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Advocate and Aurora to Merge, Creating Top 10 Health System Poised to Transform the Industry

New system will offer platform for transformation and be a destination for patients and clinicians

Chicago, IL and Milwaukee, WI — Advocate Health Care and Aurora Health Care announced today their plans to merge to create Advocate Aurora Health, the 10th largest not-for-profit, integrated health care system in the United States, serving nearly three million patients each year. The two organizations, known for their track record on clinical quality and outcomes, cited enhanced scale, expanded access, greater efficiencies and a shared commitment to transform the care delivery model as key drivers for the merger.

“This merger is about transforming care delivery and reimagining the possibilities of health as bigger meets better and size meets value to benefit consumers,” said Jim Skogsbergh, president and chief executive officer of Advocate. “By joining forces we will be able to expand our network to scale innovation and create a destination in the Midwest for patients and the talented clinicians who care for them.”

“For the communities in Illinois and Wisconsin that we serve and for our two organizations, this is an unprecedented opportunity to shape our future and better serve patients,” said Nick Turkal, M.D., president and chief executive officer of Aurora. “We are fortunate that our organizations are coming together from unique and complementary positions of strength, particularly at a time of evolving industry dynamics. Working together, we will deliver on the promise of value for the people who receive, provide and pay for health care.”

Both the Advocate and Aurora Boards of Directors approved the plan, announcing the decision to physicians, nurses, associates and caregivers in both organizations today. The merger will build on the 20-year relationship the two health systems have had through the joint ownership and operation of ACL Laboratories.

“Advocate has a well-deserved reputation as a national leader in population health and their value-based approach has led to better outcomes and more affordable health care,” said Aurora Board Chair Joanne Disch. “We share a bold vision for the future as we create a consumer-centric system to improve the quality of life for the diverse communities we serve.”

“We have a two-decade long relationship with Aurora and have great respect for the clinical and operational expertise that has made them a top tier provider and employer,” said Advocate Board Chair Michele Richardson. “Given our combined strength and stability, fueled by our talented physicians, nurses and staff, we are uniquely positioned to lead change in the health care industry.”

The new organization will operate 27 hospitals, more than 500 sites of care, employ more than 3,300 physicians and nearly 70,000 associates and caregivers. With combined annual revenues of approximately \$11 billion, Advocate Aurora Health offers significant resources and the financial flexibility to expand investment and scale innovation.

The agreement includes a plan for a single Board of Directors comprising an equal number of members from Advocate and Aurora, with Skogsbergh and Turkal serving as co-CEOs. Disch will chair the Advocate Aurora Health Board of Directors during the first year of operation and Richardson will assume leadership for the second year. The plan also outlines a unified vision, along with plans to consolidate balance sheets. The Advocate and Aurora names will continue to be used. Each system will maintain its current headquarters.

The agreement is subject to state and federal regulatory review and approval, including the Federal Trade Commission and agencies within Illinois and Wisconsin. Closing is expected by mid-year 2018.

About Advocate Health Care

Advocate Health Care is the largest health system in Illinois and one of the largest health care providers in the Midwest. Advocate operates nearly 400 sites of care and 12 hospitals, including two of the nation’s 100 Top Hospitals, the state’s largest integrated children’s network, five Level I trauma centers (the state’s highest designation in trauma care), three Level II trauma centers, one of the area’s largest home health and hospice companies and one of the region’s largest medical groups. Advocate Health Care trains more primary care physicians and residents at its four teaching hospitals than any other health system in the state. As a not-for-profit, mission-based health system affiliated with the Evangelical Lutheran Church in America and the United Church of Christ, Advocate contributed \$692 million in charitable care and services to communities across Chicagoland and Central Illinois in 2016.

About Aurora Health Care

Aurora Health Care is a not-for-profit Wisconsin-area health care provider and a national leader in efforts to improve health care quality. Aurora offers services at sites in more than 30 counties throughout eastern Wisconsin and northern Illinois. Aurora is Wisconsin's most comprehensive health care provider and the state's largest private employer. Aurora serves more than 1.2 million patients every year via a comprehensive network of facilities, services and providers, including 15 hospitals, more than 150 clinics, more than 70 pharmacies and more than 33,000 caregivers. As evidenced by more than 300 active clinical trials, Aurora is dedicated to delivering innovations to provide the best possible care today, and to define the best care for tomorrow. Get helpful health and wellness information via the *Aurora MyHealth blog*, our *Facebook* page, our *Twitter* account and our *Pinterest* account.

Neither Advocate nor Aurora has agreed to assume any liability for or otherwise guarantee the other party’s debt as part of the transaction; however, the parties will evaluate optimal credit structure alternatives and whether the refinancing of all or a portion of the existing debt could be considered beneficial to the combined organizations. Any refinancing would be dependent on market conditions, management considerations and other factors. There can be no assurance that any Advocate debt or Aurora debt will be refinanced in connection with the transaction. This notice is not made by Advocate and Aurora in connection with a purchase or sale of bonds and accordingly is not intended to contain all information material to a decision to purchase or sell bonds.