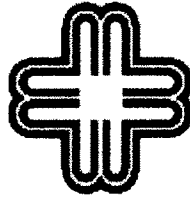


EXHIBIT E



Morton Hospital and Medical Center

Confidential Information Memorandum

November 2010



Navigant Capital Advisors, LLC



Morton Hospital and Medical Center

This Confidential Information Memorandum (the “Memorandum”) is being furnished to a limited number of parties in connection with a potential affiliation with or sale of (the “Transaction”) Morton Hospital and Medical Center (“Morton”, the “Hospital”, or the “Company”) through its financial advisor, Navigant Capital Advisors, LLC (“NCA”). It is also anticipated that the potential affiliation or sale of the Hospital will include some or all the Hospital’s affiliates. This Memorandum has been solely prepared to assist the recipient in deciding whether to proceed with further analysis of a Transaction.

Acceptance and use of this Memorandum and the information contained herein is governed by the terms of the previously executed Confidentiality Agreement, which strictly limits the circulation and copying of information embodied herein. Any person in possession of this Memorandum should familiarize himself or herself with such agreement before reading, circulating or using this Memorandum. This Memorandum may not be distributed, reproduced or used, and its contents may not be divulged, without the express written consent of the Company, for any purpose other than the evaluation of the Transaction by the person to whom this Memorandum has been delivered.

NCA will arrange all contacts for appropriate due diligence by prospective parties. All inquiries or requests for additional information should be submitted or directed to NCA. The Company reserves the right to require the return of this Memorandum to NCA at any time.

The information contained in this Memorandum was obtained from the Company and other sources. This Memorandum does not constitute an offer to sell or a solicitation of offers to buy assets or securities of the Company. While the information contained herein is believed to be accurate and reliable, neither the Company nor NCA makes any representation or warranty (express or implied) as to the accuracy or completeness of such information. Only those representations and warranties contained in the definitive purchase documentation shall have any legal effect. In no event will the Company, its management or NCA make any representations or warranties regarding this Memorandum, or the projections herein, in any such definitive documentation. In furnishing this Memorandum, the Company reserves the right to amend and replace the Memorandum at any time and undertakes no obligation to provide the recipient with access to additional information. Nothing contained in this Memorandum is, or should be relied upon as, a promise or representation as to the future. The pro forma and estimated financial information contained herein were prepared expressly for use herein and are based on certain assumptions and management’s analysis of information available at the time this Memorandum was prepared. Neither NCA nor its Members, officers, associates or employees have audited the information contained herein and no warranty is provided as to the accuracy and completeness of this information. This Memorandum does not and, if hereafter supplemented, will not contain all of the information that may be required to evaluate the Transaction. Prospective parties are responsible for conducting their own investigation and analysis of the business, data and property described herein in making an investment decision regarding the Transaction. If and when authorized by the Company, prospective parties will be allowed to conduct a comprehensive due diligence review of the operations and financial conditions of the Company, including discussions with the senior leadership of the Company.



ALL COMMUNICATIONS AND INQUIRIES RELATED TO THIS MEMORANDUM SHOULD BE DIRECTED TO NCA SOLELY. UNDER NO CIRCUMSTANCES SHOULD THE COMPANY OR ITS OPERATING UNITS BE CONTACTED DIRECTLY.

NAVIGANT

CAPITAL ADVISORS

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RECIPIENTS OF THIS MEMORANDUM WHO DO NOT WISH TO PURSUE THIS
MATTER OR WHO ARE REQUESTED BY THE COMPANY OR NCA
MUST RETURN THIS MEMORANDUM IMMEDIATELY TO:

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Associate

Navigant Capital Advisors, LLC

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MORTON HOSPITAL AND MEDICAL CENTER

88 Washington Street
Taunton, Massachusetts, 02780





I. EXECUTIVE SUMMARY

A. COMPANY OVERVIEW

Morton is a not-for-profit, 154-bed acute care hospital offering a full spectrum of medical and surgical services. Founded in 1889 and located in Taunton, MA, approximately 40 miles south of Boston, Morton's mission is to provide the local community with access to comprehensive, high quality, compassionate and efficient health care services. Morton currently provides health care to more than 100,000 local residents each year and is the only acute care hospital within its nine-zip code Primary Service Area ("PSA"). Approximately 50% of its patients live within its immediate 02780 zip code and over 80% of its patients come from within its PSA.

Morton is a subsidiary of Morton Health Foundation, Inc. (the "Foundation"). Other subsidiaries of the Foundation include Morton Property, Inc. ("MPI"), a stock company, and the following nonprofit corporations: Morton Hospital Auxiliary, Inc. ("MHA"); Morton Physician Associates, Inc. ("MPA"); and Community Counseling of Bristol County, Inc. ("CCBC"). Information regarding certain assets and operations of the Foundation and the other subsidiaries is included in this Memorandum. It is anticipated that the Foundation and all of its subsidiaries would be included in an affiliation transaction with a non-profit healthcare system. However, only the assets and operations of the Hospital, MPA, and MPI would be included in any asset-purchase agreement with a for-profit healthcare system. Certain of the Hospital's assets are restricted donations and cannot be transferred as part of an asset-purchase transaction.

CHART A: ORGANIZATIONAL STRUCTURE

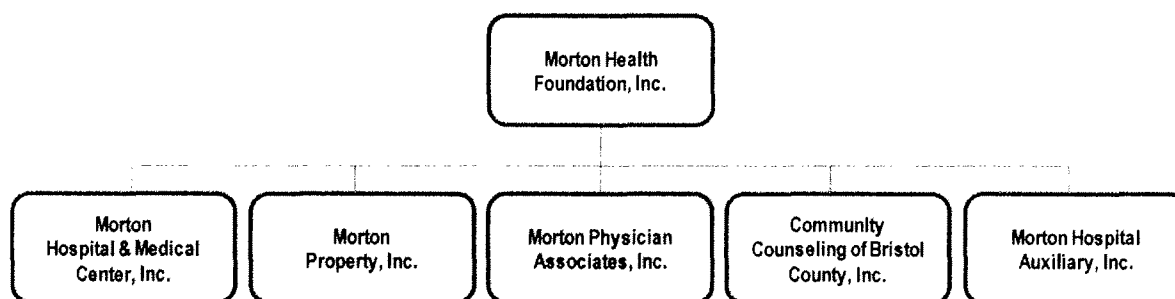




CHART B: FACILITY OVERVIEW

Licensed Beds	Operating Rooms	ED Rooms	ED visits/year	AIRC	Discharges	Patient Days	FTEs	# of Privileged Physicians	Square Footage	Acres	FY10 Sept. 2010 Revenue (in thousands)
154	6	23	52,794	82.3	8,018	36,423	865	291	297,000	10.7	\$135,885

Morton's 297,000 square foot hospital facility features 154 licensed acute care beds, including a 21 bed transitional care unit (which was closed on September 3, 2010), six operating suites, an outpatient surgery center and a 24-hour emergency department. The Hospital also operates several satellite facilities including a sleep lab, speech and hearing clinic, radiology and laboratory services center, an adult uninsured clinic and a school based health center. The Hospital's original 22,000 s.f. facility was constructed in 1940 and was significantly expanded in 1956, 1967, 1982, 1992 and 1996. The facility is located on 10.7 acres at 88 Washington Street in Taunton, MA.

Morton offers a broad range of hospital and community-based services to meet the needs of area residents. Morton's key service offerings include:

- OB/GYN Services
- General Surgery/Urology/ENT
- Medicine
- Intensive Care Unit
- Orthopedics
- Pediatrics
- Elder Behavioral Health Services
- Full Range of Rehab Services
- Primary Stroke Service
- 24-hour Emergency Department
- Imaging Services - CT, MRI, Ultrasound, Digital Mammography, Nuclear Medicine
- Interventional Radiology
- Homecare Service
- Adult Uninsured Clinic
- Full Range of Laboratory Services
- Center for Wound Healing
- Sleep Center
- Adult & Pediatric Hospitalist Service
- Pain Management
- Cardiovascular Services

Morton has received The Joint Commission Gold Seal of Approval in August 2010. Furthermore, Morton's quality scores meet or exceed national averages. Morton has recently received numerous other awards and recognitions for the quality of its care including:

- Blue Distinction Award for Knee and Hip Replacement – 2009
- American Heart Association Get With the Guidelines - Silver Award for Coronary Artery Disease - Listed in US News & World Report 2009 & 2010
- American Heart Association Get with the Guidelines - Bronze Award for Heart Failure 2010
- Beacon Hospice Excellence in End-of-Life Care Award 2009 & 2010
- HomeCare Elite Award 2010
- American College of Radiology Breast Imaging Centers of Excellence
- American College of Radiology Ultrasound Accreditation
- Accreditation by the College of American Pathologists
- American College of Surgeons Cancer Care Program Accreditation



The Thayer Building is a 38,000 s.f. medical office building located on .72 acres adjacent to and attached to the Hospital. Morton and MPA each lease portions of the Thayer Building, and Morton believes that most or all of the other space is leased to private physicians. The Thayer Building is owned by Rockyknoll Estates, Inc., the stock of which is owned by the Theodore R. Thayer Irrevocable Trust (the "Trust"), which was established under the Will of the late Dr. Theodore R. Thayer (the "Will"). The Will states that the aforementioned stock is to be transferred to "Morton Hospital" upon the death of Dr. Thayer's widow, now 86 years of age. The Thayer Building is mortgaged as collateral for certain loan obligations incurred by the Trust, and Morton has agreed that it would assume the loan obligations if it ever acquired title to the Thayer Building. However, Morton believes that there are questions regarding the future status of the Thayer Building, including whether the Trust has the authority to cause the sale of the Thayer Building at any time in its discretion or to transfer the Thayer Building to "Morton Hospital" if Morton's assets had been sold.

Morton and MPA also lease portions of the Northwoods Medical Center ("Northwoods"), an 80,000 s.f. medical office building located at 2005 Bay Street, Taunton, MA. Northwoods is owned by MPI and is encumbered by a mortgage to secure MPI's debt to the Bristol County Savings Bank (current outstanding principal is \$3,457,639).

Morton also has a 25% interest in a limited liability company ("LLC") which operates the Shields Radiation Oncology Center of Mansfield, located in Mansfield, MA. The transferability of Morton's interest in the LLC is subject to the consent of the other owners, which are an affiliate of Shields Healthcare and Sturdy Memorial Hospital.

Morton also operates a walk-in clinic for radiology and laboratory services at the Southeast Health Center located in property owned by MPI in Middleboro MA, in which MPA also leases space. Morton also provides an adult uninsured Health Clinic at the Friedman School in Taunton.



B. FINANCIAL SUMMARY

CHART C: REVENUES AND EXPENSES

Summary Statement of Revenues and Expenses for the Fiscal Years Ending September 30, 2008 - 2010, and Projected 2011 (in thousands)				
	2008	2009	2010	F2011
Revenue and Other Support	\$127,556.2	\$135,286.2	\$135,884.9	\$134,692.3
Operating Expense	<u>123,449.1</u>	<u>126,664.8</u>	<u>131,830.8</u>	<u>130,207.4</u>
EBITDA	<u>\$4,107.1</u>	<u>\$8,621.4</u>	<u>\$4,054.0</u>	<u>\$4,484.9</u>
Depreciation and Amortization	(4,408.8)	(4,674.7)	(4,725.2)	(4,769.2)
Interest and Other Gains (Losses)	<u>2,222.9</u>	<u>(1,457.7)</u>	<u>(575.2)</u>	<u>(1,287.8)</u>
Excess (Deficit) of Revenues over Expenses	<u>\$2,921.2</u>	<u>\$2,489.0</u>	<u>(\$1,246.4)</u>	<u>(\$1,572.1)</u>
Normalized 2011 EBITDA				\$8,992.9

Note: Data reflects the consolidated entity of Morton Hospital, Morton Physician Associates, Inc., and Morton Property, Inc.

CHART D: BALANCE SHEET

Summary Historical Balance Sheet as of Sept. 30, 2008, 2009 & 2010 (in thousands)			
	9/30/2008	9/30/2009	9/30/2010
Current Assets:			
Cash and Cash Equivalents	\$4,704.1	\$9,700.5	\$6,345.4
Net Patient Accounts Receivable	13,348.7	13,072.6	12,282.3
Other Current Assets	<u>3,681.7</u>	<u>7,737.1</u>	<u>4,203.4</u>
Total Current Assets	21,734.5	30,510.2	22,831.0
Net PP&E	25,784.2	28,075.9	27,498.2
Total Assets Whose Use is Limited	12,436.4	11,490.9	12,807.0
Total Other Assets	2,936.3	975.3	913.7
Total Assets	<u>\$62,891.3</u>	<u>\$71,052.4</u>	<u>\$64,049.9</u>
Current Liabilities			
Accounts Payable	\$6,542.2	\$4,871.4	\$6,617.6
Current Portion of LT Debt	1,241.9	1,263.5	1,327.6
Current Portion of Obligation Under Capital Lease	2,040.6	2,627.6	1,545.8
Other Current Liabilities	<u>13,786.0</u>	<u>19,987.0</u>	<u>14,802.1</u>
Total Current Liabilities	23,610.7	28,749.6	24,293.1
Intercompany Borrowings	(2.5)	(2.5)	0.0
LT Debt	23,899.6	22,588.8	21,209.2
Capital Lease Obligation	5,120.2	6,181.7	4,635.9
LT Pension Liability	500.0	500.0	206.0
Other LT Liabilities	<u>19,721.4</u>	<u>19,954.1</u>	<u>31,435.5</u>
Total Liabilities	72,849.4	77,971.7	81,779.7
Total Net Assets	<u>(9,958.1)</u>	<u>(6,919.3)</u>	<u>(17,729.8)</u>
Total Liabilities & Net Assets	<u>\$62,891.3</u>	<u>\$71,052.4</u>	<u>\$64,049.9</u>

Note: Data reflects the consolidated entity of Morton Hospital, Morton Physician Associates, Inc., and Morton Property, Inc.



CHART E: OPERATING STATISTICS

Morton Operating Statistics		
Fiscal Year Ending September 30	2009	2010
<u>INPATIENT SERVICES:</u>		
# of Discharges	7,766	8,018
# of Deliveries	581	524
ALOS	3.5	3.4
Average Daily Census	83.5	82.3
Inpatient Surgery (Cases)	1,374	1,392
<u>OUTPATIENT SERVICES:</u>		
Emergency Room Visits	54,941	52,794
Outpatient Surgery (Cases)	7,504	7,496
Daily Outpatient Revenue	\$465,422	\$461,877



C. TRANSACTION OVERVIEW

In order to strengthen the long term operating viability of the Hospital and enhance its access to capital, the Board of Trustees of the Hospital has voted to commence a process to explore strategic partnership opportunities with other hospital systems, including an affiliation with a larger not-for-profit hospital system or a sale of the Hospital's assets to a for-profit hospital system. In connection with this decision, the Board of Trustees appointed a Special Committee to review and evaluate strategic partnership opportunities and retained NCA as its financial advisor to assist in this process. Under the direction of the Special Committee, Morton seeks to pursue a Transaction with a well capitalized, growth-oriented hospital system which will agree to the objectives stated in the letter which accompanied this Memorandum.

Morton believes there is substantial opportunity for a larger hospital operator to realize significant synergies from revenue enhancement, service diversification and cost reductions by integrating Morton's operations and medical staffing into a regional system. These characteristics of the Hospital represent significant value to those parties seeking to gain a meaningful presence as a delivery network throughout the targeted region.



II. INVESTMENT CONSIDERATIONS

Sole Community Provider with Strong Community Support. With a greater than 100-year history of serving Taunton and Bristol County, Morton is a trusted healthcare provider playing a critical role in meeting the healthcare needs of central southeastern Massachusetts. In addition, Morton is the only acute care hospital located within its PSA and SSA, serving a population of over 240,000. A partnership with Morton will provide a larger hospital system with access to Morton's diverse patient base and an opportunity to provide additional clinical services through access to a broader range of specialists.

Substantial Opportunity to Generate Operating Synergies from Integration with Regional Hospital System. As an independent community hospital, Morton has not had the patient volumes to receive preferred discounts from its supply chain or invest in the information systems that would enable it to optimize scheduling and inventory management. In addition, there is substantial opportunity to improve the capacity utilization of its medical staff through integration with a regional system.

History of Clinical Leadership. Morton has consistently provided the Taunton Community with the highest quality medical services and the latest advancements in medical care. Morton has received the Gold Seal of Approval from The Joint Commission and its Cancer Care Program has been accredited by the American College of Surgeons. Other recent recognitions highlighting Morton's clinical leadership include being selected as the recipient of the *2010 Beacon Hospice Excellence in End-of-Life Care Award* out a pool of over 100 applicants, the American Heart Association *Get With the Guidelines™ Silver and Bronze Achievement Awards for Cardiac Care*, Blue Distinction Award for Knee and Hip Replacement – 2009, Homecare Elite Award 2010, American College of Radiology Ultrasound Accreditation, American College of Radiology Breast Imaging Centers of Excellence and College of American Pathologists Accreditation.



III. MORTON HOSPITAL MARKET DYNAMICS

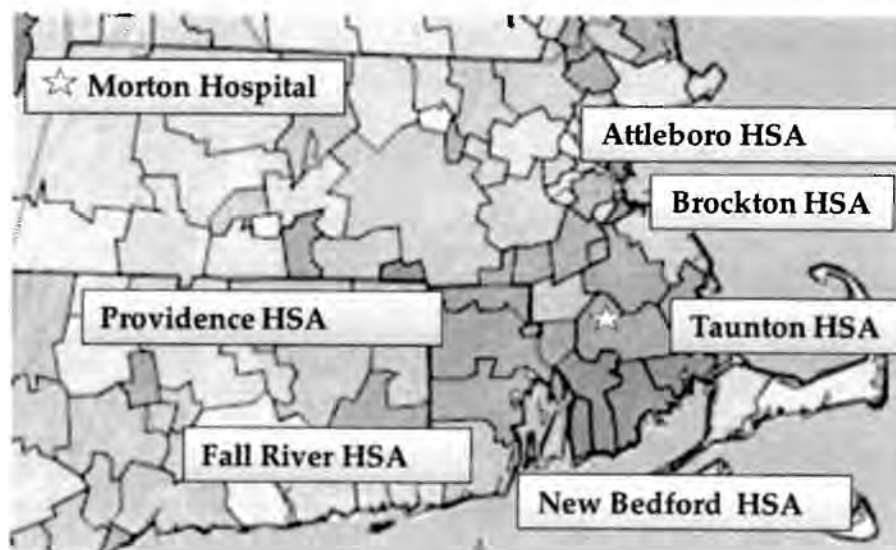
A. TAUNTON HOSPITAL SERVICE AREA (HSA)

Morton is located within the Taunton HSA, as defined by the Dartmouth Atlas. Taunton has higher discharges than the surrounding HSAs, but lower inpatient days. Medicare spending per enrollee is higher in the Taunton HSA than any of the neighboring HSAs. The Taunton HSA is on par with the neighboring HSAs in terms of beds and physicians per capita.

CHART F: TAUNTON AREA STATISTICS AND MAP

Taunton Hospital Service Area Data								
Based on 2001-2005 Medicare Data (unless noted)	MA-Taunton	MA-Brockton	MA-Attleboro	MA-Fall River	MA-New Bedford	RI-Providence	MA Average	National Average
Hospital Discharges per 1,000 Medicare Enrollees	373.5	403.4	328.8	396.9	351.4	319.8	346.4	347.5
Hospital Discharges per 1,000 Medicare Enrollees - Medical Admissions	279.2	304.4	235.2	304.4	268.1	238.1	255.3	244.1
Hospital Discharges per 1,000 Medicare Enrollees - Surgical Admissions	93.7	97.9	91.6	90.5	81.7	79.9	89.9	102.2
Inpatient Days per Medicare Enrollee	1.9	2.0	1.9	2.7	2.3	1.9	1.8	1.9
Acute Care Hospital Beds per 1,000 Residents	2.2	2.3	2.0	2.7	2.4	1.9	N/A	2.4
All Physicians per 1,000 Residents (2006 data)	224.9	234.4	222.4	147.6	260.2	223.9	N/A	202.0
Medicare Reimbursement (2007 Data)	\$10,161	\$9,766	\$9,402	\$8,857	\$9,100	\$9,233	\$9,568	\$8,682
Percent of Population over 65 years old (2010 data)	12.6%	12.8%	10.8%	14.2%	16.3%	14.0%	13.9%	13.1%

Source: Dartmouth Atlas





Morton is the only hospital located within either its Primary Service Area ("PSA") or Secondary Service Area ("SSA"). Morton's PSA covers nine zip codes and its SSA covers ten. This situation gives Morton a unique competitive strength relative to most hospitals.

CHART G: SERVICE AREA STATISTICS AND MAP

Service Area	2009 Discharges	% of Total
PSA (9 zip)	6,566	88.0%
SSA (10 zip)	316	4.2%
Other	577	7.7%
Total	7,459	100.0%

Mass Health Data Consortium (Excludes Normal Newborn - DRG 795, Previously 391)



Within Morton's PSA, over 60% of the discharges come from Taunton. Slightly more discharges come from outside the area than from the SSA.

CHART H: SURROUNDING TOWNSHIP DISCHARGES

Town	2009 Discharges	% of Total
Taunton - Berkley	4,677	62.7%
Middleboro - Lakeville	964	12.9%
Raynham	725	9.7%
Dighton	200	2.7%
SSA	316	4.2%
Other	577	7.7%
Total	7,459	100.0%

Mass Health Data Consortium (Excludes Normal Newborn - DRG 795, Previously 391)



The service area is poised to experience steady population growth over the next few years. From 2010 until 2015, the area is expected to increase at a CAGR of .4%. The senior population in the area is growing faster than the national average. By 2015, 13.7% of the PSA and SSA will be seniors.

CHART I: POPULATION CHANGE COMPARISON

Projected Population Data			
	2010	2015	5 Year Change
Population Estimates (in thousands):			
Service Area (PSA and SSA)	246.8	253.2	0.4% CAGR
Massachusetts	6,649.4	6,758.6	0.1% CAGR
U.S.	308,935.6	322,365.8	0.8% CAGR
Percent Over 65 Years Old:			
Service Area (PSA and SSA)	11.7%	13.7%	200 Basis Points
Massachusetts	13.9%	15.6%	170 Basis Points
U.S.	13.1%	14.6%	150 Basis Points

Source: Nielson Claritas Data

The area has higher than average income, when compared to both the state and the country as a whole. Household income is projected to rise to over \$98,000 by 2015.

CHART J: HOUSEHOLD INCOME LEVELS

Weighted Average Household Income		
	2010	2015
Service Area (PSA and SSA)	\$87,720	\$98,674
MA Average	86,109	95,041
U.S. Average	71,071	77,465

Source: Nielson Claritas Data



B. COMPETITION

Most of Morton's competitors are somewhat larger than Morton, but Morton is able to maintain a better operating margin than most of its competition. With 154 beds, Morton is substantially smaller than many of the acute care hospitals in adjacent communities.

The following chart is a comparison of statistics among Morton's competitors.

CHARTS K: COMPETITOR OPERATING INFORMATION

Hospital	Morton Hospital	Caritas Good Samaritan	Signature Healthcare Brockton Hospital	Southcoast Health System (All 3)	South Shore Hospital	Jordan Hospital
Licensed Beds	154	248	253	764	306	146
Admissions	6,536	10,003	15,014	35,481	20,955	10,162
ALOS	4	4	3	5	4	4
Average Daily Census	105	177	180	555	225	110
Occupancy	69.0%	71.0%	71.0%	73.0%	74.0%	75.0%
Medicare CMI	1.2	1.2	1.1	1.3	1.3	1.2
OP Visits	83,128	58,355	130,591	598,360	472	395,610
Births	558	1,001	1,303	3,623	3,748	686
Net Revenue (in millions)	\$127.6	\$188.3	\$195.5	\$597.9	\$391.9	\$180.9
Operating Margin	\$4.9	\$13.0	\$4.3	\$9.7	(\$9.2)	\$1.8
Operating Margin Percentage	3.8%	6.9%	2.2%	1.6%	(2.4%)	1.0%
Days Cash on Hand	76	64	39	88	150	45
Recent Bond Rating		Baa2	N/A	A2	A3	N/A

Sources: 2010 AHA Guide, based on 2008 Data

CHIPS/Ingenu - 9.30.2009 Data

Moody's Investor Services

The chart below shows the total amount of discharges and market share percentages for Morton and its competitors. Morton widely leads every other hospital, but overall its market share is under 50%, despite being the only hospital located in the PSA or SSA.



CHART L: PSA MARKET SHARE

System/Hospital	2009 PSA Discharges	2009 PSA Inpatient Market Share
1. Morton Hospital	6,566	45.4%
2. Caritas - Good Samaritan Med Ctr.	1,015	7.0%
3. New England Medical Center Hosp	845	5.8%
4. Brockton Hospital	837	5.8%
5. Brigham and Women's Hospital	694	4.8%
6. Beth Israel Deaconess Med Ctr.	530	3.7%
7. Jordan Hospital	451	3.1%
8. Southcoast - Charlton	447	3.1%
9. Massachusetts General Hospital	390	2.7%
10. South Shore Hospital	315	2.2%
All Others	2,373	16.4%
Total	14,463	100.0%

Source Morton Hospital LDAP

Inpatient Data from Mass Health Data Consortium (Excludes Normal Newborn - DRG 795, Previously 391)



The following chart compares Morton's payment rates against those of its competitors. While Morton's CMI is generally above those of its local competitors, its hospital payments are lower. Morton receives the lowest payments in the entire state from Tufts Health Plan. South Shore receives the highest from all key insurers of this comparison group. Price variations are correlated with market leverage, but are not correlated with quality, CMI, payer mix, or cost structure.

CHART M: COMPARATIVE PAYMENT RATES



Source: Massachusetts Attorney General Report: "Examination of Health Care Cost Trends and Drivers" - Relative values are estimated and intended to show relatively (not exact)

Morton ranks second amongst its peer group in overall recommended quality of care, after Brockton. The heart attack, heart failure, and pneumonia mortality rates at Morton are similar to its peer group. However, patient satisfaction results are much lower at Morton than at its competitors.

CHART N: COMPETITOR QUALITY AND PATIENT SATISFACTION STATISTICS

Hospital/System	Overall Recommended Care	Heart Attack 30-Day Mortality Rate	Heart Failure 30-Day Mortality Rate	Pneumonia 30-Day Mortality Rate
Signature Healthcare Brockton Hospital	98.25%	17.70%	9.00%	12.50%
Morton Hospital	96.16%	14.60%	10.70%	12.40%
Jordan Hospital, Inc.	95.85%	13.50%	10.20%	12.70%
Caritas Good Samaritan Medical Center	95.13%	16.60%	10.00%	9.80%
South Shore Hospital	93.53%	16.30%	10.10%	10.40%
Southcoast Hospital Group, Inc.	93.04%	13.90%	7.90%	10.30%
Massachusetts State	95.56%	N/A	N/A	N/A
National Top 10%	97.94%	14.10%	9.40%	9.50%
National Top 25%	96.92%	15.10%	10.30%	10.40%

Source: Hospital Tier: Commonwealth Fund (2010 Data)



IV. MORTON HOSPITAL OVERVIEW

A. HOSPITAL OVERVIEW

Morton is a not-for-profit acute care community hospital serving the Greater Taunton community. Founded in 1889, today it is a 154-bed hospital providing health care to more than 100,000 local residents each year. The Hospital's mission is to improve the health status of its communities by providing access to comprehensive, high quality, compassionate and efficient health care services at the inpatient campus and several satellite facilities. Morton's 297,000 square foot hospital facility features 154 licensed acute care beds including a 21 bed transitional care unit (which was closed on September 3, 2010), six operating suites, an outpatient surgery center and a 24-hour emergency department. Although, the transitional care unit closed in September 2010, the Hospital retained the licenses for all 21 beds from the MA Department of Public Health. The Hospital's original 22,000 s.f. facility was constructed in 1940 and was significantly expanded in 1956, 1967, 1982, 1992 and 1996. The facility is located on 10.7 acres at 88 Washington Street in Taunton, MA.

B. MEDICAL SERVICES

Morton seeks to offer a comprehensive array of healthcare services with a focus on patient care and clinical excellence. The following is a summary of the core medical services offered by Morton in support of its community health mission:

Emergency Department: Morton's level II emergency department is one of the busiest in southeastern Massachusetts, with more than 52,000 patient visits per year. The emergency department includes 23 rooms and is staffed with emergency physicians, nurses, physician assistants, social workers, case managers and support staff who are expert in emergency care and treatment. Morton has been designated by the Massachusetts Department of Public Health as a Primary Stroke Service, in recognition of the comprehensive care provided to patients experiencing stroke.

First Impressions Maternity Center: Morton's First Impression Maternity includes two private labor, delivery, and recovery rooms ("LDR") and one room dedicated to cesarean sections. Every year, over 500 babies are born at Morton's level 1A maternal and newborn service. The obstetrical staff is made up of professionals whose expertise and skills are matched by caring and compassionate care to patients and their families. Morton offers an array of maternity and family classes to make childbirth and parenting a memorable experience.

Ambulatory Care Center: Morton's Ambulatory Care Center provides health care services to inpatient and outpatient populations. The Ambulatory Care Center is a 35-bay unit providing pre-operative services, progressive services and post-anesthesia care. The center also has three isolation rooms. The center also services the Hospital's interventional radiology patients.



The nursing staff provides pre-admission testing to screen and prepare patients for their surgery. The nursing staff is certified in cardiopulmonary resuscitation, advanced cardiac life support and pediatric advanced life support.

The center also offers pain management services provided by the Anesthesia Department, treating a variety of acute and chronic pain conditions.

Radiology Services: Morton's staff of board certified radiologists offers patients a full range of diagnostic imaging services including a women's diagnostic imaging center. PACS was implemented in 2007. The department is accredited by the American College of Radiology as a Breast Imaging Center of Excellence. The department is also accredited by the American College of Radiology for Ultrasound. The department serves inpatient and outpatient populations of all ages.

Cardiac Diagnostic Services: Morton's cardiac diagnostic services offer non-invasive cardiac and vascular testing, EKGs, echocardiograms, event monitors, holter monitors, stress testing, and vascular ultrasound.

Pediatric Unit: Morton's Pediatric Unit provides level-2 pediatric services to all children not requiring intensive care services. The 13 bed inpatient pediatric unit features a dedicated nursing team to care for children and around the clock on site pediatric hospitalist coverage.

Intensive Care Unit: Morton's 12-bed Intensive Care Unit (ICU) provides comprehensive, continuous care to patients requiring critical care. The intensive care team is comprised of a multidisciplinary group of specialists, including an intensivist, nurses, pharmacists, hospitalists, surgeons, respiratory specialists, cardiologists and other medical consultants from a broad range of specialties.

Elder Behavioral Health Services: The 14 bed Elder Behavioral Health Services (EBHS) area provides a multi-disciplinary, integrative approach for treating adults age 55 and over with behavioral, psychiatric, or neuropsychiatric difficulties that require hospitalization. EBHS offers rapid assessment and focused intervention in a short-term setting, while assuring coordinated and timely communication among treatment providers and referral sources. The two psychiatrists collectively have more than 30 years of experience in geriatric psychiatry and are board certified in psychiatry and neurology.

Sleep Lab (Raynham Woods Medical Center): Morton's newly designed 6 bed sleep lab provides diagnostic services to patients. The lab offers a home like atmosphere designed to help patients feel as comfortable as possible during their sleep evaluation. The latest state of the art monitoring equipment measures brain waves, eye movement, muscle activity, heart rate, and breathing patterns. The highly skilled staff is directed by a board-certified pulmonologist and sleep disorders specialist.



Wound Care: The Center for Wound Healing offers comprehensive wound care services. These services include optimal patient management to facilitate wound healing, the most advanced local wound care products, and Hyperbaric Oxygen Therapy. Hyperbaric Oxygen Therapy is a procedure in which the entire body is under increased atmospheric pressure and the patient breathes 100% oxygen. The increased oxygen promotes blood oxygen flow to damaged tissue, reduced infection, increased wound healing, reduced swelling, and preservation of tissue. This treatment is not painful and there are few side effects. At The Center for Wound Healing, the patient is placed in a single person (monoplace) chamber. The Wound Center has two hyperbaric chambers. These chambers are approximately eight feet long and 34 inches wide.

Rehabilitation Services: Morton provides inpatient and outpatient rehabilitation programs to help patients regain maximum function after illness or injury. We offer rehabilitation for children and adults to restore function, relieve pain, promote healing and prevent disability. Rehabilitation services are offered to our patients within the hospital setting, outpatients at our Northwoods location and in homes for patients of Morton Homecare. The highly trained staff includes speech pathologists, audiologists, physical therapists, occupational therapists, physical therapy assistants, and other supportive professionals with extensive experience in rehabilitative medicine.

Morton Homecare Services: Morton Homecare is a Medicare-certified agency providing home care services including skilled nursing, specialty disease management programs, physical therapy, occupational therapy, speech therapy, home health aid, and medical social work to adults and children at home.

The Hospital's services have been ranked among the nation's top 25 percent of home health providers by Outcome Concept Systems (OCS), a leading post acute health care information company.

The Chart below shows inpatient admission volumes by diagnostic code.



CHART O: ADMISSIONS BY DRG CODE

DRG Code	Description	Number of Cases During FY 2010
775..27	Vaginal Delivery W/O Complicating Diagnoses	230
945..27	Rehabilitation W. CC/MCC ¹	226
392..27	Esophagitis, Gastroent & Misc. Digest. Disorders W/O MCC	220
57..27	Degenerative Nervous System Disorders W/O MCC	195
313..27	Chest Pain	187
794..27	Neonate W Other Significant Problems	174
795..27	Normal Newborn	174
470..27	Major Joint Replacement or Reattachment of Lower Extremity W/O MCC	164
192..27	Chronic Obstructive Pulmonary Disease W/O CC/MCC	152
946..27	Rehabilitation W/O CC/MCC ¹	143
871..27	Septicemia Or Severe Sepsis W/O MV 96+ Hours W. MCC	135
640..27	Nutritional & Misc Metabolic Disorders W. MCC	134
312..27	Syncope & Collapse	124
603..27	Cellulitis W/O MCC	122
885..27	Psychoses	114
690..27	Kidney & Urinary Tract Infections W/O MCC	112
310..27	Cardiac Arrhythmia & Conduction Disorders W/O CC/MCC	110
194..27	Simple Pneumonia & Pleurisy W/ CC	106
291..27	Heart Failure & Shock W. MCC	104
191..27	Chronic Obstructive Pulmonary Disease W. CC	102
641..27	Nutritional & Misc Metabolic Disorders W/O MCC	101
292..27	Heart Failure & Shock W. CC	99
766..27	Cesarean Section W/O CC/MCC	95
190..27	Chronic Obstructive Pulmonary Disease W. MCC	84
560..27	Aftercare, Musculoskeletal System & Connective Tissue W. CC	83

¹ 2009 Rehabilitation combined into one line.



C. MEDICAL STAFF

There are 291 physicians and 34 allied health professionals with privileges at Morton. The Hospital medical staff is organized into the categories of active, affiliate, associate, consulting and courtesy. The chart below shows the physicians and allied health professionals (physician assistants, nurse practitioners, nurse midwives and social worker) by department.

CHART P: MEDICAL STAFF

Department	Allied Health		Department	Allied Health	
	Physicians	Professionals		Physicians	Professionals
Allergy/Immunology	4	0	Ophthalmology	11	0
Anesthesiology	21	11	Oral & Maxillofacial	6	0
Cardiology	10	1	Orthopedics	6	1
Clinical Psychology	4	1	Otolaryngology	10	0
Dermatology	1	0	Pathology	12	0
Diagnostic and Nuclear Medicine	1	0	Pediatrics	21	0
Emergency	18	12	Podiatry	5	0
Endocrinology	2	0	Preventive Medicine	1	0
Family Practice	11	1	Psychiatry	6	1
Gastroenterology	8	0	Pulmonary, Sleep	5	1
General Surgery	5	0	Radiation Oncology	4	0
Infectious Disease	2	0	Radiology	19	0
Internal Medicine	50	1	Reconstructive Surgery	3	0
Nephrology	5	0	Rheumatology	3	0
Neurology	6	0	Social Worker	0	1
OB/GYN	13	2	Thoracic Surgery	3	0
Occupational Medicine	2	0	Urology	8	1
Oncology/Hematology	2	0	Vascular	3	0

Morton Physician Associates currently employs 11 physicians on its staff through employment contracts. The employed physicians include board certified physicians in the areas of internal medicine, orthopedics, infectious diseases, and OB/GYN services.



CHART Q: MORTON EMPLOYED PHYSICIANS

Physician	Specialty	Contract End Date
Dr. Laurie Curry	OB/GYN	7/31/2012
Dr. Maria deVera	OB/GYN	7/31/2011
Dr. Kara Pitt	OB/GYN	12/9/2011
Dr. Thomas Huth	Inf. Disease	9/30/2011
Dr. Elcinda McCrone	Inf. Disease	9/30/2011
Dr. Elizabeth Monteiro	Int. Medicine	1/31/2011
Dr. Patricia Song	Int. Medicine	7/31/2011
Dr. Jack Kirichian	Int. Medicine	11/30/2011
Dr. Mohamed Khedr	Int. Medicine	9/30/2012
Dr. Gilbert Brovar	Endocrinology	9/30/2012
Dr. George Mundanthanam	Orthopedics	8/31/2011

D. GENERAL EMPLOYEE INFORMATION

Morton has 1,189 total employees, of which 776 (65.3%) are non-union and 413 employees are part of the Massachusetts Nurses Association. Overall, Morton has 865 paid full-time equivalent employees ("FTEs"), as of 9/30/2010, spread across all of its departments. The largest area, with over 60 FTEs is the Emergency Room. Other major areas include: Environmental Services, Radiology, Food Services, PCU, Maternity, and ICU (see chart on next page).

Morton has outsourced management of the following areas: facilities, biomedical engineering, food services, environmental services, pharmacy, and E.B.H.S. The non-management employees are Morton employees, with the exception of the biomedical technicians, who work for the contracted company.

Morton has a Collective Bargaining Agreement ("CBA") with the Massachusetts Nurses Association for 2010-2012. At the end of the first year either party may reopen the Agreement for the sole purpose of negotiating with respect to the issue of pension. At the end of the second year either party may reopen the Agreement for the sole purpose of negotiating with respect to the issues of pension and other economic items. Both sides agree to no work stoppages for the length of the Agreement, excluding the period of any reopener negotiations. Amongst other provisions, the CBA states that all members must be paid according to the wage step scale and details the benefits members must receive.



CHART R: FULL-TIME EQUIVALENT OF THE HOSPITAL BY DEPARTMENT PAID AS OF 9/30/2010 YTD

Department Name	Sum of Authorized FTE	Department Name	Sum of Authorized FTE
EMERGENCY ROOM	60.22	RECV & STOR.	5.11
S2	37.87	HUMAN RESOURCES	5.05
S1	36.76	OUTPATIENT	4.46
ENVIRON SERVICES	35.92	MAMMOGRAPHY	4.45
RADIOLOGY	32.89	HISTOLOGY	4.42
PCU	31.96	PERFORMANCE IMPROVE	4.21
FOOD SERVICE	29.88	ENDOSCOPY	4.15
MATERNAL/CHILD HEALTH	29.16	HEMATOLOGY	4.10
ICU	26.48	MATERIALS	4.04
DAY SURGERY CENTER	23.34	MKTG / PUBLIC AFFAIRS	3.99
PATIENT ACCOUNTING	22.81	ULTRASOUND	3.96
OPERATING ROOM	22.75	OCCUP THERAPY	3.63
SAFETY SITTER	21.82	PT TRANSPORT & EQUIP	3.57
HEALTHCARE INFO MGMT	21.81	NUCLEAR MEDICINE	3.34
LABORATORY	20.96	NURSING EDUCATION	3.03
PATIENT REGISTRATION	20.87	CENTRALIZED SCHEDULING	3.03
TCU	20.23	AUDIOLOGY	3.00
EBHS	19.89	REVENUE SYSTEMS	2.98
PHLEBOTOMY	16.18	RADIOLOGY MIDDLEBORO	2.86
SECURITY	14.65	INTERPRETERS	2.69
INFORMATION SYSTEMS	14.37	CYTOLOGY	2.50
PHARMACY	13.43	BLOOD BANK	2.43
P/T - NORTHWOODS	12.98	CONTINGENCY POOL	2.15
PLANT OPERATIONS	11.55	VASCULAR LAB	2.12
OHS	11.42	MEDICAL STAFF	2.04
H/C SKILL NURSING	11.29	H/C GRANT PROGRAM	1.80
RESPIRATORY CARE	11.28	H/C AIDES	1.77
ADMIN (EXEC)	10.37	INTERVENTION	1.52
H/C ADMIN & GEN	9.41	PHYSICIAN SERVICES	1.39
PEDIATRICS	9.17	MIDDLEBORO LAB	1.39
SPEECH	9.10	SBHC - NORTON	1.34
CARE MANAGEMENT	8.74	RADIOLOGY - NW's	1.21
EKG / ECHOCARDIOLOGY	8.64	PATIENT RELATIONS	1.01
ACCT, FINANCE & PAYROLL	8.24	EMPLOYEE HEALTH CLINIC	1.00
CENTRAL SUPPLY	7.79	INFECTION CONTROL	0.75
NURSING ADMIN	7.28	MEDICAL LIBRARY	0.74
SLEEP LAB	7.24	DR. ELIAS HC FOR ADULTS	0.60
MICROBIOLOGY	7.13	DIABETIC CLINIC	0.59
CAT SCAN	6.76	H/C OCCUP THERAPY	0.40
TCU REHAB	6.38	COPY CENTER	0.39
PHYSICAL THERAPY	6.23	PREP CHILDBIRTH	0.27
TELECOMMUNICATIONS	5.89	H/C SOCIAL WORKERS	0.05
CHEMISTRY	5.46	H/C SPEECH THERAPY	0.03
H/C PHYSICAL THERAPY	5.24	TOTAL	865.37



E. FACILITY

Morton operates a 154-bed facility strategically located in Taunton, MA, outside of Boston. The hospital sits on 10.7 acres of property and has 297,000 square feet. The hospital has an Intensive Care Unit, multiple Medical/Surgical units and a 24-hour Emergency Department among others.

The following charts show the composition of Morton's square footage.

CHART S: SQUARE FOOTAGE BY DEPARTMENT

Department	Square Footage
Plant Operations	26,406
OR	14,304
Day Surgery Center	11,908
Emergency Department	11,531
Outpatient Radiology	11,357
Unassigned	9,782
Surgical 2	9,538
Surgical 1	9,054
LAB	8,901
TCU	8,672
EBHS	7,873
Food Services	7,551
Maternity	7,165
ICU	6,293
Central Supply	5,208
PCU	5,148

Department	Square Footage
Materials Management	4,658
Pediatrics	4,224
Enviro. Services	4,065
Labor & Delivery	3,784
Information Systems	3,566
Cardio Services	2,954
Business Office	2,787
Medical Records	2,746
Wound Care	2,536
Pharmacy	2,522
Administration	2,419
Nuclear Medicine	2,067
Outpatient	1,759
Admitting	1,260
Respiratory	1,156
Other	3,257

Morton leases portions of Northwoods, as well as a portion of a facility in Middleboro, from MPI. There are several other sites which Morton leases from non-affiliated companies, including a portion of the Thayer Building. MPI owns several other sites. Portions of some of MPI's sites are leased to MPA and private physicians, while some of MPI's sites are vacant. In addition to its leased space in Northwoods, the Thayer Building, and the Middleboro site, MPA also has leased medical practice sites in Taunton and Raynham.



CHART T: OWNED PROPERTY INFORMATION

Location	Owner	Acquired	Acreage	Sq. Ft.	# Floors	# Beds	Use
88 Washington St. Taunton	Morton Hospital	N/A	10.7	297,000	7	154	Hospital Services
14 North Pleasant St. Taunton (Residence)	Morton Property	2005	0.5	2,500	2	N/A	Vacant/Future Expansion
36 North Pleasant St. Taunton (Residence)	Morton Property	2002	1	1,800	2	N/A	Vacant/Future Expansion
2005-2007 Bay St. Taunton Northwoods Medical Center	Morton Property	1993	4	80,000	2	N/A	Hospital Services MPA Private Physicians
511 West Grove St. Middleboro Southeast Health Center (2 Suites)	Morton Property	1993	N/A	2,000	3	N/A	Hospital Services MPA

F. QUALITY OF CARE

Morton has achieved numerous accreditations and awards for its quality of care across a broad range of services.

- Joint Commission's *Gold Seal of Approval*
- Blue Distinction Award for Knee and Hip Replacement – 2009
- American Heart Association Get With the Guidelines - Silver Award for Coronary Artery Disease - Listed in US News & World Report 2009 & 2010
- American Heart Association Get with the Guidelines - Bronze Award for Heart Failure 2010
- Beacon Hospice Excellence in End-of-Life Care Award 2009 & 2010
- HomeCare Elite Award 2010
- American College of Radiology Breast Imaging Centers of Excellence
- American College of Radiology Ultrasound Accreditation
- College of American Pathologists Accreditation
- American College of Surgeons Cancer Care Program Accreditation





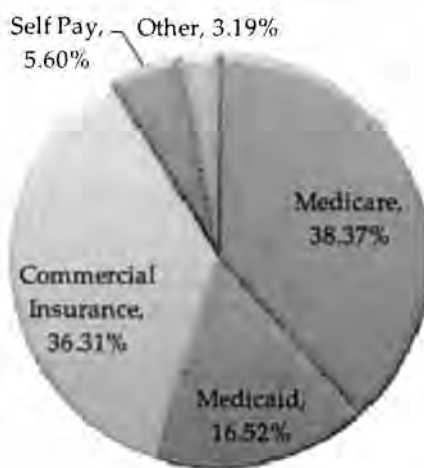
G. PAYOR MIX

Morton receives payments for services rendered to patients from the Medicare and Medicaid programs, commercial insurers, and patients directly. Generally, net revenue is determined by a number of factors, including the payor mix, the number and nature of procedures performed and the rate of payment for the procedures.

Overall, slightly more than half of Morton's revenues come from the combination of Medicare and Medicaid. A little over 36% of revenues come from commercial insurance, and 5.6% comes from self pay.

The following graphic sets forth the percentage of consolidated net revenue earned by category of payor for Morton Hospital.

CHART U: REVENUE BY PAYOR

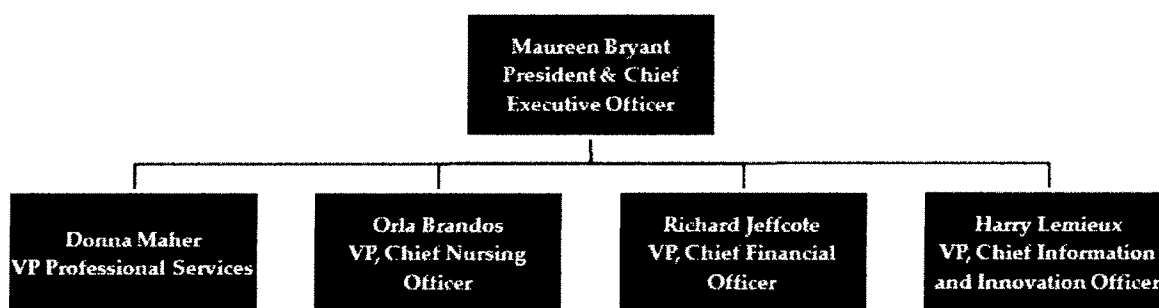




H. KEY MANAGEMENT

Morton's daily operations are supervised by the senior management team which collectively possesses approximately 100 years of healthcare experience. This executive leadership includes:

CHART V: KEY MANAGEMENT



Maureen Bryant, President and Chief Executive Officer:

Maureen Bryant is the President and CEO of the Hospital, the Foundation, MPA, and MPI, and as such she is responsible for leading a 154-bed hospital, a home health agency, and an employed physician organization. In concert with her senior management team, Maureen establishes and implements strategies to maintain financial stability in a challenging healthcare environment, meet community health needs while maximizing efficiency, ensure the delivery of high quality care, maintain strong relationships with the medical staff, and improve overall patient satisfaction. Since becoming CEO in 2009, Maureen has concentrated on addressing short and long-term financial concerns and is currently working in concert with the Board of Trustees to identify a clinical and business partner who can ensure the long-term ability of Morton Hospital to serve the community health needs of Taunton and the surrounding areas.

Maureen leads a small, highly-focused management team and is actively involved in all major initiatives at the hospital, from employee engagement and marketing to clinical program development and negotiations with key payors. Her tenure has been marked by a commitment to quality care, with the Hospital receiving both outstanding results in its 2010 Joint Commission survey and numerous quality awards. As a leader, Maureen encourages transparency and accountability throughout Morton Hospital. She communicates regularly with employees and the medical staff about financial and operational challenges, approaches to addressing these issues and plans for the future. As the Executive Vice President/Chief Operating Officer at Morton Hospital for a decade, Maureen has also actively participated in developing and implementing strategies to support all aspects of day-to-day hospital operations.

Prior to joining Morton Hospital, Maureen held leadership positions at several community hospitals and an academic medical center, including: Executive Vice President and Chief



Administrative Officer at Albany Medical Center (an academic health sciences center in New York), The Toledo Hospital (a 774-bed teaching hospital, children's hospital, home health agency, and ambulatory clinic in Ohio), Executive Vice President and Chief Operating Officer at Silver Cross Hospital (a 379-bed hospital in Illinois) and Vice President of Hospital Services for Berkshire Medical Center (a 365-bed teaching facility in Massachusetts). In each of those positions, Maureen balanced a keen eye for financial and operational issues with a commitment to high patient care standards.

Maureen is a Fellow of the American College of Healthcare Executives and an active member of the American Hospital Association, American Society for Quality and the Healthcare Financial Management Association. She also serves as the Vice Chair of the Taunton Area Chamber of Commerce. A graduate of American International College in Springfield, MA, Maureen earned a Masters of Business Administration from Western New England College.

Orla Brandos, Vice President and Chief Nursing Officer:

Orla Brandos is the Vice President and Chief Nursing Officer for Morton Hospital and Medical Center, responsible for the inpatient and outpatient nursing care within the Patient Care Services division. In this role, Orla is responsible for ensuring consistent standards of patient care and quality, as well as overseeing the Quality and Safety, Risk Management, Infection Control, Professional Development, Medical Staff Office and Medical Staff Credentialing departments.

Orla develops and implements policies, standards and programs that support the clinical practice of nursing and the effective nursing care delivery systems throughout Morton Hospital, where she also serves as the Patient Safety Officer. Her work includes: ensuring nursing is in compliance with all regulations governing health care delivery, supporting the continuing education and development of the nursing staff, and participating in the evaluation, selection and integrity assessment of health care technology and information systems that support patient care needs and the efficient use of resources.

With nearly 17 years of experience at Morton Hospital, Orla has worked on all of the nursing care units as a staff nurse at MHMC. During her time at Morton, She has served as the Director of Performance Improvement and Risk Manager, as well as a Nurse Manager. In addition, she served as a director for the Medical Surgical Unit at Cape Coral Hospital, Cape Coral for 2 years.

Orla earned her Associate of Science degree in Nursing from Cape Cod Community College. She holds a Master's degree in Business Administration (MBA) from Western New England College. She earned her Master of Science degree in Nursing (MSN) from University of Phoenix and completed an Executive Fellowship in Patient Safety (PSF) from Virginia Commonwealth University. She is certified as a Certified Professional in Healthcare Quality (CPHQ). Orla is currently pursuing a Doctorate of Executive Nursing Practice (DENP) at Massachusetts General Hospital Institute of Health Professions.



Orla is a member of the American Organization of Nurse Executives, the Massachusetts Organization of Nurse Executives and the National Association for Healthcare Quality.

Richard Jeffcote, Interim Vice President and Chief Financial Officer:

Richard E. Jeffcote was appointed Vice President and Chief Financial Officer effective September 2010, following a three-month interim appointment as Morton Hospital's Chief Administrative Officer. In this role, Richard is responsible for directing the financial operations of the Hospital, overseeing all accounting, billing and general finance staff and supporting the Chief Executive Officer in developing budgets and responding to financial challenges.

For over 25 years, Richard has held senior management positions in healthcare and has exhibited particular expertise in optimizing revenues, lowering costs and managing organizations through periods of change. He most recently served as the Chief Financial Officer (CFO) for the 198-bed Lowell General Hospital, where he was responsible for all aspects of the financial planning and management for an organization with net revenues of \$250 million. His other roles include CFO positions at the Hospital Corporation of America (HCA) and Tenet Healthcare, working both in hospitals (MetroWest Medical Center and Quincy Hospital) and Divisional Office levels in Florida, Tennessee and Massachusetts. In addition to his hospital experiences, Richard has held senior financial positions at Blue Cross Blue Shield of Florida and Aetna-US Healthcare.

Richard received his undergraduate accounting degree from the University of South Florida and holds an MBA degree from the University of Southern New Hampshire. He is a Fellow in the Hospital Financial Management Association.

Harold Lemieux, Vice President and Chief Information and Innovation Officer:

Harold (Harry) Lemieux is the Vice President and Chief Information and Innovation Officer at Morton Hospital and Medical Center, responsible for developing a technology driven infrastructure to support all aspects of patient care delivery and Hospital operations. Harry's responsibilities include providing oversight and strategy for IT, Facilities and Plant Operations, Clinical Engineering, Materials Management, Marketing, Public Relations, Security, Telecommunications, Food Services and Environmental Services. Most recently, Harry led the team responsible for implementing Morton Hospital's new Computerized Provider Order Entry (CPOE) system and has positioned the Hospital to apply for ARRA HITECH stimulus funding in FY2011. A member of the Morton Hospital team for more than a decade, Harry is a trusted leader within the organization.

Harry also serves as the Hospital's HIPAA Security Officer and is active in state and federal health information technology initiatives. A graduate of New England Institute of Technology, Harry is pursuing a Master of Business Administration from Bryant University. He is a



member of the Healthcare Information and Management Systems Society, Medical Users Software Exchange and College of Healthcare Information Executives.

Donna Maher, Vice President of Professional Services:

Donna Maher, RN, MPA/H, is the Vice President of Professional Service at Morton Hospital and Medical Center, responsible for overseeing all major clinical service areas. In that role, she oversees operations, clinical quality, patient satisfaction and financial performance for more than 15 programs, including: Behavioral Health, Cardiovascular, Care Management, Employee Health, Health Information Management, Home Care, Hospital-based Physician Services, Laboratory, Perioperative Services, Pharmacy, Radiology, Rehabilitation Services, Respiratory, Sleep Lab and Wound Center.

Previously the Director of Performance Improvement and the Patient Safety Officer at Morton Hospital, Donna has particular expertise in developing and implementing quality care initiatives, supporting the growth of clinical programs and modifying clinical practices to respond to changing patient care needs.

With over 25 years of experience in both academic and community hospitals, Donna has served as Director of Quality and Case Management at Good Samaritan Medical Center in Brockton and Director of Quality Resource Management for MetroWest Medical Center. She began her career as a registered nurse at Beth Israel Hospital, Boston.

Donna holds a nursing degree from Laboure College, and earned her bachelors degree in Business Administration and Master's degree in Public Administration and Healthcare from Suffolk University. A member of the American College of Healthcare Executives, Donna is also a board member of the Greater Attleboro and Taunton United Way.



I. INFORMATION SYSTEMS

The information systems group consists of 16 employees. Local technology support consists of general computer support, network administration, application analytics and informatics in nursing and the pharmacy. The department has an operating budget of \$2.8 million in FY 2011 year as well as \$780,000 in capital budgeting outlay.

CHART W: IT OVERVIEW

IT Systems Overview			
<u>Clinical</u>	<u>Ancillary</u>	<u>Administrative</u>	<u>Financial</u>
Electronic Nursing Documentation	Pharmacy	Admissions/Abstracting/MRI	B/AR
Computerized Provider Order Entry (CPOE)	Lab, Micro, Pathology	MIS	GL, AP, FA
Nursing Order Management	Blood Bank	MOX	Payroll
Nursing Status Board	Radiology	Scheduling	Materials Management
eMAR		HRIS	Executive Support System
RXM/Electronic Med Recon			NEHEN Eligibility
RXM/Electronic Prescription Writing			
ED - Nursing Documentation			
ED - Physician Documentation			
ED - Trackers			
Order Entry			
PCI			
EPS			
PACS			

J. KEY VENDORS

The following chart is a list of the top 10 vendors based on FY2010 spending and compared to previous years.

CHART X: KEY VENDORS

Vendors	2008	2009	2010
Cardinal Health, Inc.	\$4,707,791	\$5,905,500	\$6,337,652
Aramark	1,004,896	1,139,309	2,414,987
SEMRI	1,268,578	1,597,742	1,397,738
Sodexo, Inc. and Affiliates	945,472	1,382,480	1,115,876
The Center for Wound Healing, Inc.	670,005	1,294,252	1,047,027
TMLP (power company)	1,014,484	1,197,251	1,030,527
American Red Cross	1,011,896	927,916	874,566
Altus Dental Insurance	677,972	707,237	799,544
Horizon Mental Health	811,011	709,066	718,260
Nexis, Healthcare, Inc.	526,350	660,000	672,004

**K. PENSION PLAN**

Morton has historically had a pension plan for its employees. An actuarial financial accounting report was prepared by Diversified Investment Advisors, Inc. for the Fiscal Year ending September 30, 2010. The Projected Benefit Obligation as of that date was \$80,788,853 and the Fair Value of Assets was \$50,244,409. Accumulated other comprehensive income is \$30,495,066. The Net Periodic Pension Cost for the Fiscal Year ended was \$5,557,423 and the Preliminary Net Periodic Pension Cost for the next Fiscal Year was \$3,897,030. On November 4, 2010, Morton froze pension benefits for all non-union employees and converted them to a 403(b) voluntary plan.



V. FINANCIAL OVERVIEW

A. OPERATING STATISTICS

Below are operating statistics from the YTD periods ending September 30, 2010 and September 30, 2009.

CHART Y: EXPANDED OPERATING STATISTICS

Morton Operating Statistics Fiscal Year Ending September 30			2009	2010
<u>INPATIENT SERVICES:</u>				
# of Discharges			7,766	8,018
# of Deliveries			581	524
ALOS			3.5	3.4
Average Daily Census			83.5	82.3
<u>Transitional Care Unit:</u>				
Patient Days			5,992	5,580
RUGS per diem			\$523	\$545
Cost per Patient Day			\$552	\$558
<u>Elder Behavior Health:</u>				
Patient Days			4,220	4,243
Medicare PPS per diem			\$867	\$877
Direct Cost per Patient Day			\$508	\$528
Inpatient Surgery (Cases)			1,374	1,392
Medicare Casemix			1.16	1.16
Ancillary Revenue per Patient Day			\$1,733	\$1,736
<u>OUTPATIENT SERVICES:</u>				
Emergency Room Visits			54,941	52,794
Outpatient Surgery (Cases)			7,504	7,496
Daily Outpatient Revenue			\$465,422	\$461,877
Observation Visits			1,685	1,492
<u>Observation:</u>				
# of Outpatients			1,685	1,492
# of Inpatients			<u>141</u>	<u>218</u>
Total Patients			1,826	1,710
Total Days			2,260	2,144
ALOS			1.24	1.25
<u>Home Care:</u>				
Visits			28,713	28,383
# of New Cases			2,048	2,083
Medicare Episode Rate			\$2,943	\$3,018



The chart below shows inpatient and outpatient gross revenues for 2008, 2009, and 2010 YTD. Both inpatient and outpatient gross revenue increased from 2008 to 2009, as did adjusted patient days. Morton has increased its adjusted occupied beds from 2008 through 2010 YTD and decreased its FTE/AOB ratio.

CHART Z: UTILIZATION STATISTICS

Revenue and Utilization Data	Morton Hospital		
	2008	2009	2010
Adjustment Factor			
Inpatient Gross Revenue	\$80,865,682	\$82,975,860	\$81,063,401
Outpatient Gross Revenue	<u>165,790,046</u>	<u>169,879,054</u>	<u>168,584,981</u>
Total Gross Revenue	246,655,728	252,854,914	249,648,382
Adjusted Patient Days	110,158	111,136	109,668
Adjusted Occupied Beds AOB	301.80	304.48	307.97
FTE's	882.52	864.55	865.37
Productivity Ratio:			
FTE's per Adjusted Occupied Beds (AOB)	2.92	2.84	2.81

Note: These years include the TCU, which was closed during September 2010



B. HISTORICAL & PROJECTED INCOME STATEMENTS

Historical Statement of Revenues and Expenses for the Fiscal Years Ending September 30, 2008 - 2010 and Projected 2011 (in thousands)				
	2008	2009	2010	P2011
REVENUE AND OTHER SUPPORT:				
Net Patient Service Revenue	\$123,705.9	\$131,927.7	\$131,882.6	\$131,774.7
Other Revenue	3,839.4	3,350.1	3,153.2	2,917.6
Net Assets Released from Restrictions for Operations	<u>10.9</u>	<u>8.5</u>	<u>849.1</u>	<u>0.0</u>
TOTAL REVENUE AND OTHER SUPPORT	127,556.2	135,286.2	135,884.9	134,692.3
EXPENSES:				
Salaries and Wages	64,257.0	61,941.1	62,772.6	61,445.4
Fringe Benefits	14,710.2	18,007.0	19,446.7	17,196.8
Professional Compensation	3,062.5	3,050.2	4,090.8	4,473.7
Supplies and Other Expenses	36,621.5	38,405.1	40,705.2	39,167.5
Provision for Uncollectible Accounts	4,798.0	5,261.4	4,815.5	4,981.1
Other Expenses ¹	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2,942.9</u>
TOTAL EXPENSES	123,449.1	126,664.8	131,830.8	130,207.4
EBITDA	<u>\$4,107.1</u>	<u>\$8,621.4</u>	<u>\$4,054.0</u>	<u>\$4,484.9</u>
DEPRECIATION AND AMORTIZATION	(4,408.8)	(4,674.7)	(4,725.2)	(4,769.2)
INTEREST INCOME (EXPENSE)	(1,163.8)	(1,236.3)	(1,002.7)	(1,287.8)
NONOPERATING GAINS (LOSSES):				
Realized Gains on Sales of Investments	(630.4)	(248.2)	393.8	0.0
Contributions and Other	<u>5,017.2</u>	<u>26.8</u>	<u>33.7</u>	<u>0.0</u>
TOTAL NONOPERATING GAINS (LOSSES)	<u>4,386.8</u>	<u>(221.4)</u>	<u>427.5</u>	<u>0.0</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	<u>\$2,921.2</u>	<u>\$2,489.0</u>	<u>(\$1,246.4)</u>	<u>(\$1,572.1)</u>
P2011 NORMALIZING ADJUSTMENTS				
Add Back Professional Fees Related to Transaction				1,495.0
Additional Management Initiatives				
Achieve Meaningful Use Stage 1 Initiatives Resulting in Additional Medicare Funding				2,100.0
Reduce Supply Chain Expense				300.0
Full Implementation of EHR Contract				600.0
Additional Overtime Reduction				<u>13.0</u>
NORMALIZED EBITDA				\$8,992.9

Note: Data reflects the consolidated entity of Morton Hospital, Morton Physician Associates, Inc., and Morton Property, Inc.

¹ Other Expenses Include: Rent, Building Maintenance, Insurance, Utilities.



C. HISTORICAL BALANCE SHEETS

Historical Balance Sheet as of Sept. 30, 2008, 2009 & 2010 (in thousands)			
	9/30/2008	9/30/2009	9/30/2010
CURRENT ASSETS			
Cash and Cash Equivalents	\$4,704.1	\$9,700.5	\$6,345.4
Patient Accounts Receivable	15,630.0	15,609.2	15,099.7
Less Allow for Uncollectible	<u>(2,281.3)</u>	<u>(2,536.6)</u>	<u>(2,817.3)</u>
Net Patient Accounts Receivable	13,348.7	13,072.6	12,282.3
Other Receivables	252.3	231.2	273.3
Inventories	1,353.6	1,670.7	1,475.2
Prepaid Expenses/Deposits	644.7	900.2	1,158.0
Current Portion of Assets Whose Use is Limited	1,431.1	4,934.9	1,296.9
Estimated Settlements with Third Party Payors	0.0	0.0	0.0
Other Current Assets	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL CURRENT ASSETS	21,734.5	30,510.2	22,831.0
INTERCOMPANY BORROWINGS	(119.4)	(119.2)	(119.2)
ASSETS WHOSE USE IS LIMITED OR RESTRICTED			
Assets Held in Trust Under Indenture Agreements	0.0	0.0	0.0
W/C Assets Held by Commonwealth of MA	1,200.0	1,200.0	1,400.0
Funded Depreciation	6,223.9	5,149.0	5,676.4
Board Designated	4,544.3	4,665.7	5,183.2
Temporarily Restricted	468.2	476.2	547.5
Permanently Restricted	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL ASSETS WHOSE USE IS LIMITED	12,436.4	11,490.9	12,807.0
LONG TERM INVESTMENTS	250.0	0.0	0.0
PROPERTY, PLANT AND EQUIPMENT	101,948.3	108,715.4	108,703.0
ACCUMULATED DEPRECIATION	<u>(76,164.1)</u>	<u>(80,639.5)</u>	<u>(81,204.8)</u>
NET PROPERTY, PLANT & EQUIPMENT	25,784.2	28,075.9	27,498.2
OTHER ASSETS:			
Debt Issue Costs, net	909.9	844.6	782.9
Other, net	<u>1,895.8</u>	<u>250.0</u>	<u>250.0</u>
TOTAL OTHER ASSETS	2,805.7	1,094.6	1,032.9
TOTAL ASSETS	<u>\$62,891.3</u>	<u>\$71,052.4</u>	<u>\$64,049.9</u>
CURRENT LIABILITIES:			
Current Portion of Long Term Debt	\$1,241.9	\$1,263.5	\$1,327.6
Current Portion of Obligation Under Capital Lease	2,040.6	2,627.6	1,545.8
Notes Payable	862.5	632.5	402.5
Accounts Payable	6,542.2	4,871.4	6,617.6
Accrued/Deferred Liabilities	4,771.3	5,289.0	6,098.0
Accrued Salary & Wages	5,240.4	9,108.5	4,354.4
Estimated Settlements with Third Party Payors	<u>2,911.8</u>	<u>4,956.9</u>	<u>3,947.2</u>
TOTAL CURRENT LIABILITIES	23,610.7	28,749.6	24,293.1
INTERCOMPANY BORROWINGS	(2.5)	(2.5)	0.0
L/T DEBT, NET OF CURR PORTION	23,899.6	22,588.8	21,209.2
CAP LEASE OBLIG, NET CURRENT	5,120.2	6,181.7	4,635.9
L/T EST SETTLEMENTS W/THIRD PARTY PAYORS	500.0	500.0	206.0
ASSET RETIREMENT OBLIGATION	496.7	485.1	442.1
L/T PENSION & POST-RETIREMENT LIABIL	19,224.7	19,469.0	30,993.5
OTHER LONG TERM LIABILITIES	0	0	0
TOTAL LIABILITIES	72,849.4	77,971.7	81,779.7
NET ASSETS:			
Unrestricted	(10,426.2)	(9,195.5)	(18,940.2)
Temporarily Restricted	468.2	2,276.2	1,210.4
Permanently Restricted	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NET ASSETS	(9,958.1)	(6,919.3)	(17,729.8)
TOTAL LIABILITIES & NET ASSETS	<u>\$62,891.3</u>	<u>\$71,052.4</u>	<u>\$64,049.9</u>

Note: Data reflects the consolidated entity of Morton Hospital, Morton Physician Associates, Inc., and Morton Property Inc.



D. SCHEDULE OF DEBT LIABILITIES

Liability	9/30/2007	9/30/2008	9/30/2009	9/30/2010
Sovereign Bank of New England	\$1,092,499.8	\$862,499.8	\$632,499.7	\$402,499.7
Capital Lease - Building				
Current Portion	519,577.1	586,655.6	662,813.3	0.0
LT Portion	1,247,492.9	662,813.3	0.0	0.0
Delage Capital Lease Energy Management				
Current Portion	0.0	0.0	527,052.8	545,744.2
LT Portion	0.0	0.0	3,089,537.9	2,543,793.7
Citicorp Equip Lease Payable				
Current Portion	443,488.7	460,179.0	477,497.4	0.0
LT Portion	937,676.4	477,497.4	0.0	0.0
Cardinal Health Lease Payable				
Current Portion	44,737.9	41,481.7	41,321.2	45,221.8
LT Portion	109,044.5	267,168.8	229,125.7	183,904.0
Comerica				
Current Portion	412,657.0	429,617.0	446,011.9	462,942.5
LT Portion	2,619,438.1	2,188,653.2	1,742,641.3	1,279,698.8
MHEFA 2005 Equipment Lease Payable				
Current Portion	410,676.7	427,315.5	444,754.4	461,390.0
LT Portion	1,940,145.2	1,512,946.1	1,068,191.7	606,801.7
MHEFA Bond Payable - 2004 C				
Current Portion	1,050,000.0	1,075,000.0	1,100,000.0	1,125,000.0
LT Portion	20,805,000.0	19,730,000.0	18,630,000.0	17,505,000.0
MHEFA bond premium - 2004 C	359,193.0	325,905.0	293,232.0	259,998.0
Bristol County Savings Bank Northwoods Loan	3,888,488.4	3,758,953.9	3,607,460.3	3,457,628.2
Bristol County Savings Bank Residential Loan	278,441.4	251,632.4	221,688.7	189,146.4
Sky Enterprises Office Building Debt	<u>137,925.0</u>	<u>106,418.2</u>	<u>80,350.0</u>	<u>52,201.1</u>
TOTAL	<u>\$36,296,482.0</u>	<u>\$33,164,736.8</u>	<u>\$33,294,178.2</u>	<u>\$29,120,969.9</u>



E. FUTURE CAPITAL EXPENDITURES

Capital Expenditures Schedule			
Department	2011	2012	2013
Blood Bank	\$15,500	\$0	\$15,000
Chemistry	25,800	5,100	600
Cytology	20,800	15,000	36,000
EBHS	15,700	12,000	6,500
Echocardiology	118,645	0	0
ED	73,500	0	0
Environmental	74,500	74,500	74,500
Food Services	191,107	200,600	152,275
Hearing	36,240	0	0
Hematology	67,700	1,500	0
Histology	129,400	0	0
Home Care	13,120	13,120	13,120
ICU	12,900	0	0
IT	1,937,500	1,655,000	1,275,000
Lab	63,600	37,000	0
Marketing	1,000	0	0
MCH	43,073	33,700	33,700
Micro	45,300	1,000	80,000
Middleboro Center	0	27,902	0
Northwoods Physical Therapy	22,620	13,620	18,318
Nursing	157,500	595,000	80,000
Occupational Therapy	1,400	0	0
OPD	9,000	0	0
Operating Room	913,500	258,000	110,000
Patient Accounts	78,254	5,800	0
Patient Registration	12,295	26,095	7,995
PCU	34,950	0	0
Phlebotomy	1,000	0	0
Physical Therapy	4,200	4,200	4,200
Plant Ops	2,193,650	2,196,750	1,765,750
Radiology	1,606,900	2,148,200	2,129,000
Respiratory	24,500	19,500	19,500
S1	17,008	9,000	2,500
Security	145,000	82,500	27,200
Sleep Lab	12,000	105,000	5,000
Speech	10,188	3,458	0
Telecomm	210,000	0	450,000
Vascular	117,800	0	0
TOTAL	<u>\$8,457,150</u>	<u>\$7,543,545</u>	<u>\$6,306,158</u>



VI. AFFILIATES

A. MORTON HEALTH FOUNDATION, INC.

The Foundation does not conduct operations of its own, but rather provided general oversight of its subsidiaries. The Foundation has the following assets:

Temporarily Restricted Funds: \$942,155
Permanently Restricted Funds: \$463,143
Total Assets: \$1,405,298.

The Foundation is the guarantor of the Hospital's tax-exempt Bonds. The Foundation is also the guarantor of the Hospital's credit facility with Sovereign Bank and has pledged certain of its assets as collateral.

B. COMMUNITY COUNSELING OF BRISTOL COUNTY, INC.

CCBC has been providing behavioral health services in the greater Taunton community for over 40 years. CCBC became a subsidiary of the Foundation in 1994. Key financial statistics at September 30, 2010 are as follows:

Current Assets: \$5,271,372
Total Assets: \$7,856,812
Total Net Assets: \$4,784,658
Revenues: \$20,578,754
Expenses: \$20,069,968
Operating Income: \$508,827
Excess of Revenue Over Expense: \$585,339.

Under an employment agreement with CCBC, its Chief Executive Officer has certain rights to terminate the agreement and continue to receive two years of compensation in the event of a transfer of CCBC or a change of control of the Foundation.

C. MORTON HOSPITAL AUXILIARY, INC.

MHA engages in certain fundraising activities on behalf of the Hospital, including operating a gift shop and coordinating several annual fundraising activities for the benefit of the Hospital.