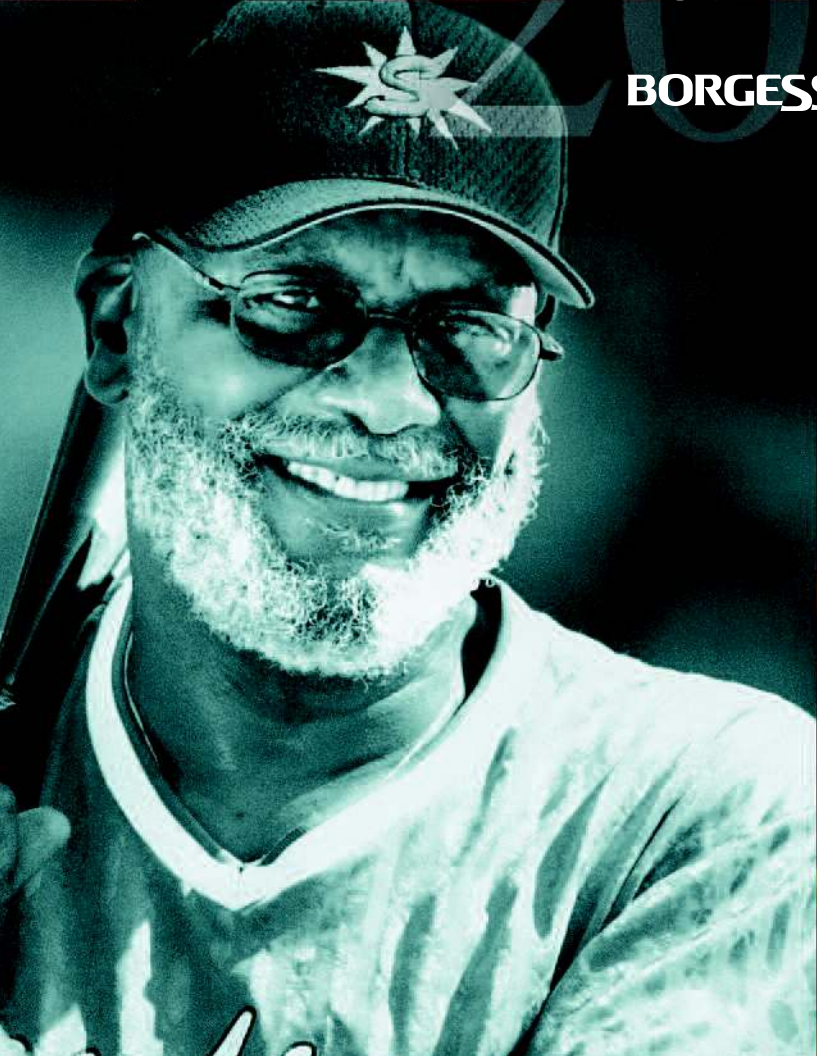




Report to Our
Community

BORGESS HEALTH



Dear Neighbor,

At Borgess Health, restoring people to optimal health—regardless of their ethnicity, background, religion or ability to pay—has been our principal goal from our inception in 1889. Everything our experienced and caring professionals do, each and every day, is designed around those who matter most: our patients.

Because human kindness is critical to healing, we embrace all who come through our doors seeking health care. While local economic downturns, cutbacks in federal funding, high unemployment rates and a decrease in employer-based health benefits have posed significant challenges, we remain steadfast in our mission to actively respond to the needs of the poor.

In the past two decades, our contributions to the poor, encompassing charity care, bad debt, unbilled services and Medicaid losses, have grown by more than 200 percent. From 2007 to 2008, our charitable giving to the broader community in unbilled services, free health programs, education and other donations nearly doubled—topping \$35 million.

Although we can't solve all health care problems in our community alone, we will continue supporting local outreach efforts for the uninsured and under-insured.

Sincerely,



Paul A. Spaude, FACHE
President & CEO
Borgess Health

Preserving the Health of Our Home

Today, we strive to not only be a trusted provider of comprehensive, state-of-the-art health care services, but also to remain an essential part of the fabric of southwest Michigan. Whether it's through our own programs or by contributing to other community-based activities benefiting those in need, we are committed to preserving the health of the place we call home. Ten examples of how Borgess Health actively supports the region are:

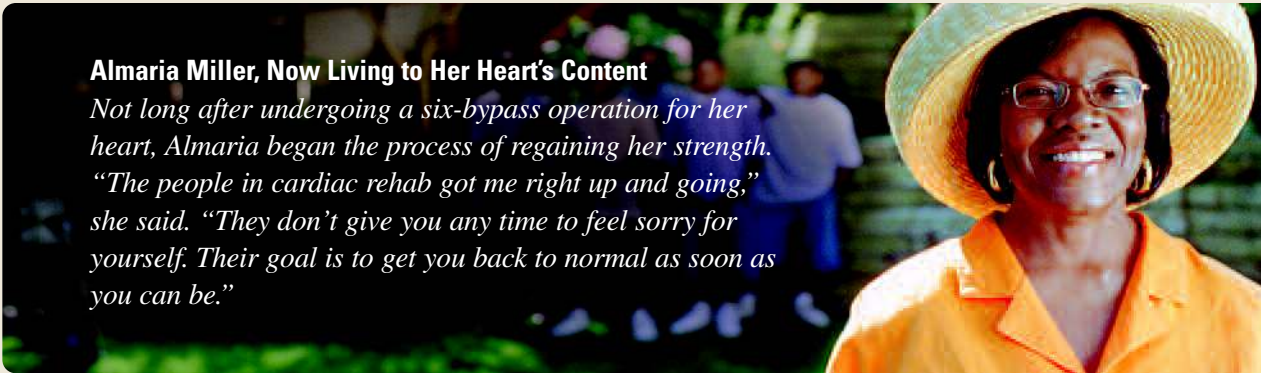
- 1 A Helping Hand for the Medically Uninsured** — Borgess Health provides financial assistance to the Free Clinic of Kalamazoo (formerly First Presbyterian Church Health Clinic) for urgent medical care, pharmaceutical assistance and health education to persons in Kalamazoo County with no medical insurance. Many Borgess employees and physicians also serve as clinic volunteers.
- 2 Prevention is Medicine** — Understanding that prevention is just as important as diagnosis and treatment, Borgess routinely provides low- or no-cost blood pressure, diabetes, cholesterol, vascular, colorectal and other health screenings to the broader community.
- 3 Dignity for End of Life** — Delivering compassion and dignity during life's final journey, Borgess Hospice offers nursing care, medication and medical equipment to terminal patients who do not have adequate insurance coverage.
- 4 Caring for Our Elders** — The Senior Wellness Program, sponsored by Borgess-Pipp Hospital, provides classes, support groups and education to persons 55 and older who are experiencing chronic health conditions like high blood pressure, diabetes, depression and anxiety. Most services are free.

Deb Lemons Has Her Back and Her Life... Back

After coping with excruciating pain, innovative back surgery has helped Deb get back to enjoying a full and active life. "I'm very blessed," she said. "I've got my health and I'm able to function with very little pain.

Dr. [Bruce] Dall is an exceptional and skilled doctor."





Almaria Miller, Now Living to Her Heart's Content

Not long after undergoing a six-bypass operation for her heart, Almaria began the process of regaining her strength. "The people in cardiac rehab got me right up and going," she said. "They don't give you any time to feel sorry for yourself. Their goal is to get you back to normal as soon as you can be."

Healing First and Foremost — Borgess Health was a major supporter of the Family Health Center, the only Federally Qualified Health Center in Kalamazoo County, and their capital campaign, which expanded capacity for persons seeking medical care.

A Safe Haven Like Home — Borgess offers financial assistance, in-kind supplies and board representation to Hospital Hospitality House. Hospital Hospitality House provides a safe home environment—at no cost—to families of hospitalized persons or those receiving outpatient care.

Giving Every Woman a Fighting Chance — Borgess administers lifesaving diagnostic testing and treatment to women referred to the Breast and Cervical Cancer Control Program (BCCCP). This program provides cancer screening, mammograms, pelvic exams and other services to low-income, uninsured women.

Helping Diabetics Stay in Control — Borgess Health is a major financial sponsor of the American Diabetes Association (ADA) fundraiser in Kalamazoo County. The ADA conducts research and education for the prevention of diabetes and helps those with the disease learn how to more effectively manage it.

All Heart, Always — Borgess, southwest Michigan's leader in cardiovascular care, is a financial supporter and champion of the American Heart Association, continually backing innovative heart-health programs like Go Red for Women and the Start! Heart Walk.

Uniting for Greater Kalamazoo — Borgess Health ardently encourages staff to participate in the Greater Kalamazoo United Way's annual fundraising campaign. In 2008, our associates were the fourth-largest group of campaign contributors.

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Our Mission

The purpose of Borgess Health is to be a values-based health system continuing the healing mission of the Sisters of St. Joseph and responding to the needs of those we serve. Our commitment to those we serve respects the dignity of human life and actively responds to the needs of the poor.

Our Values

At Borgess Health, shared values are what unite our system with all other Ascension Health members. These values blend together clinical excellence, universal caring and spiritual connectedness.

We are called to:

Service of the Poor

Generosity of spirit, especially for persons most in need

Reverence

Respect and compassion for the dignity and diversity of life

Integrity

Inspiring trust through personal leadership

Wisdom

Integrating excellence and stewardship

Creativity

Courageous innovation

Dedication

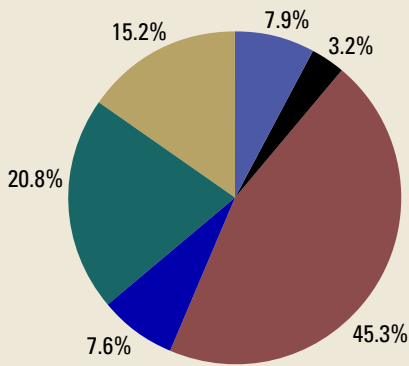
Affirming the hope and joy of our ministry

Our Vision

The goal at Borgess Health is to deliver better experiences and outcomes for our patients. By placing quality and safety at the Core of All We Do, developing outstanding relationships, and making our services accessible to all, we are able to fulfill our vision of:

"A Team of Better Doctors, Better Caregivers for You in Kalamazoo."

Corporate Contributions by Area of Need*



20.8% *Economic Development*
Southwest Michigan First

15.2% *Education*
KVCC Foundation and Scholarship Program
WMU Nursing Program

7.9% *General Healthcare*
Alzheimer's Association
American Cancer Society
American Diabetes Association
American Heart Association
Hospital Hospitality House
Leukemia & Lymphoma Society & others

3.2% *Quality of Life*
Junior League of Kalamazoo
Kalamazoo Institute of Art

45.3% *Safety Net*
American Red Cross
Drug Treatment Court Foundation
Family Health Center
Free Clinic of Kalamazoo
Greater Kalamazoo United Way
Gryphon Place
Nurse Family Partnership
Senior Services
Seton Institute

7.6% *Youth Services*
Borgess Library "Books for Babies"
Boys' & Girls' Club of Kalamazoo
Catholic Family Services (The Ark)
Junior Achievement
Kalamazoo CAN Council
Kalamazoo Public Library
Teen HEART
Kalamazoo YWCA & Others

Borgess Financial Health*

The Borgess Health system has 4,437 employees and 613 licensed beds. Some system statistics are as follows:

Open Heart Surgeries	577
Newborn Births	1,427
Surgeries: Inpatient	6,652
Outpatient	8,338
Patient Days	151,618
Emergency Department Visits	78,623
Physician Visits	475,460

Borgess Health entities had an overall patient satisfaction score of 90.44.

For this same period general financial information includes:

Total Assets	\$ 451,908,862
Net Operating Revenues	\$ 512,326,748
Care of persons who are poor and other community benefit	\$ 35,053,000

Care of the Poor & Community Benefit Programs*

Cost of Traditional Charity Care	\$ 8,210,000
Unpaid Cost of Public Programs	15,817,000
Other Program Costs for Persons Who are Poor	1,256,000
Other Program Costs for the General Community	8,318,000
Bad Debt Costs Attributable to Charity	1,452,000

Borgess Health Total Contributions \$ 35,053,000

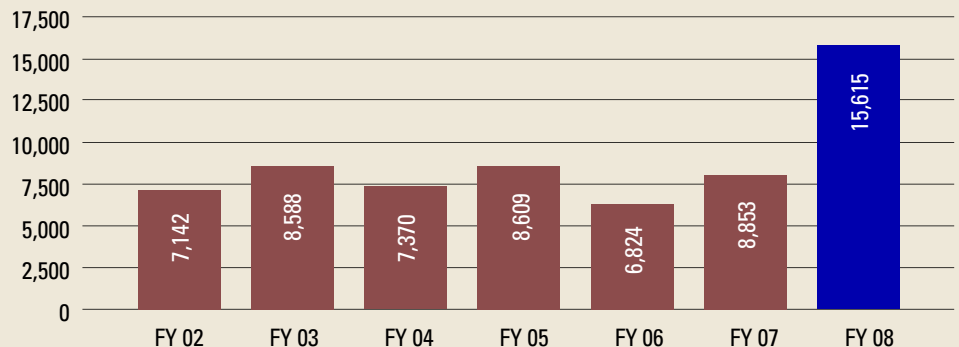
Financial Gifts to the Borgess Foundation

In FY 2008, the Borgess Foundation received nearly 3,000 gifts totaling \$2.7 million to support the Borgess Health mission. These gifts supported:

- Care for the uninsured and underinsured
- Level I Emergency and Trauma Center renovations
- State-of-the-art diagnostic equipment purchases
- Cancer care
- Patient care staff training
- Women's Heart Program
- Borgess Gardens nursing home
- Hospice
- Diabetes care
- Orthopedics
- Borgess Brain & Spine Institute
- Women's health programs

Care of Persons Who Are Poor

(Number of Borgess Health charity accounts)



BORGESS HEALTH



*Fiscal Year ending June 30, 2008. Total excludes Medicare subsidized health care services.