

EMPLOYEE STOCK OWNERSHIP PLAN

ESOP EMPLOYEES
HAVE 2.5X GREATER
RETIREMENT ACCOUNTS

RETIREMENT ACCOUNT

ESOP COMPANY

Valued Team Member,

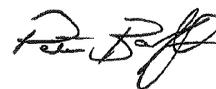
Just three years ago, our Chairman, Dr. Kali P. Chaudhuri introduced an innovative approach to raising the stakes for employees at KPC Healthcare by introducing the Employee Stock Ownership Plan (ESOP) model to our hospitals. Our hospitals became the first 100%-ESOP owned hospitals in America. This means that employees like you participate in the financial success of our hospitals. There is no cost to you to participate and it does not affect your existing 401k plan. The ESOP is an additional retirement benefit for you.

Your ESOP shares are held by a trust and each year an independent certified business appraiser determines and certifies the value of the stock. Your hard work and commitment to KPC Healthcare not only impacts the company's performance and the health and well-being of our patients, but your financial health as well. As members of the ESOP, our hope is that together we can work to brighten the futures for all KPC employees' families.

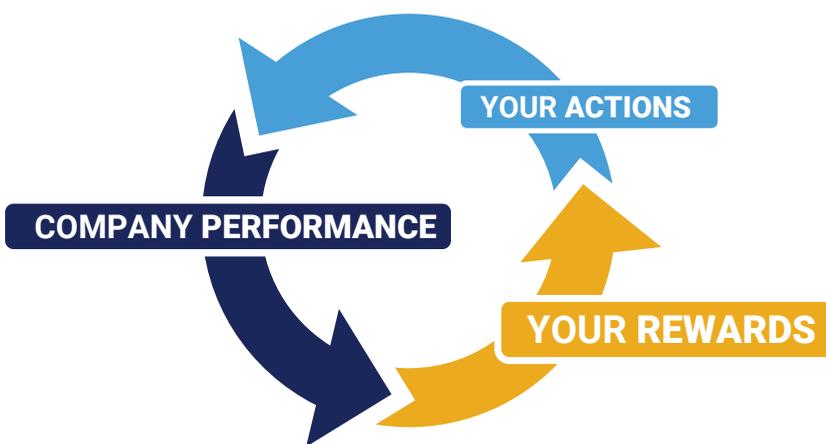
In the three year history of the ESOP we have seen an increase in the value of the ESOP shares every year. That growth can be directly attributed to the outstanding work you perform every day. It isn't just our patients that are benefiting from our "One Team. One Mission." approach. It is you as well.

I am so grateful for the exceptional work you do here at KPC Healthcare. As you take a moment to look over this year's participant statement, I hope you recognize the impact you are having as an ESOP member on our continued success.

Thank you for the outstanding work you do.



Peter Baronoff
Chief Executive Officer
KPC Health



ENJOY LIFE WITH
GREATER WEALTH



kpc
HEALTH