

March 2, 2012

Deborah Hennessey
Workforce Transition Unit
Michigan Department of Career Development
Workforce Programs
Victor Office Center – 5th Floor
201 North Washington Square
Lansing, MI 48913

RE: Cheboygan Memorial Hospital

Dear Ms. Hennessey:

It is with regret that by this letter it is my task to advise you that Cheboygan Memorial Hospital has filed a Petition with the U.S. Bankruptcy Court for relief under Chapter 11 of the Federal Bankruptcy Code. The bankruptcy process is in conjunction with the pending sale of the Hospital's assets to McLaren Health Care. The sale transaction is not finalized until formal closing occurs. Final closing is subject to certain events and conditions being satisfied and is subject to the approval of the Bankruptcy Court.

The purpose of this letter is to provide you with the following information.

Upon finalization of the sale transaction all employees at Cheboygan Memorial Hospital located at 748 South Main Street, Cheboygan, Michigan and at the Indian River Medical Center located at 6135 Cressy Street, Indian River, Michigan will be permanently terminated from employment and operations as Cheboygan Memorial Hospital will be permanently discontinued. Should the sale transaction not proceed as contemplated, Cheboygan Memorial Hospital operations will be permanently discontinued and there will be a permanent employment termination of Cheboygan Memorial Hospital employees.

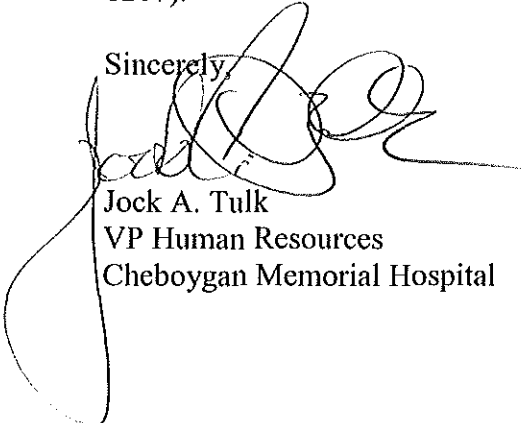
It is currently anticipated that the last day of employment with Cheboygan Memorial Hospital will be May 7, 2012 or thirteen (13) days thereafter. There are currently a total of 386 employees working at the main Hospital site in Cheboygan and 9 employees working at the Indian River Medical Center site.

Sandra McMillan is the employee bargaining unit representative for SEIU Healthcare Union at 2604 Fourth Street, Detroit, MI 48201, phone number (313) 963-3179.

Shela Khan Monroe is the employee bargaining unit representative for Michigan Nurses Association at 2310 Jolly Oak Road, Okemos, MI 48864, phone number (517) 349-5640.

Should you have any questions, please feel free to contact me (Jock Tulk at (231) 627-1267).

Sincerely,



Jock A. Tulk
VP Human Resources
Cheboygan Memorial Hospital