



WEDNESDAY, SEPTEMBER 10, 2014

DUE DILIGENCE PROGRESS

As announced on July 22, Carondelet has entered into a Letter of Intent (LOI) to create a joint venture between Tenet Healthcare, Dignity Health, and Ascension. Under the anticipated agreement, Tenet would be the majority partner in the joint venture and have management responsibility for the operations of Carondelet's health system assets, including St. Joseph's Hospital, St. Mary's Hospital, Holy Cross Hospital, Carondelet Medical Group, Carondelet Specialist Group, as well as all of Carondelet's ancillary businesses.

The LOI is just the first step in building this new partnership. It is an exclusive, non-binding agreement that allows all sides to enter a period of due diligence and announces to others that we are negotiating exclusively with our potential partners.

Documents Submitted

We successfully met the deadline of August 15 for submission of all requested due diligence materials. I would like to thank all of the individuals who were instrumental in compiling this data, and who worked nights and weekends to ensure that we met this goal. Your commitment is much appreciated. Tenet and Dignity are now reviewing the thousands of documents provided to them so they can learn as much as possible about Carondelet.

Tenet Visiting in September

Some of the functional leaders at Tenet will be on site at Carondelet over the next three weeks to participate in meetings that will allow for a better understanding of our current operations and administrative functions. Any leaders and administrators who will be participating are already aware of these meetings.

All Associate Meetings

We hope to hold another set of All Associate Meetings at each of our hospitals and Forbes in October or November. Those who work at a medical practice, imaging center, or outpatient clinic are welcome to attend any of those meetings. We will provide dates and times in the coming weeks.

RESOURCES FOR YOU

While this important work is underway, we have created some resources for your reference:

1. On the left hand side of the iConnect homepage, you will now see a link titled [*Carondelet Update*]. It currently leads you to a page with the official news release, original memo, and my phone message to all associates and physician partners. It will be the one place where you can access any future announcements and newsletters as we move forward.
2. Talking Point for Associates – Some of our associates have asked managers what they can say to patients and the public about our transition. It is appropriate to explain that: *We are very early in the process, but we are excited about the possibility of coming together with Tenet and Dignity.*

YOUR QUESTIONS AND FEEDBACK

We recognize that many of you have questions about the transition. We will keep a list of all associate and physician questions submitted and, once details are known, we will attempt to answer the most commonly asked questions as appropriate. You can send questions to: TransitionQuestions@carondelet.org.

Additionally, if you are hearing feedback from patients and the public about our transition and wish to share it with us, you can use that same email address to do so. Hearing this feedback will help ensure we are also providing the community with enough facts about the joint venture as it develops.

A transition of this magnitude is a careful and deliberate process, and we appreciate your patience. I will continue to provide periodic updates in newsletters like this one.

Thank you and Be well.



James K. Beckmann
President and Chief Executive Officer
Carondelet Health Network