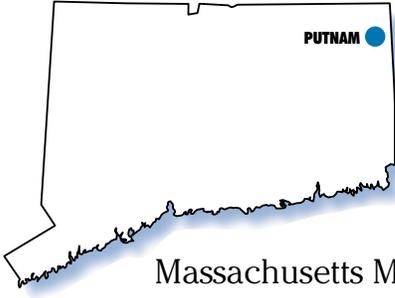


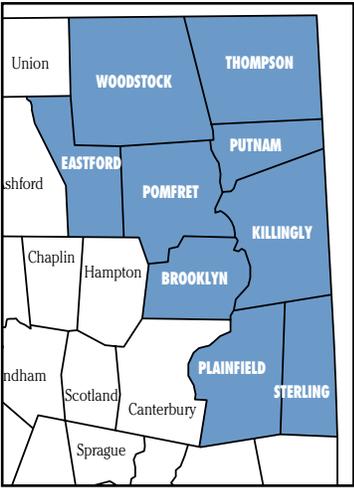
DAY KIMBALL HOSPITAL

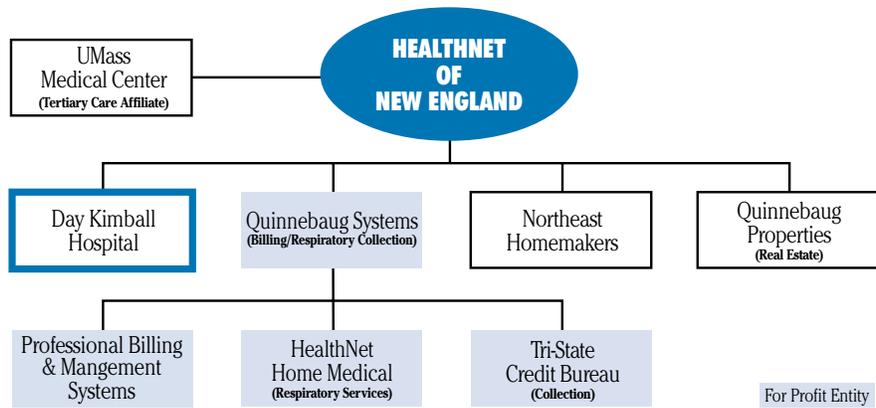
Day Kimball Hospital, founded in 1894, is located in Putnam and, in addition to that town, primarily serves eight other towns. In FY 1999, the hospital staffed 72 of its 122 licensed



beds and employed 671 Full Time Equivalents. Day Kimball is part of the HealthNetwork of New England and is affiliated with the University of

Massachusetts Memorial Medical Center, which provides its patients with tertiary care. The hospital's average age of plant is 7 years as compared to the U.S. average of 9.2 years.



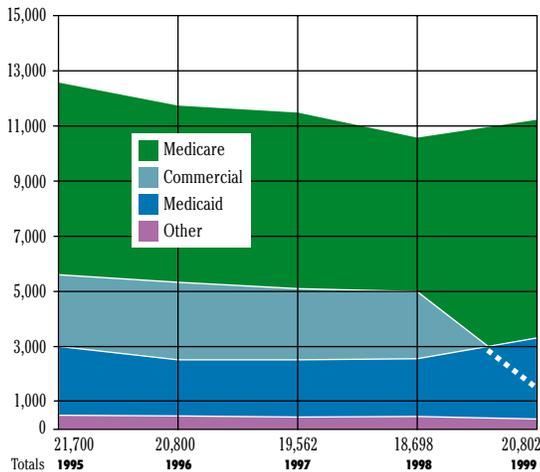


MARGINS	1997	1998	1999
Total margin	5.05%	1.96%	0.90%
Operating margin	4.80%	1.76%	0.42%

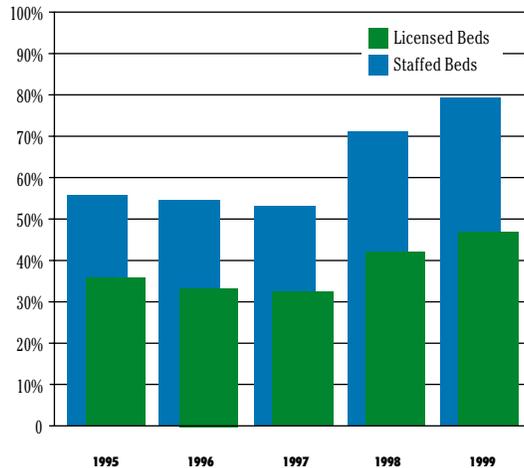
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.62	.61	.61
Medicare Payment to Cost	.87	.90	.93
Medicaid Payment to Cost	.77	.76	.73
Private Payment to Cost	1.46	1.38	1.24
Uncompensated Care Cost	\$1,690,571	\$1,570,789	\$1,447,632
Total expenses	\$46,386,100	\$53,579,371	\$56,747,079
Uncompensated care % of total expenses	3.64%	2.93%	2.55%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	47.00%	47.71%	49.18%
Debt service coverage	5.04	4.29	4.13

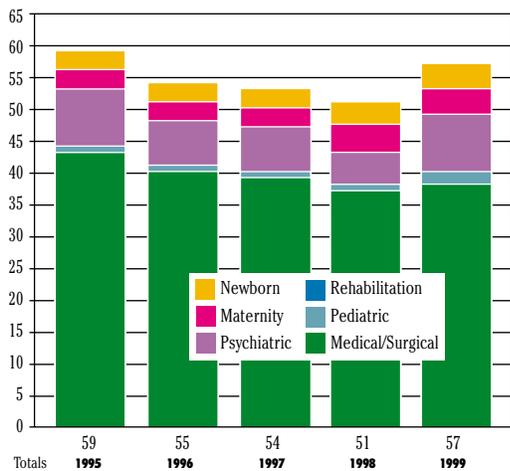
LIQUIDITY MEASURES			
Days of expenses in accounts payable	58.69	68.19	45.10
Days cash on hand	80.52	69.54	57.82
Days of revenue in accounts receivable	43.20	54.26	53.37



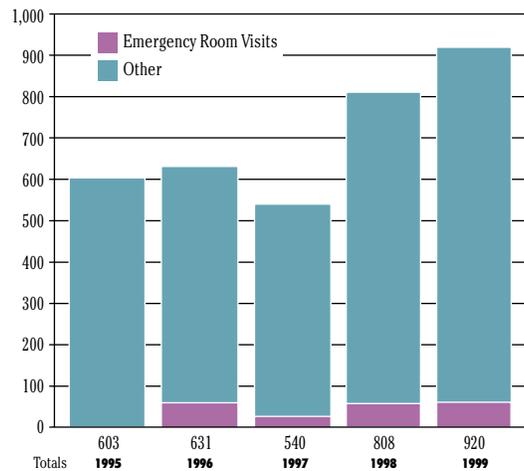
PATIENT DAYS BY PAYER



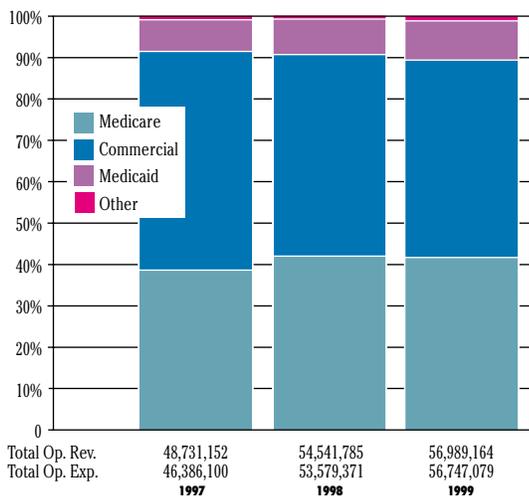
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

KEY PERFORMANCE DRIVERS

- ◆ Day Kimball's primary competition comes from William Backus Hospital and from Windham Hospital's affiliated physician practices.
- ◆ Approximately 50 percent of the hospital's net patient revenue is from governmental payment sources. Both Medicare and Medicaid pay below cost. Positive operating income results from more favorable reimbursement received from commercial payers.
- ◆ Day Kimball's service area is somewhat economically depressed. The hospital's region includes community challenges such as high rates of unemployment, high school dropouts, and teenage pregnancy. This affects demand for hospital services and uncompensated care levels.
- ◆ Despite the high teenage pregnancy rate, the area's overall birth rate is declining. The hospital recently built a new obstetrics center that is not fully utilized.
- ◆ In addition to implementing cost reduction initiatives in 1999, managers are now held strictly accountable for budgets and are expected to identify further cost savings.
- ◆ The hospital's information systems are advanced for a hospital its size, as evidenced by physician connectivity with the hospital and progress on development of electronic medical records.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Occupancy. Average occupancy has increased dramatically, from 55.6 percent of its staffed beds in 1995 to 79.2 percent in 1999. This rise in occupancy is attributed to a decrease in staffed beds and an increase in inpatient census.

Information Systems. The hospital's information systems are advanced, but remaining capital allocation is limited. Preparations for Y2K were costly, and Day Kimball must now prepare for HIPAA. Management is concerned about limited resources and the need for further investment.

Reimbursement. Day Kimball's margins are decreasing despite growing patient volume. This is partially attributable to low payment to cost ratios, especially for governmental payers.

Community Issues. The hospital allocates resources to outreach programs aimed at addressing the needs of the community as noted above.

Behavioral Health. Day Kimball staff often require more than a week to find appropriate treatment settings for mental health and substance abuse patients, because there are limited resources for these patients.