

Dear Friends and Neighbors,

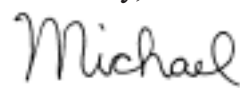
Over the next several years, you will see an expanded effort to increase consumer knowledge about hospitals and other healthcare organizations. This knowledge will allow you to make better informed decisions. At Methodist, we applaud this effort and are proud to lead the way.

Below are key statistics about Methodist. We trust that the facts presented here will not only increase your understanding of healthcare, but also of Methodist.

Our goal is to be in the top 5% of hospitals in the United States in everything we do. We are continuously evaluating and assessing the care we provide. We are continuously utilizing qualitative and quantitative methods to improve and enhance our services.

All of us at Methodist look forward to working with you in the future. We are very proud to be part of a team where mission truly guides performance: We are committed to delivering outstanding healthcare. Period. Together we can make a difference in the health of our community.

Sincerely,



Michael Bryant
President and CEO

(l. to r. back row) Cal MacKay, Senior Vice President of Finance and Chief Financial Officer;
Michael Bryant, President and CEO;
(l. to r. front row) Dallis Howard, Senior Vice President Administration and Chief Human Resource Officer;
Debbie Simon, RN, Senior Vice President of Hospital Operations and Chief Nursing Officer



Performance Measures

	Methodist	National Benchmark
MORE Hospital-acquired Infection Rate ¹	1.2	2.0 ³
MORE Complication Rate ⁴	2.65	2.73
MORE Mortality Rate ⁴	1.92	2.29
MORE Joint Commission Score	Fully accredited	

(1) Per 100 surgical procedures (2) Per 100 discharges
(3) Center for Disease Control (4) Premier Inc.

Key Satisfaction Measures⁵

Patient Satisfaction	Methodist
MORE Outpatient	Top 3% in U.S.
MORE Inpatient	Top 10% in U.S.
MORE Emergency Department	Top 15% in U.S.

(5) Press Ganey Associates, December 31, 2005

Key Staffing Indicators⁶

	Methodist	National Average
MORE RN Vacancy Rate	2.4%	9.5%
MORE Radiology Tech Vacancy Rate	3.2%	5.4%
MORE Pharmacist Vacancy Rate	6.6%	4.1%
MORE Lab Tech Vacancy Rate	0%	7.3%

(6) As of May 2006

MORE 2005 Financial Summary

Revenues: (000's) ¹	
Patient charges & other revenue	\$ 739,775
Amounts not paid by:	
MEDICARE	(229,068)
MEDICAID	(74,516)
Managed care/other	<u>(111,783)</u>
NET collectible revenue	324,408
Uncompensated care	<u>(24,890)</u>
Amount collected	299,518

Expenses:	
Salaries/benefits	142,866
Supplies & other	105,187
Capital-depreciation/interest	<u>19,445</u>
Total expenses	285,930
Excess of revenues over expenses*	13,588
Committed to future capital projects	<u>(13,588)</u>
	<u>\$ 0</u>

¹ Includes Methodist Medical Center and affiliated corporations.

* Our tax-exempt status requires us to invest these funds in programs and services, which enhance the health and well-being of our community.

Patient Safety Initiatives

MORE Computerized Physician Order Entry (CPOE)
Physicians enter diagnostic and treatment orders by computer rather than handwritten orders that may be easily misunderstood. Methodist is one of only a small percent of hospitals nationwide implementing comprehensive, very sophisticated CPOE to reduce medical errors.

MORE Automated Medication System
Nurses use bedside scanners and barcodes to ensure that the right patient is about to receive the right dosage of the right medication by the right route at the right time. Methodist is one of fewer than 5% of hospitals nationwide equipped to do this.