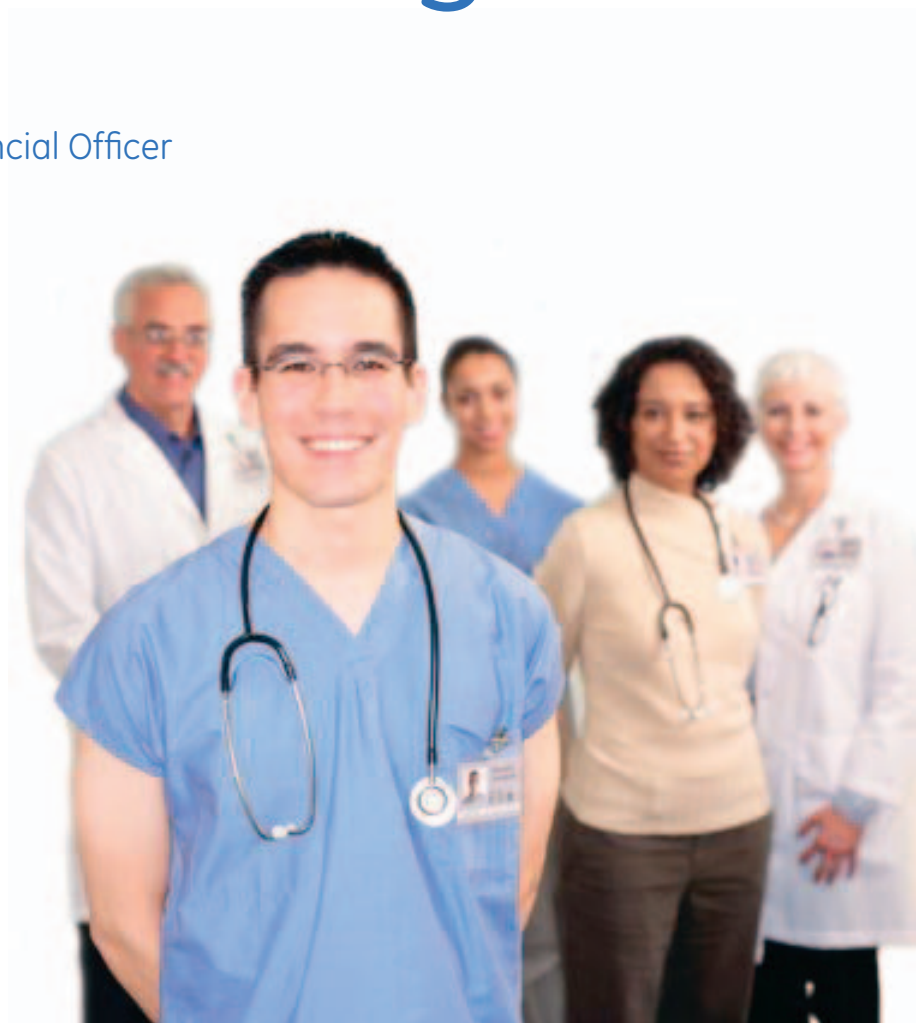


GE Commercial Finance
Healthcare Financial Services

Case Study

“GE is definitely part of
our success story.”

Bob Glenning
Executive Vice President and Chief Financial Officer
Kaleida Health



Kaleida turns to GE for financial strength and services

After Kaleida Health closed out fiscal 2001 with losses totaling \$62.5 million, many lenders would have balked at providing financing to the five-hospital system. It was Kaleida's fifth straight year in the red – with losses totaling well in excess of \$100 million.

But with a new CEO, a reconstituted management team and a renewed dedication to its mission, Kaleida was poised for a turnaround. Looking beyond the balance sheet and credit reports, GE Healthcare Financial Services saw an organization ready to fully capitalize on its position as the No.1 healthcare delivery system in the Buffalo market.

“By bringing us their management culture ... GE will help us move even more dramatically toward our goal of having a culture of accountability.”

Revitalizing radiology

Having underinvested in technology due to financial stress, Kaleida realized that revitalized technology was key to their growth and success. The first step in this technological expansion was the acquisition of a PACS system to streamline its radiology department imaging traffic and workflow.

“We wanted to acquire our PACS on credit rather than as a capital expenditure,” notes Kaleida Executive Vice President and Chief Financial Officer Bob Glenning. “This would leave us with more capital to acquire other radiology equipment, as well as address other departments’ technology and operational needs.”

In the end, Glenning says, Kaleida chose GE because they provided the best overall combination of technology, installation ease, serviceability and financing.

Bringing more to the table

The PACS system was part of a comprehensive GE equipment package that included MRIs, CTs, cardiac catheterization laboratories, patient monitors and more. Kaleida agreed to buy the complete package as the first step in a seven-year, semi-exclusive purchasing arrangement. Totalling \$40 million, the GE financing package took the form of two separately structured facilities – a \$20 million line of credit and a \$20 million tax-exempt loan – with prearranged competitive financing terms and rates designed to minimize Kaleida's costs.

A commitment beyond capital

GE became committed to instilling its Six Sigma quality improvement processes into the Kaleida organization. “By bringing us their management culture – a process that will include comprehensive education and training for our own management staff – GE will help us move even more dramatically toward our goal of having a culture of accountability,” Glenning notes.

Kaleida expects to finish the current fiscal year in the black – a significant turnaround since the \$85 million deficit originally projected for the year. “If we're successful as a system, it's going to mean success for GE,” Glenning says. “They are definitely part of our success story here.”

For more information on how we can help you successfully meet your business objectives, contact us at 1-800-598-6201 or visit us at www.gehealthcarefinance.com.



KALEIDA
H E A L T H

Provider Profile

Kaleida Health
Buffalo, New York

Established in 1997 by the merger of five Buffalo-area acute-care hospitals and their related business entities, nonprofit Kaleida Health is the largest healthcare provider in western New York State and the 39th largest system of its type in the country.

Kaleida operates 28 primary-care centers, has more than 1,800 acute-care beds and over 550 long-term beds. With a visiting nurse association recognized as the largest in the nation, Kaleida's two home care agencies provide more than 600,000 visits annually.

Lender Summary

GE Healthcare Financial Services provides Kaleida Health with:

- \$40 million in financing consisting of:
 - \$20 million line of credit
 - \$20 million tax-exempt loan
- Comprehensive package of equipment and financing
- Understanding of healthcare and Kaleida's business objectives
- Flexibility and creativity in tailoring terms and products to meet Kaleida's needs



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