January 16, 2019

To: Employees eligible to participate in the Banner Health Employees 401(k) Plan

Re: Banner Health Employees 401(k) Plan – Safe Harbor Notification

This Notice, which applies to the Plan Year beginning January 1, 2019, advises you of important features of the Banner Health Employees 401(k) Plan (the "Plan"). The Plan is sponsored by Banner Health ("Banner") for the benefit of its employees and the employees of certain affiliates (collectively referred to as the "Employer"). The "Plan Year" is the calendar year.

You should review and consider the information provided in this Notice and the Summary Plan Description (the "SPD") before you decide whether to continue or change your salary reduction agreement. Please review it carefully and keep it with your copy of the SPD for the Plan. You may obtain a copy of the current SPD by accessing the Banner Health MyHR employee portal and following the path MyHR Resources / MyWealth / Retirement Benefits.

The Plan is designed to be a "safe harbor" plan under Sections 401(k) and 401(m) of the Internal Revenue Code of 1986, as amended (the "Code"). As a safe harbor plan, certain nondiscrimination tests are automatically met because the Plan (i) provides a prescribed level of Matching Contributions on behalf of all eligible employees and (ii) provides you with this Notice describing your rights and obligations under the Plan.

The Plan includes features that allow both the participants and Banner to make contributions to the Plan. These features are summarized below.

**Types of Plan Contributions**

**Deferral Contributions.** A "Deferral Contribution" is the portion of your Compensation that you elect to contribute to the Plan on a pre-tax basis. Your Deferral Contribution reduces the amount of your Compensation that is subject to income taxes. You are permitted to contribute up to 100% of your Compensation as a Deferral Contribution, subject to annual dollar limits imposed by the Code ($19,000 in 2019). You are eligible to participate in the Plan on the first date that you are considered an eligible employee.

**Roth Contributions.** A "Roth Contribution" is the portion of your Compensation that you elect to contribute to the Plan on an after-tax basis to your "Roth Account" (which is an account established under the Plan for tracking Roth elective 401(k) contributions). You are permitted to elect to contribute Roth Contributions to the Plan only after you have elected to contribute at least 4% of your Compensation as pre-tax Deferral Contributions. If you elect to make Roth Contributions to the Plan, the combined total of Roth Contributions and pre-tax Deferral Contributions for the Plan Year may not exceed the limit described above (i.e., 100% of your Compensation or the annual dollar limit imposed by the Code ($19,000 in 2019)).

Your "Compensation" for purposes of the Plan generally means your wages as reported on Form W-2 for the Plan Year. Your Compensation also includes any salary reduction
contributions that you make to a 401(k) plan (including this Plan), a 403(b) plan, a cafeteria plan, a 457 plan, or a qualified transportation program under Code Section 132(f). Compensation does not include Matching Contributions or Profit Sharing Contributions (as described below), severance pay, management bonuses, hiring and retention bonuses, fringe benefits, moving expenses, imputed income, deferred compensation, welfare benefits, reimbursements or other expense allowances, and the value of stock options granted by Banner to the extent includible in your taxable income, if any. The Code also limits the overall annual dollar amount of Compensation that may be considered for purposes of the total Deferral, Roth, and Catch-Up Contributions you make to the Plan ($280,000 for 2019). Please refer to the SPD for more information regarding the definition of Compensation for deferral purposes under the Plan.

You may elect to make Deferral Contributions or Roth Contributions to the Plan by payroll deduction (or elect to prospectively increase or decrease such contributions or stop contributing entirely) by contacting Fidelity via the telephone number or website listed at the end of this Notice. New or amended elections will be effective on the first day of a subsequent payroll period or as soon as administratively feasible after that date.

**Catch-Up Contributions.** If you are at least age 50 by the end of a Plan Year, you may make “Catch-Up Contributions.” You do not need to make a separate election to make Catch-Up Contributions. Instead, they will be made on your behalf automatically once you reach the deferral limits imposed by the Code. The maximum Catch-Up Contribution that you may make for 2019 is $6,000. Like Deferral Contributions, you may make, change, or stop Catch-Up Contributions by contacting Fidelity via the telephone number or website listed at the end of this Notice.

**Matching Contributions.** You will be eligible to receive “Matching Contributions” on the first day of the payroll period that coincides with or follows the date that you complete one “year of service.” For purposes of the Matching Contribution, a “year of service” means the 12-month period beginning on the date that you first perform an hour of service with the Employer.

For each Plan Year, Banner will make Matching Contributions to the Plan on behalf of eligible participants based on the amount that such participant contributes to the Plan. The Matching Contributions will be an amount equal to 100% of your Deferral Contributions or Catch-Up Contributions that do not exceed 4% of your Compensation per pay period. Banner does not match any Roth Contributions, or any Deferral Contributions and Catch-Up Contributions that are in excess of 4% of Compensation. However, Banner, in its sole discretion, may make additional Matching Contributions to the Plan for the Plan Year.

At the end of the Plan Year, you may be entitled to a “true-up” Matching Contribution. The amount of the “true-up” contribution, if any, will be equal to the amount of Matching Contributions under the formula above that would have been made if the contributions were calculated and contributed on an annual basis, less the total amount of Matching Contributions already contributed to your account for the Plan Year on a per pay period basis.

**Profit-Sharing Contributions.** Banner may, in its sole discretion, make Profit-Sharing Contributions to the Plan. These contributions are not required, and Banner decides each Plan Year whether to make such contributions. More information about eligibility for Profit-Sharing Contributions and the allocation of any such contributions can be found in the SPD.

Please refer to your SPD for more information regarding Plan contributions generally.
Vesting Formula

You are fully (100%) vested in your Deferral Contributions, Roth Contributions, Catch-Up Contributions, Matching Contributions, and Profit-Sharing Contributions. “Vested” means the right to have that portion of your account paid to you when you terminate your employment.

Withdrawals and Distribution

In-Service Withdrawal. While employed, you may apply to withdraw some or all of your account balance under the Plan if you are at least age 59½. You also may make withdrawals at any time of any after-tax contributions (other than Roth Contributions) and/or rollover contributions that were previously made to the Plan. Please refer to the SPD for more information regarding after-tax accounts and rollover accounts under the Plan.

In addition, you may be eligible for a qualified reservist distribution from a portion of your account if you are called to active military duty for at least 180 days, provided that the distribution is made before the close of the active duty period. The 10% early withdrawal tax that generally applies to distributions taken prior to age 59½ does not apply to a qualified reservist distribution.

Moreover, if you are called to active military duty for a period of more than 30 days, you may be entitled to withdraw all or a portion of the balance in your Deferral Account (which includes Deferral and Catch-Up Contributions) and Roth Account during your active duty period. If you take such a withdrawal, you will be suspended from making additional contributions to the Plan for a period of six months starting with the date of the withdrawal.

Please refer to your SPD for more information regarding the requirements for in-service withdrawals and qualified military distributions under the Plan.

Hardship Withdrawal. In the case of an immediate and heavy financial hardship prior to age 59½, you may apply for a withdrawal from your Deferral Account and Roth Account, subject to certain requirements as set forth in the Plan document. The minimum hardship withdrawal amount is $500, and the amount of the withdrawal cannot exceed the amount of your financial need.

Loans. You may borrow up to the lesser of 50% of your account balance under the Plan or $50,000, reduced by the excess (if any) of (i) the highest outstanding balance of your Plan loans during the one-year period ending on the day before the loan is made, over (ii) the outstanding balance of your Plan loans on the date that the loan is made. The minimum loan amount is $1,000.

Distribution upon Termination. If you terminate employment and your account balance does not exceed $1,000, your account balance will be distributed to you in the form of a lump-sum distribution as soon as reasonably practicable following termination of employment, unless you elect a direct rollover or to receive the distribution directly in accordance with the Plan administrator’s procedures. If you terminate employment and the balance in your account is $5,000 or less, but over $1,000, your distribution will be paid directly to an individual retirement plan designated by the Plan administrator as soon as reasonably practicable following termination of employment, unless you elect a direct rollover or to receive the distribution directly in accordance with the Plan administrator’s procedures. If your account balance is greater than $5,000, you may elect an immediate distribution of your account balance upon
termination of employment with Banner, which will be paid to you as an annuity for life (or joint and survivor annuity if you are married), unless you elect otherwise. If you waive the annuity form of distribution, your account balance will be paid to you in a lump sum or in installment payments. You also may choose to roll over your account balance to another eligible retirement plan, an Individual Retirement Account (an "IRA"), or a Roth IRA (subject to the applicable requirements and restrictions set forth in the Code), or defer distribution until you reach age 70½.

**Distributions of Roth Contributions.** Please note that your Roth Account, if any, is subject to special distribution rules. Distributions of Roth Contributions are not eligible for tax-free treatment unless they are made after you attain age 59½, die, or become disabled. In addition, to receive tax-free treatment, you also must complete a 5-year period of participation in the Plan. The 5-year participation period begins on the first day of your tax year during which you first contribute designated Roth Contributions to the Plan and ends at the completion of 5 consecutive years of participation.

Please refer to the SPD and any updates in the form of a summary of material modifications for more details regarding in-service distributions, hardship withdrawals, loans, distributions upon terminations of employment, and other contributions under the Plan.

**Plan Amendments**

The Plan may be amended at any time during the plan year, including to reduce or suspend Matching Contributions. If Matching Contributions are reduced or suspended, the change will not apply until at least 30 days after you have been provided with a notice that details the Plan amendment.

**Contact Information**

If you would like to make changes to your current elections under the Plan, please contact Fidelity at 1-800-343-0860 between 8AM (ET) and Midnight (ET) or access Fidelity NetBenefits at www.netbenefits.com/bannerhealth. If you would like additional information about the Plan or its safe harbor provisions, contact the Trustee at:

Fidelity Investments
(800) 343-0860