



March 28, 2008

Dear Exempla Employees, Physicians and Volunteers:

Many of you have asked me for more information about our lawsuit to stop the restructuring of Exempla proposed by its two sponsors, the Sisters of Charity of Leavenworth Health System and Community First Foundation. As a member of the Exempla family, I want to make sure you are informed and understand why we feel so strongly that their plan is not in the best interest of Exempla or the communities we serve.

First, I want to thank each and every one of you for staying focused on caring for our patients. The sponsorship issue could easily be a distraction for you, yet you have never taken your eyes off the real work. I know from my own experience how challenging this can be. Yet, when I receive letters from our patients or I walk through one of our nursing units, I know that opposing the proposed restructuring is the right thing for us to do. On behalf of Exempla and the entire Board of Directors, I want to thank you for your steadfast commitment to our patients.

There are five key reasons why the Board and I believe the proposed sale of Lutheran, Good Samaritan and our clinics to SCLHS is not in the best interest of our patients, our community and those of us who make up Exempla.

1. **Promises to the community should not be broken.** When Exempla was formed, the sponsors promised the community that they would preserve the differing heritages of Lutheran (and now Good Samaritan) as non-sectarian hospitals and Saint Joseph as a Catholic hospital. Exempla pays each sponsor \$200,000 per year to ensure that one belief system will not be imposed on the other. The proposed restructuring totally violates this obligation.
2. **Services and choice should not be reduced or eliminated.** Services at Lutheran, Good Samaritan and our physician clinics will be reduced, and in some cases eliminated, in order to conform to the existing and future directives of the Catholic Church. Residents of Jefferson and Boulder counties will have to find other providers for services that they rely upon our hospitals to provide.
3. **You cannot sell what you do not own.** Lutheran and Good Samaritan belong to Exempla. Our sponsors do not own, nor have they ever owned, these hospitals, yet they are trying to enter into a transaction that would sell them to SCLHS.
4. **Money should not be redirected away from health care.** If the sponsors' plan is allowed to proceed, SCLHS could pay CFF as much as \$311 million for the sale of assets that they do not own. CFF has stated it will use these funds to support other charitable organizations and causes in metro Denver, thereby redirecting millions of dollars away from health care.
5. **CFF should not receive money for breaking its commitment to the community and to Exempla.** CFF is legally obligated to protect the heritage of Lutheran as a non-sectarian hospital. We believe that CFF receiving as much as \$311 million dollars for trading Lutheran's heritage is both unethical and illegal.

Many have tried to portray this disagreement with our sponsors as favoring one type of organization (non-sectarian) over another (Catholic). It is not. We value both traditions equally. In fact, if the situation were reversed and Saint Joseph's Catholic tradition was in jeopardy, we would have the same issues and oppose the restructuring in the same manner. Our fight is about preserving Exempla's ability to protect the heritages and traditions of all three of our hospitals. It is ironic that we are forced to take the position to protect what our sponsors agreed to do ten years ago -- to ensure the viability of both Catholic health care and non-sectarian health care. We have upheld our responsibilities; this lawsuit is to ensure that our sponsors uphold theirs.

What is most disappointing is that the sponsors rejected every alternative we offered that would protect the heritages and services of our hospitals and clinics and would not redirect millions of dollars away from health care. This disagreement did not have to become a lawsuit.

Our sponsors say that their plan is the only way to invest in the future of Exempla and its hospitals. This is just not so. Just as the sponsors do not own Lutheran or Good Samaritan, Exempla does not own Saint Joseph; SCLHS does. For the past several years, Exempla has wanted to borrow money to fund the rebuilding of Saint Joseph, just as we did when we built the Heart Center at Lutheran or when we built Good Samaritan. Since we don't own the physical property, we need SCLHS's permission to use the hospital as collateral for a loan or to have SCLHS fund the project. SCLHS said no. We offered to give SCLHS the control it wanted over Saint Joseph as long as SCLHS would make the financial investments that are needed. SCLHS then said that just having control over Saint Joseph was not good enough; now SCLHS wants control over all of Exempla.

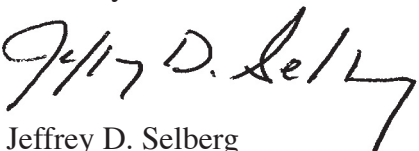
This lawsuit will not delay our plans to make the investments we need to ensure our hospitals and clinics remain viable. We are renovating Lutheran's campus, we continue to increase patient beds at Good Samaritan, and we have engaged architects and a contractor for the design and construction of the new Saint Joseph Hospital. We will continue to improve our clinical information systems and technology, including rolling out eSummit with EPIC throughout our hospitals and clinics as well as responding to the important issues that you have identified in the Viewpoint Surveys. Our vision to become Best in the Nation remains clear and resolute.

We believe our suit against the sponsors is one that is based on principles. SCLHS and CFF have stated that this fight is about money. Both SCLHS and CFF will significantly benefit financially if the transaction is approved. We do not believe money trumps heritage or commitments made to the community.

We believe that Exempla will prevail, and we are hopeful that the courts will order the sponsors to honor their original promise to our community. Yet I cannot predict how long this will take or the twists and turns we will experience along the way. I think we can expect more claims and counter claims and more stories in the media. I will continue to provide you updates as major developments occur. Copies of all of the legal filings by Exempla and our sponsors, as well as media coverage, are also available on the Exempla portal by clicking on the "Exempla Home" tab and on Exempla.org under the "News + Press" tab.

I hope this information helps to inform you and your family, and again, I want to thank you for the commitment you bring to our mission each and every day.

Sincerely,

A handwritten signature in black ink that reads "J/17 D. Selberg". The signature is written in a cursive, flowing style.

Jeffrey D. Selberg
President & CEO