BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

NET PERIODIC PENSION COST
AND DISCLOSURE REPORT FOR
FISCAL YEAR ENDING DECEMBER 31, 2011

Massa & Associates, Inc.
Consulting Actuaries

TABLE OF CONTENTS

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

FINANCIAL ACCOUNTING STANDARDS 158
REPORT FOR FISCAL YEAR ENDING DECEMBER 31, 2011

This report provides information required by Financial Accounting Standards Number 158 for the fiscal year ending December 31, 2011 based on the results of the actuarial valuation as of January 1, 2011.

Summary

The net periodic pension cost is $1,744,057. This amount is derived in Table 2 based on actuarial methods and assumptions shown in Table 7. Of the total pension cost, $1,649,335 is attributable to the Hospital, $70,826 is attributable to the MLK Health Center, and $23,896 is attributable to the Special Care Center. The prepaid pension cost at the end of the year is $9,608,571 as shown in Part C of Table 5.

The projected benefit obligation at the end of the year is $83,773,186 as shown in Part A of Table 5. The accumulated benefit obligation at the end of the year is $83,773,186 as shown in Part A of Table 5.

The adjustment to unrestricted net assets at the end of the year is a decrease of $41,988,710 as shown in Item 1 of Table 6.

Expected Benefit Payments

Expected benefit payments required for disclosure as of December 31, 2011 are shown below.

Expected Benefit Payments	
Fiscal Year End 12/31	**Benefit Payments**
2012	5,328,000
2013	5,371,000
2014	5,441,000
2015	5,456,000
2016	5,497,000
2017-2021	27,383,000

Plan Benefits

A summary of plan provisions used for the valuation is given in Part A of Table 9. Any changes in plan provisions since the prior year are described in Part B of Table 9.

Data Used for Calculations

Employee and retiree data is provided annually by the plan sponsor. This information is used to update our file of plan participants. Our review showed that participant data as of the current valuation date is complete and consistent with prior years.

Actuarial Assumptions

The discount rate used for valuations is based on the Citigroup Pension Discount Curve. We first perform a valuation based on the curve for the month before the measurement date. This results in a projected benefit obligation based on the yield curve. We then find the single interest discount that would yield the same projected benefit obligation.

The net periodic pension cost for this year was determined as of January 1, 2011 using a discount rate of 5.43%. The projected benefit obligation for disclosure in financial statements was determined as of December 31, 2011 using a discount rate of 3.98%.

The long-term rate of return is the expected net investment yield rate of the trust fund based on investments currently held. This rate of return is used to calculate the expected return on assets during the year. It was assumed that the long-term rate of return will be 7.00%.

All calculations were made using assumptions described in Part A of Table 7. Any changes in actuarial assumptions effective for the current valuation are described in Part B of Table 7. All valuation methods and assumptions are in conformance with FAS 158 and Actuarial Standards of Practice developed by the Actuarial Standards Board.

February 10, 2012

MASSA & ASSOCIATES, INC.

Michael Massa

Michael Massa, F.S.A., E.A., M.A.A.A.

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

ACTUARIAL VALUATION UNDER THE PROJECTED UNIT CREDIT METHOD AS OF JANUARY 1, 2011

A. NORMAL COST

1.	Normal cost amount	0
2.	Participating payroll	N/A
3.	Normal cost as a percent of participating payroll	N/A

B. PRESENT VALUE OF BENEFITS AND ACCRUED LIABILITY

		Accrued Liab
1.	Active participants	10,819,919
2.	Participants with frozen benefits	112,033
3.	Terminated vested participants	23,302,523
4.	Retired participants	39,300,432
5.	Total: (1) + (2) + (3) + (4)	73,534,906

C. PARTICIPANTS INCLUDED

		Number	Avg Age
1.	Active participants	171	59
2.	Participants with frozen benefits	5	54
3.	Terminated vested participants	737	57
4.	Retired participants	611	74
5.	Total: (1) + (2) + (3) + (4)	1,524	

D. PROJECTED BENEFITS INCLUDED

		Amount	Avg Ben
1.	Active participants	96,631	565
2.	Participants with frozen benefits	955	191
3.	Terminated vested participants	247,420	336
4.	Retired participants	375,636	615
5.	Total: (1) + (2) + (3) + (4)	720,642	

Primary Actuarial Assumptions:

Mortality:	Funding Target Mortality 2011 Male participants: Rates for males set back 0 years. Female participants: Rates for females set back 0 years.
Interest rate:	5.43% annually.
Incr in Earnings:	3.00% annually (subject to qualified plan limits increasing 3.00% annually).

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

DETERMINATION OF NET PERIODIC PENSION COST
FISCAL YEAR ENDING DECEMBER 31, 2011

1.	Service cost:		
	(a)	Amount as of the beginning of the year	$0
	(b)	Interest at 5.43% for 1 year	0
	(c)	Amount as of the end of the year	0
2.	Interest cost:		
	(a)	Projected benefit obligation as of the beginning of the year	73,534,906
	(b)	Expected distributions during the year weighted for timing	2,350,000
	(c)	Average expected projected benefit obligation: (a) - (b)	71,184,906
	(d)	Interest cost: (c) x .0543	3,865,340
3.	Expected return on assets:		
	(a)	Fair value of assets as of the beginning of the year	54,251,152
	(b)	Expected distributions during the year weighted for timing	2,350,000
	(c)	Expected contributions during the year weighted for timing	1,406,000
	(d)	Average assets: (a) - (b) + (c)	53,307,152
	(e)	Expected return on assets: (d) x .07	3,731,501
4.	Amortization of unrecognized portion of PBO:		
	(a)	Transition obligation	0
	(b)	Prior service costs	0
	(c)	Gains or losses (gains are -)	1,610,217
	(d)	Total: (a) + (b) + (c)	1,610,217
5.	Net periodic pension cost: (1)(c) + (2)(d) - (3)(e) + (4)(d)		1,744,057

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

ACTUARIAL GAINS OR LOSSES
FISCAL YEAR ENDING DECEMBER 31, 2011

A. DETERMINATION OF GAINS OR LOSSES TO THE VALUATION DATE

1.	Projected benefit obligation as of the beginning of the year		$73,534,906
2.	Fair value of assets as of the beginning of the year		54,251,152
3.	Unfunded portion of PBO: (1) - (2)		19,283,754
4.	Unrecognized amounts:		
	(a)	Unrecognized transition obligation	0
	(b)	Unrecognized prior service cost	0
	(c)	Total: (1)(a) + (1)(b)	0
5.	Unfunded accrued or prepaid (-) pension cost		-8,746,856
6.	Gain (-) or loss: (3) - (4) - (5)		28,030,610

B. RECOGNITION OF GAINS OR LOSSES IN PENSION COST

1.	Amount of gain or loss not subject to recognition	7,353,491
2.	Amount to be amortized: Excess of A(6) over (1)	20,677,119
3.	Average expected future service of plan participants	12.841
4.	Amortization amount: (2)/(3)	1,610,217

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

DISCLOSURE OF NET PERIODIC PENSION COST
FISCAL YEAR ENDING DECEMBER 31, 2011

1.	Service cost as of the end of the year (Table 1)		$0
2.	Interest cost (Table 1)		3,865,340
3.	Return on assets:		
	(a)	Expected return on assets	3,731,501
	(b)	Asset gain or loss during the year	-4,570,791
	(c)	Actual return on assets: (a) + (b)	-839,290
4.	Amortization and deferral		
	(a)	Amortization of transition obligation	0
	(b)	Amortization of prior service costs	0
	(c)	Amortization of gains (-) or losses during prior years	1,610,217
	(d)	Actuarial gain (-) or loss during the year to be deferred	4,570,791
	(e)	Net of amortization and deferral: (a) + (b) + (c) - (d)	-2,960,574
5.	Net periodic pension cost: (1) + (2) - (3)(c) + (4)(e)		1,744,057

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

AMOUNTS FOR DISCLOSURE AS OF THE END OF THE YEAR
FISCAL YEAR ENDING DECEMBER 31, 2011

A. FUNDING OF PROJECTED BENEFIT OBLIGATION

1.	Projected benefit obligation as of the end of the year	
	(a) Accumulated benefit obligation	83,773,186
	(b) Excess of PBO over accumulated benefit obligation	0
	(c) Projected benefit obligation	83,773,186
2.	Fair value of assets as of the end of the year	51,393,048
3.	Excess of projected benefit obligation over assets: (1c) - (2)	32,380,138

B. RECONCILIATION OF ASSETS

1.	Fair value of assets as of the beginning of the year	54,251,152
2.	Contributions during the year	2,605,772
3.	Benefit distributions during the year	4,624,586
4.	Investment yield during the year	-839,290
5.	Fair value of assets as of the end of the year: (1) + (2) - (3) + (4)	51,393,048

C. DETERMINATION OF ACCRUED OR PREPAID COST

1.	Accrued or prepaid (-) pension cost at the beginning of the year	-8,746,856
2.	Net periodic pension cost for the year (Table 2)	1,744,057
3.	Contributions during the year (B2)	2,605,772
4.	Accrued or prepaid (-) pension cost at the end of the year	-9,608,571

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

UNRECOGNIZED AMOUNTS AND CHANGE IN BENEFIT OBLIGATION
AS OF THE END OF THE YEAR
FISCAL YEAR ENDING DECEMBER 31, 2011

A. AMOUNTS NOT YET RECOGNIZED IN PENSION COST PENSION LIABILITY

1.	Reduction in unrestricted net assets - pension liability		
	(a)	Unrecognized transition obligation	0
	(b)	Unrecognized prior service cost	0
	(c)	Unrecognized gains (-) or losses	41,988,710
	(d)	Total reduction in unrestricted net assets: (a) + (b) + (c)	41,988,710
2.	Reconciliation:		
	(a)	Reduction in unrestricted net assets as of the prior year-end	28,355,499
	(b)	Prior service costs this year	0
	(c)	Gains (-) or losses this year	15,243,428
	(d)	Prior service costs recognized in net periodic pension cost this year	0
	(e)	Gains (-) or losses recognized in net periodic pension cost this year	1,610,217
	(f)	Reduction in unrestricted net assets: (a) + (b) + (c) - (d) - (e)	41,988,710
3.	Pension liability expected to be recognized next fiscal year		
	(a)	Unrecognized transition obligation	0
	(b)	Unrecognized prior service cost	0
	(c)	Unrecognized gains (-) or losses	2,617,465
	(d)	Total: (a) + (b) + (c)	2,617,465

B. CHANGE IN BENEFIT OBLIGATION

1.	Benefit obligation as of the prior year-end	73,859,795
2.	Service cost	0
3.	Interest cost	3,865,340
4.	Amendments	0
5.	Actuarial loss	10,672,637
6.	Benefits paid	4,624,586
7.	Benefit obligation as of year-end: (1) + (2) + (3) + (4) + (5) - (6)	83,773,186

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

A. ACTUARIAL ASSUMPTIONS

1.	Discount rate for net periodic pension cost	5.43% annually.
2.	Long-term rate of return	7.00% annually.
3.	Discount rate for year-end disclosure	3.98% annually.
4.	Mortality for net periodic pension cost	The Static Mortality Table applicable to the year as defined in Reg.1.430(h)(3)-1(a)(3) using annuitant and non-annuitant rates.
5.	Termination of employment	Sample rates shown in Part C.
6.	Retirement age	Sample rates shown in Part C.
7.	Spouse	80% of participants are married. Husbands are 3 years older than wives.

B. REVISIONS TO ACTUARIAL ASSUMPTIONS

The interest discount for the determination of the net periodic pension cost and year-end disclosure were changed as required.

C. SAMPLE OF DECREMENT RATES

Annual Termination Rates

Age	Male	Female
20	14.1%	14.1%
25	14.1%	14.1%
30	11.4%	11.4%
35	8.0%	8.0%
40	6.4%	6.4%
45	5.0%	5.0%
50	4.0%	4.0%
55	3.0%	3.0%

Annual Retirement Rates

Age	Rate for All Partic
60-63	5.0%
64	10.0%
65	70.0%
66-68	40.0%
69	50.0%
70	100.0%

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

FAS 158 VALUATION

DEFINITIONS OF TERMS

Accumulated benefit obligation

The actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula to employee service rendered before a specified date and based on employee service and compensation (if applicable) prior to that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels. For plans with flat-benefit or non-pay-related pension benefit formulas, the accumulated benefit obligation and the projected benefit obligation are the same.

Discount rate

The interest rate used to adjust for the time value of money.

Expected long-term rate of return on plan assets

An assumption as to the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation.

Net periodic pension cost

The amount recognized in an employer's financial statements as the cost of a pension plan for a period. Components of net periodic pension cost are service cost, interest cost, actual return on plan assets, gain or loss, amortization of unrecognized prior service cost, and amortization of the unrecognized net obligation or asset existing at the date of initial application of FAS 87.

Projected benefit obligation

The actuarial present value as of a date of all benefits attributed by the pension benefit formula to employee service rendered prior to that date. The projected benefit obligation is measured using assumptions as to future compensation levels if the pension benefit formula is based on those future compensation levels (pay-related, final-pay, final-average-pay, or career-average-pay plans).

Service cost

The actuarial present value of benefits attributed by the pension benefit formula to services rendered by employees during that period.

Interest cost

The interest cost is the increase in the projected benefit obligation during the valuation year as a result of the passage of time. It is determined by applying the discount rate to the average projected benefit obligation.

Amortization of Unrecognized Prior Service Cost

A plan amendment (or the initiation of a plan) may provide for retroactive benefits prior to the effective date of the amendment. In this case there is a prior service cost that is equal to the increase in the projected benefit obligation on the date of the amendment (or initiation of the plan). The prior service cost is amortized over the average expected future service of active plan participants who are expected to receive benefits.

Amortization of Gains and Losses

Unrecognized net gains or losses in excess of 10% of the greater of plan assets and the projected benefit obligation must be amortized. The amortization amount is calculated as the amount to be amortized divided by the average expected future service of active plan participants who are expected to receive benefits.

BRONX-LEBANON HOSPITAL CENTER
FROZEN PENSION PLAN

SUMMARY OF PLAN PROVISIONS

1. Effective date of plan provisions

Plan restated as of January 1, 1996 and amended effective June 30, 1998.

2. Definitions

(a) Employee

An individual employed by the Hospital excluding Residents, Interns, Fellows, Per Diem Physicians, Session Physicians and those covered by a collective bargaining agreement.

(b) Basic Monthly Earnings

1/12 of annual wages including bonuses, overtime and amounts contributed to 403(b) and cafeteria plans.

(c) Final Average Earnings

Average of Basic Monthly Earnings during the last 120 consecutive months of Credited Service up to December 31, 1992.

(d) Earnings

1/12 of annual wages in effect on January 1 excluding bonuses and overtime and including amounts contributed to 403(b) and cafeteria plans.

3. Plan Participation

Individuals classified as employees in 2(a) commence Participation on the January 1 or July 1 after completion of 1 year of Eligibility Service.

4. Service for Eligibility and Benefit Accrual

(a) Eligibility Service

A 12 consecutive-month period of employment with the Hospital during which an employee completes at least 1,000 Hours of Service. The first 12 consecutive-month period begins on the date of employment. Subsequent 12 consecutive-month periods begin at the beginning of calendar years starting with the year containing the anniversary of the date of employment.

(b) Vesting Service

A year of Vesting Service is a plan year during which an employee has at least 1,000 Hours of Service. A participant can receive a partial year of Vesting Service if less than 1,000 Hours of Service are completed in the years of employment or termination. Partial years of Vesting Service are based on completed months of employment. Prior to 1976, Vesting Service is based on elapsed time in employment in years and fractions of years.

(c) Credited Service

Credited Service is determined in the same manner as Vesting Service except that no Credited Service is earned during periods when an individual is not classified as an employee in 2(a).

5. Normal Retirement Benefit

(a) Eligibility

Attainment of age 65.

(b) Amount of Income

The benefit payable at the Normal Retirement Date is a monthly income determined as follows:

(i) Credited Service up to June 30, 1972

1% of Final Average Earnings plus .75% of Final Average Earnings in excess of average Social Security covered earnings (table for 1971) times years of Credited Service up to June 30, 1972.

(ii) Credited Service from July 1, 1972 to December 31, 1988

1% of Final Average Earnings plus .75% of Final Average Earnings in excess of average Social Security covered earnings (table for 1992) times years of Credited Service between July 1, 1972 and December 31, 1988.

(iii) Credited Service from January 1, 1989 to December 31, 1992

1% of Final Average Earnings plus .65% of Final Average Earnings in excess of average Social Security covered earnings (table for 1992) times years of Credited Service between January 1, 1989 and December 31, 1992.

(iv) Credited Service from January 1, 1993 to June 30, 1998

A benefit is earned for each year of participation. It is equal to 1% of Earnings plus .3% of Earnings in excess of average Social Security covered earnings (current table). If a participant is not classified as an active Employee for the entire year, the benefit is reduced by the ratio of the months as an active Employee to 12.

For benefits payable from January 1, 2000, the benefit is increased by changing .3% above to .65%.

6. Early Retirement Benefit

(a) Eligibility

Attainment of age 60 and completion of 15 years of Vesting Service.

(b) Amount of Income

The amount of income determined in 5(b) is reduced 1/180th for each month by which the early retirement date precedes the normal retirement date.

7. Vested Retirement Pension

(a) Eligibility

Completion of 5 years of Vesting Service or attainment of Normal Retirement Age.

(b) Amount of Income

If the participant has at least 15 years of Vesting Service on termination of employment, the retirement benefit can start on the first day of any month after attainment of age 60. Otherwise, the retirement benefit starts on attainment of age 65. The amount of income is determined under 5(b) and 6(b).

8. Pre-Retirement Death Benefit

(a) Eligibility

If a participant dies after becoming vested but before his pension commencement, his surviving spouse, if any, receives a Spouse's Benefit.

(b) Spouse's Benefit

The spouse receives a monthly life annuity commencing on or after the earliest date on which the participant could have retired. The life annuity for the surviving spouse is equal to 1/2 of the monthly benefit that would have been paid to the participant if he had terminated on the date of his death, retired on the date when the survivor benefit commenced, and elected a joint and survivor annuity with 50% to continue to his spouse after his death.

9. Forms of Benefit Payment

(a) Normal Form of Benefit

The Normal Form of Benefit is a monthly life annuity payable only during the lifetime of a participant.

(b) Optional Forms of Benefit

Income under an optional form of benefit is the actuarial equivalent of the benefit payable in the Normal Form. Optional contingent annuitant forms of benefit provide for 50%, 66 2/3% or 100% continuation to the contingent annuitant. Optional term certain and life forms of benefit provide for a guarantee of 60 or 120 monthly payments.

(c) Spouse Consent Requirement

A participant who is married at the time when his benefits commence is deemed to have elected the joint and survivor annuity with 50% continuation to his surviving spouse unless he declines this form of benefit with the consent of his spouse in the manner specified in the plan.

(d) Lump Sum Cash-Out

If the actuarial value of a participant's vested benefit does not exceed $1,000, it may be paid as a lump sum at the option of the Plan Administrator. Lump sums are determined based on GATT provisions. The interest rate used is the interest rate in effect for the 3rd full month prior to the beginning of the calendar quarter.

B. CHANGES IN PLAN PROVISIONS SINCE THE PRIOR YEAR

None.