

March 24, 2011

Dear Friends and Colleagues,

It is important for all of us who work at NCH, for our system collectively and for the well-being of our region, that NCH Healthcare System enjoys the very best financial strength. To put that more formally, the economic security of NCH is mission-critical for both our individual health and the welfare of our region.

I am pleased and proud, therefore, to share with you the latest validation that NCH is enjoying excellent economic health.

Two of the nation's foremost bond rating services, Moody's and Fitch, this week recognized NCH for its "*strong market position, recent improved profitability*" and "*stable outlook*." Fitch rated us "A," and Moody's rated us "A2." Although both cited challenges that NCH must meet in the future, these positive ratings were particularly heartening in light of the uncertain economic climate in which healthcare finds itself here and around the nation.

These bond ratings are especially significant because they mark the first formal ratings ever for NCH. We obtained them so that we could seize the current low-interest rate environment, to refinance existing bonds and fortify our institution for the future. The bond rating process itself took considerable time and effort. CFO **Vicki Orr**, Controller **Noble Arrington**, Director of Forecast and Reimbursement **Jerry Markham** and their very competent team did an exemplary job of leading the almost half-year process. Members of the Board of Trustees, along with the leadership team, took the rating agencies on tours of our campuses, presented operational and financial information, and tried to provide a complete and transparent picture of NCH.

The Fitch credit summary statement gives an overview of NCH:

"The 'A' rating reflects NCH's recent improved profitability and adequate liquidity and most importantly, its strong market position. NCH maintains 73% market share in its primary service area of Collier County, which is a favorable service area due to projected population growth and above average wealth levels. NCH also maintains strong market share in certain service lines including cardiology, orthopedics, and cancer due to the tertiary level services it provides compared to its competitors. The stable outlook reflects the expectation that NCH will continue to improve its profitability and liquidity due to the various operational improvement and growth strategies that have been implemented. Changes in senior management in 2006 and 2007 are viewed favorably as financial performance has improved as a result; recent restructuring of governance is also viewed favorably."

Both reports acknowledged our challenges, which include seasonal fluctuations, the need to integrate newly-added, formerly independent physicians into the culture, and exposure to Medicare at 60% (compared to a 40% national median). Moody's noted that NCH management has embarked on strategies to improve market share, grow out-patient volumes, adjust to season, and manage to Medicare reimbursements.

There's an old saying, "*The best time to borrow money is when you don't need it.*" This is certainly the case with NCH today. But the recognition of our underlying financial strength by these respected, impartial agencies is not only critical for job retention in an uncertain environment and the successful future of our institution, but also irrefutable testimony to the hard work and dedication of 3,740 committed and extraordinary employees. Thank you all for all that you do.

Respectfully,



Allen S. Weiss, M.D., President and CEO

P.S. Feel free to share *Straight Talk* by emailing me at allen.weiss@nchmd.org to be added; and join us on Facebook at www.facebook.com/nchflorida.