Excerpts Referencing Louisville or Kentucky from First Quarterly Report of FY2018 by Catholic Health Initiatives for Three Months Ending September 30, 2018.

[Page numbers refer to page numbers in the actual report.]

References to Louisville:

Page 2.
In addition to the operational initiatives across the system, the three months ended September 30, 2017 continued to see the transition of KentuckyOne Health ("KentuckyOne") highlighted below and detailed in Part III: *Strategic Affiliations & Acquisitions - Pending and Completed Divestitures.*

• In May 2017, the Corporation's Board approved the divestiture of substantially all of the KentuckyOne Louisville-area acute care operations. The marketing and sales process will continue thru the remainder of fiscal year 2018.

• The Corporation and KentuckyOne transitioned the University of Louisville Medical Center operations, management and control back to the University of Louisville ("U of L"), effective July 1, 2017.

• The Corporation assumed complete ownership of KentuckyOne, effective September 1, 2017, when the Corporation purchased the non-controlling interest from the remaining partner for $150 million.

Page 4. KentuckyOne Health.
In November 2012, KentuckyOne entered into a Joint Operating Agreement ("Kentucky JOA") and an Academic Affiliation Agreement ("AAA") (collectively "Agreements") with U of L, University Medical Center, Inc. ("UMC"), which owns the University of Louisville Hospital, and other parties.

On December 17, 2016, KentuckyOne, UMC and U of L agreed to restructure their existing Kentucky JOA. Under the terms of the revised agreement, the operations, management and control of the University of Louisville Hospital was transferred back to UMC effective July 1, 2017. The AAA was also restructured and various transition services agreements were entered into in connection with the transfer of the University of Louisville Hospital to UMC.

As described in Part II: Fiscal Year 2017 Highlights and Summary, in May 2017, the Corporation approved a plan to sell or otherwise dispose of substantially all of KentuckyOne's Louisville market acute care operations, including certain entities of Jewish Hospital and St.
Mary's Healthcare, Inc. ("JHSMH"). As a result, the Corporation will refocus the Kentucky region on a smaller community footprint, centered in central and eastern Kentucky. The Corporation assumed complete ownership of KentuckyOne, effective September 1, 2017, when the Corporation purchased the noncontrolling interest from the remaining partner for $150 million in cash consideration.

The following summarizes the financial results of UMC and JHSMH reported in the CHI consolidated statements of changes in net assets:

The CHI consolidated balance sheets included UMC total assets of $605.5 million and total liabilities of $330.3 million at June 30, 2017. Upon deconsolidation of UMC on July 1, 2017, CHI incurred a loss of $319.2 million recognized in the CHI consolidated statements of changes in net assets. The CHI consolidated balance sheets include JHSMH discontinued operations total assets held for sale of $394.2 million and total liabilities held for sale of $34.3 million at September 30, 2017.

References to Kentucky.

Page 2. The Kentucky region's results (excluding discontinued operations) continued to show strong improvement, reporting operating EBIDA before restructuring, impairment and other losses of $31.5 million for the three months ended September 30, 2017, compared to $7.5 million in the corresponding period of the prior fiscal year. Revenue improved as a result of contract rate increases and increased acuity, while total expenses declined as a result of improvement initiatives in labor, supply and other expense categories.

Page 14. "Total labor costs decreased $(63.3) million for the three months ended September 30, 2017 as a result of the reduction of 2,667 FTEs, offset by $5.3 million in increased average hourly rates. CHI continues to address labor productivity within the regions, with a particular focus on the Kentucky and Texas regions, as well as growth initiatives in certain physician practices where labor costs have been added in anticipation of future increased patient volumes." ...

[and]

REGIONAL OPERATING TRENDS
The Corporation periodically reviews its allocation methodology for corporate support services and may adjust those allocations based on the strategic needs and resource consumption of the regions and CHI overall. These changes in allocation methodologies may increase or decrease a region's operating results from year to year, but have no impact on the consolidated results of CHI.

Regional operations were improved primarily by favorable expense management offsetting reduced patient volumes for the three months ended September 30, 2017. The Pacific Northwest, Colorado, Texas, Nebraska and Kentucky regions represent CHI's five largest operating regions, and for the three months ended September 30, 2017, represented 69.7% of CHI's consolidated operating revenues. Additional information on these regions is discussed below....

Page 16. "Kentucky - the region's operating EBIDA before restructuring, impairment and other losses (excluding discontinued operations) totaled $31.5 million for the three months ended September 30, 2017, and increased $24.0 million compared to the corresponding period of the prior fiscal year. The region's favorable results were due primarily to overall reductions in operating expenses which decreased 6.3%, or $17.4million, as a result of continued implementation of expense management and productivity improvements.Net patient services revenues increased $12.2 million due to favorable shifts in acuity, contract rate increases and managed care payers correcting under payments. Total net revenue per adjusted admission increased4.8% for the three months ended September 30, 2017compared to the corresponding period of the prior fiscal year, while total operating expense per adjusted admission decreased (6.4)%. Total labor as a percentage of net patient services revenues decreased to 45.0% for the three months ended September 30, 2017 compared to 48.6% in the corresponding period of the prior fiscal year, representing a favorable expense variance of $9.2 million. Supply expense as a percentage of net patient services revenues decreased to 18.6% for the three months ended September 30,2017 compared to 19.8% in the corresponding period of the prior fiscal year representing a favorable expense variance of $3.0 million."...

Page 17. 2. SUMMARY OF CHI BALANCE SHEETS AS OF SEPTEMBER 30, 2017 AND JUNE 30, 2017

"Total assets were $20.9 billion and $21.9 billion at September 30, 2017 and June 30, 2017, respectively, representing a decrease of (4.7)%, or $(1.0) billion, during the three months ended September 30, 2017. The decrease was primarily attributable to a $(628.7) million decrease in assets of discontinued operations as a result of the deconsolidation of UMC on July 1, 2017, a decrease of $(460.3) million in cash and unrestricted investments, as described further below, as well as a $(162.9) million reduction in net property and equipment balances, a result of decreased capital spending across the regions and of real estate asset sales during the three months ended September 30, 2017."....

Financing cash flow activities for the three months ended September 30, 2017, totaled $(218.0) million and include net debt and interest payments, net swap collateral receipts, and $(150.0) million for the purchase of the remaining non-controlling interest in KentuckyOne."...

Total liabilities were $13.5 billion and $14.2 billion at September 30, 2017 and June 30, 2017, respectively, representing a decrease of (4.7)%, or $(668.8) million, during the three months ended September 30, 2017, including a $(290.0) million decrease in liabilities of discontinued operations as a result of the deconsolidation of UMC on July 1, 2017, a $(59.9) million decrease in outstanding debt balance, and a $(309.2) million decrease in accounts payable and accrued expenses as a result of working capital changes.

Total debt was $8.6 billion at both September 30, 2017 and June 30, 2017, respectively, representing a decrease of $(59.9) million, primarily due to $(34.5) million in net debt redemptions and $(30.5) million in scheduled debt service payments during the three months ended September 30, 2017.

The debt-to-capitalization ratio increased to 54.9% at September 30, 2017, from 53.8% at June 30, 2017, primarily as a result of a $(367.3) million decrease to unrestricted net assets. Total unrestricted net assets decreased (5.0)%, or $(367.3) million, during the three months ended September 30, 2017, primarily due to a $(319.2) million loss on the deconsolidation of UMC, a $(32.2) million net loss from discontinued operations, and a $(150.0) million decrease from the purchase of the remaining non-controlling interest in KentuckyOne, offset by $135.3 million in excess of revenues over expenses.

Page 22.Legal Proceedings.

St. Joseph–London. Following a voluntary disclosure of compliance-related issues concerning cardiac stent cases performed at a CHI direct affiliate, St. Joseph London ("SJHS"), by a single, independent/non-employed interventional cardiologist, on January 22, 2014, SJHS entered into a settlement agreement with the federal government, the Commonwealth of Kentucky, and three relators and paid $16.5 million to resolve civil and administrative monetary claims raised in a qui tam lawsuit relating to certain diagnostic and therapeutic cardiac procedures performed at SJHS's facility and the financial relationship with certain cardiac physicians and physician groups. In addition, SJHS entered into a five-year corporate integrity agreement ("CIA") with the OIG that imposes certain compliance oversight obligations solely at SJHS's facility. The CIA is approaching the end (in February 2018) of its fourth year.

In a separate matter, numerous civil lawsuits were filed against the Corporation and SJHS claiming damages for alleged unnecessary cardiac stent placements and other cardiac procedures. Both CHI and SJHS vigorously defended the lawsuits. The first case, Edward Marshall, et al. v. Catholic Health Initiatives et al., Case No. 11-CI-00972, was tried to a defense verdict in favor of both CHI and SJHS. Plaintiffs agreed to dismiss the second case to be tried, Blair Apgar and Mary Apgar, his wife v. Catholic Health Initiatives, et al., Case No. 12-CI-00445.
CHI and SJHS were dismissed before trial from the third case to be tried, James Davis, part of Anthony Adams et al. v. Catholic Health Initiatives, et al., Case No. 12-CI- 00802, which resulted in a defense verdict in favor of the remaining defendants. The fourth case, LeMaster v. Catholic Health Initiatives, et al., Case No. 12-CI- 00975, which was originally scheduled for trial in April 2016, was dismissed by the court following a grant of summary judgment in favor of SJHS due to plaintiff's failure to establish a causal link between the alleged negligence and plaintiff's injuries. The fifth case, Dolly Wathen, also part of Anthony Adams, et al. v. Catholic Health Initiatives, et al., Case No. 12-CI-00802, was dismissed by plaintiffs prior to trial. The sixth case, Kevin Ray Wells, Sr. v. Catholic Health Initiatives, et. al., Case No. 12-CI-00090, was tried to verdict in August 2016. The jury found in favor of the plaintiff and awarded compensatory damages in an amount just under $1.3 million and punitive damages of $20.0 million. Post-trial motions were filed and, while the trial court did not set aside the verdict, it did reduce the punitive damage award to $5.0 million. The rulings of the trial court are now being appealed. The E/O Vada Owens v. Catholic Health Initiatives, et al. Case No. 12- CI-00405 commenced trial on January 9, 2017 in the Circuit Court of Laurel County with the Honorable Judge Lay presiding. Prior to the case going to the jury, a Settlement in Principle was reached with Plaintiffs on all of the cardiac claims and settlement in those claims has now been finalized, including the E/O Owens, but excluding Kevin Wells which remains on appeal. Management believes that adequate

reserves have been established and that the outcome of the current litigation will not have a material adverse effect on the financial position or results of operations of CHI.

Page 21.
Catholic Health Initiatives Notes to Consolidated Interim Financial Statements (Unaudited)213. Acquisitions, Affiliations, and Divestitures (continued)

Unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

KentuckyOne Health Noncontrolling Interest – Effective September 1, 2017, CHI became the sole owner of KentuckyOne Health through the purchase of the noncontrolling interest from the remaining partner for $150.0 million in cash consideration. The transaction resulted in a reduction of unrestricted net assets, reflected in the consolidated statement of changes in net assets.

Dignity Health – On October 24, 2016, CHI and Dignity Health signed a nonbinding letter of intent to explore aligning their organizations and expanding their mission of service in communities across the nation. The potential alignment would strengthen CHI and Dignity Health's leadership role in transforming health care through increased patient access and enhanced clinical excellence. The boards and sponsors of the two health systems are continuing to evaluate the potential alignment and are in the final stages of the due diligence process. CHI can give no assurance that the transaction will occur.

Discontinued Operations
The UMC, JHSMH and QualChoice Health operations are reflected as discontinued operations, with JHSMH and QualChoice Health assets and liabilities reflected as held for sale, in accordance with ASC 205-20, *Presentation of Financial Statements – Discontinued Operations.*

Effective on July 1, 2017, and in accordance with the agreement entered into in December 2016 between KentuckyOne Health and UMC, UMC took over the management of its assets and CHI ceased consolidating the UMC operations. The transaction resulted in a loss on deconsolidation of $319.2 million for the three months ended September 30, 2017, reflected in discontinued operations in the consolidated statement of changes in net assets, and equal to the net assets of UMC as of June 30, 2017. The assets and liabilities of UMC for the prior fiscal year were also reclassified and reflected as assets and liabilities of discontinued operations on the consolidated balance sheet.

In May 2017, CHI approved a plan to sell or otherwise dispose of certain entities of Jewish Hospital and St. Mary's Healthcare, Inc. System (JHSMH). CHI is proceeding with its plan to sell these operations and anticipates closing on a sale by the end of the fiscal year.