

NOTICE OF DEFINITIVE AGREEMENT

On December 21, 2020, Franciscan Health System (“FHS”), Virginia Mason Health System (“VMHS”), and CommonSpirit Health (“CommonSpirit”), the sole member of FHS, entered into an Affiliation Agreement (the “**Affiliation Agreement**”), pursuant to which, among other things, CommonSpirit will cause the formation of a new nonprofit corporation (the “**Joint Operating Company**”), of which CSH and VMHS will be the only members. The Joint Operating Company would be a controlled subsidiary of CSH, consolidated with CSH for accounting purposes, and would govern and manage the combined operations of FHS, Virginia Mason Medical Center (“VMMC”), Benaroya Research Institute (“BRI”) and certain other affiliates of FHS and VMMC, subject to certain VMHS protective reserved powers held by VMHS and CommonSpirit. The proposed transaction described in this paragraph is referred to herein as the “**Contemplated Affiliation**”.

Mercy Medical Center, Inc., located in Roseburg, Oregon and St. Anthony Hospital, located in Pendleton, Oregon, each of which are affiliates of CommonSpirit operating in the same Division as FHS, will not be governed or managed by the Joint Operating Company, and CommonSpirit will continue to be the sole corporate member of those entities.

Yakima Valley Memorial Hospital Association, d/b/a Virginia Mason Memorial (“**Memorial**”), which is currently affiliated with VMHS, has announced its intention to become independent of VMHS, and is not part of the Contemplated Affiliation. Memorial and VMHS will amend Memorial’s articles of incorporation and bylaws to remove VMHS as Memorial’s sole corporate member.

The parties presently expect the Contemplated Affiliation to be effective on or around January 1, 2021, subject to satisfaction of all closing conditions. There is no assurance that the closing conditions will be satisfied.

None of the parties to the Contemplated Affiliation, nor any of their affiliates, have agreed to assume liability for or otherwise guarantee payment of the other parties’ debt, nor do any of the parties have any immediate plans to refinance their outstanding debt, but the parties have agreed in the Affiliation Agreement to explore the consolidation of the outstanding debt of VMMC and BRI into the CommonSpirit debt program, subject to market conditions, the feasibility thereof, and CommonSpirit’s approval thereof. Any consolidation or refinancing would be dependent upon then-existing financial, credit, and capital market conditions, management considerations and other factors. There can be no assurance that any debt would be refinanced in connection with the Contemplated Affiliation.

This Notice is not made by the parties 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. This Notice does not constitute or imply any representation that no other information exists that may have a bearing on the financial condition of the parties, the security for any bonds or other securities, or an investor’s decision to buy, sell, or hold any bonds or other securities.

Certain statements included or incorporated by reference in this Notice constitute “forward looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,”

“expect,” “estimate,” “project,” “budget,” or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS

December 23, 2020