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FMOLHS Profile
The System’s service area is diverse and encompasses 2.3 million people, almost 50% of the State’s population.

Subsidiaries and Affiliate Organizations
- St. Francis Ambulatory Services, Inc.
- P&S Surgical Hospital
- Northeast Louisiana Cancer Institute
- Northeast Louisiana Physician Hospital Organization
- Louisiana Homecare of Monroe, LLC
- St. Francis Community Health Center
- St. Francis Medical Center Foundation
- St. Francis Medical Center-North
- St. Francis Medical Group
- Assumption Community Hospital
- BR PT-Lake
- Health Centers in Schools
- Lake AfterHours/Lake AfterHours Kids
- Lake Imaging Center
- Lake Quick Care
- Lake Surgery Center
- Lake Urgent Care
- LSU Health Baton Rouge
- Ollie Steele Burden Manor
- OLOL College
- OLOL Livingston
- OLOL Physician Group
- PACE Baton Rouge
- Premier Health Holdings (Urgent Care JV)
- Senior Residential Living
- Surgical Specialty Center
- USPI

Our Lady of the Lake Regional Medical Center
- Heart Hospital of Lafayette
- Imaging Center
- LHC Group Home Care
- Lourdes AfterHours
- Lourdes Physician Group
- Lourdes Foundation
- Park Place Surgery Center

Our Lady of Lourdes Regional Medical Center
- St. Elizabeth Physicians

Our Lady of Angels Hospital
- St. Elizabeth Physicians

Our Lady of the Angels Hospital
- St. Elizabeth Physicians

St. Francis Medical Center
- St. Francis Physicians

St. Elizabeth Hospital
- St. Elizabeth Physicians

Our Lady of the Angels Hospital
- St. Elizabeth Physicians

Other hospitals and services include:
- Assumption Community Hospital
- BR PT-Lake
- Health Centers in Schools
- Lake AfterHours/Lake AfterHours Kids
- Lake Imaging Center
- Lake Quick Care
- Lake Surgery Center
- Lake Urgent Care
- LSU Health Baton Rouge
- Ollie Steele Burden Manor
- OLOL College
- OLOL Livingston
- OLOL Physician Group
- PACE Baton Rouge
- Premier Health Holdings (Urgent Care JV)
- Senior Residential Living
- Surgical Specialty Center
- USPI

Our Lady of the Lake Regional Medical Center
- Heart Hospital of Lafayette
- Imaging Center
- LHC Group Home Care
- Lourdes AfterHours
- Lourdes Physician Group
- Lourdes Foundation
- Park Place Surgery Center

Our Lady of Lourdes Regional Medical Center
- St. Elizabeth Physicians

Our Lady of Angels Hospital
- St. Elizabeth Physicians

St. Francis Medical Center
- St. Francis Physicians

St. Elizabeth Hospital
- St. Elizabeth Physicians

Our Lady of the Angels Hospital
- St. Elizabeth Physicians
FMOLHS Profile

FMOLHS has grown significantly in recent years and is a leading provider of healthcare services in Louisiana

- **5 Acute Care Hospitals in Louisiana**
  - >1,382 acute care beds:
  - >64,010 annual admissions
  - >1,149,069 outpatient visits
  - >11,000 team members
  - >2161 medical staff members
  - >379 employed physicians
- **>23 Physician Joint Ventures**
- Senior Services Division
- Population Health Management Company (*Healthy Lives™*)
  - 90k lives across 10 states (including 6 Health System Partners)
- Our Lady of the Lake College
- Clinically Integrated Network
- Franciscan Medical Group (379 employed physicians)
- >1.6 Billion Annual Net Revenue (232 days cash on hand)
- Graduate Medical Education Program Expansion
  - 191 Residents/256 physician clinical faculty appointments
Franciscan Missionaries of Our Lady Health System
Organizational Chart

Corporate Member
Franciscan Missionaries of Our Lady

Board of Trustees

Health System
President/CEO

Operations Group
Franciscan Medical Group
Franciscan Clinical Network
Franciscan Health & Wellness
Corporate Center Services

Corporate Center Themes:

SHAPE

SECURE

SERVE
Mission, Vision, Values
Franciscan Missionaries of Our Lady Health System
Vision – Mission – Core Values

Vision Statement
To make a significant difference in our communities through Catholic health services.

Mission Statement
Inspired by the vision of St. Francis and in the tradition of the Roman Catholic Church, we extend the healing ministry of Jesus Christ to God’s people, especially those most in need.

We call forth all who serve in this healthcare ministry to share their gifts and talents to create a spirit of healing - with reverence and love for all of life, with joyfulness of spirit, and with humility and justice for all those entrusted to our care.

We are, with God's help, a healing and spiritual presence for each other and for the communities we are privileged to serve.

Core Values
Service
Reverence and love for all of life
Joyfulness of Spirit
Humility
Justice
## Results of 2012 Community Health Needs Assessment & Implementation Plan

### Clinical Focus Areas

<table>
<thead>
<tr>
<th>Obesity</th>
<th>Hypertension</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diabetes</strong></td>
<td><strong>HIV/AIDS</strong></td>
</tr>
<tr>
<td><strong>Heart Disease</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Community Benefit Summary

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2015 Estimated ($ in 000’s)</strong></td>
<td></td>
</tr>
<tr>
<td>I. Charity Care</td>
<td>$12,957</td>
</tr>
<tr>
<td>II. Gov. Sponsored (Includes Medicaid, Excludes Medicare)</td>
<td>$53,482</td>
</tr>
<tr>
<td>III. Cost of Community Benefit Services</td>
<td>$26,485</td>
</tr>
<tr>
<td><strong>TOTALS:</strong></td>
<td><strong>$92,924</strong></td>
</tr>
<tr>
<td>% of Operating Revenue</td>
<td><strong>6.8%</strong></td>
</tr>
</tbody>
</table>
Strategies
Successful Implementation of our Strategies will Improve the Management of Care

OUR ASPIRING VISION

By 2016, Franciscan Missionaries of Our Lady Health System, a Catholic Healthcare Ministry, will provide clinically integrated, market-based care through its sponsored organizations to effectively and efficiently manage the health of specific populations, especially those most in need.

Through its Team Members and culture of excellence the Health System will provide distinctive value for all constituents.

Sustainable financial performance ensures the long-term viability of our sponsored organizations and the System as a whole.
Strategies to Improve the Management of Care, Outcomes and Costs

Lead and Expand Care for the Elderly

Distinguish FMOLHS through Superior Performance

Transform to Innovative and Integrated Healthcare Delivery System in New and Existing Markets

Perpetuate our Ministry through Comprehensive Formation and Development of all Key Constituents
Lead and Expand Care for the Elderly

**Senior Care Services**

FMOLHS is committed to expanding its senior care services to include a robust offering of cost effective alternatives to institutional settings.

- **Program for All Inclusive Care for the Elderly (PACE)**
  - Offers adult day health care services, primary care, supportive services for the elderly to 145 enrollees

- **Elderly HUD Housing**
  - Offers low-income independent housing for 262 seniors

- **Primary Care Services for Seniors**
  - Senior Care Clinic

- **Senior Services Initiatives**
  - Expansion of Program for All Inclusive Care for the Elderly (PACE) to Lafayette, LA
  - Adding primary care geriatric providers
  - Establishment of Palliative Care Services at each market
  - Implementation of LaPost (Louisiana Physician Order for Scope of Treatment) throughout the state
  - Implementation of House Calls Program for St. Elizabeth Hospital and planned expansion into additional markets
  - Evaluation of home telemonitoring/e-Health products for consumers
TRANSFORM TO INNOVATIVE INTEGRATED HEALTHCARE DELIVER SYSTEMS

Population Health Management

Population

Providers/Physicians

Insurers

Institution

Ambulatory

Home
Transform to Innovative Integrated Healthcare Delivery Systems

Population Health Management

In 2011, FMOLHS launched Healthy Lives, an innovative population health initiative designed to effectively manage the health of populations, improve the value of healthcare delivery, and build healthier communities.

- >17,000 FMOLHS self-insured health plan members (>70% participation rate)
- Physician led effective management of care and costs
  - Quality and health outcomes measures exceed national benchmarks
  - No premium increases for members for first four years (2011-2014)
  - Medical and pharmacy claims costs per member per month (PMPM) remain 9% below 2010 costs
- 1 of 30 companies in the US recognized as a Best Employer for Healthy Lifestyles from the National Business Group on Health in 2012 (Platinum level), 2013 (Gold level), 2014 (Platinum level)
- Integrated with the FMOLHS Medical Group
- Provides services to over 90,000 lives in collaboration with 42 businesses in ten states, including six health system partners
Transform to Innovative Integrated Healthcare Delivery Systems

Clinically Integrated Network

FMOLHS created a system-wide Clinically Integrated Network (“CIN”) in November 2014, to drive goal of organizing the resources of care that lead to predictable quality and costs

- Includes all provider types (MDs, Institutional, Ambulatory, Home Care)
- Through various relationships (affiliated, employed, joint ventures, contracted, owned)
- To assure predictable quality and cost at levels which demonstrate the network as “best performer”
- A centralized resource to support and coordinate local networks
- Using services of Franciscan Health and Wellness Services to manage population health and data
Transform to Innovative Integrated Healthcare Delivery Systems

*Physician Alignment*

In order to further align and strengthen physician relationships, the System formed the Franciscan Medical Group in 2014.

- Provide physician leadership of clinical performance standards in Clinical Network,
- Design physician incentives to reward clinical improvement,
- Standardize practice administrative functions,
- Identify opportunities to share administrative systems with independent MDs,
- Lead growth strategy into new markets.
### Quality
- NHIQM (Enhanced Adoption)
- eQuality Check
- MU Stage II
- Quality outcomes and e-Submission
- ICD-10
- Decision alerting adoption
- DQR (Doc Quality Review)
- Readmission prevention
- Disease Registries
- Case Management Modules

### Transformational Customer Experience
- eSignature
- MVCC/Multi Patient Priority View
- Patient Image Capture (Wound care, Photo’s on Demog bar, etc.)
- Biometric Pt. ID/Pt. Secure
- Patient Portal
- eHealth
- ePrescribing (Narcotics)

### Care Integration and Efficiency
- Closed Loop Medication administration
- Device Integration – IV pumps, patient monitors
- Bed Integration
- Vitals Link
- Rhythm Strip Integration
- CVIS (Lumedx)
- Infusion Management
- Nursing Mobility
- Sky Vue
- Provider Documentation

---

### 2014-2015

- 2014
- 2015

### 2016

- DQR (Doc Quality Review)
- Readmission prevention
- Disease Registries
- Case Management Modules

### 2017

- Quality Modules
- Population Health Management
- iAware/Apache Outcomes Integration
- Device integration – Vitals Link, Beds, IV pumps
- Infusion Management
- Nursing Mobility
- Provider Documentation

---

### FMOLHS Clinical Strategic Cascade (Version 2014)

- 2014-2015
- 2016
- 2017
Distinguish FMOLHS through Superior Performance

Franciscan Way to Excellence deploys the Baldrige framework to identify opportunities in achieving results.

**Appropriate Care Measures**

<table>
<thead>
<tr>
<th>Year</th>
<th>FMOLHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>64.00%</td>
</tr>
<tr>
<td>2008</td>
<td>71.00%</td>
</tr>
<tr>
<td>2009</td>
<td>85.20%</td>
</tr>
<tr>
<td>2010</td>
<td>91.00%</td>
</tr>
<tr>
<td>2011</td>
<td>91.00%</td>
</tr>
<tr>
<td>2012</td>
<td>91.00%</td>
</tr>
<tr>
<td>2013</td>
<td>91.00%</td>
</tr>
</tbody>
</table>

**Team Member Commitment**

- Risk Adjusted Complication Index
- Risk Adjusted Mortality Index
- Risk Adjusted Readmission Index

**Inpatient Satisfaction**

<table>
<thead>
<tr>
<th>Year</th>
<th>FMOLHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>25.00%</td>
</tr>
<tr>
<td>2009</td>
<td>48.00%</td>
</tr>
<tr>
<td>2010</td>
<td>60.00%</td>
</tr>
<tr>
<td>2011</td>
<td>74.00%</td>
</tr>
<tr>
<td>2012</td>
<td>72.00%</td>
</tr>
<tr>
<td>2013</td>
<td>72.00%</td>
</tr>
<tr>
<td>2014</td>
<td>72.00%</td>
</tr>
</tbody>
</table>
Distinguish FMOLHS through Superior Performance

We strive to do well because of who we are, and recognitions confirm the efforts, but the new value proposition is based on objectively measured outcomes, service, and costs, with capacity to assume risk and the competency to manage it.
Distinguish FMOLHS through Superior Performance

Partnerships/Outsourced Services

FMOLHS continues to partner/outsource services with industry leading organizations to improve efficiencies

**Supply Chain**
ROI – Resource Optimization/Innovation (Mercy Health System) partnership with FMOLHS to manage supply chain functions and establish Centralized Distribution Center, Baton Rouge, LA

**Investment Portfolio Management Services**
Cambridge Associates – Investment Portfolio Management Services outsourced

**Internal Audit Services**
CHAN – Internal Audit functions outsourced. FMOLHS is one of 20+ health systems utilizing CHAN (initially formed through collaboration of Ascension Health and Catholic Health Initiatives)

**Clinical/Biomedical Engineering**
TriMedx – Clinical and Biomedical Engineering services outsourced across FMOLHS hospitals

**Urgent Care Services**
Premier Health – Urgent Care Facilities/Services – partnership with FMOLHS providing Equity and Management relationships for urgent care and retail medicine clinics throughout U.S.
Distinguish FMOLHS through Superior Performance

Healthy 2016, launched in FY2012 validated the impact of the ACA and identified >50 opportunities to report, in 6 categories, with clear accountabilities assigned.

Healthy 2016 Targets
- Mat Management: $31m
- Shared Services: $17m
- Strategic Growth: $10m
- Clinical Variation: $19m
- Revenue Cycle: $37m
- Labor Productions & Operations: $53m
- **Total**: $167m

Healthy 2016 Results
- Materials Management: $28.6m
- Shared Services: $750k
- Strategic Growth: $10m
- Clinical Variation: $6.2m
- Revenue Cycle: $3.4m
- Labor Productions & Operations: $42.1m
- **Total**: $80.1m
  
  (*FY13-FY14)*

Healthy 2018 “Reset”
- Materials Management: $3.7m - $8m
- Revenue Cycle: $28.8m - $51.2m
- Labor Production: $23.3m
- **Total**: $55.8m - $82.5m
Distinguish FMOLHS through Superior Performance

**Information Technology Strategy**

FMOLHS has continued to invest in IT across the System.

- FMOLHS completed a System-wide electronic health record (EHR) implementation and will transition over the next 18-24 months to one electronic medical records (EMR) system for inpatient and ambulatory care settings.

- FMOLHS is on track to submit for Phase 2 of Meaningful Use in 2015

  - **Phase 1 1st Year Submission**
    - October 2011
    - $12.6m
  - **Phase 1 2nd Year Submission**
    - October 2012
    - $7.8m
  - **Phase 1 3rd Year Submission**
    - October 2013
    - $4.6m
  - **Stage 1 2014 Submission**
    - November 2014
    - $1.2m

- FMOLHS E Health Strategy
- ICD 10 Implementation
- HIMSS Analytics in progress
Perpetuate Ministry through Comprehensive Formation Development for all Key Constituents

**Leadership Development**

We recognize the importance of recruiting, developing and retaining talent to succeed in execution of our strategies

- Implemented the *Foundations in Catholic Healthcare* program in conjunction with Catholic Health Association,

- Initiated centralization of key Human Resources functions
  - Appointed Beth Bayes as Chief Human Resource Officer, formerly served as VP of Thought Leadership at Time Warner Cable

- Leadership Review Process of all internal leadership talent
  - Key performers identified as promotable, developable, and well placed in addition to performers with opportunities for improvement
  - Highlights High Potentials and High Professionals
  - Identifies potential successors and ensures talent for succession gaps

- Targeted Development plan implemented to support additional experiences
Financial Performance
Consolidated: Payor Mix

Due to the CEA, the Lake’s Medicaid reimbursement rates have increased.

Payer Mix (Net Revenue – June 30, 2014)

- Medicare: 24.9%
- Medicaid: 15.2%
- Commercial/Managed care/Blues: 36.3%
- Worker’s Comp/Humana/Other Commercial: 9.2%
- Self Pay: 2.6%
- Lake Self Pay: 11.8%

40.1% Government Payers

Payer Mix (Gross Revenue – June 30, 2014)

- Medicare: 44.5%
- Medicaid: 15.1%
- Self Pay/Other: 2.4%
- Lake Self Pay: 7.2%
- Commercial/Managed care/Blues: 30.8%

59.6% Government Payers
### FMOLHS Financial Profile

<table>
<thead>
<tr>
<th>($000s)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>214.1</td>
<td>233.8</td>
<td>288.8</td>
<td>260.7</td>
<td>235.5</td>
<td>235.8</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>0.0%</td>
<td>2.9%</td>
<td>1.4%</td>
<td>3.0%</td>
<td>1.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Operating EBIDA Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.4%</td>
<td>8.3%</td>
</tr>
<tr>
<td>MADS Coverage</td>
<td>2.5x</td>
<td>2.8x</td>
<td>2.1x</td>
<td>2.7x</td>
<td>2.6x</td>
<td>3.2x</td>
</tr>
<tr>
<td>Debt to Capitalization</td>
<td>38.2%</td>
<td>39.7%</td>
<td>32.3%</td>
<td>33.8%</td>
<td>34.2%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Cash-to-Debt</td>
<td>125.9%</td>
<td>125.2%</td>
<td>160.7%</td>
<td>154.7%</td>
<td>133.1%</td>
<td>153.1%</td>
</tr>
<tr>
<td>Capital Expenditure Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>140%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Fiscal Year End June 30
2. FY 2011 does **not** include payment from Department of Health & Hospitals of $129 million
# Joint Venture/Partnership Financial Results

<table>
<thead>
<tr>
<th>Joint Venture Financial Summary</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Net Income</th>
<th>FMOLHS Share of Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2013</td>
<td>$205,815,823.00</td>
<td>$178,381,866.00</td>
<td>$27,433,957.00</td>
<td>$12,449,487.80</td>
</tr>
<tr>
<td>Fiscal Year 2014 (through 12/31/13)</td>
<td>$258,040,766</td>
<td>$211,268,017</td>
<td>$46,772,749</td>
<td>$16,581,193</td>
</tr>
</tbody>
</table>

## FMOLHS Debt Profile

<table>
<thead>
<tr>
<th>Outstanding Debt Total</th>
<th>Average Life</th>
<th>Average Coupon</th>
<th>Fixed</th>
<th>Variable</th>
<th>Synthetic Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>$597,081,000</td>
<td>17.1</td>
<td>4.92%</td>
<td>$428,281,000</td>
<td>$49,700,000</td>
<td>$119,100,000</td>
</tr>
</tbody>
</table>
## FMOLHS Financial Profile

<table>
<thead>
<tr>
<th>($000s)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$1,130,527</td>
<td>$1,205,214</td>
<td>$1,228,441</td>
<td>$1,300,924</td>
<td>$1,415,654</td>
<td>$1,595,890</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$88,798</td>
<td>$132,394</td>
<td>$107,725</td>
<td>$144,109</td>
<td>$131,879</td>
<td>$131,216</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$68</td>
<td>$35,200</td>
<td>$17,305</td>
<td>$38,419</td>
<td>$21,960</td>
<td>$14,295</td>
</tr>
<tr>
<td>Excess Margin</td>
<td>(19.2%)</td>
<td>8.3%</td>
<td>9.6%</td>
<td>2.0%</td>
<td>5.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Cash &amp; Unrestricted Investments</td>
<td>$620,975</td>
<td>$700,453</td>
<td>$904,096</td>
<td>$842,770</td>
<td>$844,814</td>
<td>$946,031</td>
</tr>
<tr>
<td>Debt</td>
<td>$493,044</td>
<td>$559,359</td>
<td>$562,436</td>
<td>$544,690</td>
<td>$634,940</td>
<td>$617,749</td>
</tr>
<tr>
<td>Debt –to-Operating Cash Flow</td>
<td>5.6x</td>
<td>4.2x</td>
<td>5.2x</td>
<td>3.8x</td>
<td>4.8x</td>
<td>4.7x</td>
</tr>
</tbody>
</table>

**Notes:**
1. Fiscal Year End June 30
2. FY 2011 does not include payment from Department of Health & Hospitals of $129 million
Questions/Comments?