



Elmhurst Memorial
Healthcare

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Edward, Elmhurst announce plans to merge into integrated health system

(Naperville, Ill. and Elmhurst, Ill. – January 22, 2013) – Two of Illinois’ preeminent healthcare providers, Edward Hospital & Health Services and Elmhurst Memorial Healthcare, today announced plans to merge to become one of the larger integrated health systems in the state.

The proposed merger would create a three-hospital health system – Edward, Elmhurst Memorial and Linden Oaks at Edward – with revenues of more than \$1 billion and more than 50 locations across a service area of 1.7 million residents. The system would employ nearly 7,600 and have more than 1,680 physicians on staff.

Last week the parent boards of each entity agreed to enter into a Letter of Intent to merge. Before the merger can be finalized, Edward and Elmhurst Memorial will complete the normal due diligence review process in the coming months. Certain aspects of the proposed merger also are subject to state and federal regulatory review. Once approved, the merger could be completed in mid-2013. The Letter of Intent also provides for Edward President & CEO Pam Davis to be named CEO of the new health system upon completion of the merger.

“With this transaction we can assure residents of our local communities that we will preserve both Edward and Elmhurst Memorial as vital healthcare resources for years to come,” said Pam Davis. “The delivery of healthcare is changing rapidly. Hospitals are under tremendous cost pressure while being asked to take a much more active role in managing the overall health of patients. Together, Edward and Elmhurst can enhance the quality and cost effectiveness of healthcare while still maintaining our strong local community focus.”

Peter Daniels, President & CEO of Elmhurst Memorial, said, “Edward is a great fit with Elmhurst because of our similar patient-centered and physician-driven cultures, our wide range of services, our shared commitment to providing high quality care, and our complementary service areas. We’ll be big enough to offer a wide variety of locations and the latest services across a wide geography, and nimble enough to provide for, and react to, the local needs of our communities.”

The merger will build upon the success of Illinois Health Partners – Edward’s partnership with DuPage Medical Group and many independent physicians – to jointly manage the care of nearly 100,000 HMO patients in the region. DuPage Medical Group has more than 370 physicians, including a strong presence in the communities also served by Elmhurst Memorial and Edward.

The merger will also have many benefits including:

- Improving coordination of care and quality in the region as Edward and Elmhurst Memorial medical staff share best practices and clinical protocols.
- Building upon our relationships with affiliated and independent physicians. Edward Medical Group and Elmhurst Memorial’s affiliated practices including Elmhurst Clinic, LLC, will remain of key strategic importance as will hundreds of independent physicians at both entities including DuPage Medical Group practitioners. We also plan to continue partnerships with other major physician groups such as Advocate Midwest Heart Specialists which has a large presence at Elmhurst and Edward.
- Improving access to clinical services. While Edward and Elmhurst each have a broad range of high-quality service offerings, we plan to complement and grow our service offerings and locations throughout the region in an efficient manner that best serves the needs of the community.
- Becoming more efficient. With shrinking reimbursement for hospitals, healthcare reform demands that we become more efficient to lower healthcare costs.

Founded in 1926, Elmhurst Memorial Hospital today is Elmhurst Memorial Healthcare, a comprehensive health system with multiple locations and services designed to enhance the health of the communities and customers served. In June 2011, Elmhurst Memorial Healthcare opened a new, 866,000-square-foot, state-of-the-art acute care hospital. With 259 private patient rooms, a modern emergency department and technologically advanced surgical suites, Elmhurst Memorial Hospital incorporates the latest trends in healthcare facility design and is home to some of the area’s most advanced technology. Elmhurst Memorial is one of 19 hospitals worldwide designated as a Planetree

patient-centered healthcare organization. For more information about Elmhurst Memorial Healthcare visit www.emhc.org.

Edward Hospital & Health Services is a full-service, regional healthcare provider offering access to complex medical specialties and innovative programming. Founded in 1907 as a tuberculosis sanatorium and converted to a community hospital in 1955, Edward Hospital in Naperville has 309 private patient rooms and 4,400 employees, including 1,350 nurses and a medical staff of 1,000 physicians comprised of independent members of the medical staff, employed physicians and independent contractors. Edward Plainfield at 127th and Van Dyke continues to grow and saw more than 100,000 patient visits last year for a wide variety of services. Edward is the number one hospital for overall quality in Chicago's west and southwest suburbs and number one in all key service lines in the region according to a 2012 survey by the National Research Corporation. Edward was re-designated as a Magnet hospital for nursing excellence in 2010 after receiving its original designation in 2005. For more information about Edward, visit www.edward.org.

Linden Oaks at Edward is a 108-bed behavioral health hospital on Edward's Naperville campus with outpatient locations in Naperville, Plainfield, St. Charles, Woodridge and Yorkville. For more information about Linden Oaks, visit www.edward.org/lindenoaks.

It is not currently anticipated that the financial structure of either organization, as represented by their respective "obligated groups", will be altered by the proposed merger.

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