
CONTINUING DISCLOSURE QUARTERLY REPORT

Information Concerning
PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP

The Continuing Disclosure Quarterly Report (the Quarterly Report) is intended solely to provide certain limited financial and operating data in accordance with undertakings of the Providence and the Members of the Obligated Group under Rule 15c2-12 (the Undertaking) and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Quarterly Report contains certain financial and operating data for the quarter ended September 30, 2019. Providence has undertaken no responsibility to update such data since September 30, 2019, except as set forth herein. This Quarterly Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Providence disclaims any obligation to update this Quarterly Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

TABLE OF CONTENTS

	Page
About Providence St. Joseph Health	1
Our Organization	1
Our Strategic Plan	2
Key Initiatives	3
Physician Enterprises	4
Health Care Facilities	4
Region Information	6
Alaska	6
Swedish	6
Washington and Montana	6
Oregon	7
Northern California	7
Southern California	7
West Texas and Eastern New Mexico	7
Obligated Group	8
System Utilization	8
Obligated Group Utilization	8
Financial Information	9
Management's Discussion and Analysis: Nine-Months Ended September 30, 2019	12
Results of Operations	12
Operations Summary	12
Volumes	12
Operating Revenues	12
Operating Expenses	13
Non-Operating Activity	14
Liquidity and Capital Resources; Outstanding Indebtedness	14
Unrestricted Cash and Investments	14
Financial Ratios	15
Capitalization	15
Debt Service Coverage	16
System Governance and Management	16
Corporate Governance	16
Executive Leadership Team	17
Support Services	17
Non-Obligated Group System Affiliates	17
Control of Certain Obligated Group Members	18
General	18
Northern California Region	18
Southern California Region	18
West Texas/Eastern New Mexico Region	19
Other Information	20
Outstanding Master Trust Indenture Obligations	20
Interest Rate Swap Arrangements	20
Litigation	21
Employees	22
Community Benefit	22
Insurance	22
Accreditation and Memberships	22
Glossary of Terms	23
Exhibit 5 - Obligated Group Facilities	25
Acute Care Facilities by Region	25
Long-term Care Facilities by Region	27
Exhibit 6 - Supplementary Information	28

About Providence St. Joseph Health

Our Organization

Providence St. Joseph Health and its predecessors and related entities have been a strong and stable force for more than 160 years. As one of the largest health systems in the United States, our mission, as set forth below, calls us to serve the most vulnerable and poor members of our community with dignity and respect, reflecting the legacy of the Sisters of St. Joseph and the Sisters of Providence. The sisters began their works of charity in 1856, creating the structure for the current network of health care services.



Our vision, “Health for a Better World,” is driven by a fundamental belief that health is a human right. We deliver care in our communities through our varied care settings for all populations-whether people are uninsured, or enrolled in commercial plans, Medicare or Medicaid. We strive to increase access to health care to our populations and our dedicated caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay. We are privileged to serve in vibrant markets in the western United States with growing populations, which has led to consistent increases in service utilization in these markets. We offer a comprehensive range of industry-leading services, including an integrated care delivery system for inpatient and outpatient services, through 51 acute care hospitals, 29 long-term care facilities, 16 supportive housing facilities, over 1,000 clinics, over 7,600 directly employed providers and over 25,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence, headquartered in Renton, Washington, is governed by a sponsorship council made up of members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. The System includes hundreds of programs and services across seven states. We are a diverse family of organizations striving to create Health for a Better World, one community at a time, while ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States. Together, we strive to bring quality care and services to all, with a special emphasis on those most in need.

The Mission

As expressions of God’s healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable @

Our Values

Compassion | Dignity | Justice | Excellence | Integrity

Our Vision

Health for a Better World

Our Promise

“Know me, care for me, ease my way.”

Our Strategic Plan

Innovating new approaches to strengthen the Mission and continuously improve. Guided by the Mission and our values, we are executing a strategic plan intended to accelerate our progress toward achieving our vision of Health for a Better World. This far-reaching vision includes continuing to deliver high-quality, patient-centered care; ensuring patients are digitally-enabled through appropriate technology; and our ministries serving as a partner in health for the patients and communities we serve. We intend to achieve this by focusing on the core areas of revenue growth, capital efficiency and process modernization. Our integrated strategic and financial plan is supported by three key principles:

Strengthen the core. We are focused on delivering outstanding, affordable health care, housing, education and other essential services to our patients and communities by:

- Delivering safe, compassionate, high-value quality health care
- Stewarding our resources to improve operational earnings
- Fostering community commitment to our Mission via philanthropy
- Creating a work experience where caregivers are developed, fulfilled and inspired to carry on the Mission
- Being the provider of choice in all our communities

Be our communities' health partner. We are focused on being our communities' health partner, working to achieve the physical, spiritual and emotional well-being of all. We seek to ease the way of our communities by:

- Transforming care and improving population health outcomes, especially for those who are poor and vulnerable
- Leading the way in improving our nation's mental and emotional well-being
- Extending our commitment to whole person care for people at every age and stage of life
- Engaging with partners in addressing the social determinants of health, with a focus on education, housing, and the environment
- Being the preferred health partner for our communities, and those we serve

Transform our future. We respond to the evolving health care landscape, pursuing new opportunities that transform our services, in a strategic and effective manner. We seek to expand our share of lives and health expenditures, and further sustain our Mission by:

- Diversifying sources of earnings to ensure sustainability of the ministry
- Digitally enabling, simplifying, and personalizing the health experience
- Creating an integrated scientific wellness, clinical research and genomics program that is nationally recognized for breakthrough advances
- Utilizing insights and value from big data to drive strategic transformation
- Activating the voice and presence of the System nationally to improve health policies

Strategic affiliations. As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other health care related entities. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. System management pursues such arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

Recent partnerships include the formation of a joint operating company by St. Joseph Health System and Adventist Health System/West. The parties' original proposal to integrate clinical activities and services in six Northern California counties was denied by the California Attorney General. The parties are currently considering alternative proposals. In addition, during the first quarter of 2019, Providence announced that Providence - Southern California and Cedars-Sinai had agreed to create a joint venture that will own and operate Providence Tarzana Medical Center (the "*Tarzana Medical Center*"), which is situated in Tarzana, California and is currently owned and operated by Providence - Southern California. Providence - Southern California will retain a controlling interest in the Tarzana Medical Center and, with Cedars-Sinai, would jointly build-out and redevelop the campus of the Tarzana Medical Center.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached and any required regulatory approvals will be forthcoming.

Key Initiatives

Providing an optimized and connected ambulatory experience for those we serve as we take care towards the home. We are transforming our care delivery assets to augment acute care and medical groups with a greater ambulatory presence to provide patients access to an optimized, lower cost, consumer-centric, connected ambulatory care network. Currently, our ambulatory care network provides over two million visits in 250 access points across seven states, and consists of 47 ambulatory surgery centers, 46 imaging centers, 73 urgent care centers, 49 retail clinics, 59 active wellness sites, and 13 behavioral health centers. We believe ambulatory care networks offer advantages to patients and physicians, including greater affordability, predictability, flexibility, and convenience, while offering a seamless connection to our full continuum of care. We are expanding our ambulatory care network through strategic partnerships that improve patient access and reduce costs for consumers and employers, including increased same-day access through our retail and urgent care clinics.

Diversifying revenue to support patient care. We acquired Bluetree, an Epic consulting and strategy company that helps health care providers maximize their use of technology. The acquisition is part of a strategy to diversify revenue to support patient care and our Mission. In joining our System, Bluetree will extend its customer reach of more than 140 health system clients nationwide and pursue additional growth and innovation opportunities. We have extensive experience maximizing Epic, both within our own seven-state system and for other independent hospitals and medical groups. By acquiring Bluetree, we will expand our current offerings to increase the value we deliver to other health systems across the country. With the addition of Bluetree, we now have two electronic health record solutions companies.

Modernizing and simplifying our revenue cycle through blockchain, artificial intelligence and automation technology. We are using our scale to integrate best-in-class technologies to reduce administrative burden for providers and payers. Our acquisition of Lumedic, a next-generation revenue cycle management platform based on blockchain is enabling us to build a collaborative information-sharing platform. We believe we are the first integrated provider-payer system to establish a scalable platform to transform claims processing and enhance interoperability between providers and payers. We are engaged in efforts to reinvent revenue cycle leading to lower overall costs, improve caregiver focus, and long-term affordability of care. The revenue cycle management system can also be commercialized for a diversified revenue stream to better support our Mission.

Driving innovation through unconventional partnerships. We are building a multi-year strategic alliance with Microsoft to accelerate the digital transformation of health care. This alliance will combine cloud computing, artificial intelligence, research capabilities, and collaboration tools with our clinical expertise and care environments. We are developing a portfolio of integrated solutions designed to improve health outcomes and reduce the total cost of care by combining new health care technologies to

transform the care experience. The goal will be to scale these innovations across our system, in a transformation that will bring innovative and necessary solutions to more communities.

Making a transformational shift from health care to health. Our Population Health Management division is composed of a family of services, including Population Health Informatics, Payer & Provider Contracting, Value-Based Care, Care Management, Pacific Medical Centers and US Family Health Plan, Providence Health Plans, and Ayn Health Solutions.

Population Health models and initiatives form a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery and coordination of affordable quality health care and services. We integrate solutions to improve social determinants of health and provide care management for complex patients. We are building community partnerships to increase access to health services, transportation, housing, education, food banks, and mental health services.

Providence Health Plan (“*PHP*”), a 501(c)(4) Oregon non-profit health care service contractor, and Providence Health Assurance (“*PHA*”), a wholly-owned subsidiary of PHP, are collectively referred to as the Health Plans. Providence Plan Partners (“*PPP*”), is a 501(c)(4) Washington non-profit corporation. PPP recently announced that it has entered into a nonbinding Letter of Intent with CareOregon to evaluate combining their capabilities in order to serve Medicaid, Medicare and dually eligible Medicaid-Medicare members in the state of Oregon; however, it is early in the evaluation process.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans.

Physician Enterprises

The physician enterprise within the System consists of employed and foundation physicians, providers and their supporting care teams, including employed medical group providers, as well as hospital-based employed physicians. Our Employed Provider Network (the “*Provider Network*”) is composed of eight provider service organizations.

Medical groups and medical foundations within the Provider Network include: Providence Medical Group, a network serving Alaska, Washington and Montana, and Oregon; Swedish Medical Group, with staffed clinics throughout Washington’s greater Puget Sound area; Providence Medical Institute (“*PMI*”), in Southern California; Pacific Medical Centers, in western Washington; Kadlec, serving communities in southeast Washington; Providence St. John’s Medical Foundation, in Southern California; Facey Medical Foundation (“*Facey*”), in Southern California; St. Joseph Heritage Healthcare, in Northern and Southern California; Covenant Medical Group and Covenant Health Partners, operating in West Texas and Eastern New Mexico.

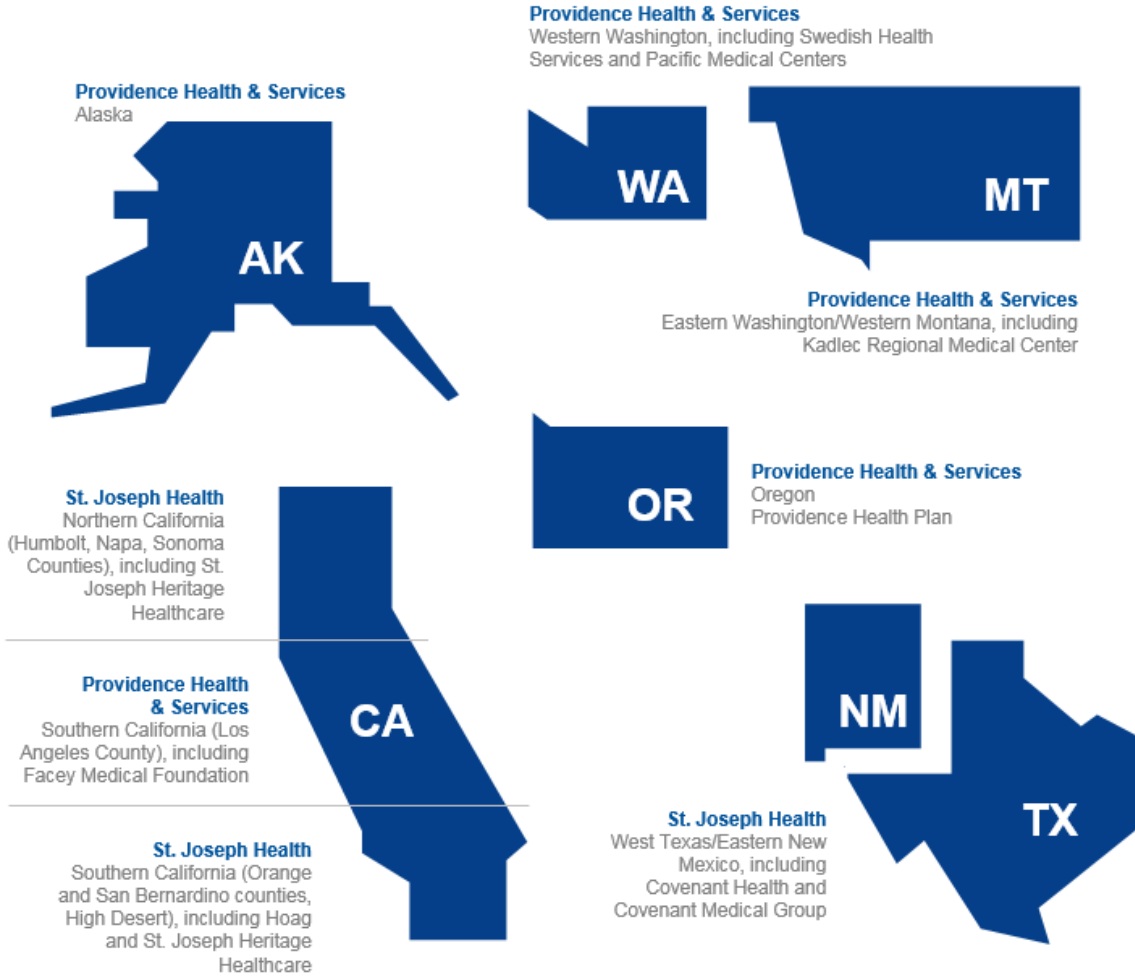
Health Care Facilities

We currently own, manage or operate hospitals, surgery centers, urgent care facilities, imaging centers, physician practices, pharmacies, home health services, rehabilitation facilities, a university and a high school, and various other acute and long-term care facilities shown in EXHIBIT 5.

The System is organized into the geographic regions spanning seven states across the western United States shown in the graphic below.

EXHIBIT 1.1

Providence St. Joseph Health Our footprint



Region Information

The System's operating revenue share by geographic region is presented for the periods indicated:

EXHIBIT 1.2 - REGIONAL OPERATING REVENUE SHARE	Nine-Months Ended	
	9-30-2018	9-30-2019
Alaska	4%	4%
Swedish	11%	11%
Washington and Montana	20%	20%
Oregon	21%	21%
Northern California ⁽¹⁾	6%	6%
Southern California ⁽¹⁾	29%	31%
West Texas and Eastern New Mexico ⁽²⁾	7%	5%
Other (including Home and Community Care)	2%	2%

⁽¹⁾ Includes recognition of \$303 million in reimbursement from the California provider fee program that had been deferred until the revenue recognition criteria had been met in 2019.

⁽²⁾ As reported, the West Texas/Eastern New Mexico regional share decreased due to the divestment of revenue related to the sale of Texas-based FirstCare Health Plans on January 1, 2019, including eliminations related to claims activity in 2018.

Alaska

As the largest health system in Alaska, the System includes 17 facilities throughout the state, with a 35 percent inpatient market share statewide in 2017, as reported by the Alaska Health Facilities Data Reporting Program. Providence Alaska Medical Center ("*PAMC*") is the largest hospital in the state. The System's 17 Alaska facilities are located in the greater Anchorage area, with 60 percent inpatient market share, and in the remote communities of Kodiak, Seward and Valdez, as reported by the Alaska Health Facilities Data Reporting Program. PAMC is a 401-bed acute care facility and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a 59-bed long term acute hospital (the only one in the state) is also located in the Anchorage area. Three critical access hospitals are located in Kodiak, Seward and Valdez, all co-located with skilled nursing facilities.

Swedish

In the greater Puget Sound area of Washington, Swedish Health Services operates five hospital campuses: First Hill, Cherry Hill, Ballard, Edmonds and Issaquah located in King and Snohomish counties. The inpatient market share for Swedish was 27 percent in 2017, as reported by the Comprehensive Hospital Abstract Reporting System. Swedish also has ambulatory care centers in Redmond and Mill Creek, and a network of more than 100 primary care and specialty clinics throughout the Seattle metropolitan corridor.

Washington and Montana

In the Washington-Montana region, the System includes 12 hospitals, with a 44 percent inpatient market share in their service areas in 2017, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of five geographic markets: Northwest Washington, Southwest Washington, Eastern Washington, Southeast Washington and Western Montana, with medical groups in the region employing over 2,300 providers. The region provides a variety of services, including home health care, primary and immediate care services, inpatient rehabilitation, and general acute care services.

Oregon

The Oregon region includes eight hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 30 percent in their service areas in 2017, as reported by Apprise Health Insights. Providence St. Vincent Medical Center provides tertiary care to the Portland metropolitan market. The region also provides more than 100 primary care, specialty and immediate care clinics, home health care, and housing. The Health Plans are based in Oregon, and a majority of the members (over 650,000) live in the region.

Northern California

The System's ministries in Northern California serve the North Coast, Humboldt, Napa and Sonoma communities with five hospitals, ambulatory surgery centers, urgent care centers, wellness centers, physician offices, home health, hospice, and rehabilitation sites. The acute care hospitals in Northern California had 36 percent inpatient market share in their service areas in 2017, as reported by the Office of Statewide Health Planning and Development. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

Southern California

The Southern California region includes 13 acute care hospitals in Los Angeles, Orange and San Bernardino counties, and the High Desert, with a total inpatient market share of 24 percent in their service areas in 2017, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, the System includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is located in Burbank. The System also includes hospitals in Mission Hills, San Pedro, Tarzana, Torrance and Santa Monica. Providence Medical Foundation ("*PMF*") operates 63 practice locations in the market, offering more than 20 types of specialty care. PMF includes the Facey, PMI and Providence St. John's medical foundations. In addition, the System includes seven acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, Newport Beach, Irvine and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region's level II trauma center, as well as a women's center. Hoag Hospital, which is also composed of two campuses, in Newport Beach and Irvine, also includes Hoag Orthopedic Institute, part of St. Joseph Hoag Health alliance described below. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates is the market's largest health system with seven licensed hospitals; the inpatient market share was 38 percent in their service areas in 2017, as reported by Texas Health Care Information Collection. Covenant Health System also operates Grace Health System, which includes Grace Clinic and Grace Medical Center, and Covenant Medical Group, a medical foundation physician network of employed and aligned physicians. Covenant Health System, operates two acute care community hospitals in the region, Covenant Health Plainview and Covenant Health Levelland, and Specialty Hospital, a long-term acute care facility. Covenant Health System also operates a joint venture acute rehabilitation facility and Hospice of Lubbock.

Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. INDEBTEDNESS EVIDENCED OR SECURED BY OBLIGATIONS ISSUED UNDER THE MASTER INDENTURE IS SOLELY THE OBLIGATION OF THE OBLIGATED GROUP, AND SUCH OBLIGATIONS ARE NOT GUARANTEED BY, OR THE LIABILITIES OF, SISTERS OF PROVIDENCE, MOTHER JOSEPH PROVINCE, ANY OTHER PROVINCE OF THE SISTERS OF PROVIDENCE MONTREAL CONGREGATION, THE LITTLE COMPANY OF MARY SISTERS, AMERICAN PROVINCE, SISTERS OF ST. JOSEPH OF ORANGE, THE ROMAN CATHOLIC CHURCH, OR ANY AFFILIATE OF THE SYSTEM THAT IS NOT AN OBLIGATED GROUP MEMBER.

System Utilization

The System's key volume indicators are presented for the periods indicated:

EXHIBIT 2.1 - DATA PRESENTED IN THOUSANDS UNLESS NOTED	Nine-Months Ended	
	9-30-2018	9-30-2019
Inpatient Admissions	386	381
Acute Adjusted Admissions	767	781
Acute Patient Days	1,836	1,859
Long-term Patient Days	310	305
Outpatient Visits (incl. Physicians)	20,133	20,311
Emergency Room Visits	1,589	1,587
Surgeries and Procedures ⁽¹⁾	464	520
Acute Average Daily Census (Actual)	6,724	6,808
Providence Health Plan Members	655	654

⁽¹⁾ Reported results are Providence consolidating entities and exclude several joint ventures.

Obligated Group Utilization

A summary of certain acute care utilization data for the Obligated Group is presented for the periods indicated:

EXHIBIT 2.2 - DATA PRESENTED IN THOUSANDS UNLESS NOTED	Nine-Months Ended	
	9-30-2018	9-30-2019
<u>Obligated Group</u>		
Inpatient Admissions	379	374
Acute Adjusted Admissions	730	737
Acute Patient Days	1,803	1,821
Long-term Patient Days	301	297
Outpatient Visits (incl. Physicians)	16,091	15,877
Emergency Room Visits	1,575	1,567
Surgeries and Procedures	416	423
Acute Average Daily Census (Actual)	6,604	6,669

Financial Information

The summary unaudited combined financial information as of and for the nine-month periods ended September 30, 2019 and 2018, presented below, has been derived by management of Providence from the internal unaudited financial information of the System. The summary audited combined financial information as of and for the fiscal year ended December 31, 2018, presented below, has been derived by management of Providence from audited financial information of the System. The financial information as of and for the nine-month periods ended September 30, 2019 and 2018 includes all adjustments that management of Providence considers necessary for a fair presentation of the results for such period. The financial information should be read in conjunction with the audited combined financial statements of the System.

For the nine months ended September 30, 2019, the unaudited combined net operating revenue and total assets attributable to the Obligated Group Members were approximately 84 percent and 86 percent, respectively, of the System totals. For the nine months ended September 30, 2018, the unaudited combined net operating revenues and total assets attributable to the Obligated Group members were approximately 82 percent and 87 percent, respectively, of the Systems totals. For the year ended December 31, 2018, the audited combined net operating revenue and total assets attributable to the Obligated Group Members were approximately 82 percent and 87 percent, respectively, of the System totals. Refer to EXHIBIT 6, below, for supplementary information on the Obligated Group Members.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net operating revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; provisions for bad debt; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Summary Unaudited Combined Statements of Operations

Nine-Months Ended

EXHIBIT 3.1 - COMBINED STATEMENTS OF OPERATIONS \$ PRESENTED IN MILLIONS	9-30-2018	9-30-2019
Net Patient Revenue	\$13,946	\$14,876
Premium revenues	2,245	1,794
Capitation Revenue	1,057	1,138
Other Revenue	783	880
Total Operating Revenues	18,031	18,688
Salaries and benefits	8,814	9,089
Supplies	2,633	2,751
Purchased healthcare services	1,891	1,560
Interest, depreciation, and amortization	995	1,013
Purchased services, professional fees, and other	3,610	4,006
Total Operating Expenses Before Restructuring Costs	17,943	18,419
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	88	269
Restructuring Costs	52	71
Excess of Revenues Over Expenses from Operations	36	198
Total Net Non-operating (Losses) Gains	126	772
Excess of Revenues Over Expenses	\$162	\$970
Operating EBIDA	\$1,031	\$1,211
Pro Forma Operating EBIDA ⁽¹⁾	\$1,083	\$1,282

⁽¹⁾ Pro forma operating EBIDA normalizes for restructuring costs in 2019 and 2018.

Summary Unaudited Combined Balance Sheets

As of

EXHIBIT 3.2 - COMBINED BALANCE SHEET \$ PRESENTED IN MILLIONS	12-31-2018	9-30-2019
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$1,597	\$1,249
Accounts Receivable, Net	2,257	2,480
Supplies inventory	293	263
Other Current Assets	858	1,538
Current Portion of assets whose use is limited	654	650
Total Current Assets	5,659	6,180
<u>Assets Whose Use is Limited:</u>		
Property, Plant & Equipment	9,599	10,744
Other Assets ⁽¹⁾	10,871	10,748
Total Assets	\$27,429	\$30,463
<u>Current Liabilities:</u>		
Current Portion of Long-term Debt	\$300	\$227
Master Trust Debt classified as Short-term	110	110
Accounts Payable	1,098	887
Accrued Compensation	1,202	1,190
Other Current Liabilities ⁽¹⁾	1,835	2,840
Total Current Liabilities	4,545	5,254
Long-Term Debt, Net of Current Portion	6,258	6,364
Pension benefit obligation	1,065	1,008
Other liabilities ⁽¹⁾	1,170	2,347
Total Liabilities	\$13,038	\$14,973
<u>Net Assets:</u>		
Controlling interests	12,988	14,034
Noncontrolling interest	168	131
Net Assets without Donor Restrictions	13,156	14,165
Net Assets with Donor Restrictions	1,235	1,325
Total Net Assets	14,391	15,490
Total Liabilities and Net Assets	\$27,429	\$30,463

⁽¹⁾ On January 1, 2019, the System adopted ASC 842, Leases, in accordance with U.S. GAAP and recognizes right-of-use assets and lease liabilities on the balance sheet for all leases with a term longer than 12 months.

Management's Discussion and Analysis: Nine-Months Ended September 30, 2019

Management's discussion and analysis provides additional narrative explanation of the financial condition, operational results and cash flow of the System to assist in increasing understanding of the combined financial statements. The summary unaudited combined financial information as of and for the nine-month periods ended September 30, 2019 and 2018, respectively, are presented below.

Results of Operations

Operations Summary

Operating earnings before interest, depreciation and amortization ("*EBIDA*") and operating income were \$1.2 billion and \$198 million, respectively, for the nine months ended September 30, 2019, compared with \$1.0 billion and \$36 million, respectively, for the same period in 2018. Pro forma operating EBIDA normalized for restructuring costs increased \$199 million for the nine months ended September 30, 2019, compared with the same period in 2018, driven by higher patient volumes and rates, and higher labor productivity, combined with the recognition of \$136 million of net operating income from the California provider fee program that had been deferred for several reporting periods until the revenue recognition criteria had been met. The System's key financial indicators are presented for the periods indicated:

EXHIBIT 3.3 - OPERATIONS SUMMARY \$ PRESENTED IN MILLIONS	AS REPORTED		PRO FORMA ⁽¹⁾	
	9-30-2018	9-30-2019	9-30-2018	9-30-2019
Operating Income	\$36	\$198	\$88	\$269
Operating Margin %	0.2	1.1	0.5	1.4
Operating EBIDA	1,031	1,211	1,083	1,282
Operating EBIDA Margin %	5.7	6.5	6.0	6.9
Net Service Revenue/Case Mix Adjusted Admits	11,869	12,141	11,869	12,141
Net Expense/Case Mix Adjusted Admits	11,842	11,993	11,801	11,940
Total Community Benefit	\$1,216	\$1,142	\$1,216	\$1,142
Full-time Equivalents (thousands)	105	105	105	105

⁽¹⁾ Pro forma normalizes for restructuring costs in 2019 and 2018.

Volumes

The System experienced three percent higher case mix adjusted admissions ("*CMAA*") for the nine months ended September 30, 2019, compared with the same period in 2018. Total outpatient visits increased by one percent for the nine months ended September 30, 2019, compared with the same period in 2018. Surgeries and procedures continue to grow through a combination of Providence wholly-owned and joint venture activities, including a four percent increase in the Providence outpatient setting, compared with the prior year. Acute patient days and acute average daily census both increased by one percent, respectively, for the nine months ended September 30, 2019, compared with the same period in 2018.

Operating Revenues

Operating revenues for the nine months ended September 30, 2019 were \$19 billion, an increase of four percent, compared with the same period in 2018, driven by higher rates, patient volumes and acuity levels in addition to recognition from California provider fee. Net patient revenues per CMAA increased by two percent for the nine months ended September 30, 2019, compared with the same period in 2018.

The System's operating revenues by state are presented for the periods indicated (footnotes appear beneath last table):

EXHIBIT 3.4 - OPERATING REVENUES BY STATE \$ PRESENTED IN MILLIONS	Nine-Months Ended	
	9-30-2018	9-30-2019
Alaska	\$638	\$658
Washington	5,235	5,229
Montana	322	337
Oregon	3,822	3,896
California ⁽¹⁾	6,069	6,829
Texas ⁽²⁾	1,162	859
Total Revenues from Contracts with Customers	17,248	17,808
Other Revenues	783	880
Total Operating Revenues	\$18,031	\$18,688

The System's operating revenues by line of business are presented for the periods indicated (footnotes appear beneath last table):

EXHIBIT 3.5 - OPERATING REVENUES BY LINE OF BUSINESS \$ PRESENTED IN MILLIONS	Nine-Months Ended	
	9-30-2018	9-30-2019
Hospitals ⁽¹⁾	\$11,370	\$12,034
Health Plans and Accountable Care ⁽²⁾	2,719	2,011
Physician and Outpatient Activities	2,016	2,106
Long-term Care, Home Care, and Hospice	729	891
Other Services	414	766
Total Revenues from Contracts with Customers	17,248	17,808
Other Revenues	783	880
Total Operating Revenues	\$18,031	\$18,688

The System's operating revenues by payor are presented for the periods indicated:

EXHIBIT 3.6 - OPERATING REVENUES BY PAYOR ⁽³⁾ \$ PRESENTED IN MILLIONS	Nine-Months Ended	
	9-30-2018	9-30-2019
Commercial	\$8,639	\$8,833
Medicare	5,681	6,022
Medicaid ⁽¹⁾	2,591	2,645
Self-pay and Other	337	308
Total Revenues from Contracts with Customers	17,248	17,808
Other Revenues	783	880
Total Operating Revenues	\$18,031	\$18,688

⁽¹⁾ Includes recognition of \$303 million in prior period fees from California provider fee program in 2019.

⁽²⁾ Decrease due to the divestment of revenue related to the sale of Texas-based FirstCare Health Plans on January 1, 2019.

⁽³⁾ Represents total payor net patient revenues received, including premium and capitation revenue per the adoption of ASC 606, Revenue from Contracts with Customers. Refer to Exhibit 6.3 within EXHIBIT 6 attached hereto for supplementary information on net patient revenue payor mix driven by patient utilization.

Operating Expenses

Operating expenses for the nine months ended September 30, 2019 were \$18 billion, an increase of three percent, compared with the same period in 2018, driven by costs associated with serving the System's higher volumes, combined with restructuring costs incurred to streamline operations and drive future operating performance, moderated by improved productivity and efficiencies. Labor productivity improved four percent on an adjusted occupied bed volumes basis, and medical supply costs per CMAA were lower by two percent, compared with the prior year. Overall salaries and benefits expenses increased three percent for the nine months ended September 30, 2019, compared with the same period

in 2018. Supplies expense increased by five percent compared with the prior year, driven primarily by an eight percent increase in pharmaceutical spend, and offset by clinical variation and other medical supply initiatives.

Non-Operating Activity

Non-operating gains totaled \$772 million for the nine months ended September 30, 2019, compared with non-operating gains of \$126 million for the same period in 2018. The increase was primarily driven by strong market performance for the nine months ended September 30, 2019, compared with the same period in 2018.

Liquidity and Capital Resources; Outstanding Indebtedness

Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately \$11.8 billion as of September 30, 2019, compared to \$11.2 billion as of December 31, 2018, and includes cash generated from operations, debt service costs, capital spending and investment activity. The System's liquidity is presented for the periods indicated:

As of		
EXHIBIT 4.1 - INVESTMENTS BY DURATION \$ PRESENTED IN MILLIONS	12-31-2018	9-30-2019
Cash and Cash Equivalents	\$1,597	\$1,249
Short-term Investments	511	281
Long-term Investments	9,135	10,248
Total Unrestricted Cash and Investments	\$11,243	\$11,778

The System maintains a long-term investment portfolio comprised of operating and foundation investment assets. The System's target asset allocation for the long-term portfolio, by general asset class, is presented for the periods indicated:

As of		
EXHIBIT 4.2 - INVESTMENTS BY TYPE	12-31-2018	9-30-2019
Cash and Cash Equivalents	2%	2%
Domestic and International Equities	45%	45%
Debt Securities	33%	38%
Other Securities	20%	15%

Financial Ratios

The System's financial ratios presented for the periods indicated:

EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	As of	
	12-31-2018	9-30-2019
Total Debt to Capitalization %	32.6	31.4
Comprehensive Debt to Capitalization % ⁽¹⁾	41.9	38.5
Cash to Debt Ratio %	176.6	181.9
Cash to Comprehensive Debt % ⁽¹⁾	118.4	132.8
Current Debt Service Coverage	4.4	3.1
Days Cash on Hand ⁽³⁾	178	184
Debt to Operating Cash Flow ⁽²⁾	4.7	4.1
Cash to Net Assets Ratio	0.85	0.83

- ⁽¹⁾ Comprehensive Debt uses actuals for 2019 due to the adoption of ASC 842, Leases, with \$1.5 million in operating lease liabilities recognized on-balance sheet effective January 1, 2019. Best estimates were used pre-adoption for prior periods.
- ⁽²⁾ Debt to Operating Cash Flow, a measure of total debt to cash flow from operations, is calculated based on a rolling 12-months of EBIDA for the current period.
- ⁽³⁾ Day Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods).

Capitalization

The System's capitalization is presented for the periods indicated:

EXHIBIT 4.4 - DATA PRESENTED YEAR TO DATE	As of	
	12-31-2018	9-30-2019
Long-term Indebtedness	\$6,558	\$6,591
Less: Current Portion of Long-term Debt	300	227
Net Long-term Debt	6,258	6,364
Net Assets - Unrestricted	13,156	14,165
Total Capitalization	\$19,414	\$20,529
Long-term Debt to Capitalization %	32.2	31.0

Debt Service Coverage

The System's coverage of Maximum Annual Debt Service ("MADS") on indebtedness is presented for the periods indicated:

EXHIBIT 4.5 - DEBT SERVICE COVERAGE \$ PRESENTED IN THOUSANDS UNLESS NOTED	As of	
	12-31-2018	Rolling 12-Months Ended 9-30-2019 ⁽²⁾
Income Available for Debt Service:		
(Deficit) Excess of Revenues Over Expenses	\$(445)	\$364
Plus: Unrealized Losses/Less: Unrealized (Gains) Losses on Trading Securities	652	(9)
Plus: Loss on Extinguishment of Debt	6	-
Plus: Loss on Pension Settlement Costs and Other	26	19
Plus: Depreciation	1,082	1,101
Plus: Interest and Amortization	278	277
Total	\$1,599	\$1,752
Debt Service Requirements ⁽¹⁾ :		
MADS	\$390	\$386
Coverage of Debt Service Requirements	4.1x	4.5x

⁽¹⁾ Debt Service Requirements has the meaning assigned to such term in the Master Indenture.

⁽²⁾ Represents 12 consecutive months of financial results for an annualized discourse for interim periods

System Governance and Management

Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state health care systems of PH&S and the SJHS, which was effective on July 1, 2016 (the "*Combination*"). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the "*Sponsors Council*"). The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, Kadlec and Hoag Hospital): to amend or repeal the articles of incorporation or bylaws of the Providence; the appointment and removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by Board of Providence. Given the complexity of the System's governance structure, Providence routinely evaluates and considers alternative governance models to best meet the System's governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

Board of Directors	Term Expires (December 31)	Sponsors Council	Term Expires (December 31)
David Olsen, Chair ‡	2019	Eleanor Brewer	2020
Richard Blair †	2020	Ned Dolejsi	2019
Dick Allen ‡	2019	Jeff Flocken	2025
Isiaah Crawford, PhD Δ	2019	Barbara Savage	2020
Lucille Dean, SP †	2020	Bill Cox	2022
Diane Hejna, CSJ, RN. Δ	2019	Russell Danielson	2027
Michael Holcomb ‡	2019	Sr. Sharon Becker, CSJ	2027
Phyllis Hughes, RSM, PhD. Δ	2019	Sr. Barbara Schamber, SP	2019
Sallye Liner, MSN, RN †	2019	Sr. Katherine Gray, CSJ	2019
Mary Lyons, PhD. Δ	2019	Mark Koenig	2027
Walter "Bill" Noce, Jr. †	2019		
Carolina Reyes, M.D. Δ	2019		
Phoebe Yang Δ	2019		
Charles W. Sorenson, M.D. Δ	2021		
Lydia M. Marshall Δ	2021		
Rod Hochman, M.D.	Ex-officio		

† Not eligible for an additional term.

‡ Eligible for one additional three-year term.

Δ Eligible for up to two.

Executive Leadership Team

The following are key members of Providence's executive leadership team.

Name	Title
Rod Hochman, M.D.	President and CEO
Mike Butler	President of Operations and Strategy
Venkat Bhamidipati	EVP and CFO
Cindy Strauss	EVP and Chief Legal Officer

Support Services

Corporate officers and supporting staff oversee the management activities carried on, on a day-to-day basis, by the management staff of each region. Each regional Chief Executive reports to the President of Operations, who oversees their management with emphasis on the service area's achievements in responding to unmet health care needs in the community, especially the unmet needs of the poor and vulnerable, productivity, developing integrated delivery systems, meeting financial guidelines, and maintaining or increasing market share. The Chief Financial Officer of Providence and Finance staff coordinate the annual budget and multi-year forecasts of the service areas, and manage the capital acquisition and management activities of the Obligated Group. Other areas in which the corporate staff provides centralized services or coordinates the activities of the service areas include: legal affairs, insurance and risk management, treasury services, materials management, technical support, fund raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs.

Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, the System includes: health plans; a provider network; numerous fundraising foundations; Providence Ventures, Inc., a Washington corporation that invests in health care activities; various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. The System also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of the System, partnerships or

joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Quarterly Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Quarterly Report only to the extent they are viewed by System management to be of particular operational or strategic importance.

Control of Certain Obligated Group Members

General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member, directly or indirectly, of each of Providence - Washington, Providence - Southern California, LCMASC, Providence - St. John's, Providence - SJMC Montana, Providence - Montana, Providence - Oregon, Swedish, Swedish Edmonds, Pac Med, Western Health Connect and Kadlec, and co-corporate member of Providence - Western Washington.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which, operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital. The corporate entities of Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka and Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the "*Hospitals*") transferred their assets to SJHNC effective as of April 1, 2018. While those corporate entities currently remain in existence, Providence expects that those entities will eventually be dissolved.

Southern California Region

In connection with the March 2013 affiliation of SJHS and Hoag Hospital, a new entity known as Covenant Health Network, Inc. ("*CHN*"), a California nonprofit public benefit corporation, was created. CHN is a corporate member of Hoag Hospital and St. Joseph Orange, St. Jude, Mission Hospital and St. Mary (the "*SJHS Southern California Hospitals*"). CHN, The George Hoag Family Foundation (Hoag Family Foundation) and the constituent churches of the Los Ranchos Presbytery of the Presbyterian Church (USA), as represented by the Association of Presbyterian Ministers (APM), are the corporate members of Hoag Hospital. None of CHN, Hoag Family Foundation or APM is an Obligated Group Member, or is obligated for payment with respect to the Bonds.

SJHS, CHN, Hoag Hospital and the SJHS Southern California Hospitals entered into an affiliation pursuant to the terms of an Affiliation Agreement dated as of October 15, 2012 (the "*CHN Affiliation Agreement*"). The CHN Affiliation Agreement, which became effective as of March 1, 2013, is designed to allow SJHS and each of the SJHS Southern California Hospitals on the one hand, and Hoag Hospital on the other hand, to preserve their respective Catholic and Presbyterian heritages and identities while creating an integrated community health care delivery system. The Affiliation Agreement was amended as of June 1, 2017 and Providence became a party to the arrangement. In addition, a Supplemental Agreement and two amendments were also entered into between the parties in 2017.

CHN does not have any corporate members, and neither Providence, SJHS, its affiliates, nor Hoag Hospital have any ownership interest in CHN. CHN's governing board consists of seven members, four of whom are designated by Providence in its sole discretion from persons who are members of the governing boards of SJHS, SJHS Southern California Hospitals, St. Joseph Health Ministry and/or Sisters of St. Joseph of Orange, and/or members of Providence or SJHS management. The remaining three members are designated by Hoag Family Foundation and APM, acting jointly, in their sole discretion from

members of the governing board of Hoag Hospital. The CHN board provides strategic planning leadership and oversight for the Southern California region.

CHN and SJHS have certain reserved powers with respect to the governance, management and operation of each of the SJHS Southern California Hospitals and Hoag Hospital. Some of these powers may be exercised only by a supermajority vote of the CHN Board of Directors, meaning the affirmative vote of at least three of the four members designated by Providence, and of at least two of the three members designated by Hoag Family Foundation and APM. Such reserved powers and powers that require a supermajority vote may be reviewed and revised from time to time. These reserved powers include, among others, certain actions relating to: (i) changes in articles and bylaws, (ii) certain board member and management appointments and removals; and (iii) certain hospital mergers, acquisitions, joint ventures, asset sales, cash transfers and financings. Hoag Family Foundation and APM also have reserved powers with respect to certain management and operating matters and transactions involving Hoag Hospital.

West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System (“*LMHS*”) are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the obligated group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children’s Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the “*Covered Transactions*”), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS’s right, as a member, to appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS’ assets (including all of CHS’ affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a “reciprocal offer” to LMHS, including an offer to purchase LMHS’s membership rights in CHS and a simultaneous obligation to offer CHS’ membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS - 57 percent; LMHS - 43 percent.

Other Information

Outstanding Master Trust Indenture Obligations

As of September 30, 2019, the System had Obligations outstanding under the Master Indenture totaling \$6,406,605,000. This excludes Obligations that secure interest rate or other swap transactions, bank liquidity or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 5 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2018.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the “*Direct Placement Bonds*”) that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the “*Taxable Loans*”) from one or more commercial banks or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to bank liquidity or letter of credit facilities (the “*Credit Facilities*”) issued by credit banks to secure the payment of principal of, interest on and purchase price for certain tax-exempt and taxable bonds issued for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans and the Credit Facilities include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities containing these financial covenants and events of default are available for review on EMMA (<http://emma.msrb.org>).

Interest Rate Swap Arrangements

The System and/or certain of its affiliates may enter into interest rate swap contracts from time to time to increase or decrease variable rate debt exposure, to achieve a targeted mix of fixed and floating rate indebtedness and for other purposes.

At September 30, 2019, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately \$442 million and with varying expiration dates. The swap agreements require SJHS to make fixed rate payments in exchange for variable rate payments made by the counterparties. SJHS’s payment obligations under such swap agreements are secured by Obligations issued under the Master Indenture.

Below is a summary of those swap agreements, including the fair value of the swaps as of September 30, 2019. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty’s forward London Interbank Offered Rate curve, which is the input used in the valuation, also taking into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within non-operating gains and losses. See also the discussion under “Other Information - Interest Rate Swap Agreements” and Note 5 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2018.

DESCRIPTION	NOTIONAL	TERM	COUNTERPARTY	RECEIVE	PAY	FAIR VALUE
Fixed Payor	\$13,550,000	Jul-21	Morgan Stanley	68% of 3 Month LIBOR	3.305%	(\$363,000)
Fixed Payor	\$2,200,000	Jul-20	Morgan Stanley	68% of 3 Month LIBOR	3.189%	(\$32,000)
Fixed Payor	\$173,310,000	Jul-47	MUFG Union	68% of 3 Month LIBOR	3.529%	(\$66,841,000)
Fixed Payor	\$46,015,000	Jul-47	Wells Fargo	68% of 3 Month LIBOR	3.520%	(\$17,437,000)
Fixed Payor	\$66,500,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$15,183,000)
Fixed Payor	\$66,550,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$15,165,000)
Fixed Payor	\$73,515,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$16,779,000)

Entering into derivative agreements including those described above creates a variety of risks to the System. Pursuant to certain of these agreements, both SJHS and the counterparty are required to deliver collateral in certain circumstances in order to secure their respective obligations under the agreements. As of September 30, 2019, SJHS posted collateral in the amount of approximately \$25,299,000. The amount of collateral delivered by SJHS over the term of the agreements could increase or decrease based upon SJHS' credit ratings and movements of United States dollar swap rates and could be substantial. Under certain circumstances, the derivative agreements are subject to termination prior to their scheduled termination date and prior to the maturity of the related revenue bonds. Payments due upon early termination may be substantial. In the event of an early termination of an agreement, there can be no assurance that (i) SJHS or any other Obligated Group Member will receive any termination payment payable to it by the provider, (ii) SJHS or any other Obligated Group Member will have sufficient amounts to pay a termination payment payable by it to the provider, or (iii) SJHS or the other Obligated Group Members will be able to obtain a replacement agreement with comparable terms. For financial reporting purposes, the System has generally not treated its swap agreements as effective hedges against the interest cost of underlying debt. To the extent that swaps are not treated as effective hedges, the System must recognize any changes in the fair market value of the swaps agreements and the related debt as non-operating gains or losses. See Note 5 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2018 attached to this Quarterly Report.

Litigation

Certain material litigation may result in an adverse outcome to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations.

On July 22, 2019, the U.S. Department of Justice served Swedish Health Services with a Civil Investigative Demand requesting documents pertaining to certain arrangements and joint ventures and physician organizations. Swedish is cooperating with the Department and compiling the responsive documents.

A number of civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of the System.

Employees

As of September 30, 2019, the System included approximately 117,000 employed caregivers (excluding Hoag), representing 104,612 FTEs. Of the total employees in the System, approximately 32 percent are represented by 19 different labor unions.

Providence management provides market-competitive salaries and benefits to all employees in all markets. Management of Providence believes the salary levels and benefits packages for its employees are competitive in all of the respective markets. At the same time, management understands that the health care industry is rapidly evolving. The leadership of each of the separate employers within the System is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations at the various employers within the System throughout 2019. In the past two years, the System has experienced strikes at different facilities, as a result of contract negotiations. In each situation, the facility operated with qualified replacement employees and did not experience any disruption to hospital operations or patient service, and, ultimately settled the contracts. Management is also aware of ongoing organizing efforts by labor unions within the health care industry, including in markets where the separate employers within the System operates.

Community Benefit

Through programs and donations, health education, free care, medical research and more, our community benefit investments fulfill unmet needs in communities we serve across seven states.

Building on our commitment to care for those who are poor and vulnerable, we have invested \$1.1 billion in community benefit in the nine months ended September 30, 2019, compared with \$1.2 billion in the same period in 2018. Community benefit spending related to the unpaid costs of Medicaid was \$707 million for the nine months ended September 30, 2019, compared with \$807 million for the same period in 2018.

Insurance

Providence has developed insurance programs that provide coverage for the vast majority of insurable risks. The program uses benchmarking and insurance analytics to guide its decisions regarding both the type of coverage it purchases and the limits of that insurance. The analytics use claims and historical data to estimate the likelihood of certain events occurring such as an earthquake or an anti-trust claim. The premium for an additional limit can then be compared to the probability of the event to pinpoint when the purchase of an additional insurance limit no longer provides a value to the System. The insurance team and brokers negotiate almost all of the policies directly to obtain the most favorable terms of coverage possible. Policies are also reviewed to ensure no coverage gaps - what is excluded in one policy must be covered by a different policy. Insurers must have an A rating or better from A.M. Best to be on the System program. Management meets with most of its underwriters at least once a year to obtain updates on any changes in business strategy or capacity. Providence currently self-insures a portion of its professional and general liability. Such claims are paid through trust arrangements which are funded to a 75 percent confidence level based on projections from outside independent actuaries. The major lines of insurance that are renewed yearly include property, directors and officers, employment practices, auto, fiduciary, cyber/information security, workers' compensation, crime, and aviation.

Accreditation and Memberships

The System's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, Providence Valdez Medical Center and Swedish Issaquah) accredited by The Joint Commission. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

Glossary of Terms

Credit Group: Obligated Group Members, Designated Affiliates, and Limited Credit Group Participants and Unlimited Credit Group Participants, collectively.

Obligated Group or Obligated Group Members: Obligated Group Members under the Master Indenture and currently:

Providence	St. Joseph Orange
PH&S	St. Jude
Providence - Washington	Mission Hospital
Providence - Southern California	St. Mary
LCMASC	Hoag Hospital
Providence - Saint John's	SJHNC
Providence - SJMC Montana	Queen of the Valley
Providence - Montana	Santa Rosa Memorial
Providence - Oregon	St. Joseph Eureka
Providence - Western Washington	Redwood Memorial
Swedish	CHS
Swedish Edmonds	CMC
PacMed	Covenant Children's
Western HealthConnect	Covenant Levelland
Kadlec	Covenant Plainview
SJHS	

Designated Affiliates: Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.

Limited Credit Group Participants: Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.

Unlimited Credit Group Participants: Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.

CHS: Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.

CMC: Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.

Covenant Children's: Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.

Covenant Levelland: Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Lovelland Hospital.

Covenant Plainview: Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.

Hoag Hospital: Hoag Memorial Hospital Presbyterian, a California nonprofit public benefit corporation and currently an Obligated Group Member.

Kadlec: Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.

LCMASC: Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.

Mission Hospital: Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.

PacMed: PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.

PH&S: Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.

<i>Providence - Montana:</i>	Providence Health & Services - Montana, a Montana nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Oregon:</i>	Providence Health & Services - Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Saint John's:</i>	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.
<i>Providence - SJMC Montana:</i>	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Southern California:</i>	Providence Health System - Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
<i>Providence - Washington:</i>	Providence Health & Services - Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Western Washington:</i>	Providence Health & Services - Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Providence St. Joseph Health, Providence, we, us, our:</i>	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
<i>Queen of the Valley:</i>	Queen of the Valley Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Redwood Memorial:</i>	Redwood Memorial Hospital of Fortuna, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Santa Rosa Memorial:</i>	Santa Rosa Memorial Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>SJHNC:</i>	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
<i>SJHS:</i>	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Joseph Eureka:</i>	St. Joseph Hospital of Eureka, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Joseph Orange:</i>	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Jude:</i>	St. Jude Hospital, Inc., a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
<i>St. Mary:</i>	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Swedish:</i>	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Swedish Edmonds:</i>	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>System:</i>	Providence and all entities that are included within the combined financial statements of Providence.
<i>Western HealthConnect:</i>	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

**EXHIBIT 5
OBLIGATED GROUP FACILITIES**

A list of the System's acute care facilities in each region as of September 30, 2019, each of which is owned or operated by an Obligated Group Member, is provided in EXHIBIT 5.1 below.

EXHIBIT 5.1 - LIST OF ACUTE CARE FACILITIES BY REGION

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*	
Alaska	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401	
		Providence Kodiak Island Medical Center ⁽¹⁾	Kodiak	25	
		Providence Seward Medical and Care Center ⁽¹⁾	Seward	6	
		Providence Valdez Medical Center ⁽¹⁾	Valdez	11	
Swedish	Swedish Edmonds	Swedish Edmonds ⁽²⁾	Edmonds	217	
		Swedish Medical Center Campuses ⁽³⁾ :			
	Swedish Health Services	Swedish Ballard	Ballard	133	
		Swedish Issaquah	Issaquah	175	
	Swedish Cherry Hill	Seattle	385		
	Swedish First Hill	Seattle	697		
Washington and Montana	Providence Health & Services-Washington	Providence Centralia Hospital	Centralia	128	
		Providence Regional Medical Center Everett	Everett	530	
		Providence St. Peter Hospital ⁽⁴⁾	Olympia	390	
	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	65	
		Providence Mount Carmel Hospital	Colville	55	
		Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691	
		Providence Holy Family Hospital	Spokane	197	
		Providence St. Mary Medical Center	Walla Walla	142	
		Kadlec Regional Medical Center	Kadlec Regional Medical Center	Richland	337
		Providence Health & Services-Montana	St. Patrick Hospital	Missoula (MT)	253
		Providence St. Joseph Medical Center	Providence St. Joseph Medical Center	Polson (MT)	22
	Oregon	Providence Health & Services-Oregon	Providence Hood River Memorial Hospital	Hood River	25
			Providence Medford Medical Center	Medford	168
Providence Milwaukie Hospital			Milwaukie	77	
Providence Newberg Medical Center			Newberg	40	
Providence Willamette Falls Medical Center			Oregon City	143	
Providence St. Vincent Medical Center			Portland	523	
Providence Portland Medical Center			Portland	483	
Providence Seaside Hospital ⁽⁵⁾			Seaside	25	

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Northern California				
	St. Joseph Health Northern California, LLC.	St. Joseph Hospital	Eureka	153
		Redwood Memorial Hospital	Fortuna	35
		Queen of the Valley Medical Center	Napa	208
		Santa Rosa Memorial Hospital	Santa Rosa	298
Southern California				
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Burbank	392
		Providence Holy Cross Medical Center	Mission Hills	329
		Providence Little Company of Mary Medical Center San Pedro	San Pedro	183
		Providence Tarzana Medical Center	Tarzana	249
		Providence Little Company of Mary Medical Center Torrance	Torrance	327
		Providence Saint John's Health Center	Santa Monica	266
	St. Mary Medical Center St. Jude Medical Hospital, Inc.	St. Mary Medical Center	Apple Valley	212
		St. Jude Medical Center	Fullerton	320
	Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center Campuses ⁽⁶⁾ :		523
		Mission Hospital Regional Medical Center	Mission Viejo	
		Mission Hospital Laguna Beach	Laguna Beach	
	Hoag Memorial Hospital Presbyterian	Hoag Memorial Hospital Presbyterian Campuses ⁽⁷⁾ :		518
		Hoag Memorial Hospital Presbyterian	Newport Beach	
	St. Joseph Hospital of Orange	Hoag Hospital Irvine	Irvine	
		St. Joseph Hospital of Orange ⁽⁸⁾	Orange	463
Texas				
	Methodist Hospital Levelland	Covenant Hospital Levelland	Levelland	48
		CHS Campuses:		381
	Covenant Health System	Covenant Medical Center	Lubbock	
		Covenant Medical Center - Lakeside	Lubbock	
		Grace Medical Center	Lubbock	123
	Methodist Children's Hospital Methodist Hospital Plainview	Covenant Children's Hospital	Lubbock	275
		Covenant Hospital Plainview	Plainview	68
TOTAL				11,715

* Includes all acute care licensure categories except for normal newborn bassinets and partial hospitalization psychiatric beds

(1) Leased and/or managed by Providence - Washington

(2) The legal entity Swedish Edmonds operates the hospital under a lease with Public Hospital District No. 2 of Snohomish County

(3) Four campuses with three licenses

(4) Includes a 50-bed chemical dependency center

(5) Leased to and managed by Providence - Oregon

(6) Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach

(7) Two campuses on one license

(8) Includes 37 acute care psychiatric beds

The System's principal owned or leased long-term care facilities as of September 30, 2019 is shown in EXHIBIT 5.2 is the table below.

EXHIBIT 5.2 - LIST OF LONG-TERM CARE FACILITIES BY REGION

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
<i>Facilities Owned or Leased By Obligated Group Members:</i>				
Alaska				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center ⁽¹⁾	Kodiak	22
		Providence Seward Medical and Care Center ⁽¹⁾	Seward	40
		Providence Valdez Medical Center ⁽¹⁾	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
Washington and Montana				
	Providence Health & Services-Washington	Providence Marionwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
Oregon				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center ⁽²⁾	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	St. Joseph Health Northern California, LLC.	Santa Rosa Memorial Hospital	Santa Rosa	31
Southern California				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance North	115
		Providence St. Elizabeth Care Center	Hollywood	52
Texas				
	Covenant Health System	Covenant Long-term Acute Care	Lubbock	56
TOTAL				1,398

⁽¹⁾ Leased and/or managed by Providence - Washington

⁽²⁾ Also includes 15 adult foster care units

EXHIBIT 6
Providence St. Joseph Health
Supplementary Information

[ATTACHED]

EXHIBIT 6.1 - SUMMARY UNAUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended September 30, 2019		Ended September 30, 2018	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenues:				
Net Patient Service Revenues	\$ 14,876,392	14,210,814	13,946,160	13,437,881
Premium Revenues	1,793,848	160,892	2,245,119	140,918
Capitation Revenues	1,137,762	511,785	1,056,572	426,419
Other Revenues	879,857	813,400	782,669	732,057
Total Operating Revenues	18,687,859	15,696,891	18,030,520	14,737,275
Operating Expenses:				
Salaries and Benefits	9,089,225	8,124,819	8,813,602	7,895,558
Supplies	2,751,205	2,553,160	2,633,169	2,454,310
Purchased Healthcare Services	1,559,739	300,350	1,890,757	172,862
Interest, Depreciation, and Amortization	1,013,273	947,529	995,866	932,255
Purchased Services, Professional Fees, and Other	4,005,899	3,033,356	3,609,509	2,763,515
Total Operating Expenses Before Restructuring Costs	18,419,341	14,959,214	17,942,903	14,218,500
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	268,518	737,677	87,617	518,775
Restructuring Costs	70,896	70,896	52,448	52,448
Excess of Revenues Over Expenses From Operations	197,622	666,781	35,169	466,327
Net Non-operating Gains	772,129	639,504	126,187	130,313
Excess of Revenues Over Expenses	\$ 969,751	1,306,285	161,356	596,640

EXHIBIT 6.2 - SUMMARY UNAUDITED AND AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended September 30, 2019		Ended December 31, 2018	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided by Operating Activities	\$ 1,784,687	2,043,532	1,348,012	1,834,510
Net Cash Used in Investing Activities	(2,339,966)	(2,049,237)	(1,233,858)	(884,078)
Net Cash Provided by (Used in) Financing Activities	206,801	(353,785)	112,054	(710,270)
(Decrease) Increase in Cash and Cash Equivalents	(348,478)	(359,490)	226,208	240,162
Cash and Cash Equivalents, Beginning of Period	1,597,397	1,027,088	1,371,189	786,926
Cash and Cash Equivalents, End of Period	\$ 1,248,919	667,598	1,597,397	1,027,088

EXHIBIT 6.3 - SUMMARY UNAUDITED NET PATIENT REVENUE PAYOR MIX

	Ended September 30, 2019		Ended September 30, 2018	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	50%	49%	50%	50%
Medicare	32%	32%	32%	32%
Medicaid	16%	16%	16%	15%
Self-pay and Other	2%	3%	2%	3%

EXHIBIT 6.4 - SUMMARY UNAUDITED AND AUDITED COMBINED BALANCE SHEETS

	As of September 30, 2019		As of December 31, 2018	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 1,248,919	667,598	1,597,397	1,027,088
Accounts Receivable, Net	2,479,954	2,351,023	2,256,807	2,126,654
Supplies Inventory	262,948	251,425	293,259	281,923
Other Current Assets	1,538,982	1,347,474	857,596	789,070
Current Portion of Assets Whose Use is Limited	649,547	318,743	653,722	338,778
Total Current Assets	6,180,350	4,936,263	5,658,781	4,563,513
Assets Whose Use is Limited	10,743,649	8,032,834	9,599,278	7,144,631
Property, Plant, and Equipment, Net	10,747,899	10,214,029	10,870,578	10,286,917
Other Assets	2,791,021	3,166,098	1,300,183	1,932,833
Total Assets	\$ 30,462,919	26,349,224	27,428,820	23,927,894
<u>Current Liabilities:</u>				
Current Portion of Long-Term Debt	\$ 226,672	222,715	300,096	296,115
Master Trust Debt Classified as Short-Term	110,000	110,000	110,000	110,000
Accounts Payable	886,532	789,765	1,097,689	983,562
Accrued Compensation	1,190,026	1,109,426	1,202,269	1,109,270
Other Current Liabilities	2,840,544	2,041,981	1,835,023	1,187,849
Total Current Liabilities	5,253,774	4,273,887	4,545,077	3,686,796
Long-Term Debt, Net of Current Portion	6,363,606	6,249,646	6,257,868	6,125,953
Pension Benefit Obligation	1,007,591	1,007,591	1,065,098	1,065,098
Other Liabilities	2,347,903	1,312,131	1,169,817	484,017
Total Liabilities	14,972,874	12,843,255	13,037,860	11,361,864
<u>Net Assets:</u>				
Controlling Interests	14,034,705	12,623,832	12,988,247	11,739,238
Noncontrolling Interests	130,734	(475)	167,908	-
Net Assets Without Donor Restrictions	14,165,439	12,623,357	13,156,155	11,739,238
Net Assets With Donor Restrictions	1,324,606	882,612	1,234,805	826,792
Total Net Assets	15,490,045	13,505,969	14,390,960	12,566,030
Total Liabilities and Net Assets	\$ 30,462,919	26,349,224	27,428,820	23,927,894

EXHIBIT 6.5 - KEY PERFORMANCE METRICS

	Ended September 30, 2019		Ended September 30, 2018	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	381,474	374,270	386,376	379,481
Acute Patient Days	1,858,554	1,820,673	1,835,640	1,802,777
Acute Outpatient Visits	9,604,880	9,030,775	9,379,045	8,865,569
Primary Care Visits	9,683,346	6,187,728	9,803,898	6,589,693
Inpatient Surgeries	164,581	160,202	166,034	161,639
Outpatient Surgeries	355,408	262,589	297,528	254,537
Long-Term Care Patient Days	304,828	296,957	309,710	300,880
Home Health Visits	1,022,826	658,720	950,431	635,791
Hospice Days	763,306	452,413	674,871	436,390
Housing and Assisted Living Days	462,946	181,598	465,643	184,877
Health Plan Members	654,370	n/a	655,111	n/a
Acute Average Daily Census	6,808	6,669	6,724	6,604
Acute Licensed Beds	11,907	11,575	11,956	11,624
FTEs	104,612	93,339	104,851	93,453

EXHIBIT 6.6 - SUMMARY UNAUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended September 30, 2019								
	(in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Operating Revenues:									
Net Patient Service Revenues	\$ 657,945	1,964,910	3,359,938	1,948,101	1,076,051	4,597,814	858,783	412,850	14,876,392
Premium Revenues	-	-	-	1,744,076	-	-	-	49,772	1,793,848
Capitation Revenues	-	-	115,407	10,652	56,842	954,492	-	369	1,137,762
Other Revenues	44,575	99,088	183,516	226,322	35,041	233,576	43,916	13,823	879,857
Total Operating Revenues	702,520	2,063,998	3,658,861	3,929,151	1,167,934	5,785,882	902,699	476,814	18,687,859
Operating Expenses:									
Salaries and Benefits	264,955	974,257	1,666,329	1,292,640	447,415	2,070,707	382,854	1,990,068	9,089,225
Supplies	84,141	335,168	590,733	389,144	154,981	792,302	167,829	236,907	2,751,205
Purchased Healthcare Services	-	2,246	79,041	1,019,389	37,233	416,952	-	4,878	1,559,739
Interest, Depreciation, and Amortization	43,822	114,044	136,542	88,896	49,872	287,134	45,178	247,785	1,013,273
Purchased Services, Professional Fees, and Other	213,352	630,917	1,177,164	1,010,823	443,313	2,254,521	255,740	(1,979,931)	4,005,899
Total Operating Expenses Before Restructuring Costs	606,270	2,056,632	3,649,809	3,800,892	1,132,814	5,821,616	851,601	499,707	18,419,341
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	96,250	7,366	9,052	128,259	35,120	(35,734)	51,098	(22,893)	268,518
Restructuring Costs	-	-	-	-	-	-	-	70,896	70,896
(Deficit) Excess of Revenues Over Expenses From Operations	96,250	7,366	9,052	128,259	35,120	(35,734)	51,098	(93,789)	197,622
Net Non-operating Gains	79,312	50,018	86,541	163,468	39,862	253,535	13,567	85,826	772,129
(Deficit) Excess of Revenues Over Expenses	\$ 175,562	57,384	95,593	291,727	74,982	217,801	64,665	(7,963)	969,751

EXHIBIT 6.7 - SUMMARY UNAUDITED COMBINING BALANCE SHEETS BY REGION

	As of September 30, 2019								
	(in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Current Assets:									
Cash and Cash Equivalents	\$ 516,058	82,330	98,494	724,740	27,934	(639,803)	178,602	260,564	1,248,919
Accounts Receivable, Net	142,227	421,936	564,031	273,536	168,237	750,881	159,321	(215)	2,479,954
Supplies Inventory	14,763	40,679	60,814	44,819	21,494	69,612	14,249	(3,482)	262,948
Other Current Assets	69,395	103,040	693,744	345,279	50,856	264,460	(1,765)	13,973	1,538,982
Current Portion of Assets Whose Use is Limited	-	-	-	-	768	18,469	-	630,310	649,547
Total Current Assets	742,443	647,985	1,417,083	1,388,374	269,289	463,619	350,407	901,150	6,180,350
Assets Whose Use is Limited	866,360	574,127	932,197	2,240,021	429,329	3,113,262	185,293	2,403,060	10,743,649
Property, Plant, and Equipment, Net	434,760	1,240,843	1,601,021	1,087,857	687,596	3,869,545	517,865	1,308,412	10,747,899
Other Assets	80,879	436,866	354,540	171,281	32,106	1,080,783	110,457	524,109	2,791,021
Total Assets	\$ 2,124,442	2,899,821	4,304,841	4,887,533	1,418,320	8,527,209	1,164,022	5,136,731	30,462,919
Current Liabilities:									
Current Portion of Long-Term Debt	73	5,008	973	173	4,851	217,579	15,654	(17,639)	226,672
Master Trust Debt Classified as Short-Term	-	-	-	-	1,605	91,347	-	17,048	110,000
Accounts Payable	25,546	96,002	128,909	117,399	40,011	283,789	32,297	162,579	886,532
Accrued Compensation	33,622	106,322	204,047	155,323	40,836	265,879	50,376	333,621	1,190,026
Other Current Liabilities	80,323	194,849	445,737	687,869	110,149	655,840	81,960	583,817	2,840,544
Total Current Liabilities	139,564	402,181	779,666	960,764	197,452	1,514,434	180,287	1,079,426	5,253,774
Long-Term Debt, Net of Current Portion	251,530	1,001,555	1,134,629	144,907	347,155	1,793,377	242,231	1,448,222	6,363,606
Pension Benefit Obligation	-	307,332	-	9,825	-	-	-	690,434	1,007,591
Other Liabilities	53,809	351,784	139,980	140,214	23,918	598,514	55,592	984,092	2,347,903
Total Liabilities	\$ 444,903	2,062,852	2,054,275	1,255,710	568,525	3,906,325	478,110	4,202,174	14,972,874
Net Assets:									
Controlling Interests	1,658,121	734,170	2,193,546	3,408,288	788,289	3,784,543	615,862	851,886	14,034,705
Noncontrolling Interests	335	2,459	(0)	520	-	96,978	25,507	4,935	130,734
Net Assets Without Donor Restrictions	1,658,456	736,629	2,193,546	3,408,808	788,289	3,881,521	641,369	856,821	14,165,439
Net Assets With Donor Restrictions	21,083	100,340	57,020	223,015	61,506	739,363	44,543	77,736	1,324,606
Total Net Assets	1,679,539	836,969	2,250,566	3,631,823	849,795	4,620,884	685,912	934,557	15,490,045
Total Liabilities and Net Assets	\$ 2,124,442	2,899,821	4,304,841	4,887,533	1,418,320	8,527,209	1,164,022	5,136,731	30,462,919

EXHIBIT 6.8 - KEY PERFORMANCE METRICS BY REGION

As of September 30, 2019

	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	12,315	45,922	95,561	46,391	22,326	139,343	19,616	381,474
Acute Patient Days	89,052	222,542	498,530	236,552	114,575	596,411	100,892	1,858,554
Acute Outpatient Visits	350,802	553,276	2,332,239	2,606,182	555,934	2,688,490	517,958	9,604,880
Primary Care Visits	83,191	1,279,005	2,871,997	1,776,820	446,123	2,696,936	443,291	9,683,346
Inpatient Surgeries	6,323	21,994	44,590	22,406	6,264	56,679	6,325	164,581
Outpatient Surgeries	8,436	41,075	90,928	95,776	12,280	88,102	18,811	355,408
Long-Term Care Patient Days	44,489	n/a	5,163	34,536	n/a	61,479	7,871	304,828
Home Health Visits	10,513	n/a	4,332	239,321	39,556	n/a	n/a	1,022,826
Hospice Days	17,347	n/a	n/a	153,461	85,668	292	47,999	763,306
Housing and Assisted Living Days	21,702	n/a	20,127	105,936	n/a	n/a	n/a	462,946
Health Plan Members	n/a	n/a	n/a	654,370	n/a	n/a	n/a	654,370
Average Daily Census	326	815	1,826	866	420	2,185	370	6,808
Acute Licensed Beds	485	1,607	2,810	1,484	774	3,852	895	11,907
FTEs	3,732	10,686	21,357	16,820	4,971	26,109	5,634	104,612