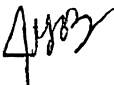




To: Robert Healy, City Manager
City of Cambridge

From: John G. O'Brien, CEO 
Cambridge Health Alliance

Date: March 30, 2001

Re: Acquisition of the Whidden Memorial Hospital and Malden Inpatient Psychiatry

I am pleased to share with you information on a key strategic opportunity currently before the Cambridge Health Alliance.

The Cambridge Health Alliance has the opportunity to extend its mission and services into the neighboring MetroNorth region through the acquisition of the Whidden Memorial Hospital and inpatient psychiatric services currently offered at the Malden Medical Center. We are extremely optimistic about this opportunity to preserve local health care services in Everett and offer culturally competent, accessible health care services to its citizens.

We believe that we have proposed a business plan, in concert with state and federal officials, to accomplish this in a financially viable and sustainable manner. I want to assure you that this acquisition will not have an adverse impact on local services. We believe that the expanded health care delivery system will actually enhance our mission and capacity to provide local services based in Cambridge and Somerville.

The Cambridge Health Alliance is currently in negotiations today, which we hope will result this weekend in a non-binding Letter of Intent with Hallmark Health Systems to acquire the Whidden Memorial Hospital and the Malden inpatient psychiatric services.

This agreement will also pertain to a parallel effort to wrap the CHA hospital license around and operate the 42 adult psychiatric beds currently at the Malden Medical Center on a temporary basis until such time that permanent replacement beds can be built at the Whidden facility (under CHA ownership and management).

While we remain very optimistic on the course of our negotiations, there is a potential that the discussions may reach an impasse. Depending on how the ongoing negotiations unfold today, there may be prominent press coverage this weekend. I will continue to keep the City of Cambridge and City Council up-to-date.

I appreciate the support and consultation with the City of Cambridge on this matter.



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Letter regarding Acquisition of the Whidden
Memorial Hospital and Malden Inpatient
Psychiatry.

April 2, 2001