

Notice to Participants and Beneficiaries of The Bristol Hospital & Health Care Group Retirement Plan (the “Plan”) of Tentative Authorization Under Prohibited Transaction Exemption (PTE) 96-62, as Amended.

You are hereby notified that Bristol Hospital Inc., (the “Hospital”) has applied to the U.S Department of Labor (“DOL”) for final authorization of a proposed loan by the Plan to Bristol Hospital Inc. The proposed transaction described in this notice has met the requirements for tentative authorization from the DOL under PTE 96-62. Under the transaction, the Hospital will mortgage two parcels of real property it owns (the “Properties”) as security for a loan from the Plan. The primary purpose for the loan is to provide the Plan with a sound long-term fixed investment that will allow for an attractive return, needed diversification and adequate safeguards. The benefit to the Hospital is to provide operating cash flow for its business needs and to retire an outstanding short-term debt incurred in the original purchase of the Properties on May 10th, 2005. The Properties will be used to house new space for hospital operations, outpatient services, EMS operations and educational classrooms. If final authorization is obtained, the loan will be exempt from certain prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Authorization from the DOL is necessary because Bristol Hospital Inc., is the Plan Sponsor and the transaction would otherwise constitute a prohibited transaction under ERISA. This notice informs you of the application to the DOL and of your right to comment to the DOL about the transaction.

Proposed Conditions for Authorization by the DOL

The restrictions of sections 406(a), 406(b)(1) and (b)(2) of ERISA and the sanctions resulting from the application of section 4975 of the Internal Revenue Code, by reason of section 4975(c)(1)(A) through (E) shall not apply to the loan described herein provided the following conditions are satisfied:

1. The loan does not exceed 25% of the total assets of the Plan at any time.
2. The terms of the loan are at least as favorable to the Plan as those terms which would exist in an arm’s length transaction with an unrelated third party. The terms shall be:
 - a. Loan Amount: \$1,390,000 US
 - b. Term: 15 Years
 - c. Initial Interest Rate: Fixed for ten years at 175 basis points over 10 Year US Treasuries fixed at the time of closing.
 - d. Interest Rate Adjustment: Interest rate to be adjusted in year 11. The adjusted Rate shall be fixed at 175 basis points over 5 Year US Treasuries for years 11-15. In no event shall the adjusted rate increase more than 3% or decrease less than 2% from the prior adjustment period.

- e. Payment: Payments on the loan will be made on the first day of the month.
 - f. Prepayment: The loan may be prepaid at par at the end of 5 years and at anytime thereafter until year 11 and 15. The loan may be prepaid with a premium of 5% in years 1 and 11 decreasing 1% each year thereafter.
 - g. Recourse: The loan shall have full recourse against the borrower.
 - h. Security. The loan shall be secured by a first mortgage on the Properties.
 - i. Collateral. The note requires the borrower to pledge collateral so that the loan is secured at 150% of the principal balance of the loan at the time of closing.
 - j. Additional Collateral. The note requires the borrower to pledge additional collateral in the event the collateral falls below 150% of the principal balance of the loan plus accrued but unpaid interest.
 - k. Default Procedures: Upon the occurrence of any Event of Default, the Plan may require the borrower to remit any unpaid amount due under the note, plus 2% interest above that already charged under the note on any amount in arrears. Additionally, the note requires that the borrower may be subject to a penalty equal to 5% of any payment not remitted upon default. Further, upon the occurrence of any Event of Default the Plan may also seek foreclosure on the Properties and acquire title to the Properties through legal process and/or begin to collect rent from any tenants occupying the Properties subject to the conditional assignment of rentals contained along with the note and mortgage deed.
3. The interest rate applied is similar to what a bank or other lender would require in a similar situation.
 4. The loan is secured by a first mortgage, which is duly recorded under Connecticut State law, on the Properties which have an aggregate fair market value, as determined by an independent qualified appraiser, of at least 150% of the outstanding principal balance of the loan (plus accrued but unpaid interest) throughout its duration unless other property is pledged as collateral, as noted below.
 5. The Properties serving as collateral are covered by casualty, fire, or general insurance policies at a level sufficient to protect the Plan's interest at all times and such policies will reflect the Plan as the named insured.
 6. The Independent Fiduciary has reviewed the proposed terms and conditions of the loan and determined that the loan is in the best interests and protective of the Plan and its participants and beneficiaries.
 7. The Independent Fiduciary has acknowledged that, as a fiduciary, he is responsible for, among other things, determining whether it is prudent to go forward with the loan, and reviewing and approving the methodology, as well as the application of the methodology, used in the appraisals of the Properties at 238 and 233 Main Street and 13-35 Prospect Street, and 222 Main Street and 26 Prospect Street.

8. The Independent Fiduciary agrees that throughout the term of the loan he will enforce compliance with the terms and conditions of the loan and of the DOL's final authorization, including foreclosure on the Properties in the event of default.
9. The Independent Fiduciary monitors the loan throughout its duration and takes whatever steps may be necessary to safeguard the interest of the Plan and its participants and beneficiaries.
10. The Plan has the right, under the terms of the loan and mortgage note, to require the Hospital to pledge additional property as collateral for the loan, in the event such property is needed to maintain full collateralization at the amount equal to 150% of the unpaid principal balance (plus accrued but unpaid interest) as determined by a qualified independent appraiser.

Overview

The Hospital currently owns the Properties. The proposed transaction contemplates a loan by the Plan to the Hospital that would be secured by mortgages on the Properties.

The Hospital purchased the Properties on May 10th, 2005, to provide it with needed additional space and the enhanced ability to offer its range of services and promote its mission of becoming a leading institution in the area. The Properties are in close proximity to the Hospital, were well suited for the intended purposes, and were available at an attractive price. The purchase price was \$850,000. It was determined by the Plan's fiduciaries and the representatives of the Hospital that the purchase of the properties would serve the best interests of both the Hospital and the Plan under a scenario where the Plan would lend the Hospital the funds to purchase the properties. The purchase of the properties by the Hospital would provide much needed space in the right location at the right price. Purchase by the Hospital would also afford the advantages of favorable tax treatment due to the tax exempt status of the Hospital. The Plan, through the loan, would obtain a desirable investment that would further the investment policy of the Plan, provide needed diversification, offer an attractive fixed rate of return and provide appropriate safeguards and security.

Because of the need to secure the properties within a time frame that would not allow for the processing of a prohibited transaction exemption, the Hospital was forced to purchase the properties directly by utilizing a pre-established short-term line of credit from a local bank.

Now that the purchase has been completed, the Hospital and the Plan seek to accomplish their mutually beneficial objectives by having the Hospital mortgage the Properties through a loan from the Plan.

Parties to the Transaction

The Plan

The Plan is a defined benefit pension plan that has been in existence since 1976 and was established and maintained to provide retirement benefits to its participants and beneficiaries. The Plan has been amended to comply with all current legislation and intends to continue to so comply. The Plan Sponsors EIN number is 22-2577726, and the Plan number is 001. Currently, plan assets total \$59,156,862.79, and there are 1,960 participants in the Plan.

Bristol Hospital Inc.

Bristol Hospital, a non-profit organization, is a 134 bed full service health care institution that provides comprehensive inpatient and outpatient care for the greater Bristol, Connecticut area. Specifically, the Hospital provides counseling, mammography, diagnostic imaging, sports medicine, physical and occupational therapy and senior wellness programs. It is the Hospital's mission to provide the highest quality health care to its patients and to become a leading institution for such service in its service area.

The Hospital also operates a 128 bed nursing facility, which provides 24 hour nursing care for patients requiring long-term and specialized care. The Hospital also manages the Bristol Hospital Wellness Center which provides a wide array of services, including health and fitness education, rehabilitation services, diabetes care, cardiac and pulmonary care, nutrition counseling, behavioral health, pain management, health risk assessments services and various education classes.

Independent Fiduciary

In connection with the application to the DOL, the Plan has retained, at the Hospital's sole expense, a qualified independent fiduciary. Michael Levin, of the law firm of Levin, Ford & Paulekas has agreed to serve in such a capacity. Mr. Levin is an experienced commercial real estate attorney and is familiar with loan transactions of this nature. Mr. Levin has analyzed the transaction and will represent the interests of the Plan as the Independent Fiduciary at all times with respect to the loan. Mr. Levin will monitor compliance of the parties with the terms and conditions of the loan, and will take whatever action is necessary and appropriate to safeguard the interests of the Plan and its participants and beneficiaries with respect thereto, and to insure that the loan remains in the interests of the Plan and its participants and beneficiaries.

Tentative Authorization

Authorization of the DOL was requested under procedure PTE 96-62, which requires that the proposed transaction be substantially similar to at least two previous exemptions granted by the DOL. The proposed transaction has been found by the DOL

to be substantially similar to PTE 2003-29 and Final Authorization Number (F.A.N) 2004-04E. PTE 2003-29 (Valley OB-GYN Clinic), involved a loan from a plan to a plan sponsor to finance the purchase of real property used in the medical trade and business. This exemption can be found in the Federal Register at 68 Fed. Reg. 52789 (September 5th, 2003). The second authorized transaction is F.A.N 2004-04E, 02/06/04 (Briner Electric Company Profit Sharing Plan and Trust). This authorized transaction permitted a loan from individual accounts within a profit sharing plan to a plan sponsor in order to finance the purchase of real property.

Your Right to Comment on the Tentative Authorization

As an interested person, you have the right to submit comments to the DOL on the tentative authorization. If you decide to do so, you should submit your comments to the following address:

Employee Benefits Security Administration
Office of Exemption Determinations, Division of Individual Exemptions
U.S Department of Labor
200 Constitution Avenue, N.W.
Room N-5700
Washington, D.C. 20210
Attention: Karin Weng

Be sure to refer to the submission number, which is E-00510. Comments must be received by the DOL no later than **March 13, 2006**.

Comments may also be e-mailed to Weng.Karin@dol.gov or faxed to Ms. Weng at the DOL at (202) 219-0209.

We expect to implement the transaction as soon as reasonably possible after the date of final authorization. The estimated date is April 1st and is subject to change under the conditions and timing of the authorization.

If you have any questions about this notice contact, Ms. Karin Weng, of the Department of Labor, at (202) 693-8540. If you have any questions about benefits provided by the Plan, contact Stu Rosenberg, Plan Administrator at (860) 585-3599.