plan. The plan number is 005.

Plan Sponsor & Identification Number

The plan sponsor is Scottsdale Healthcare Corp. Its employer identification number ("EIN") is 94-2735850. You can contact the plan sponsor at:

Scottsdale Healthcare Corp.
3621 N. Wells Fargo Ave.
Scottsdale, AZ 85251
(480) 675-4000

Plan Year

The plan year is a calendar year that begins each January 1 and ends December 31. The plan's financial records are kept on a plan-year basis.

Plan Administrator

The plan administrator is Scottsdale Healthcare Corp., which oversees the plan's operation and records, interprets the plan's provisions and authorizes plan benefits. These duties are sometimes handled for the plan administrator by the Scottsdale Healthcare Employee Benefits Department.

You can contact the plan administrator at:

Scottsdale Healthcare Corp.
3621 N. Wells Fargo Ave.
Scottsdale, AZ 85251
(480) 675-4000

You can contact the Employee Benefits Department at:

Scottsdale Healthcare
Employee Benefits Department
5111 N. Scottsdale Road
Suite 275
Scottsdale, AZ 85250
(480) 675-6837

Investment Firms

The plan may offer one or more investment firms which receive all plan contributions, send contributions to the investment funds, keep individual and plan records and produce plan account statements and plan reports. The investment firm(s) will also make distributions and other plan benefit payments to plan participants. The plan administrator can change, add or eliminate investment firms offered by the plan at any time. You can contact the Employee Benefits Department if you need information about the current investment firm(s) and how to contact them.

Legal Process

The plan administrator is the agent for legal process. This means you should send or deliver all papers concerning a lawsuit to the plan administrator. *For service of legal process only*, contact the plan administrator at:

Scottsdale Healthcare Corp.
Attn.: Legal Counsel
3621 N. Wells Fargo Ave.
Scottsdale, AZ 85251
(480) 675-4000

Funding For The Plan

The plan is funded by employee and Company contributions. Money held under the plan only can be used to pay plan benefits and certain limited, eligible administrative expenses.

Benefit Rights

No one can take away your 403(b) plan benefit. Generally, you cannot give or sell it to someone else or use it as collateral for a non-plan loan.

Your creditors cannot claim your benefit to pay debts you owe. Exceptions are a federal tax lien and a qualified domestic relations order (QDRO), described below.

QDROs

Your 403(b) plan benefit may be reduced by a qualified domestic relations order ("QDRO"). A QDRO is a domestic relations judgment, decree or order, made under state law, that meets the requirements of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 ("ERISA"). A QDRO may require the plan to pay all or part of your plan benefit to your spouse, former spouse, child or dependent.

The plan will pay a benefit to a spouse, former spouse, child or dependent, under a QDRO, only according to the plan's distribution options and rules.

For information about the plan's procedures for a QDRO, contact the plan administrator – see page 16.

Interpretation, Amendment & Termination

Scottsdale Healthcare Corp., through its Board of Directors (or through any committee or individual designated by the Board) reserves the sole right to act and make all decisions about the administration of the plan, to interpret the plan and to decide all questions that arise in connection with the plan, including questions about benefit payments, such as questions of fact.

While Scottsdale Healthcare Corp. expects to continue the plan indefinitely, it reserves the right to amend or terminate the plan, in whole or in part, at any time and for any reason, including retroactively if needed to comply with the law or other governmental rules, regulations or policies.

If the plan is amended or terminated, your vested plan account value (on the day before the plan is amended or terminated) will not be reduced.

Claim Appeals & Arbitration

If all or part of your claim for plan benefits is denied, the plan administrator will write you within 60 days of the day you file your claim. A denial letter will tell you the reason for the denial and the steps you have to take to appeal the denial.

To appeal a denial, you must write the plan administrator and ask for a review. In your letter, explain why you are requesting a review and give supporting documentation. You can have a representative write the review request letter for you. If needed, you can call or write the plan administrator and ask for and see all plan documents and other papers affecting your claim.

The plan administrator will review your claim and decide within 60 days of receiving your review request letter. Under special circumstances, the plan administrator may need more time to decide. If so, you will receive a letter, advising you of the need for

more time, before the end of the original 60-day period. The plan administrator has to decide within 120 days of receiving your review request letter. The decision of the plan administrator is binding on you, the Company, the plan and all persons.

Arbitration

After following the above claim appeal procedure, if all or part of your claim still is denied, you can write the plan administrator and ask that your claim be submitted for arbitration. You must do this within 15 days after you receive the plan administrator's final decision letter. Once the plan administrator receives your written request for arbitration, you have 20 days to name an arbitrator to represent you. The Company also has 20 days to name its arbitrator.

The two arbitrators then have 15 days to name a third arbitrator. Otherwise, a third arbitrator will be named by the Presiding Judge of Maricopa County Court. All arbitration proceedings will be in accordance with the rules of the American Arbitration Association. The decision of the arbitrators is final and binding on you, the Company, the plan and all persons.

Generally, you will pay all fees and costs if you lose and the Company will pay all fees and costs if it loses. However, under certain circumstances allowed by the plan, the arbitrators will decide who should pay the fees and costs or how much of the fees and costs you should pay and how much the Company should pay.

Your ERISA Rights

As a participant in the plan, you are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 ("ERISA"), as follows:

- Free of charge, you can examine at the Scottsdale Healthcare Employee Benefits Department all plan documents filed with the U.S. Department of Labor and the Internal Revenue Service. These include the official plan document, annual financial reports and plan descriptions. With reasonable written notice to the Scottsdale Healthcare Employee Benefits Department, copies of plan documents will be made available for review at other locations.
- You can receive copies of all plan documents by writing the plan administrator. The plan administrator can make a reasonable charge to you for copies.
- You will receive a written summary of the plan's annual financial report. By law, the plan administrator must provide you with a copy of this "summary annual report."
- No one, including your employer or any other person, can fire you or discriminate against you to stop you from obtaining a benefit or exercising your ERISA rights.
- If your claim for a benefit is denied, in whole or in part, the plan administrator must give you a written explanation. You have the right to have the claim

reviewed and reconsidered.

Besides creating rights for plan participants, ERISA also specifies certain duties for people who are responsible for operating a plan. These people are called “fiduciaries.” A plan’s fiduciaries must operate the plan prudently and in the interest of you, other plan participants and beneficiaries.

There are steps you can take to enforce your ERISA rights. For example:

- ❑ If you request materials from a plan and do not receive them within 30 days, you can 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 \$100 a day until you receive them, unless the materials were not sent because of reasons beyond the plan administrator’s control.
- ❑ After following a plan’s appeal procedure, if your claim for benefits is denied or ignored, in whole or in part, you can file suit in a state or Federal court.
- ❑ If a plan’s fiduciaries misuse its money or if you are fired or discriminated against for claiming benefits or exercising your ERISA rights, you can receive help from the U.S. Department of Labor or you can file suit in a Federal court.

If you file suit, the court will decide who should pay court costs and legal fees. If you win the suit, the court may order the person you sued to pay those costs and fees. If you lose the suit, or if the court decides the suit was frivolous, the court may order you to pay the costs and fees.

If you have any questions about the plan, contact the Scottsdale Healthcare Employee Benefits Department. If you have any questions about this statement or your ERISA rights, contact the nearest area office of the Pension and Welfare Benefits Administration, U.S. Department of Labor listed in your telephone directory or:

Division of Technical Assistance and Inquiries,
Pension and Welfare Benefits Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210.