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**CHI Franciscan Health and Kindred Healthcare announce plans for  
inpatient rehabilitation hospital**

*Joint venture will construct and operate a 60-bed hospital in Tacoma, Washington*

**LOUISVILLE, Kentucky and TACOMA, Washington (July 28, 2016)** – Kindred Healthcare, Inc. (“Kindred”) (NYSE:KND), a national health care leader, and CHI Franciscan Health, a top regional health care system, (“CHI Franciscan”) announced today that the Washington State Department of Health issued approval to construct and operate a 60-bed inpatient rehabilitation hospital in Tacoma. The Department of Health issued the two health care organizations a Certificate of Need, which is a significant regulatory step toward building the hospital.

“Care for patients needing long-term rehabilitation care has hit a tipping point in Pierce County,” said Ketul Patel, CHI Franciscan’s chief executive officer. “Our partnership with Kindred is a giant step toward meeting that critical need. This partnership is important in terms of partnering with a leading provider of post-acute care services to join with our full continuum of health care services, to provide our communities with the right care where and when they need it.”

The new hospital will care for adults recovering from conditions such as stroke, neurological disease, injury to the brain or spinal cord and other long-term illnesses or injuries. The new facility will relocate CHI Franciscan’s inpatient rehabilitation services that are currently offered at St. Joseph Medical Center in Tacoma. The rehabilitation hospital will be located at 815 South Vassault Street.

“We look forward to a strong partnership with CHI Franciscan as we develop a new inpatient rehabilitation hospital that complements CHI Franciscan’s acute care settings and highly regarded reputation for helping patients recover and return home,” said Benjamin A. Breier, Kindred’s president and chief executive officer. “Kindred is proud of partnerships, such as this, with some of the nation’s leading health systems, because they recognize how our post-acute expertise and patient-centered care model help drive efficiencies and clinical integration. These collaborative efforts deliver the best in patient care and have helped our inpatient rehabilitation business outperform peers in key clinical measures.”

Kindred will manage the day-to-day operations of the new hospital. Subject to several regulatory and other approvals, CHI Franciscan and Kindred expect to start caring for patients in the hospital in early 2018.

In the Seattle market, Kindred operates two transitional care hospitals, two nursing centers, two co-located hospital-based sub-acute units, and provides home health and hospice services. CHI Franciscan is affiliated with Catholic Health Initiatives, the third-largest nonprofit health system with operations in 19 states. CHI Franciscan provides health services in the Pacific Northwest.

### **About CHI Franciscan Health**

CHI Franciscan Health is a nonprofit health system based in Tacoma, Washington with a team of nearly 12,000 doctors, nurses and staff that provide expert, compassionate medical care at eight acute care hospitals and more than 100 primary and specialty care clinics in Pierce, King and Kitsap counties. This includes St. Anthony Hospital, Gig Harbor; St. Clare Hospital, Lakewood; St. Elizabeth Hospital, Enumclaw; St. Francis Hospital, Federal Way; St. Joseph Medical Center, Tacoma; Harrison Medical Center, Bremerton and Silverdale; Highline Medical Center, Burien; and Regional Hospital, Burien. Started in 1891 by the Sisters of St. Francis of Philadelphia, today CHI Franciscan Health is one of the largest health systems in Washington state. The system spans more than 1,100 acute care beds, a credentialed medical staff of more than 1,500 including more than 550 employed physicians providing specialties in cardiovascular care, cancer care, orthopedics and sports medicine, neurosciences and women's care. CHI Franciscan's mission focuses on creating healthier communities, including caring for the poor and underserved. In 2015, the organization provided \$141 million in community benefit, including \$10 million in charity care. More information: [www.chifranciscan.org](http://www.chifranciscan.org).

### **About Kindred Healthcare**

Kindred Healthcare, Inc., a top-90 private employer in the United States, is a FORTUNE 500 healthcare services company based in Louisville, Kentucky with annual revenues of approximately \$7.2 billion<sup>(1)</sup>. At March 31, 2016, Kindred through its subsidiaries had approximately 102,000 employees providing healthcare services in 2,700 locations in 46 states, including 95 transitional care hospitals, 19 inpatient rehabilitation hospitals, 92 nursing centers, 20 sub-acute units, 618 Kindred at Home home health, hospice and non-medical home care sites of service, 104 inpatient rehabilitation units (hospital-based) and a contract rehabilitation services business, RehabCare, which served 1,752 non-affiliated sites of service. Ranked as one of Fortune magazine's Most Admired Healthcare Companies for seven years, Kindred's mission is to promote healing, provide hope, preserve dignity and produce value for each patient, resident, family member, customer, employee and shareholder we serve. For more information, go to [www.kindredhealthcare.com](http://www.kindredhealthcare.com). You can also follow us on [Twitter](#) and [Facebook](#).

(1) Revenues based upon Kindred consolidated revenues for the twelve months ended March 31, 2016.