Carondelet. Be well.

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TO: Carondelet Holy Cross Board
Carondelet Foundation Board of Trustees
Carondelet Medical Group Board
Carondelet Specialist Group Board
Carondelet Medical Executive Committees

FROM: James K. Beckmann, President and CEO

DATE: July 22, 2014

RE: Carondelet & Ascension Sign Letter of Intent to Form a Joint Venture in Tucson

As we first shared with you in February, Carondelet has been working with Ascension to explore new strategic relationships for our Tucson healthcare ministry. Healthcare is changing and, as such, we must evolve to meet community needs in a sustainable way and provide long-term stability for our associates and physician partners.

I am pleased to share with you today that Carondelet and Ascension have signed a Letter of Intent (LOI) with Tenet Healthcare Corporation to create a joint venture with Tenet and Dignity Health that would own and operate Carondelet. Tenet, Dignity and Ascension have now started a 90-day due diligence period anticipated to result in a definitive agreement. 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. It's anticipated that Ascension would retain a minority interest in such a joint venture. Once the acquisition is complete, the joint venture would maintain Carondelet's heritage and identity, continuing Carondelet's Catholic sponsorship.

Currently, Tenet Healthcare and Dignity Health both own and operate hospitals in the Phoenix area. Their participation in a Tucson–based joint venture would connect Carondelet to a regional healthcare system, including Tenet's and Dignity Health's growing accountable care organization, Arizona Care Network; strengthen and grow Carondelet's relationships with physicians; and fund strategic growth initiatives in Southern Arizona.

We are excited to pursue this relationship with Tenet and Dignity Health. Like Carondelet, these organizations are committed to providing high quality, low cost, person-centered care. This relationship is an opportunity to strengthen those efforts, enhance healthcare across Arizona, and continue Catholic sponsorship of Carondelet. Further, the people of Tucson and Southern Arizona will continue to benefit from the tremendous dedication and talent of our associates and physician partners.

While you may have many questions right now, this is all of the detail that we can provide to you at this time. Much due diligence will be required by all parties over the next 90 days. Any media inquiries regarding this matter should be directed to Lisa Contreras, Sr. Dir., Corporate Communications, at 520-349-1845.

Thank you and Be well.