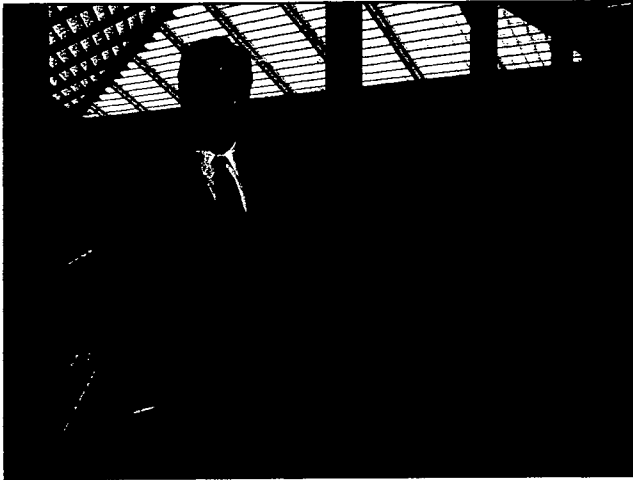




Banner Health System

Building on the foundation . . .

MESSAGE FROM THE PRESIDENT



Banner Health System is a growing organization made up of experienced, financially secure and respected health care providers. As a system, we have a vision of carrying our not-for-profit, community-based mission into the new century. When I joined the System in late 2000, I was impressed by its size, diversity and the challenge of bringing so many disparate parts together into a unified, dynamic whole.

Our facilities range in size from 15-bed rural clinics to urban medical centers with 400 or more beds, including one of the major post-graduate teaching facilities in the Southwest. Our services run the gamut from high-risk obstetrics to hospice, acute inpatient care to home health and community wellness, laboratory services to rehabilitative medicine. Our major strength is our people — thousands of clinical and support staff, medical staff, volunteers and community supporters with a wide variety of skills and outlooks who share a common mission — improving the health and wellness of their respective communities. This combination — unified vision paired with diverse experience and expertise — is the mortar which has formed our foundation.

A sure foundation is basic to our long-term stability and provides the support upon which we plan to build and expand our services. The following pages offer a glimpse at our System's construction — the infrastructure upon which we will build and the "tools" we are using in the process.

*Peter S. Fine, President and CEO
Banner Health System*

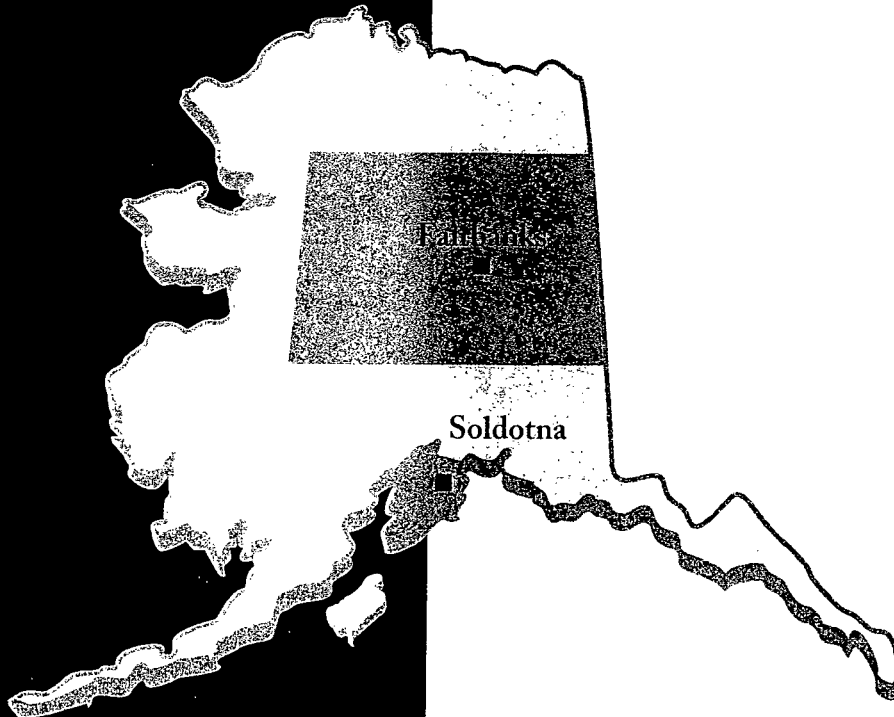
Alaska

Banner's Fairbanks Memorial Hospital is the clinical center of Alaska's 250,000-square-mile interior region — an area larger than several of the lower 48 states. Tourists and nearly 100,000 permanent residents across central and northern Alaska depend on Fairbanks Memorial for all their medical care, including specialized cancer care, cardiac rehabilitation and behavioral health care. The Denali Center, which shares FMH's campus, provides both short- and long-term care for the entire state. More than 500 miles to the south, Heritage Place, in Soldotna, provides skilled nursing care for patients in Alaska's Kenai Peninsula.

Building on a strong foundation

Banner Health System is already one of the country's largest not-for-profit, nonsectarian health care providers. Our strength lies in the diversity of the markets we serve, our breadth of services, and a common not-for-profit mission: to provide the best possible care for our communities.

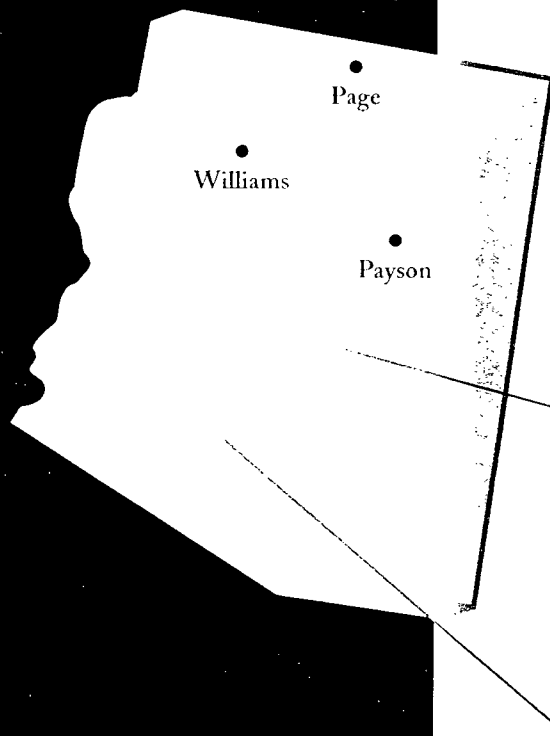
- Fairbanks ■ Fairbanks Memorial Hospital/
Denali Center
- Soldotna ■ Heritage Place



Arizona

Six of Banner's seven acute care Arizona hospitals, as well as a behavioral health hospital, are located in Phoenix, which continues to be one of the nation's fastest growing metropolitan areas. Though Phoenix is now the sixth largest city in the country, the bulk of population growth — 75 percent — is in suburban communities surrounding the city, where the opportunity to create new health care services is greatest.

Banner Health System intends to take the lead in expanding service in these areas. In a crowded field, BHS facilities hold 35 percent of the inpatient market share and a consistent "most preferred" ranking within our communities — qualities that give us the competitive edge to venture into new growth areas at the head of the pack and with minimal risk.



Phoenix

- 1** Good Samaritan Regional Medical Center

Glendale

- 2** Thunderbird Samaritan Medical Center

Mesa

- 3** Desert Samaritan Medical Center
- 4** Mesa Lutheran Medical Center
- 5** Valley Lutheran Medical Center
- 6** Lutheran Heart Hospital

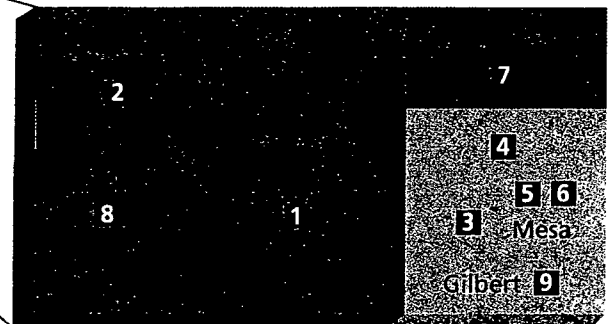
Scottsdale

- 7** Samaritan Behavioral Health Center - Scottsdale
Wendy Paine O'Brien Treatment Center

Future Hospitals

- 8** West Valley (2004)
- 9** East Valley (2006)

- Northwest Valley - 3.2% Growth
- West Valley - 2.6% Growth
- Northeast Valley - 3.2% Growth
- East Valley - 3.0% Growth



The Williams Health Care Center, the Samaritan Family Health Center in Payson, and Page Hospital provide primary and acute care to rural communities in Northern Arizona.

Colorado

Banner's medical centers in Greeley and Loveland, Colorado, serve a population of 450,000 — and growing — across eight eastern counties as well as clinical outreach to rural communities in the eastern part of the state and in bordering Nebraska and Wyoming. Both Loveland and Greeley, in northeastern Colorado, average an annual population growth of three and five percent, placing them among the fastest growing communities in the country.

Colorado

- 1** Greeley - North Colorado Medical Center
- 2** Loveland - McKee Medical Center
- 3** Brush - East Morgan County Hospital
- 4** Sterling - Sterling Regional MedCenter

Kansas

- 5** Marion - St. Luke Hospital & Living Center

Nebraska

- 6** Ogallala - Ogallala Community Hospital

Wyoming

- 7** Torrington - Community Hospital
- 8** Wheatland - Platte County Memorial Hospital & Nursing Home
- 9** Worland - Washakie Medical Center



North Colorado Medical Center in Greeley is the “hub” of Banner Health System in Colorado. It serves as a referral center for specialized medical care throughout eastern Colorado, as well as to rural hospitals and care centers in Ogallala, Nebraska; Torrington, Worland, and Wheatland, Wyoming. Banner facilities in Marion, Kansas, are also part of the Colorado region.

"Tools" of the trade

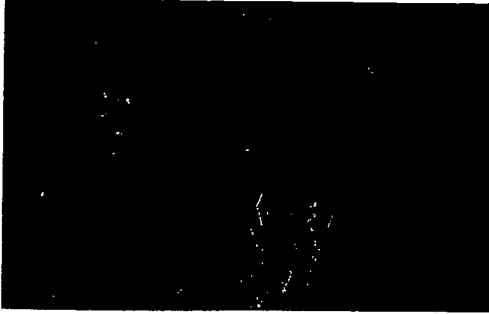
In our business — patient care — we depend on four specific "tools" of the trade:

- care management
- service excellence
- workforce solutions
- system leverage

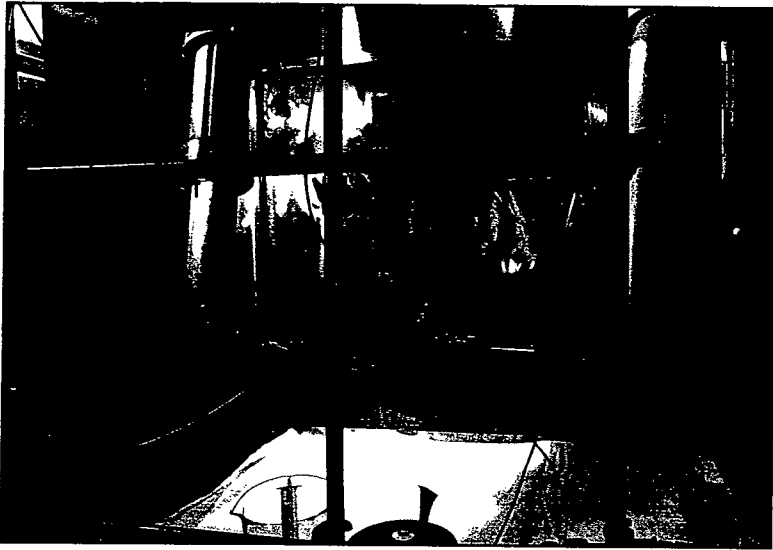
These tools have helped us master our craft, and they have given us a distinct advantage in today's competitive health care market. They enable us to reinforce our foundations and build a brighter future for the communities we serve.

For the past two years, America's Health Network and HCIA Inc., a leading health care information content company, have ranked Valley Lutheran Medical Center as a top orthopedic services provider in the Phoenix area.





Denali (Fairbanks) and Heritage (Soldotna) care centers in Alaska, strive to create comfortable, homelike environments for people from diverse ethnic groups. In this photo, Denali resident Victoria John and her daughter share an Athabascan Indian meal of salmon during the center's weekly "Native Culture" day.



Good Samaritan's PET Center produces radioactive isotopes for other positron emission tomography departments throughout the state and is leading a major, state-funded research project on Alzheimer's Disease.



"HeartScan," offered at North Colorado Medical Center, is a one-of-a-kind service that gives patients more information about their risk for cardiac disease. In addition to a comprehensive cardiac check, the program includes noninvasive computer tomography (CT) that can detect heart disease long before symptoms appear. The program gives healthy people a stronger sense of security and provides accurate information to people at risk.

*Care Management —
Providing the highest possible quality of care*

Patient care is our priority, and clinical excellence in patient care requires organized, ongoing measurement, process improvement and evaluation.

Three-and-a-half years after a car accident left him paralyzed, Ken Paulson walked. This remarkable personal success was the result of Mr. Paulson's hard work and his involvement in spinal cord injury research collaboration between Good Samaritan Rehabilitation Institute's Richard Herman, MD, and Arizona State University. The research combined a unique therapy program to retrain Mr. Paulson to step and a surgically implanted electrical stimulator to enhance his stepping pattern.

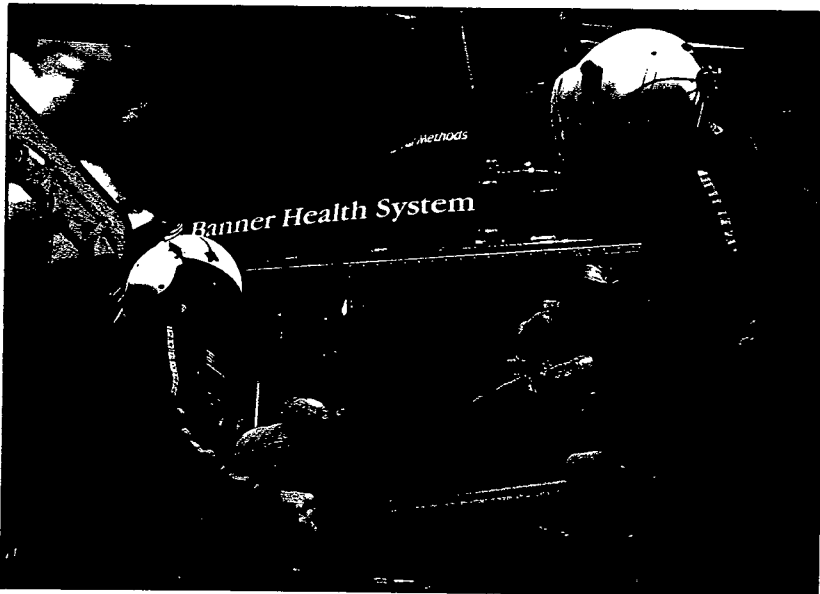


School districts throughout the Phoenix area send their special education students to the Wendy Paine O'Brien Treatment Center's on-site school, Howard S. Gray Education Program. The fully-accredited school helps children and adolescents who have learning disabilities, attention deficits, and/or emotional handicaps that hinder their intellect, self-discipline, and self-esteem.

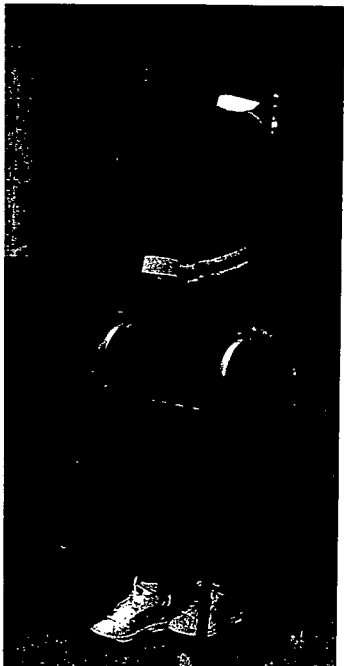




Desert Samaritan Children's Center provides a kid-friendly environment that puts both children and parents at ease. The Children's Center offers more specialized pediatric services than any other East Valley hospital: a dedicated pediatric emergency room, peds ICU, neonatal ICU, and pediatric outpatient therapies.



AirLife of Greeley, based at North Colorado Medical Center, provides assessment, intervention, and critical care monitoring to critically ill or injured patients of all age groups, as well as rapid and safe transport of patients to definitive care facilities from the scene or transferring facilities.



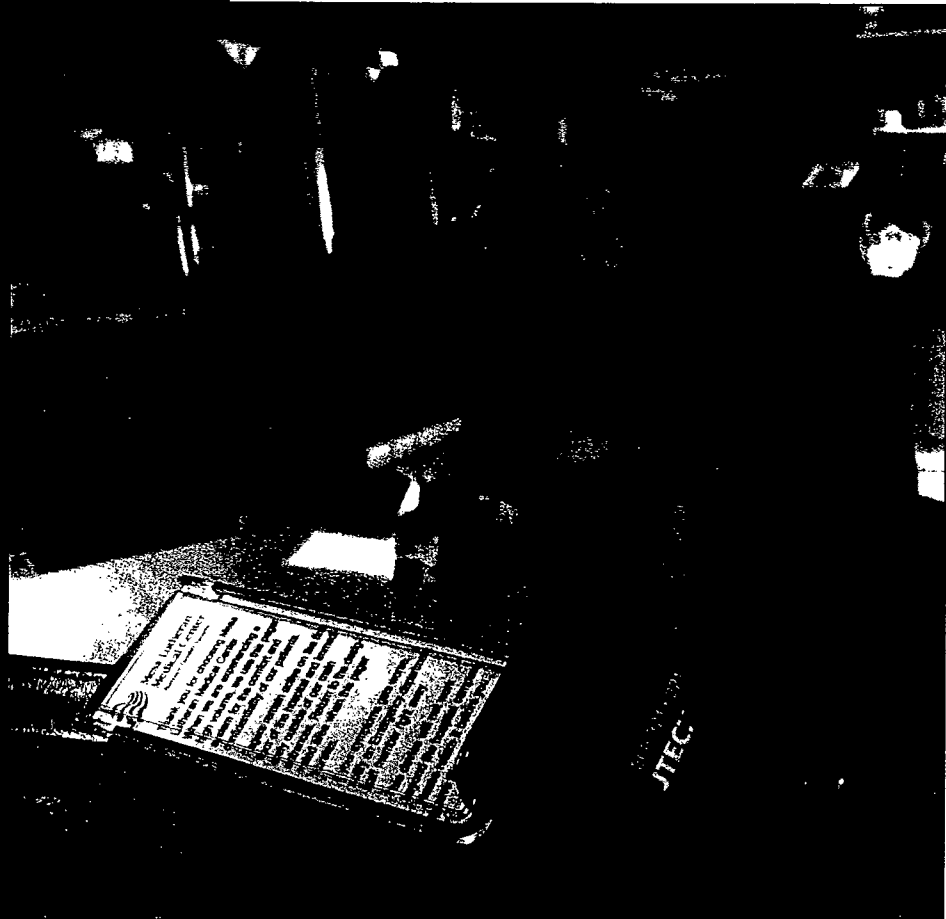
When Anne Carlson was born with incomplete arms and legs, her father said, "We shall wrap our love around this little girl and do everything we can to bring happiness to her." Throughout her adult life, Dr. Anne has been doing the same for special children like Ryan O. at the Anne Carlson Center in Jamestown, North Dakota. The Center's therapy and education programs draw students with special needs from across the nation and as far away as the Virgin Islands.

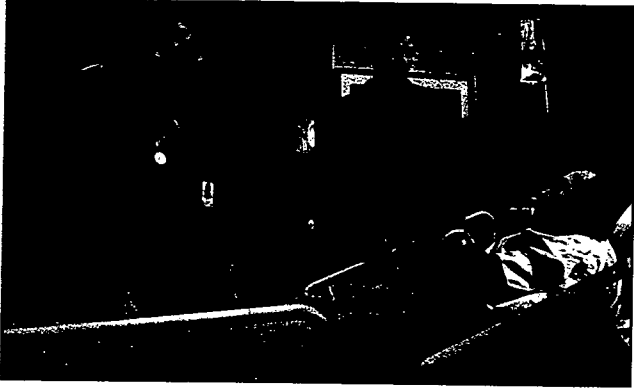
Service excellence —

Giving our patients great personal care

Superior service is critical to our future success. In addition to positioning Banner as the “provider of choice” for the communities we serve, our service excellence programs create a customer-centered culture that empowers and rewards our professional staff, thereby enhancing retention.

Mesa Lutheran Medical Center's visitor pagers help ER patients' families feel secure that they can move outside the ER waiting area without missing news about the patient. If there is a change in the patient's condition, the ER staff can notify family immediately via the pager — a system that gives visitors both freedom and comfort.





Derek Merrill (center), who interprets for patients at Desert Samaritan, is one of 22 full-time interpreters in Banner Health System's Hispanic Customer Service Program which serves more than 55,000 patients a year at three Banner medical centers in the Phoenix area. The program empowers Spanish speakers to ask questions and express their concerns, and it helps hospital staff give patients and families the information and support they need to improve or maintain their health.



Timing is everything. When emergency department physicians at Valley Lutheran Medical Center determined that Bob Frederick needed specialized cardiac care, they transferred him just a few steps to the newly opened Lutheran Heart Hospital. Because he was the new hospital's first patient and had no health care insurance, LHH cared for Mr. Frederick free of charge. Now fully recovered, he works as a phlebotomy assistant at Valley Lutheran and is planning to become a nurse.



Thunderbird Samaritan Medical Center enjoys the highest patient satisfaction scores of any Phoenix-area hospital. That success comes, in part, because CEO Rob Curry (left) and other hospital leaders take time each day to make assigned "rounds," visiting patients and staff to keep communication open and frequent.

*Workforce solutions —
Doing right by our people*

Nationwide, health care providers are facing a crisis: as Baby Boomers retire, there are not enough skilled health care professionals — particularly nurses, pharmacists and radiology technologists — to take their places in the workforce. Banner's success in the future depends on our ability to recruit skilled professionals, retain them, and help them maintain and improve their skills.



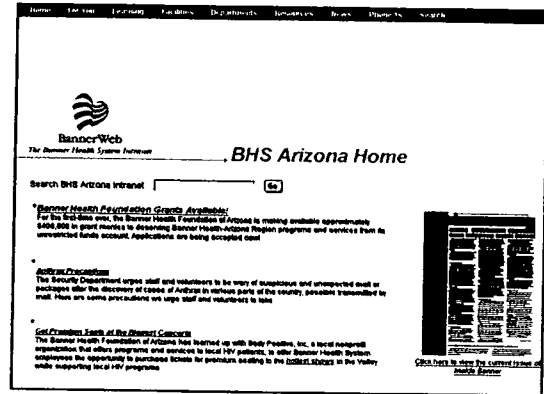
Derrick Martinez recently became the first graduate of the Essential Career Pathways program at Good Samaritan Regional Medical Center, and is on his way to becoming an orthopedic surgeon. Mother Kathleen (center), a patient care tech at the hospital, is pursuing a nursing degree through ECP. Godmother Lorraine Aguilar is director of the Teen Pregnancy Program at Good Samaritan.

Clay and Melinda Birkeland's arms are full of blessings thanks to a Banner employee health insurance option that enabled the couple to take advantage of the world-renowned high-risk obstetrics care at Banner's Good Samaritan Regional Medical Center.





Free or low-cost Echo (Employees Choosing Healthy Options) programs like this water aerobics class at Desert Samaritan make it easy, inexpensive and convenient for Banner employees to get healthy and stay that way. Echo also fosters innovative ways to make the Banner workplace compatible with our values of compassion and emphasis on people, starting with our own co-workers.



Banner's intranet gives employees easy access to information like the System's "Inside Banner" newsletter and the convenience of online benefits enrollment.

Banner Health System
 "My supervisor recognized my drive and gave me the opportunity...."

"I was really excited to come to Banner because I wanted to excel in my career, and I felt that I could do that here. And sure enough, my supervisor recognized my drive to learn and gave me the opportunity to work in special procedures. I love it here!"

*Michelle Rowers, Radiology Technologist
 Thunderbolt Samaritan Medical Center*

We want people who want to make a difference.
 If you are interested in joining a dynamic and growing healthcare system that encourages personal and professional growth, we invite you to apply. We have current opportunities for nurses, medical imaging professionals, pharmacists and other clinical and support professionals.

Banner Health System
 Banner Health System is a leading provider of healthcare services in the Phoenix area. We are currently seeking qualified individuals for various positions across our system. For more information, please visit our website at www.BannerHealthAZ.com/jobs.

Call us in the metro Phoenix area at:
602.495.4333
 or toll free:
1.888.895.4333

Check out our opportunities and apply online at
www.BannerHealthAZ.com/jobs

For information about these and other opportunities, call us or visit our website.

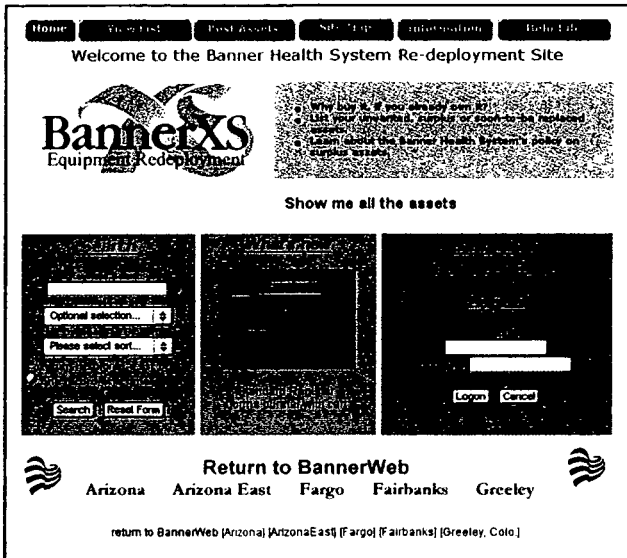
Banner's spring 2001 recruitment campaign in the Arizona Republic and professional magazines offered our nurses, pharmacists and radiology techs the opportunity to share their personal opinions, "in their own words," about working in the System's Arizona hospitals.

*System leverage —
Managing our resources wisely*

Banner's size and service diversity challenge us to work smarter — to find more efficient, cost-effective ways to carry on the business of health care. They enable us to share "best practices" ideas across a wide continuum of care. And they give us a strong, respected voice for health care advocacy. The fact that our system includes a wide range of markets protects our economic well-being when financial hard times hit a specific area, and healthier markets can help sustain facilities that are struggling or just starting out.

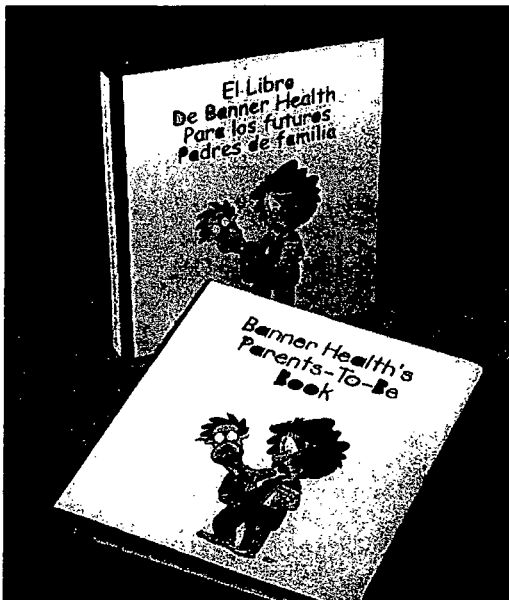
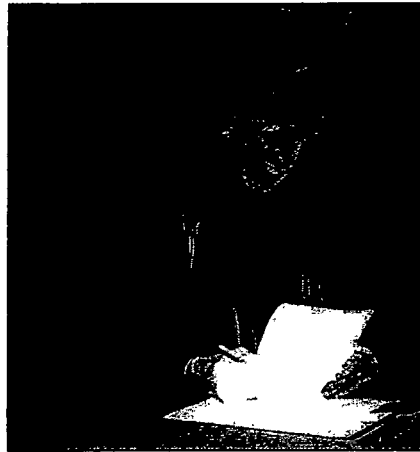
Banner's President's Grant program funds employees' great ideas — ideas for improving patient care, reaching out to the community, or finding more efficient ways to manage the business of health care. One of the first President's Grants helped establish the peer-led, self-care program for asthma patients in Greeley, Colorado, that taught Sarah Lindahl (below) how to manage her asthma and lead an active life. In addition to helping Greeley asthma patients to stay healthy, the program has become a model for other patient-education programs throughout the System, reducing the financial and manpower investment of beginning each program from scratch.





Since its launch in late 2000, the BannerXS web site has saved Banner more than \$400,000 by providing an on-line site for Banner facilities to post and look for used but not used-up equipment.

Banner's size has given us a strong voice in advocating for health care issues. An example of that strength was the implementation of Arizona Proposition 204, which Governor Jane Dee Hull signed into law in early 2001. Arguably the most important health care legislation in the state during the last decade, the law makes the state's health care management program, AHCCCS, available to 183,000 of the state's working poor.



Each of the more than 20,000 mothers who give birth at one of Banner's Phoenix hospitals each year receives a free Parents-to-be-Book from her doctor. The book, which doctors usually give to their patients during the second trimester, includes information that will help women prepare for a healthy delivery, know what to expect during and after giving birth, and how to care for themselves and their babies in the weeks that follow. The book incorporates information that our patients previously received in 30 different brochures and flyers.

Our mission is service.

Banner Health System works hard to fulfill our not-for-profit mission. Each year, the System spends more than \$40 million educating tomorrow's health care professionals, providing health care to the underinsured and uninsured, and informing our communities about health and wellness issues.



Because of North Colorado Medical Center's Outreach Services Department, people who live in rural communities throughout Colorado, Wyoming, Nebraska and Kansas have access to specialized medical care. Nearly 50 specialist physicians fly to these communities on a regular basis to staff specialty clinics.



Family practice, obstetrics and gynecology, internal medicine and psychiatry outpatient clinics at Good Samaritan Regional Medical Center offer supervised clinical experience to physician residents while providing skilled medical care to more than 16,000 underinsured and uninsured patients each year.



Fairbanks Memorial Hospital, Fairbanks, Alaska, provides acute care to a culturally diverse area the size of some “lower 48” states.

Banner Health System’s Phoenix-area school-based clinic program is the largest of its kind in the nation, providing free primary care to underserved children and their families in 115 schools within 10 districts across the Valley. Family Nurse Practitioner David Foster cares for children and families at five school-based clinics in the Glendale Elementary School District.



After a motorcycle accident paralyzed Brent Wilkinson, volunteers from Banner Home Care in Brush, Colorado, moved walls, installed wheelchair-accessible shelving, hung curtains and added a washer and dryer to make his home life safer and more comfortable for him — a “Make a Difference Day” project that received national recognition in *USA Today*.

All that we do and plan to do reflects our not-for-profit heritage and these corporate values:

~ Compassion. We serve with caring and respect to maintain the dignity and enhance the well-being of each person.

~ Integrity. We are honest and ethical in all we do and say.

~ Emphasis on People. We value all people as individuals and strive to meet their needs.

~ Community Partnership. We participate with communities to build successful health care partnerships.

~ Excellence. We work to achieve excellence across all areas of our organization.

BANNER AT A GLANCE

Assets	\$2.2 billion
Revenue	\$2.1 billion
Annual Charitable Care/Community Service	\$49.5 million
Employees	22,800

Facilities, Programs & Services

Alaska

Fairbanks Memorial Hospital, Fairbanks
Denali Center, Fairbanks
Heritage Place, Soldotna

Arizona

Banner Health Foundation of Arizona, Phoenix
Banner Home Care & Hospice, Gilbert
Banner Occupational Health Services, Phoenix
Banner Urgent Care, Ahwatukee and Gilbert
CONTACT, Tempe
Desert Samaritan Medical Center & Care Center, Mesa
Entech, Inc., Tempe
Good Samaritan Regional Medical Center, Phoenix
Lutheran Heart Hospital, Mesa
Lutheran Hospitals Foundation, Mesa
Lutheran Physician Clinics, Mesa and Gilbert
Lutheran Physician Hospital Organization, Mesa
Mesa Lutheran Medical Center, Mesa
Page Hospital, Page
PrimeCare Network, Phoenix
Samaritan Behavioral Health Center - Scottsdale, Scottsdale
Samaritan Family Health Center, Payson
Samaritan Surgicenters, Phoenix, Glendale, Mesa (joint ventures)
Sonora Quest Laboratories/Laboratory Sciences of Arizona, Tempe (joint venture)
Thunderbird Samaritan Medical Center, Glendale
Valley Lutheran Medical Center, Mesa
Williams Health Care Center, Williams

Colorado

Ault Family Care, Ault
Banner Health RHO, Northern Colorado
Banner Home Care, Ft. Morgan, Greeley, Loveland and Sterling
Banner Home Medical Equipment Services, Greeley, Loveland and Sterling
Banner Home MedSolutions, Greeley
Berthoud Family Physicians, Berthoud
East Morgan County Hospital, Brush
Ft. Lupton Family Medicine, Ft. Lupton
Johnstown Family Physicians, Johnstown

High Plains Healthcare Alliance, Inc., Greeley
McKee Medical Center, Loveland
McKee Center for Holistic Medicine, Loveland
Medical Arts Centre of Windsor, Windsor
Mountain Shadows Medical Association, Inc., Loveland
Mountain View Surgery Center, Loveland (joint venture)
NorthCare, Greeley
North Colorado Family Medicine, Greeley
North Colorado Medical Center, Greeley
North Colorado Surgery Center, Greeley (joint venture)
Rocky Mountain Radiology, Inc., Loveland (joint venture)
Sterling Family Practice, Sterling
Sterling Regional MedCenter, Sterling
The McKee Medical Center Foundation, Loveland

Kansas

St. Luke Hospital & Living Center, Marion

Nebraska

Ogallala Community Hospital, Ogallala

North Dakota

Anne Carlson Center for Children, Jamestown

Wyoming

Community Hospital, Torrington
Goshen Care Center, Torrington
Platte County Memorial Hospital & Nursing Home, Wheatland
Washakie Medical Center, Worland



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