PRESS RELEASE

BAYLOR, SCOTT & WHITE MOVE FORWARD WITH AGREEMENT TO MERGE
Closing of planned merger expected later in 2013

DALLAS and TEMPLE, TX (June 19, 2013)—The boards of Baylor Health Care System and Scott & White Healthcare today announced that the two organizations have signed a definitive agreement to form a new company that would combine the strengths of their two health systems. The approval of the definitive agreement means that the organizations have completed much of the due diligence phase of their planned merger and have agreed to come together in principle.

The transaction, which is subject to customary regulatory review processes, is expected to close in 2013.

“I have been truly impressed with the results of the collaborative process our two organizations have carried out so far,” said Drayton McLane, Jr., board chairman, Scott & White Healthcare.

“I know that we are all proud of the hard work it took to complete this due diligence in a timely fashion, and we all look forward to operating as Baylor Scott & White Health,” said Jim Turner, board chairman, Baylor Health Care System.

“That we have been able to accomplish this important step in the process so quickly is a testament to the hard work of our teams,” says Joel Allison, president and chief executive officer, Baylor Health Care System. “We are focused on making this merger a reality. At this point, we will now begin the integration planning process.”

Key points of the definitive agreement include:

- **Structure:** The new organization will be comprised of a parent company, Baylor Scott & White Health, and a service company, Baylor Scott & White Health Service, both guided by a strong team of leaders from both Baylor and Scott & White. Joel Allison, current president and chief executive officer of Baylor Health Care System, will become chief executive officer of the new parent company and of the service company. Robert Pryor, MD, president and
chief executive officer of Scott & White Healthcare, will serve as the president, chief operating officer and chief medical officer of the parent company and will be the president of the service company. Gary Broeck, currently the chief operating officer of Baylor Health Care System, will become president and chief operating officer of Baylor.

- **Headquarters:** Official headquarters of the parent company will be located in Dallas. Official headquarters of the service company will be in Temple. Both the parent company and the service company will employ people in Dallas and Temple.

- **Board:** A unified board of trustees initially will be comprised of 16 individuals with an equal number of representatives from each institution. Drayton McLane, Jr., chair of the Scott & White board of trustees, will serve as chair of the unified board. Jim Turner, chair of the Baylor Health Care System board of trustees, will serve as chair-elect.

“We were confident our cultures would be a good match. Our work together over the past few months has only cemented that belief,” said Robert Pryor, MD, president and CEO, Scott & White Healthcare. “We share common values, most notably a commitment to teamwork and delivering the highest quality patient-centered care. With those intact, we have a strong foundation for success.”

“Our proposed new organization will build on a number of each other’s nationally recognized strengths including Baylor’s 110-year legacy as a Christian ministry of healing,” said Allison.

If the transaction is approved and finalized, the combined Baylor Scott & White Health would be an organization with total assets of $7.7 billion* and the vision and resources to offer its patients continued exceptional care while creating a model system for a dramatically changing health care environment. The new system would include the organizations’ combined 43 hospitals, more than 500 patient care sites, more than 6,000 affiliated physicians, 34,000 employees and the Scott & White Health Plan.

For more information, visit [VisionforTexasCare.com](http://VisionforTexasCare.com).

**About Baylor Health Care System**

Baylor Health Care System is a not-for-profit, faith-based supporting organization providing services to a network of acute care hospitals and related health care entities that provide patient care, medical education, research and community service. Baylor recorded more than 2.8 million patient encounters, $4.1 billion in total operating revenue, $5.3 billion in total assets and $539 million in community benefit in fiscal year 2012 (as reported to the Texas Department of State Health Services). Baylor’s network of more than 360 access points includes 30 owned/operated/ventured/affiliated hospitals; joint ventured ambulatory surgical centers; satellite outpatient locations; senior centers and more than 190 HealthTexas Provider Network physician clinics. For the latest Baylor Health Care System news and information, visit [Media.BaylorHealth.com](http://Media.BaylorHealth.com).
About Scott & White Healthcare
Scott & White Healthcare is a non-profit collaborative health care system established in 1897 in Temple, Texas. Among the leading health systems encompassing one of the nation's largest multi-specialty group practices, Scott & White provides personalized, comprehensive health care enhanced by medical education and research. During FY2012, Scott & White recorded more than 2.5 million patient encounters, $2.0 billion in total operating revenue, $2.4 billion in total assets (as of August 31, 2012) and $328 million in community benefit. Scott & White Healthcare includes 12 acute care hospital sites, one emergency hospital site, two additional announced facilities, and over 140 clinics at more than 70 primary care and specialty clinic locations throughout Central Texas providing adult and pediatric care in 46 medical specialties. Integrated, high-quality care is delivered by a dedicated staff of more than 14,000 (including approximately 1,200 physicians and scientists and more than 300 specialized health care providers). Get the latest news from Scott & White Healthcare by visiting our online newsroom, news blog or on Twitter (@swhealthcare).

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* based on most recent audited financial statements