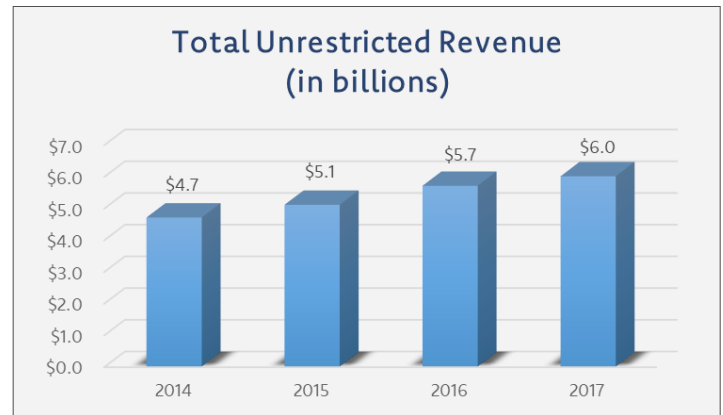


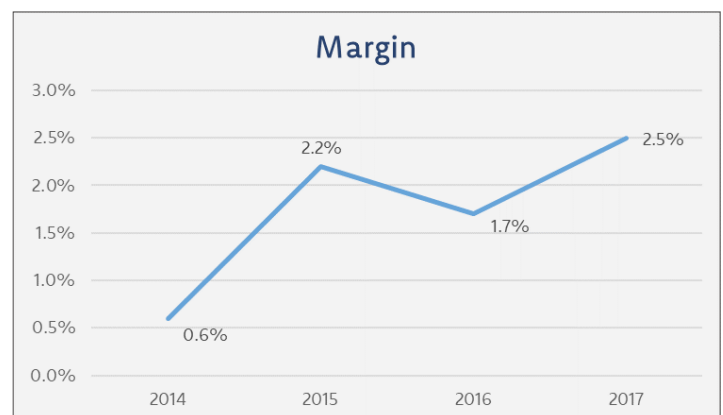
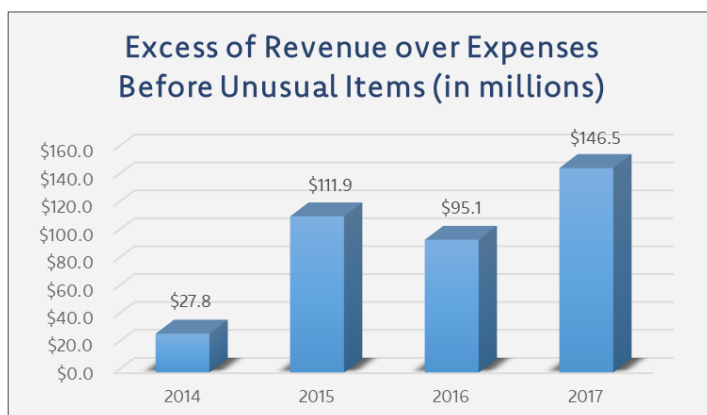


2017 FINANCIAL PERFORMANCE

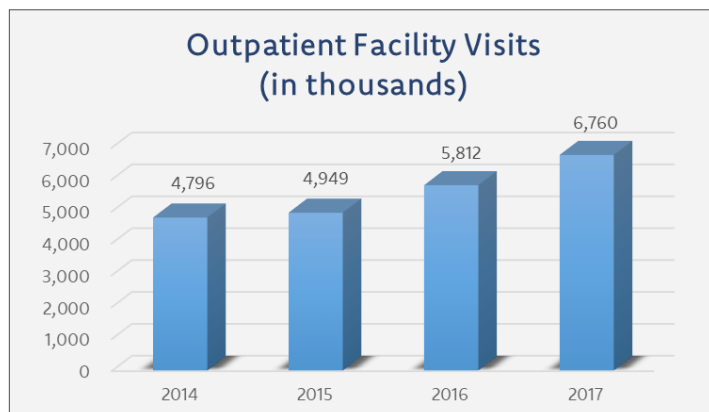
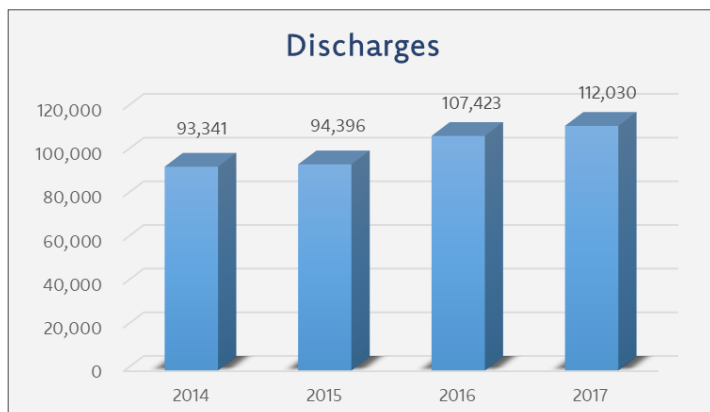
For the 15th consecutive year, the System experienced positive revenue growth in 2017. The System is one of a handful of healthcare organizations nationally with both a strong provider organization and large insurance operations. Overall revenue increased by 4.8% in 2017. Revenue growth reflects a full year of Allegiance Health Group and Affiliates compared to nine months included in 2016 and the System's continued success in touching more lives.



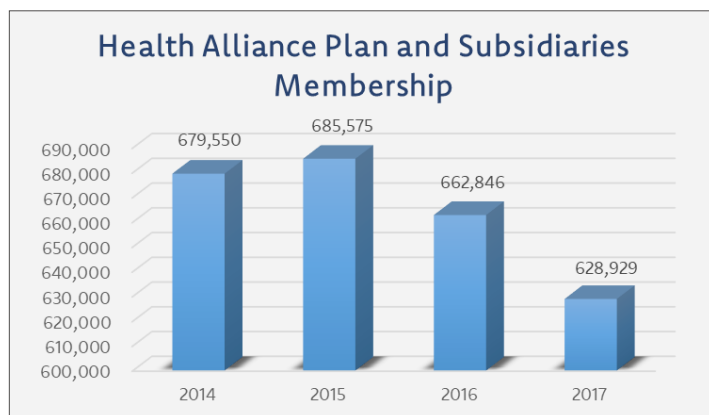
The System reported excess revenues over expenses before unusual items of \$146.5 million for the year ended December 31, 2017, providing a margin of 2.5%. Improved performance was the result of strong revenue growth for the provider segment and effective expense management. Improved operating performance provides resources to invest in facilities, equipment, and services.



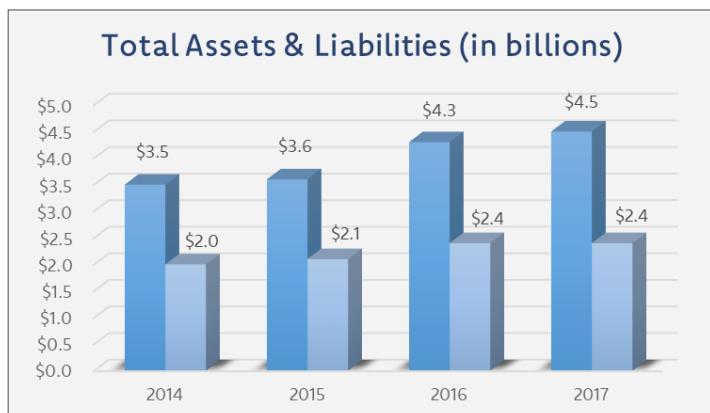
Inpatient discharges increased in 2017, primarily due to a full year of Allegiance Health Group and Affiliates. Outpatient services continue to grow dramatically due to a full year of Allegiance Health Group and Affiliates and as more care shifts to ambulatory settings.



Health Alliance Plan membership decreased due to the fact effective January 1, 2016, Midwest Health Plan no longer participated in Medicaid plans for regions 9 and 10.



The System maintains a solid balance sheet. Total assets grew from 2016 to 2017 by 4.7% while liabilities remained relatively flat.



The System provided \$614 million total community benefit during 2017 including \$443 million of uncompensated medical care costs.

