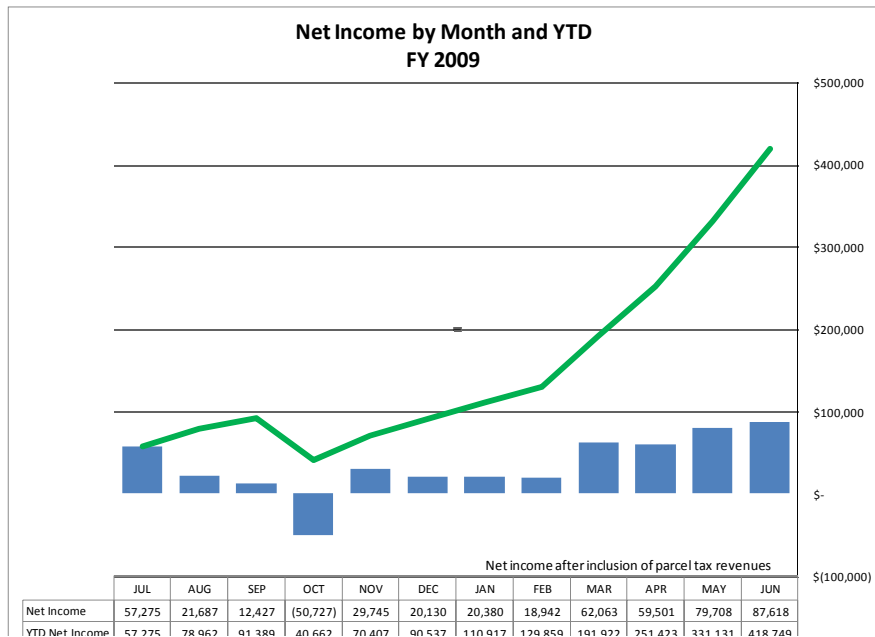
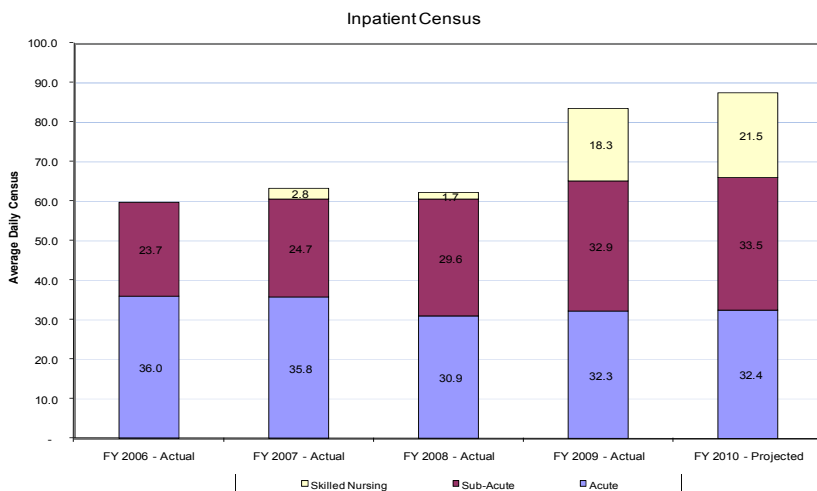


Financial Performance Update

As the hospital's 2009 fiscal year concludes we felt that it was important to share with our community the significant improvements that have been made during the last year. The hospital is reporting a profit, after parcel tax receipts, of \$419,000. This represents an improvement of over \$2.7 million in our performance from prior year operations. We have developed a long-term strategic plan to help guide the organization in establishing short term goals and objectives over the next five years. These goals and objectives have been used to develop the hospitals operating projections for the 2010 fiscal year that is now underway. This projection is projected to generate positive bottom line results for the second consecutive year. While only a modest profit is expected to be achieved in fiscal year 2010 important changes have been made to continue this trend in future years.



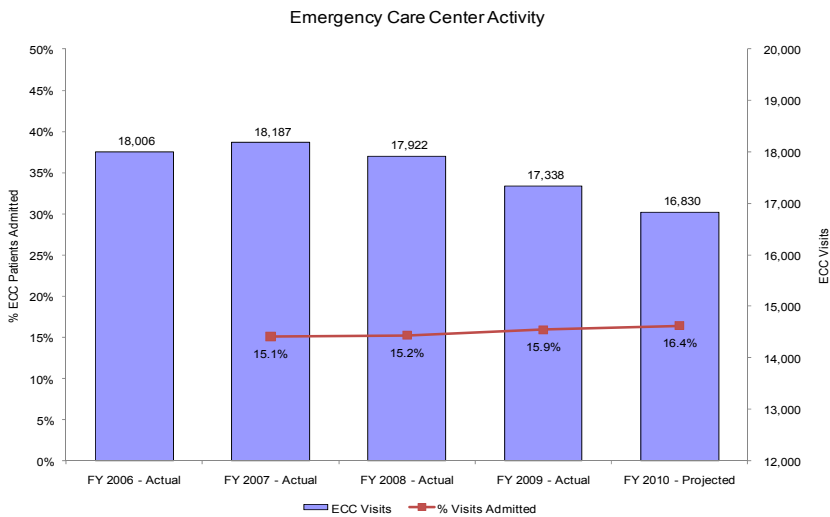
Some of the important changes that have occurred during the year include the addition of a twenty-six (26) bed skilled nursing program to the mix of services currently offered by the hospital. The addition of skilled nursing services to our continuum of care in this setting contributed approximately 40% of our fiscal year 2009 net income. We also



have opened the Alameda Hospital Physicians, a Community Clinic site in the Alameda Towne Centre which includes family practice and OB/GYN physician services and will also include the addition of specialist physician services in the fields of Orthopedics, Urology, Ear

Nose and Throat and others. Additionally, our lab draw station continues to operate at this location providing a convenient location for the majority of the community's laboratory needs.

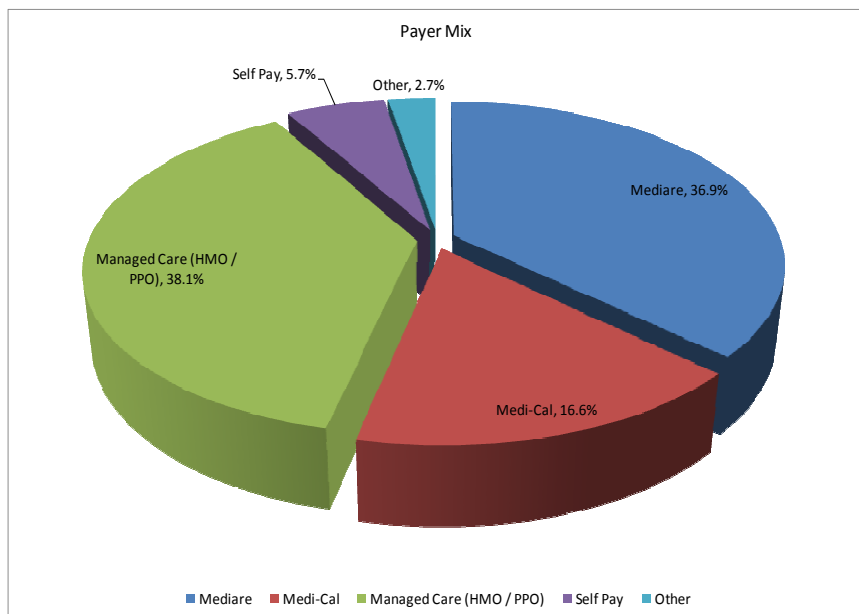
While the number of patients treated in the hospital Emergency Room has declined slightly over the last couple of years the percentage of patients that are ultimately



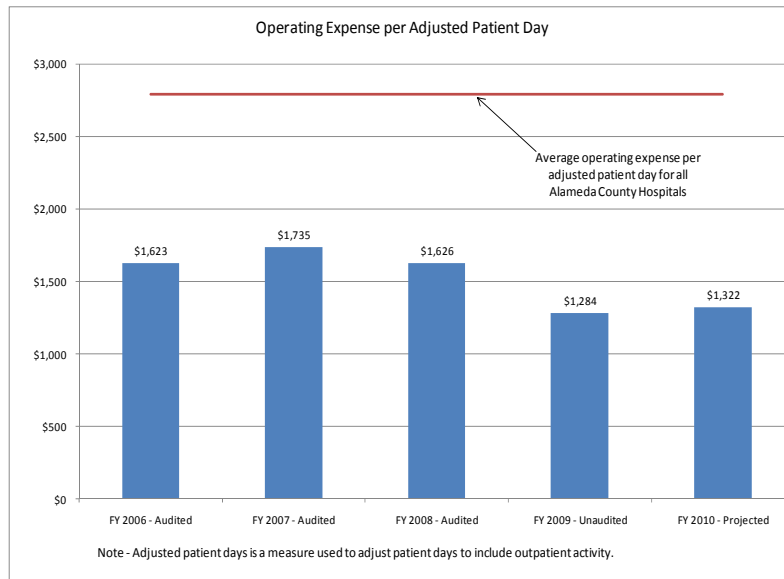
admitted as an inpatient to the hospital has continued to increase over this same period of time. The Emergency Care Center continues to deliver the highest quality of care with some of the shortest arrival to doctor evaluation times in the Bay area.

Despite an increase in the level of activity at the hospital the payer mix for the hospital continues to be dominated by governmental programs (Medicare and Medi-Cal) who make up 53.5% of the patient revenues followed by the many different managed care payers (Anthem Blue Cross, CIGNA, Aetna, etc) at 38.1% of the total patient revenues.

In light of the continued pressures from the ever shrinking amount of reimbursement received from governmental programs (Medicare and Medi-Cal) the hospital has been able to offset these reductions through aggressive and consistent negotiations of its private insurance contracts during the last year which have assisted the hospital in reaching its net revenue goals.



The hospitals management team has continued to focus on ensuring that operating expenses are maintained at optimal levels. This includes staffing each department at appropriate levels to ensure that the highest quality of care is provided to our patients. For the 2009 fiscal year the hospitals operating expense per adjusted patient day was \$1,284 as compared to the average for all Alameda County Hospitals of \$2,789.



The management team of Alameda Hospital sincerely thanks the community for the support that has been extended to the hospital through its commitment to the parcel tax revenues received each year and the many financial and non-financial contributions made by so many of our fellow community members. As we progress through the course of our new fiscal year we will update this page to keep you informed about the financial performance of Alameda Hospital.