



ATHENS-LIMESTONE HOSPITAL

**For Immediate Release
December 28, 2006**

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Athens-Limestone Hospital Signs Letter of Intent to Pursue a Formal Affiliation with Huntsville Hospital

Due Diligence Process begins immediately to reach a Final Agreement by July 2007

Athens, Ala. -- The Board of Directors of Athens-Limestone Hospital announced today that it has signed a Letter of Intent (LOI) with Huntsville Hospital to pursue a formal affiliation of the organizations.

The non-binding LOI, which was approved at the December board meetings of each hospital, triggers a six-month due diligence process to define and agree upon the terms of an affiliation based on what is mutually beneficial for both organizations.

“Athens-Limestone Hospital and Huntsville Hospital are long-standing partners in the delivery of healthcare to patients in North Alabama,” said Jim Moffatt, chairman of Athens-Limestone Hospital Board of Directors.

“We pursued these recent discussions in light of an ever-changing healthcare environment, including such challenges as the impending Madison hospital. This is a forward-looking strategic move that builds on a lengthy partnership tradition and stands to strengthen the efforts of both organizations to provide the comprehensive, quality care that our patients deserve.”

Athens-Limestone and Huntsville Hospital, both non-profit, community-owned hospitals, have shared a successful working relationship through the Health Group of Alabama for 11 years.

“Huntsville Hospital is proud of our 100 years of service to patients of this region,” said David Spillers, chief executive officer of Huntsville Hospital. “We are excited by the opportunity to formally explore a partnership with Athens-Limestone, a like-minded, mission-driven organization.”

Benefits of this affiliation are identified by Athens-Limestone Hospital leadership as:

- **Enhanced quality of care through:** Expanded service and specialty offerings in concert with Athens-Limestone medical staff; and greater synergy between Athens-Limestone and Huntsville Hospital medical staffs.

- **Strengthened financial position through:** A lease relationship between Athens-Limestone and Huntsville Hospital; greater access to capital markets through Huntsville Hospital; and better access to managed care contracting and initiatives.
- **More efficient economies of scale through:** Increased purchasing power; and shared resources.
- **New opportunities to grow and expand through:** Facility upgrades; new technology and equipment; joint-venture partnerships; and improved ability to recruit and retain physicians and other healthcare professionals.

“In addition to the vast opportunities to improve healthcare, an affiliation with Huntsville Hospital will provide our organization with the substantial financial security that will enable us to continue to offer comprehensive community-based medical services for the residents of Athens and Limestone County,” said Cary Payne, acting chief executive officer of Athens-Limestone.

Madison Hospital

Alongside the signing of the LOI, the Athens-Limestone Board has withdrawn its opposition to Huntsville Hospital’s Certificate of Need to build a new, 60-bed hospital in Madison, Ala.

“It is no secret that a new hospital in Madison will significantly impact the financial health of Athens-Limestone,” said Moffatt.

“That said, if a hospital must be built in Madison, which would provide care to communities currently served by Athens-Limestone and Huntsville Hospital, the leadership of our hospital believes it must be done in partnership with our organization and by another mission-driven provider of care, like Huntsville Hospital.”

Terms and Timeline of the Affiliation

The LOI is a non-binding agreement between both organizations to explore a formal affiliation through six months of due diligence. While the terms of the affiliation will not be defined until a final agreement is reached, the following elements are understood:

- This affiliation anticipates a lease agreement, meaning that Athens-Limestone Hospital would continue to be owned by the city of Athens and Limestone County, while the facility would be leased by Huntsville Hospital under terms yet to be determined.
- The Board of Directors for Athens-Limestone would remain unchanged and continue to govern the hospital.
 - Local appointment process would remain unchanged.

- Huntsville Hospital would have ex officio participation in the Athens-Limestone Board and would have annual budget oversight and approval.
- Athens-Limestone would also have ex officio participation in the Huntsville Hospital Board.

- Management for Athens-Limestone would remain unchanged.

- Hospital staff would remain employees of Athens-Limestone.

- Day-to-day activity and operations would not change for physicians and employees.

Due diligence, which begins immediately, will be led by the Boards and legal counsel for both organizations and will include the involvement of physicians, employees and community leaders. Negotiations will remain exclusive between Athens-Limestone and Huntsville Hospital until July 1, 2007.

“The success of Athens-Limestone is undoubtedly the result of the excellent patient care provided by our physicians and employees everyday, as well as the ongoing support of our community. The input of each of these individuals will be critical throughout this process,” said Payne.

About Athens-Limestone Hospital

Athens-Limestone Hospital is a 101-bed acute care hospital that was established in Athens/Limestone County in 1951. A community-based, not for profit institution, Athens-Limestone is the provider of integrated access to quality health and wellness services for Limestone County and the surrounding areas. Athens-Limestone Hospital is governed by the Health Care Authority of Athens and Limestone County.

About Huntsville Hospital

Huntsville Hospital is an 881-bed hospital that was established in Huntsville, Alabama in 1895. A community-based, not-for-profit institution, Huntsville Hospital is the second largest hospital in Alabama and the major referral hospital and trauma center for patients throughout the Tennessee Valley. Huntsville Hospital is governed by the Health Care Authority of the City of Huntsville.

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