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**St. James Mercy Health System and Guthrie Healthcare System  
Announce Affiliation**

Guthrie Healthcare System (GHS) and St. James Mercy Health System have reached an agreement to enter into an affiliation aimed at enhancing physician recruitment and expanding technological capabilities at St. James Mercy Hospital. The effective date of this new arrangement is July 1, 2011.

Talks between the two health systems began over one year ago. Both parties believe an agreement has been reached that honors the history and tradition of excellent care at St. James Mercy Hospital, while taking advantage of the strengths of the Guthrie system to most effectively meet the changing health care needs of patients in the Hornell region.

“We have expended a great deal of time and effort identifying the right partner to help us keep and strengthen services where they are needed and to attract new specialties,” said Mary LaRowe, president and CEO of the St. James Mercy Health System. “We are confident we have found that partner in Guthrie. They offer a stellar track record of delivering high quality care and services in rural settings, and we are excited about what they bring to the table.”

LaRowe added, "It is reassuring to see the type of financial turnaround that Guthrie helped bring about for Corning Hospital. That facility went from a challenging situation to such a positive position that they are planning for a new, state-of-the-art facility. A remarkable change like that does not happen without a strong partnership, and Guthrie is just such a partner."

LaRowe went on to say that St. James Mercy patients will have greater access to specialty services otherwise requiring significant travel, as well as enhanced convenience with the eventual introduction of an electronic medical record. "This partnership will also strengthen our ability to carry out our mission of serving the poor, the underserved, and disadvantaged," she said.

"Guthrie's expertise in delivering health care and proven track record of recruiting physicians to rural settings will support St. James Mercy Hospital's efforts to keep a great institution viable in the face of a challenging economic landscape," said Judith Persichilli, president and CEO of Catholic Health East, the national health care system of which St. James Mercy Health System is a member. GHS will assist St. James Mercy in recruiting physicians to its service area; these physicians will be employed by St. James Mercy. In addition, Guthrie Healthcare will provide assistance in the development of an electronic medical record, and in the areas of personnel management, finance, quality review and strategic planning.

"This is a great step for two great health systems," said Mark Stensager, president and CEO, Guthrie Healthcare System. "The partnership between St. James and Guthrie strengthens us both. St. James will benefit from Guthrie's medical resources and administrative support, and as Guthrie recruits physicians for western Steuben County, the successful growth of those practices, in turn, increases all patients' access to care for the twin tiers region."

Joseph A. Scopelliti, M.D., president and CEO of Guthrie Clinic, said, "With fewer people entering the medical profession, recruitment of physicians has to be one of the priorities for any organization looking to grow. The St. James medical staff has a proud history of service and we look forward to partnering with them to further that service."

Founded in 1890, St. James Mercy Hospital is comprised of the hospital, McAuley Manor and eleven clinics located throughout the rural service area. The mission statement of St. James Mercy emphasizes the goal of "being a transforming, healing presence within the rural communities we serve, particularly addressing the needs of the poor, underserved and disadvantaged."

St. James Mercy has 297 licensed beds and provides a full range of services including emergency, acute medical and surgical, adult and adolescent psychiatry, obstetrics and gynecology, in-patient addiction rehabilitation, skilled nursing care, adult day care, dialysis, and behavioral health day treatment. Special services include sleep disorders

studies; cardiac and pulmonary rehabilitation; physical, occupational and speech therapy; long term ventilator care, and a school of radiologic sciences.

St. James Mercy Health System is a member of Catholic Health East, a multi-institutional Catholic health system based in Newtown Square, Pennsylvania. The System provides the means to ensure the continuation of the Catholic identity and operational strength of the sponsors' health ministries, which are located within 11 eastern states from Maine to Florida. The System includes 33 acute care hospitals, four long-term acute care hospitals, 25 freestanding and hospital-based long-term care facilities, 14 assisted-living facilities, four continuing care retirement communities, eight behavioral health and rehabilitation facilities, 37 home health/hospice agencies, and numerous ambulatory and community-based health services.

Guthrie Healthcare System, a nonprofit organization is comprised of the Guthrie Clinic, a multi-specialty medical practice with 260 physicians and more than 130 midlevel providers located throughout Pennsylvania and New York – and three hospitals: Robert Packer Hospital in Sayre, Pa., Troy Community Hospital in Troy, Pa., and Corning Hospital in Corning, NY.

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