News Release

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Methodist Hospitals and Franciscan Alliance Announce Letter of Intent

(Gary, Merrillville and Mishawaka, Ind. – March 22, 2017) – Methodist Hospitals and Franciscan Alliance announced today the signing of a non-binding Letter of Intent (LOI) providing for the integration of the Methodist Hospitals into the Franciscan Alliance system. The proposed transaction would advance the missions of the two systems and further their ability to provide exceptional patient care to the communities that they serve.

The systems firmly believe that their combination will expand access to care, enhance the quality of care and facilitate more efficient delivery of medical services. The parties contemplate a due diligence process of approximately 120 days during which the systems will review and further define the details of their proposed relationship before finalizing an agreement.

The combined system will be better positioned to meet the many challenges posed by today’s rapidly-changing health care marketplace. Combined systems will be better able to address the clinical and financial consequences of the shift to population health management and risk-based contracting.

“We look forward to maximizing the benefits of this partnership that will bring the best of both systems to our communities,” said Ray Grady, President and Chief Executive Officer of Methodist Hospitals. “As the health care landscape evolves, we are dedicated to being forward-looking and ensuring that we continue growing in a way that best serves our patients, communities, physicians and employees.”

Kevin Leahy, President/CEO Franciscan Alliance stated “the Boards and management of Methodist and Franciscan are interested in exploring the possibility of combining our two health systems. We believe that, together, we can provide better access to care, enhance patient services, improve quality, and lower costs through cooperation. By leveraging the talent and expertise of our physicians and clinical staffs we can improve the patient experience for those whom we are privileged to serve.”

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Throughout the due diligence process, the two systems will continue meeting with physicians, employees, and community representatives to discuss the impact of their proposed relationship on key constituents. A definitive agreement will remain contingent upon typical closing conditions including obtaining all required regulatory approvals.

**About Methodist Hospitals:** Methodist Hospitals is a community-based, not-for-profit health system with two full-service acute care facilities in Gary and Merrillville, Indiana, that has been leading the way to better health for residents of Northwest Indiana for almost 100 years. Methodist Hospitals offers a number of award-winning programs, including its Neuroscience, Oncology, Heart and Vascular Institutes and Breast Care Center. Its range of services also includes Women & Children’s Services, Bariatric Surgery Services, Emergency & Trauma Services, Immediate Care Centers, Orthopedics & Spine Services, comprehensive Rehabilitation Services, Behavioral Health and Home Health Services.

**About Franciscan Alliance:** Franciscan Alliance is one of the largest Catholic health care systems in the Midwest, which includes Franciscan Health, Franciscan Physician Network, Franciscan ACO, Franciscan Health Foundation, Franciscan Insurance Services, Franciscan Home Care, Tonn & Blank, LLC, Hills Insurance, Inc., and Franciscan Corporate Services.

Franciscan Alliance employs nearly 20,000 healthcare professionals to provide quality, compassionate care to a service area of 3.7 million people. Founded in 1875 by the Sisters of St. Francis of Perpetual Adoration, Franciscan Alliance is devoted to providing care that reflects our Mission and Values of Respect for Life, Fidelity to Our Mission, Compassionate Concern, Joyful Services and Christian Stewardship.

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