

2005 Annual Report



Challenges Met

“Every member of Munson Healthcare and its affiliated hospitals should be tremendously proud of what we accomplished this year.”

**– John Rockwood
President and CEO
Munson Healthcare**



MUNSON HEALTHCARE

Your Health... Our Mission

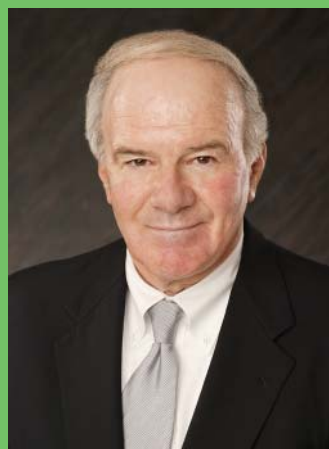
As I write this letter, we are in the midst of interviewing candidates to succeed me. They are bright and experienced individuals, all fully capable of leading the Munson Healthcare system to the next level.

However, as I reflect back on my tenure as CEO, I realize that leadership is a small part of the equation here. Providing vision and setting the values by which we will work are important. But it is the people of this organization who have been central to our success.

This past year, management and staff throughout the system adapted quickly to lower than expected volumes. Physicians and other clinical staff — in our hospitals and our communities — provided the quality care that gains us national recognition. Volunteers were there to lend a compassionate hand to patients and families. Donors and Board members have provided money and expertise to ensure quality health care in their communities. This is the core of Munson Healthcare — compassionate people who put the well being of their patients and communities first.

As the Munson Healthcare system has grown, we have become more diverse. There are differences in cultures and communities, but not in our mission. This is why I know we will continue to be a successful organization.

I have sincerely enjoyed serving as Munson Healthcare's President and CEO for the past 12 years. The best part has been working with such a terrific group of people. It has been a privilege.



John Rockwood
President and CEO
Munson Healthcare



Jim Dutmers
Chairman
Munson Healthcare
Board of Directors

When we first envisioned the Munson Healthcare System, it was as a group of hospitals, as locations on a map, as lines on an organizational chart. Working together to better provide for the health care needs of northwest Michigan always seemed like the right thing to do.

We quickly learned that the true definition of the Munson Healthcare System lies in our working relationships. This is the glue that binds us together and it is how we measure our success.

Munson's leadership from 11 counties has been focused on building those relationships, beginning with a basic concept — trust. Built over time, trust is sown by delivering on promises, and grows with each positive interaction.

As Munson Healthcare's CEO for the past 12 years, John Rockwood has come to personify trust. He is a man of his word. He does the right thing. He is, without a doubt, a man you can trust.

John leaves many legacies to Munson. These include fiscal stewardship, a desire to push to the next level of organizational excellence, and compassion for all. As the system continues to evolve, we will perhaps be best served by his legacy of trust.

If we respect one another, listen to one another, and trust each other, we will indeed have built the working relationships that define a successful health care system.

AWARDS

Top 100 Hospital

Munson Medical Center was named a Top 100 Hospital for the seventh time. Only six hospitals in the nation share that distinction. Munson has been recognized as a Top 100 Hospital more times than any other hospital in Michigan.

Top 100 Hospitals Performance Improvement Leaders Award

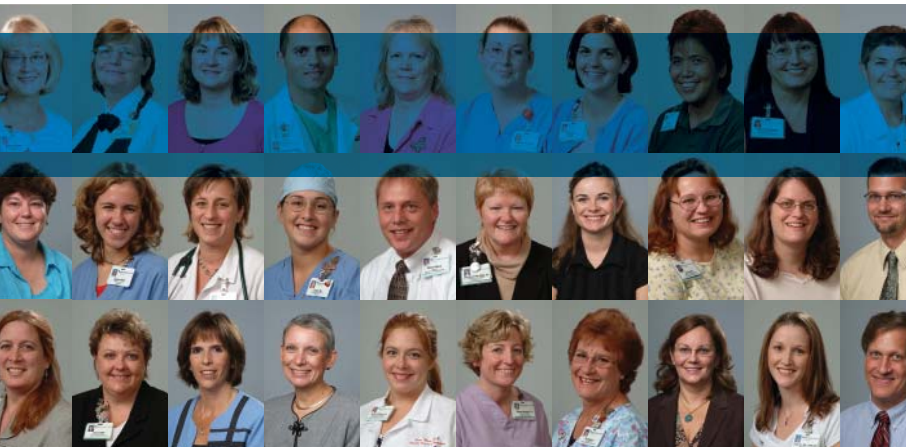
Mercy Hospital Cadillac and Mercy Hospital Grayling were both honored for their diligence in quality improvement and fiscal responsibility.

Governor's Award of Excellence

Five Munson Healthcare facilities — Mercy Hospital Cadillac, Mercy Hospital Grayling, Kalkaska Memorial Health Center, Leelanau Memorial Health Center, and Paul Oliver Memorial Hospital received 2004 Governor's Awards for initiatives that improved patient care.

"We've gone through a lot of changes this year and our employees have been incredibly responsive. No matter what happens in the future — that ability to change, that ability to react — is going to ensure our success."

- Ed Ness
President and CEO
Munson Medical Center



Munson Healthcare

- Munson Medical Center
- Paul Oliver Memorial Hospital
- Munson Home Health
- Munson Mobile Imaging
- Munson Ambulatory Pharmacy
- North Flight

Affiliated Hospitals

- Kalkaska Memorial Health Center
- Mercy Hospital Cadillac
- Mercy Hospital Grayling
- West Shore Medical Center

Michigan Quality Council Navigator Awards

Kalkaska Memorial Health Center and Paul Oliver Memorial Hospital each were recognized for outstanding quality and patient service.

ISO Certification

West Shore Medical Center received ISO Certification for the sixth time by meeting rigorous industry quality standards.

