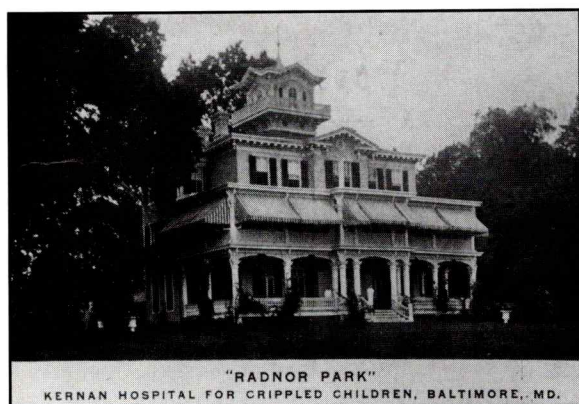




Kernan & Montebello Merging

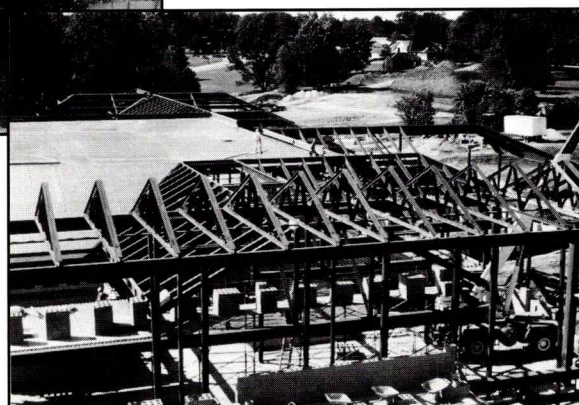
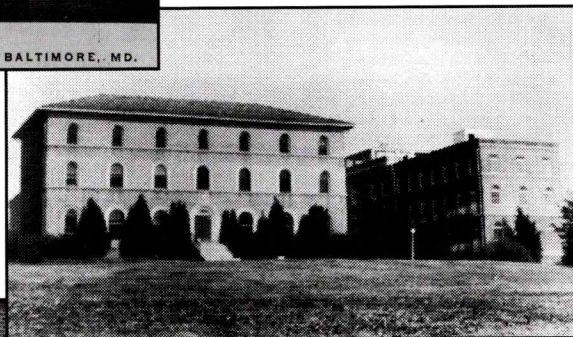


Above: Radnor mansion, the original Kernan Hospital building on the Kernan campus, is used today as primarily office space; however, the first floor is furnished with original antiques and is preserved as it looked in the early 1900's.



Above: Nurses leave the original Montebello Hospital which still stands today.

Right: The William Donald Schaefer Rehabilitation Center at Kernan Hospital currently under construction. Photograph taken in July, 1995.



Construction on the 128-bed William Donald Schaefer Rehabilitation Center at Kernan Hospital, is well underway. The \$30 million rehabilitation center is scheduled to open March of next year. The new center, which is the result of a merger of the James Lawrence Kernan Hospital and the Montebello Rehabilitation Hospital, will replace the existing 70-year old Montebello facility. Instead of renovating the outdated building, the University of Maryland Medical System decided to build the center on the campus of our Kernan subsidiary.

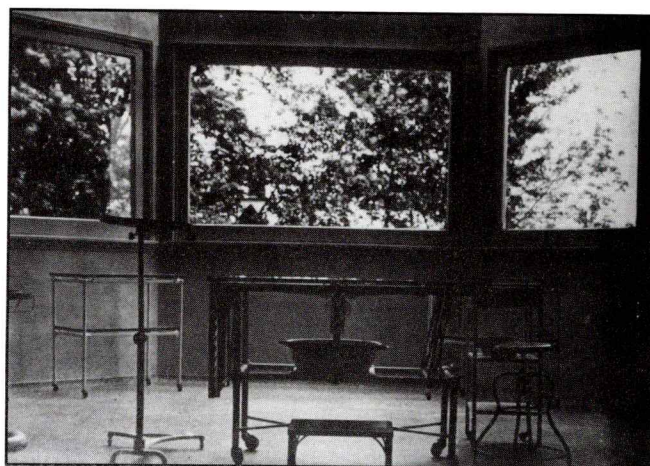
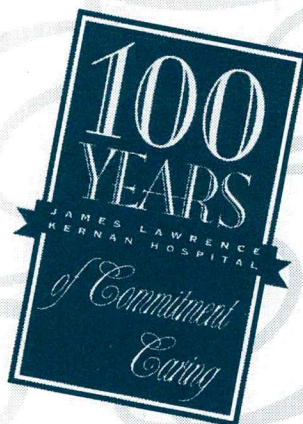
When completed, the new building at Kernan will offer Maryland residents the most modern rehabilitation facility available in the region. RTKL Associates of Baltimore has designed the building to reflect the character of a 150-year-old mansion that occupies the highest point on the Kernan site.

A childhood friend of John Wilkes Booth, James Lawrence Kernan was well known in Baltimore as a hotelier and burlesque house operator who built the old Kernan Hotel and gave generously to charitable organizations. He bought the hospital property in 1907 to serve as a home for the Hospital for the Relief of Crippled and Deformed Children. That hospital was later renamed for Mr. Kernan.

Montebello opened in 1924 as the Sydenham Hospital, a 140-bed facility run by Baltimore City to provide free care and confinement for patients with polio, measles, whooping cough and other communicable diseases. After it became a state hospital in 1953, its name was changed to Montebello to reflect the nearby lake. It became part of the private University of Maryland Medical System in 1992.

KERNAN'S HISTORY

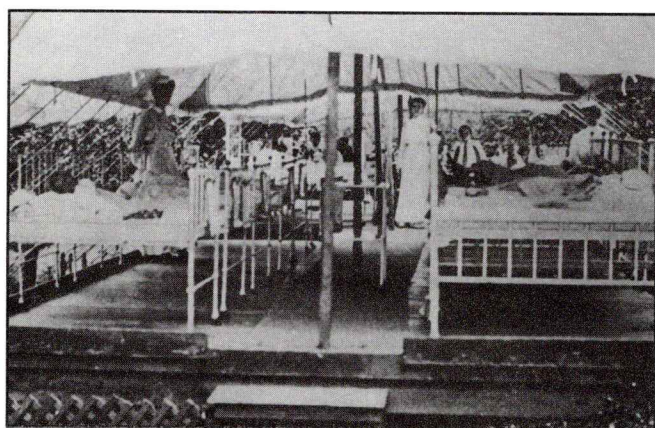
James Lawrence Kernan, a childhood friend of John Wilkes Boothe, was the son of a dry goods salesman. Serving in the Confederate Army during the Civil War, Kernan met and was greatly impressed by Colonel John Singleton Mosby, known as the 'Gray Ghost' and a master of the surprise attack. At the end of the war, Kernan became an entrepreneur, investing in burlesque houses and vaudeville and hotel complexes in Baltimore. His financial success brought him to the attention of fundraisers for charitable organizations. In this vein, Kernan received a letter from Ada Mosby, requesting the loan of a piano for a 6-bed children's hospital in downtown Baltimore on West 20th Street, a couple of blocks north of North Avenue. The Hospital for the Relief of Crippled and Deformed Children, a chronic care facility under the direction of Dr. Tungsten Taylor, was indeed the pet charity of Colonel Mosby's niece. Kernan donated the piano and, over the years, a great deal more. During one escapist jaunt through the countryside, Kernan discovered the Radnor Estate, which he purchased in 1907 for \$50,000 as a larger home for the children's hospital. The former estate, including the Radnor mansion, is now the home of Kernan Hospital. The hospital's original mission was to treat children with tuberculosis, polio, and scoliosis. As medical advances greatly diminished the prevalence of these diseases, the mission changed to address the treatment of adults with orthopedic and rehabilitation needs. A commitment to helping children and adults overcome physical limitations and maximize functional independence has remained the focus of this institution. Founded in 1895, Kernan Hospital became a part of the University of UMMS in 1985.



One of the original operating rooms at Kernan Hospital.

MONTEBELLO'S HISTORY

The Sydenham Hospital, a 110- to 140-bed facility built by the City of Baltimore, opened in 1922 to provide free care and confinement for Baltimore residents with polio, measles, whooping cough and other communicable diseases. In 1953, with the widespread use of vaccines and antibiotics simplifying the control and treatment of these diseases, the City passed Sydenham into the hands of the State of Maryland. Dr. James McCallum, the medical director for the State of Maryland for a number of years, had a vision that was dedicated to the expansion and development of chronic disease hospitals for the State of Maryland. The state changed the facility's name to Montebello, a name derived from nearby lake Montebello. The hospital now concentrated its activities in the rehabilitation field for those disabled by chronic diseases. Montebello opened a new 213-bed wing in 1957 and became part of a statewide chronic care network. In 1976, the State Department of Health and Mental Hygiene declared Montebello a State-wide rehabilitation resource. In the 1970s, the average patient length of stay was 15 years, compared to today's average of 31 days. The State's 1976 designation of Montebello as a state-wide rehabilitation resource gave the hospital a new direction. Through the early 1980s, programs were developed to assist in the discharge of chronic care patients to appropriate community facilities. With a Post-Trauma Unit and 50 dedicated trauma/rehab beds, Montebello became the first comprehensive rehabilitation facility serving patients discharged from Shock Trauma. In 1981 UMMS took over the clinical direction of the facility, making Montebello one of the few fully accredited university-affiliated rehabilitation hospitals in the country. In 1986 UMMS took over the administrative direction of the facility. The passage of state legislation in 1992 privatized Montebello, enabling it to become a part of UMMS.



Stonytoft Hospital, a mountain hospital at Blue Ridge Summit, Pennsylvania which Kernan Hospital used for "summer fresh air therapy for city patients", was a gift from the hospital's Ladies Guild. The mountain hospital accommodated 25 patients in tents and wooden buildings