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ECHN, JOHNSON MEMORIAL CORPORATION SIGN LETTER OF INTENT

Eastern Connecticut Health Network (ECHN) and the Johnson Memorial Corporation (JMC) have announced today that they have signed a letter of intent for ECHN to enter into exclusive discussions to acquire JMC and form a strategic partnership that will assure the continued access to essential health care services to the JMC community.

The goal is for the transaction, which will include all of JMC's entities, programs and services, to be completed on or before June 30, 2009, pending the completion of a comprehensive due diligence process and formal regulatory approvals.

"We are excited at this opportunity to partner with JMC to offer a wide array of services throughout north central Connecticut," said Peter J. Karl, President & CEO of ECHN. "Johnson Memorial Hospital and its affiliated entities have earned a well deserved reputation for the delivery of quality health care to their communities."

"The Board of JMC has recognized the success of ECHN in creating a community-based health system that has remained responsive to the health care needs of its constituents," stated Peter J. Betts, LFACHE, Interim President and CEO of JMC. "We felt that the values represented by ECHN, their level of understanding of local needs and their commitment to compassionate patient care reflected the mission and objectives of all of JMC's affiliates. ECHN has committed itself to developing and enhancing patient care services at JMH, including the growth of inpatient obstetrical services at our facility."

Under the terms of the proposal, local representation and responsiveness to community needs will be assured, Betts added. The JMC Board of Trustees under this arrangement will be comprised of individuals representing JMC's community and will have proportional board representation with ECHN.

“Adding JMC to our non-profit network will create a stronger non-profit system committed to providing community-focused medical care and treatment to a broad section of the East of the River region,” Karl added. “For the JMC community, this will help assure the continued operation of Johnson Memorial Hospital as a short-term, acute care facility, joining ECHN’s two hospitals, Manchester Memorial and Rockville General.”

According to Betts and Karl, the executive management team will be on-site at JMC to assure the continued focus on day-to-day operations and responsiveness to patient and medical staff needs. As a full partner with ECHN’s affiliates and entities, JMC will be able to benefit from the economies of scale in such areas as group purchasing, physician recruitment, systems integration, incorporation of best practices and marketing.

Other key points of the Letter of Intent include the agreement that the medical staffs of ECHN and JMC will remain separate, unless both medical staffs agree to combine. At the same time, members of the JMC medical staff will be included in the organization’s governance structure moving forward. In addition, the terms of charitable donations restricted for use at any of the affiliates of JMC will be honored.

Both Karl and Betts indicated that they will be keeping their communities informed as the process continues and various regulatory filings are made.

ECHN is a not-for-profit health care system serving 19 towns in eastern Connecticut, through its network of affiliates that include Manchester Memorial Hospital, Rockville General Hospital, Woodlake at Tolland (a 100-bed nursing home and short-term rehabilitation facility), the ECHN Medical Building at Evergreen Walk in South Windsor, which houses the Women’s Center for Wellness, and ECHN Health Services Inc. (a series of medical practices owned and operated by ECHN). It is in partnership with Visiting Nurse & Health Services of Connecticut Inc., Connecticut Occupational Medicine Partners Inc., Ambulance Service of Manchester, Aetna Ambulance, Metro Wheelchair, and Saint Francis Care (which partners with ECHN on the Cardiac Catheterization Laboratory of the Hoffman Heart Institute of Connecticut at Rockville General Hospital), Community CancerCare Inc. (which provides radiation therapy services at The John A. DeQuattro Community Cancer Center in Manchester). ECHN is also affiliated with Connecticut Children’s Medical Center.

JMC is the non-profit parent corporation of Johnson Memorial Hospital, Inc.; Johnson Development Fund, Inc., which helps to fund the development of new and enhanced services through community support; Johnson Health Care, Inc., which provides preventative health care, clinical care and education to the workforce through the Johnson Occupational Medicine Center; Home & Community Health Services, Inc., a home health and hospice care agency; and Johnson Evergreen Corporation, which offers long-term care and sub-acute rehabilitation at Evergreen Health Care Center (EHCC). A Memory Support Unit will open at EHCC in 2008. JMC provides health care services to people living in north central Connecticut and western Massachusetts. Nearly 300 board-certified physicians are on its medical staff, many of whom are on staff at area tertiary medical centers. JMC subsidiaries are conveniently located on or near Route 190 in Stafford Springs and Enfield.

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