



DRAFT

IFOR IMMEDIATE RELEASE

DATE: October 19, 2020
CONTACT: **INSERT CONTACT INFO**

LACONIA, NH – Today, LRGHealthcare announced that the organization is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. LRGHealthcare also announced that it has received an offer from Concord Hospital regarding a potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals’ ambulatory sites. These announcements come at the end of a more than year-long process by LRGHealthcare to find a solution to maintain access to local health care services and stabilize the system’s financial position.

“We are making this move today so we can ensure a bright future for our hospitals and medical practices in the Lakes and Three Rivers Region. The LRGHealthcare Board has worked diligently to explore all strategic options and determined that taking this step is the right path to preserve access to care in our region for years to come,” said Kevin W. Donovan, LRGHealthcare President and Chief Executive Officer.

In 2018, LRGHealthcare shared that they had begun to explore strategic options to protect the organization’s long-term ability to serve the community amidst financial challenges. The bankruptcy filing and proposed acquisition will preserve the organization’s 125+ year legacy as a vibrant, local health care provider and maintain access to needed local health care services.

“We are excited to have received an offer from Concord Hospital regarding the potential acquisition of our assets,” Donovan said. “For many years, Concord Hospital and LRGHealthcare have had long-standing partnerships supporting health services in the Lakes and Three Rivers Region, and our systems are like-minded in our not-for-profit, charitable missions.”

LRGHealthcare has filed for protection from its creditors in the United States Bankruptcy Court, which will oversee an auction and sale process during which other potential buyers will have an opportunity to submit offers to acquire LRGHealthcare’s assets. The court will issue a Final Order, and any transaction will need to obtain further approval from regulatory agencies, including the New Hampshire Attorney General and the Department of Health and Human Services. In the meantime, LRGHealthcare will continue to operate and provide services as they have in the past.

“We have known for some time that our current reality is not sustainable for the long term, and minor fixes will not get us where we need to be,” said Donovan. “Even before the significant impact of COVID-19, we were bearing a substantial financial burden. The bankruptcy process

DRAFT

happens in the courts, not in the walls of our hospitals, and we will continue providing our patients with high-quality health care when and where they need it.”

For more information about the proposed acquisition and bankruptcy process, visit **lrg.org/our-future**. Leaders from LRGH will host a virtual community forum to provide patients and community members the opportunity to learn more about this important step and answer questions. The virtual forum is scheduled for Thursday, October 29th from 5:30 – 6:15 p.m. and interested community members can register via the following link: **lrg.org/community-forum**.

About LRGHealthcare

Boilerplate to mirror other releases.

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To: Behavioral Health Stakeholders
From: Kevin W. Donovan
Date: October 19, 2020
Subject: A Sustainable Future for LRGHealthcare

Dear _____;

As you likely are aware, the past several months have presented significant challenges for LRGHealthcare. For more than a year, the LRGHealthcare Board and leadership team have led a process to explore strategic options to maintain access to local health care services and stabilize our financial position. Today, we are announcing that LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also announcing that we have an offer from Concord Hospital regarding potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites.

I want to assure you that while we work to secure a strong future for our organization, our doors will remain open. We are still hard at work providing high-quality health care to our communities.

While several steps and approvals remain in this process, including an auction and sale overseen by the U.S. Bankruptcy Court and approval from regulatory agencies, we feel Concord Hospital would be a natural fit to ensure the continued provision of excellent care in the Lakes and Three Rivers Region. For many years, LRGHealthcare and Concord Hospital have partnered to support local health services in the Lakes and Three Rivers Region and are like-minded in our not-for-profit, charitable missions.

Regular updates on the progress of the bankruptcy and proposed acquisition will be posted on a special page of our website created to keep our community informed about the process (**lrgh.org/our-future**). The website also features a list of frequently asked questions and answers and the ability to submit a question of your own. Additionally, we are hosting a virtual community forum where we will share more about where we are today and seek input from our community members about the future. The virtual forum will take place on Thursday, October 29th from 5:30 – 6:15 p.m. Interested community members can register via the following link: lrgh.org/community-forum.

Thank you for your continued support and partnership. Going forward, we are building a sustainable, regional health system that will continue to reflect the needs of our communities.

Sincerely,

Kevin W. Donovan
President and CEO, LRGHealthcare

DRAFT

To: LRGHealthcare Staff
From: Kevin W. Donovan
Date: October 19, 2020
Subject: A Sustainable Future for LRGHealthcare

You have continued to provide exceptional care in really challenging times, and our entire community appreciates your work and dedication. At the same time, the Board and leadership team has worked hard to secure our long-term future, and I have some important news for you today.

LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also announcing that we have an offer from Concord Hospital regarding a potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites. The board and leadership of LRGHealthcare believe that this path will secure our long-term financial sustainability, ensure a bright future for our hospitals and medical practices and preserve access to excellent care in the Lakes and Three Rivers Region.

As we move through this process, **nothing changes for LRGHealthcare employees or patients. Our doors will remain open.** This process will play out in the courts, and not in the walls of our hospitals. Our focus continues to be on providing the care our patients need right now.

We are excited that Concord Hospital has submitted a bid to purchase our assets and we look forward to the potential opportunity to build on our long-standing, successful collaborations. However, several steps remain before an acquisition is finalized. The United States Bankruptcy Court will conduct an auction and sale process, during which other potential buyers will have an opportunity to submit offers to acquire our assets. Any transaction will require further approval from regulatory agencies. We expect that this process will continue through the calendar year and possibly into 2021.

I know you likely have questions about the bankruptcy process and the proposed acquisition by Concord, and we want to answer them as best we can. We will be hosting a series of virtual town halls to share more about the steps we are taking to stabilize our financial position and maintain access to local health care services. Virtual town halls will be held the following dates and times:

- **Monday October 19th at: 12 p.m. and 6:30 p.m.**
- **Tuesday, October 20th at 12 p.m.**

You can send your questions to future@lrgh.org, and we will do our best to address common questions during our town halls and in future updates as we move forward. We've also created a special page on our website to provide updates on the bankruptcy process and proposed acquisition. You can visit lrgh.org/our-future to get updates, view answers to frequently asked questions and more.

We look forward to preserving our 125+ year legacy by maintaining local access to needed health care services. Thank you for all that you do for LRGHealthcare and the people we serve.

Sincerely,
Kevin W. Donovan
President and CEO, LRGHealthcare

DRAFT

To: LRGHealthcare Donors
From: Kevin W. Donovan
Date: October 19, 2020
Subject: A Sustainable Future for LRGHealthcare

Dear _____;

As you likely are aware, the past several months have presented significant challenges for LRGHealthcare. For more than a year, the LRGHealthcare Board and leadership team have led a process to explore strategic options to maintain access to local health care services and stabilize our financial position. Today, we are announcing that LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also announcing that we have an offer from Concord Hospital regarding a potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites.

I want to assure you that while we work to secure a strong future for our organization, our doors will remain open. We are still hard at work providing high-quality health care to our communities.

While several steps and approvals remain in this process, including an auction and sale overseen by the U.S. Bankruptcy Court and approval from regulatory agencies, we feel Concord Hospital would be a natural fit to ensure the continued provision of excellent care in the Lakes and Three Rivers Region. For many years, LRGHealthcare and Concord Hospital have partnered to support local health services in the Lakes and Three Rivers Region and are like-minded in our not-for-profit, charitable missions.

I am also writing to let you know that we will continue to honor the intent of your donations. During this process, your gifts to LRGHealthcare will be transferred under the oversight of the Attorney General's office, with a goal of ensuring donations will continue to be used to support health initiatives in our region. We will provide further updates and information as we continue to move through the process.

Regular updates on the progress of the bankruptcy and proposed acquisition will be posted on a special page of our website created to keep our community informed about the process (**lrgh.org/our-future**). The website also features a list of frequently asked questions and answers and the ability to submit a question of your own. Additionally, we are hosting a virtual community forum where we will share more about where we are today and seek input from our community members about the future. The virtual forum will take place on Thursday, October 29th from 5:30 – 6:15 p.m. Interested community members can register via the following link: **lrgh.org/community-forum**.

I want to personally thank you for your support of LRGHealthcare in the past, and I hope you will continue to support our efforts. Going forward, we are building a sustainable, regional health system that will continue to reflect the needs of our communities.

Sincerely,

Kevin W. Donovan
President and CEO, LRGHealthcare

DRAFT

To: LRGH Members
From: Kevin W. Donovan
Date: October 19, 2020
Subject: A Sustainable Future LRGHealthcare

To LRGH Members:

We have important news to share today regarding the future of LRGHealthcare. LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also announcing that we have an offer from Concord Hospital regarding a potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the **Hospitals'** ambulatory sites.

We have known for some time that our financial reality is not sustainable for the long term, and our Board and leadership team have been exploring strategic options to protect LRGHealthcare's long-term ability to serve our communities. Through this work, it has become clear that we must first move through the procedural step of bankruptcy. Taking this step will ensure a bright future for our hospitals and medical practices and preserve access to excellent care in the Lakes and Three Rivers Region.

We are excited that Concord Hospital has submitted a bid to purchase our assets and we look forward to the potential opportunity to build upon our long-standing, successful collaboration. However, several steps remain before an acquisition is finalized. The United States Bankruptcy Court will conduct an auction and sale process, during which other potential buyers will have an opportunity to submit offers to acquire LRGHealthcare's assets. Any transaction will require further approval from regulatory agencies. We expect that this process will continue through the calendar year and possibly into 2021.

Importantly, nothing changes today and our doors remain open. During the restructuring process, there will be no changes to our membership body. This legal and regulatory process will play out in the courts and not in the walls of our hospitals. Our team of outstanding doctors, nurses and support staff will remain focused on providing the health care services our community needs right now.

We will host a virtual member input session on Wednesday, October 28th at 5:30 p.m. to discuss this important step in more detail. You can RSVP for this meeting via the following link: lrg.org/members-meeting. You can also visit lrg.org/our-future for more information about this process, including answers to frequently asked questions.

We look forward to pursuing this path that will preserve our 125+ year legacy by maintaining local access to needed health care services. Thank you for all that you do for LRGHealthcare and the people we serve.

Sincerely,

Kevin W. Donovan
President and CEO, LRGHealthcare

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E-mail to Hospital CEOs:

The past several months have presented significant challenges for all New Hampshire healthcare organizations as a result of the pandemic. As you are likely aware, LRGHealthcare's finances were especially poor prior to the pandemic and our Board and leadership team had begun a process to explore strategic options to maintain access to local healthcare services and stabilize our financial position. Today, we are announcing that LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also announcing that we have an offer from Concord Hospital regarding potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the hospital's ambulatory sites.

I assure you while we work to secure a strong future for our organization, our doors will remain open. We are still hard at work providing high-quality healthcare to our communities.

While several steps and approvals remain in this process, including an auction and sale overseen by the U.S. Bankruptcy Court and approval from regulatory agencies, we feel Concord Hospital would be a natural fit to ensure the continued provision of excellent care in the Lakes and Three Rivers Region. We have partnered to support local health services in the Lakes and Three Rivers Region for some time and are like-minded in our not-for-profit, charitable missions.

Thank you for your continued support and partnership as we go through this process. Don't hesitate to reach out to me directly if you have any questions about the process we're undertaking.

-Kevin

Kevin W. Donovan
President and CEO, LRGHealthcare

DRAFT

LRGHealthcare has shared an important update about the steps we are taking to reduce our debt load and ultimately secure a bright future for Lakes Region General Hospital, Franklin Regional Hospital and our **Hospitals'** ambulatory sites.

For several years now, our leadership team and board of trustees has been working tirelessly to determine the right path for our organization, one that preserves the legacy of our organization and maintains access to needed health care services in the Lakes and Three Rivers region. During that time, we have explored all viable options and together determined that filing for Chapter 11 bankruptcy was in the best interest of our hospitals, employees and ultimately the community who depend on us year-round.

We have been forthcoming about the challenges we face as a small, rural health system and our need to find a strategic solution. We have had many conversations with employees and our community about our financial performance and our long-term sustainability, and while sometimes difficult, they have helped shape the road ahead. At the same time that we have filed for Chapter 11 bankruptcy, we have received an offer from Concord Hospital to acquire the assets of Lakes Region General Hospital, Franklin Regional Hospital and the **Hospitals'** ambulatory sites. Our goal is that through the bankruptcy process we emerge as part of another healthcare system. An acquisition by Concord would be a natural fit, as we have worked together for some time and share a mutual charitable, not-for-profit mission.

While we cannot predict the exact outcome of the bankruptcy process, we are hopeful for what the future holds for health care in our community. The past six months have made the importance of strong, local health care even more abundantly clear.

While we work through the process of bankruptcy and acquisition, LRGHealthcare remains committed to our patients, staff and the community. We are continuing to provide the care our community needs right now, and this process will not have any impact on our day-to-day operations. Our doors will remain open to meet your medical needs.

I know that the community and the people we serve likely have questions about what this means and what the future holds for LRGHealthcare. There is still a lot we do not know or cannot predict about

DRAFT

what is ahead, but we are doing everything possible to uphold access to needed health care services in our community.

I encourage you to visit our website to learn more. We have created a special page (**lrg.org/our-future**) where you can get more information about the process and sign up for regular updates. We are also interested in hearing from you. LRGHealthcare is hosting a community forum where we will share more about where we are today and seek input from our community members about the future. The virtual forum will take place on Thursday, October 29th from 5:30 – 6:15 p.m. Interested community members can register via the following link: lrg.org/community-forum.

On behalf of the entire LRGHealthcare system, thank you for your support and the trust you place in us to care for you.

DRAFT

The following talking points are to be provided to front desk and call center staff who are responding to phone call inquiries regarding the bankruptcy announcement.

- Thank you for reaching out to learn more about how we are securing a sustainable future for LRGHealthcare.
- LRGHealthcare has begun the legal and regulatory process of filing for Chapter 11 bankruptcy.
- We also have an offer from Concord Hospital regarding a potential acquisition of the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites.
- It's important to note that nothing changes for LRGHealthcare patients or employees as we move through this process. Our doors will remain open.
- *If the speaker does not indicate relationship to LRGH or identifies themselves as a patient, member or employee:*
 - For more information, I would direct you to lrgh.org/our-future. If you would like to speak with someone about further details of this announcement, please call the following toll-free number: (855) 917-3542.
- *If the speaker identifies themselves as a member of the media:*
 - It is our organization's policy to direct all media inquiries to Cass Walker. You can reach her at cjwalker@lrgh.org. I am sure she would be glad to help you.
- *When speaking to vendors, suppliers, business partners, donors:*
 - For more information, please visit dm.epiq11.com/LRGHealthcare or call the following toll-free number: (855) 917-3542.

For Facebook

LRGHealthcare has provided excellent local health care services for the Lakes and Three Rivers Region for more than 125 years. Today, we are taking an important step toward securing our long-term financial stability and preserving local access to care. LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy. We are also excited that Concord Hospital has submitted a bid to acquire the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites. Throughout this process, our doors will remain open to meet your needs. Learn more: lrg.org/our-future

For Twitter

Today, LRGHealthcare is taking an important step toward securing our long-term financial sustainability and preserving local health care for the Lakes and Three Rivers Region. Throughout this process, our doors will remain open to meet your needs. Learn more here: lrg.org/our-future



A Sustainable Future for LRGHealthcare

LRGHealthcare
care. compassion. community.

Tonight's presenters



Kevin W. Donovan
President & CEO



William Bald
Board Vice-Chair

Agenda

- **Our future**
- **How we got here**
- **What this means**
- **Why Concord**
- **Mental health and substance use disorders**
- **The process**
- **Q&A**

Our future

- **LRGHealthcare is beginning the legal and regulatory process of filing for Chapter 11 bankruptcy.**
- **We are also announcing that we have an offer from Concord Hospital to acquire the assets of Lakes Region General Hospital, Franklin Regional Hospital and the Hospitals' ambulatory sites.**

Our future

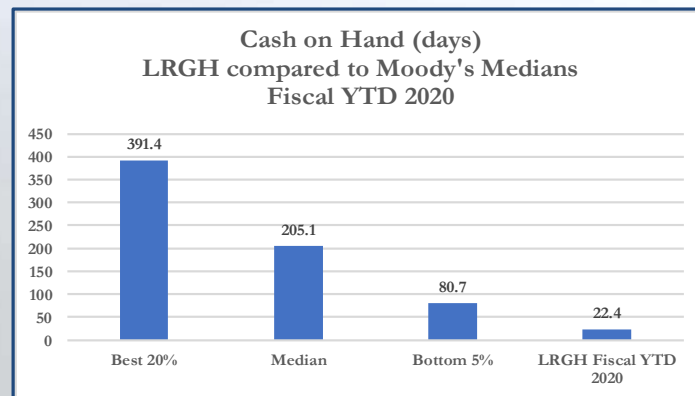
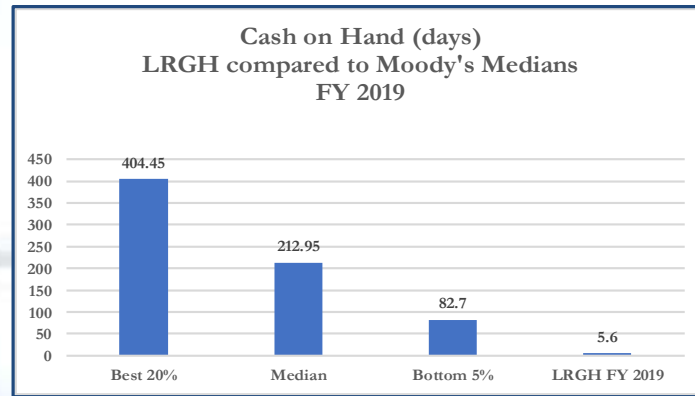
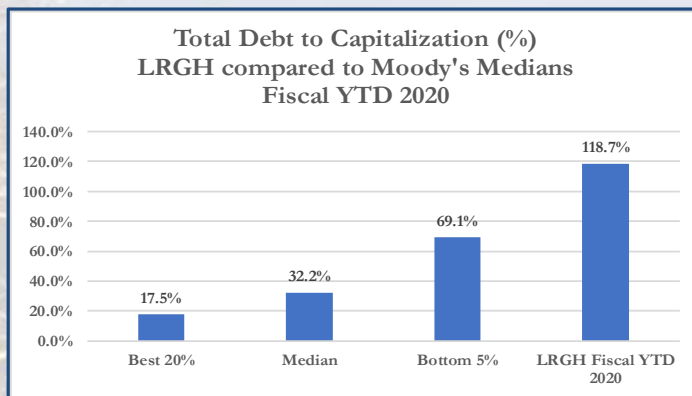
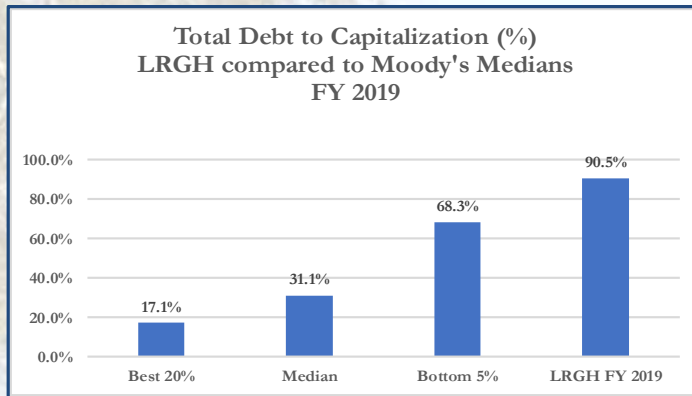
- **Why?**
 - Secure our long-term financial stability
 - Ensure a bright future for our organization
 - Preserve access to excellent care in our region

How we got here

- **Our path here**
 - Faced challenges as a small, community health system long before the coronavirus pandemic
 - Unplanned expenses and loss of revenue over the years
 - Outsized debts
 - Significant impact from COVID-19 pandemic

How we got here

- We have known for some time that our current state is not sustainable for the long term.



What this means

Nothing changes today for our employees or our patients. We will remain open.

What this means

- **Right now, nothing is changing for:**
 - Services at LRGHealthcare
 - LRGHealthcare facilities
 - Medical Staff
 - Employees
 - Jobs and benefits
 - Cost of care

Why Concord?

- History of successful collaborations
- Shared commitment to preserving care for the Lakes and Three Rivers Region
- **Proposed acquisition is not finalized**



Mental health & substance use disorders

- **Key question for New Hampshire regulators**
 - Maintenance of 10 Bed Inpatient psychiatry unit at Franklin Regional Hospital
 - Future reopening of the Geriatric psychiatry unit at Lakes Regional General Hospital
 - Continued partnership with Lakes Region Mental Health Center providers
 - Continued partnership with the Doorways
 - Continued provision of Recovery Clinic services

The process

- **Acquisition is not final**
- **We must go through the following legal and regulatory steps before an acquisition can be finalized:**
 - United States Bankruptcy Court (and auction process)
 - New Hampshire Attorney General
 - Department of Health and Human Services
- **Timeline**

Questions / Answers



lrg.org/our-future



A Sustainable Future for LRGHealthcare

LRGHealthcare
care. compassion. community.

Our future

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Our future

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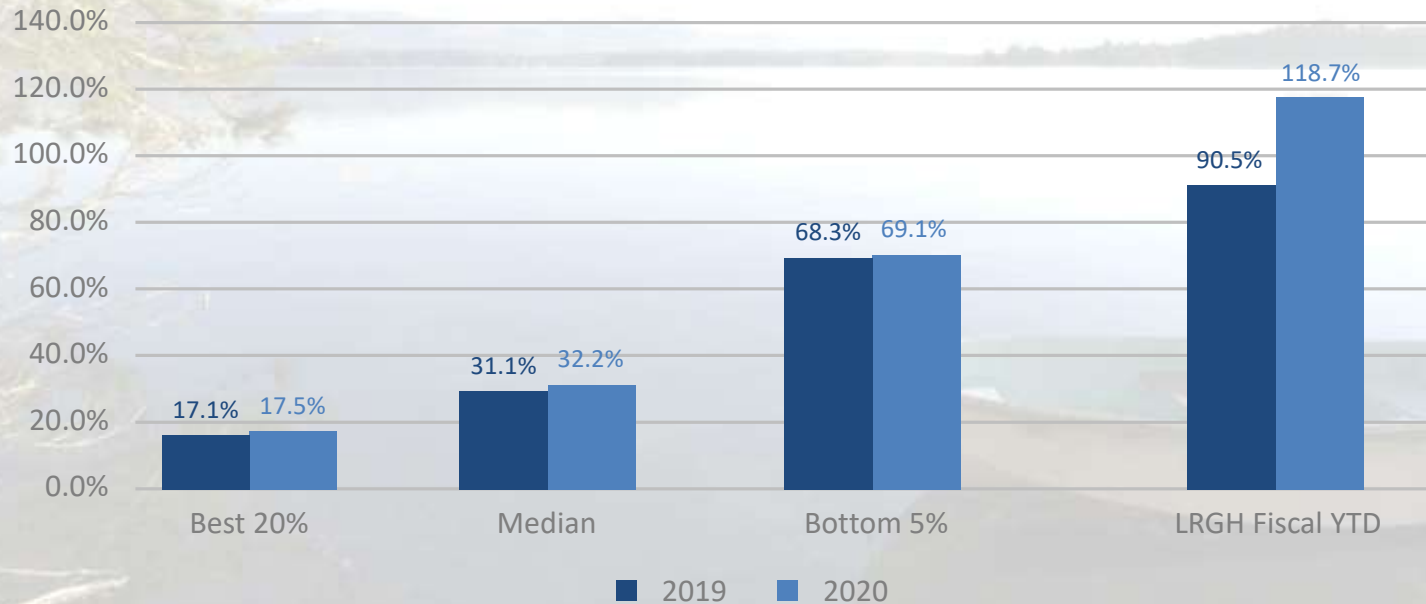
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How we got here

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How we got here

Total Debt to Capitalization (%) LRGH compared to Moody's Medians Fiscal Year 2019-2020



2020 figure represents LRGH fiscal YTD

What this means

Nothing changes today for our employees or our patients. We will remain open.

What this means

- **Right now, nothing is changing for:**
 - Services at LRGHealthcare
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What this means

- **Right now, nothing is changing for:**
 - Pension and retirement
 - Earned time off

for our employees
and our patients

Why Concord?

- History of successful collaborations
- Shared commitment to preserving care for the Lakes and Three Rivers Region
- **Proposed acquisition is not finalized**



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Questions / Answers



Website: lrgh.org/our-future

Email: future@lrgh.org



A Sustainable Future for LRGHealthcare

LRGHealthcare
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Tonight's presenters



Kevin W. Donovan
President & CEO



Cynthia P. Baron
Board Chair

Agenda

- **Our future**
- **How we got here**
- **What this means**
- **Why Concord**
- **Mental health and substance use disorders**
- **The process**
- **Q&A**

Our future

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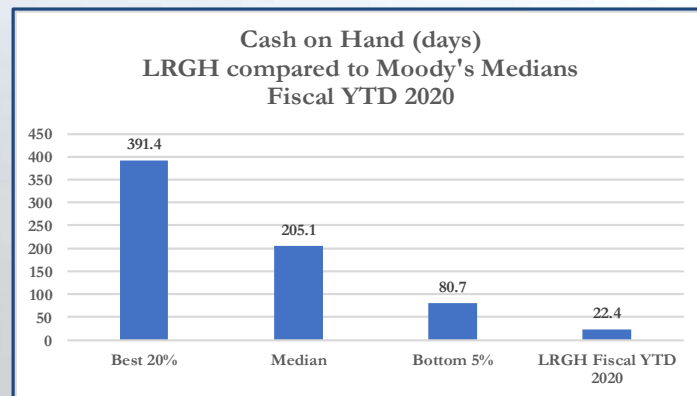
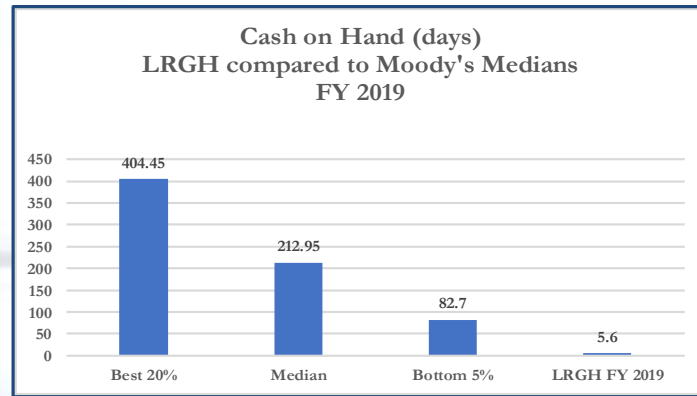
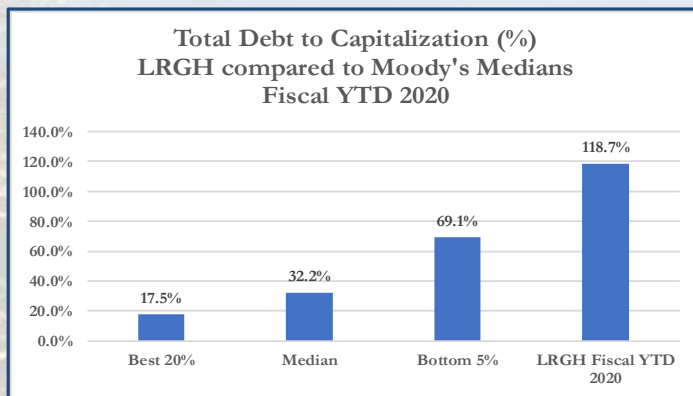
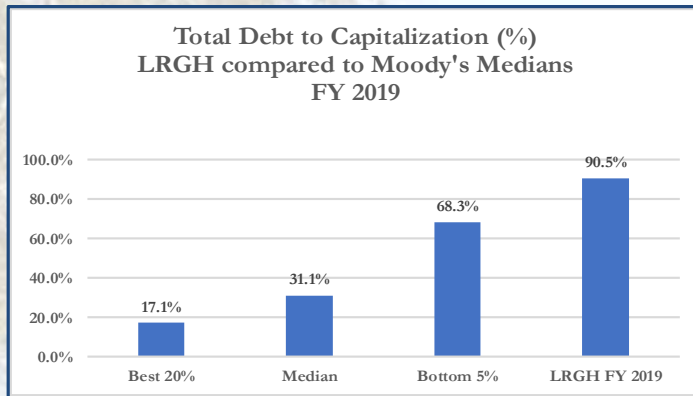
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Mental health & substance use disorders

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Questions / Answers



lrg.org/our-future