



**CONTINUING DISCLOSURE QUARTERLY REPORT
(Filed pursuant to Rule 15c2-12(b)(5))**

**PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP**

Name, Address and Telephone Number of Obligor:

Providence St. Joseph Health
1801 Lind Ave SW
Renton, WA 98057
(425) 525-3355
Attention: Venkat Bhamidipati,
Executive Vice President and Chief Financial Officer

Title of Bonds to Which Report Relates:

See **Exhibit A** attached hereto

Fiscal Year to Which Report Relates:

Quarter ended March 31, 2018

Including Management's Discussion and Analysis and Results of Operations

About Providence St. Joseph Health

Our organization

Providence St. Joseph Health (the System) has been a strong and stable force in health care for more than 160 years. While we have sustained our performance, we strive to increase access to health care and bring quality, compassionate care to 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 believe health care is a basic human right and experience has shown us that when individuals and families have access to care, quality of life improves. We offer a comprehensive range of industry-leading services, including an integrated care delivery system for inpatient and outpatient services, directly employed and affiliated physicians, health plans, senior care and supportive housing, financial assistance programs for those unable to pay medical bills and educational ministries that includes a high school and university. With a shared commitment to transform health care, we are pioneering new care settings, innovative approaches to population health, clinical research and digital technology solutions. Together, we are making quality care accessible to all, especially those most in need, and we are consistent advocates on behalf of the vulnerable and marginalized.



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 corporation 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 described above or a supplement or amendment to such Official Statement.

The Quarterly Report contains certain financial and operating data for the quarter ended March 31, 2018. The Corporation has undertaken no responsibility to update such data since March 31, 2018, except as set forth herein. This Quarterly Report may be affected by actions taken or omitted or events occurring after the date hereof. The Corporation has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. The Corporation 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.

The System, headquartered in Renton, Washington, is governed by a co-sponsorship council made up of members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. The System employs more than 114,000 caregivers (employees) and operates hundreds of programs and services across seven states. We are a diverse family of brands striving to improve the health of the communities we serve by advocating for the poor and vulnerable while ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States.

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.”

Strategic initiatives

Building enduring value to sustain our Mission. As health care evolves, we are responding with a vision and core strategy to transform and innovate at scale. Across the western United States, we share one strategic plan designed to improve the health of entire populations by supporting the well-being of each person served. That integrated strategic and financial plan is supported by three key principles:

Strengthen the core. We will deliver outstanding, affordable health care, housing, education and other essential services to our patients and communities by:

- Delivering safe, compassionate, high-value health care
- Stewarding our resources with a rigor and discipline that enables improved operational earnings into the future
- Fostering community commitment to our Mission via philanthropy
- Creating a work experience where caregivers are developed, fulfilled and inspired to carry on the Mission

Be our communities' health partner. We will be our communities' health partner, aiming for physical, spiritual and emotional well-being. We seek to ease the way of our neighbors by:

- Transforming care and improving population health outcomes, especially for the 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 those we serve

Transform our future. We will 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 spend and further sustain our Mission by:

- Continuing the shift toward a consumer-centric health organization with multiple, convenient access points
- Digitally enabling, simplifying, and personalizing the health experience
- Engaging and initiating strategic partnerships along the care continuum
- Creating an integrated scientific wellness, clinical research and genomics program that is nationally recognized for breakthrough advances
- Utilizing insights and value from our big data sources 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, the System 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, the System is frequently presented with opportunities from, and conducts discussions with, third parties regarding potential affiliations, partnerships, mergers or acquisitions, including some that could affect the Obligated Group Members. System management opportunistically pursues such arrangements when there is a perceived strategic or operational benefit that is expected to enhance the System's ability to achieve its mission and/or strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change from time to time. At this time, all such discussions are preliminary in nature and do not necessarily indicate an intention to expand or contract the System, through partnership, affiliation, merger or acquisition, or to add or withdraw Members of the Obligated Group.

Industry trends

Pioneering a new health care frontier. Providers are adapting to a rapidly changing industry and finding innovative ways to provide better, more affordable care and consumer-centric services. We are utilizing innovative digital offerings that better engage customers, improve the continuum of care and reduce clinical and operational variations and costs. Cloud computing and regulatory changes are improving access for patients and increasing the ability to share medical information. These advancements will enhance collaboration between caregivers and patients using real-time data that improves managed and preventive care and enables more effective, customized health regimens. Technology offers ways to improve quality in many areas of care, such as direct-to-consumer tests, integrating genomic data and other personal health information with clinical labs. We will continue to see both traditional and non-traditional partnerships in health care, seeking to innovate and disrupt the health care industry. In these arrangements, scale and scope can be a distinct advantage for consumers, especially in offering services that are consistent, convenient and affordable across multiple markets.

Policy and advocacy

Serving as a voice for the voiceless. Our priorities have focused on access to affordable care for all. We are working to preserve affordable medications for those with low incomes, taking a leading role in supporting opioid and mental health legislation in Congress, and expressing concern about proposals at the state and federal legislatures that would limit access to Medicaid and affordable care. Passage of 10 years of funding for the Children's Health Insurance Program was a significant success for the families we serve. State legislative sessions have concluded in Washington and Oregon, where the System supported passage of legislation that preserve or expand levels of care, especially Medicaid, and encourage patient-centered care.

Leading dynamic change through innovation

Building the future of care for all. We work to bring health care into the digital and consumer age with the goal of better serving patients and consumers by delivering care on their terms, and engaging them digitally about their health between episodes of care. We believe this strategy will result in lower costs and broader access to care, and more effective population health solutions as we continuously engage consumers about their health using digital tools. The following are a few examples of our direct-to-customer products to engage patients:

- Optimal Aging™ provides seniors with affordable access to non-clinical services such as transportation, meals, home care and other lifestyle necessities.
- Xealth™ allows physicians to prescribe digital content, apps and services to patients through electronic medical records.
- The Circle™ is a mobile women's health platform that delivers relevant content and services on pregnancy, women's health and pediatrics.
- Express Care is a digital platform that allows for on-demand patient access to Express Care retail clinics, telehealth, or at-home visits through the web or mobile apps.



Rapid proliferation of data, advanced analytics and digital technology. We are investing in a fully integrated patient system to leverage technology that allows us to operate more effectively across regions and ministries, surface and socialize best practices, and identify trends and opportunities across the system. We expect cost savings as standardization continues across all ministries and anticipate these improvements will also allow our caregivers to serve our patients more efficiently. The renewal and expansion of our core platform represents our dedication to enhancing the patient experience across the continuum of care.

Health plans

The System operates Providence Plan Partners (“PPP”), which consists of Providence Preferred, a network PPO; Providence Health Plan (“PHP”), a non-profit health care service contractor domiciled in the State of Oregon; and Providence Health Assurance, a wholly-owned subsidiary of PHP (collectively referred to as the “Health Plans”). In addition, Covenant Health System (“CHS”) has a 67% beneficial membership interest in SHA, L.L.C., doing business as FirstCare (“FirstCare”), a health maintenance organization operating in the West/Central Texas area. The remaining 33% is owned by Hendrick Medical Center, an unaffiliated not for profit corporation located in Abilene, Texas.

The Health Plans have been providing health insurance in the communities they serve for over thirty years. The Health Plans provide third-party health benefits administrative services for self-funded employers and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act (the “ACA”), Medicare Advantage, Managed Medicaid risk administration, workers compensation case management services (“MCO”) and network access services under Providence Preferred plans.

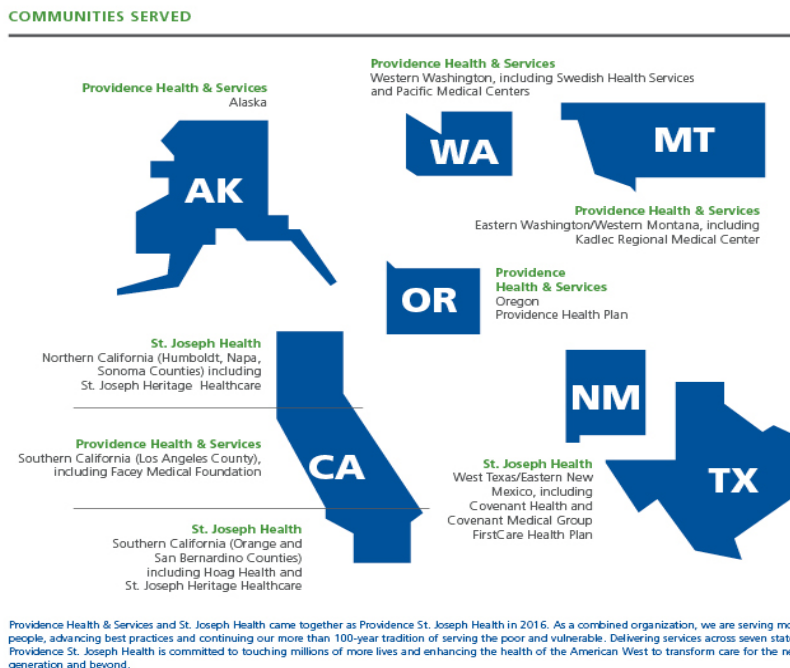
Integrated physician operations

The Providence St. Joseph Health Employed Provider Network (the “Provider Network”), which is comprised of eight provider service organizations, includes more than 7,000 employed providers. The Provider Network includes more than 2,400 primary care providers in more than 800 care sites.

Medical groups 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, in Southern California; Pacific Medical Centers, in western Washington; Kadlec, serving communities in southeast Washington; Facey Medical Foundation, in Southern California; St. Joseph Heritage Healthcare, in Northern and Southern California; and Covenant Medical Group operating in West Texas and Eastern New Mexico. Supplementing our Provider Network are more than 18,000 affiliated providers throughout the System.

Facilities

The System spans seven states across the western United States, and operates 51 acute care hospitals, 23 long-term care facilities, over 800 clinics, 146 supportive housing facilities, health plans, physician practices, pharmacies, home health services, rehab facilities, a university and a high school. The System is organized into seven geographic regions which are described below. Refer to Exhibit B for more details.



Region information

Alaska

As the largest health system in Alaska, the System operates 16 facilities throughout the state, with a 33 percent inpatient market share statewide in 2016. Providence Alaska Medical Center (“PAMC”) is the largest hospital in the state. The System’s 16 Alaska facilities are located in the Anchorage area, with 60 percent inpatient market share, and in the remote communities of Kodiak, Seward and Valdez. PAMC is a 401-bed acute care facility and the only comprehensive tertiary referral center in the state. Three critical access hospitals are located in the remote communities of Kodiak, Seward and Valdez, all co-located with skilled nursing facilities.

Swedish

In the greater Puget Sound area of Washington, Swedish serves as the largest non-for-profit health care provider with five hospital campuses: First Hill and Cherry Hill (in Seattle), Ballard, Edmonds and Issaquah. The inpatient market share for Swedish was 20 percent in 2016. 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 area.

Washington and Montana

In the Washington-Montana region, the System operates 11 hospitals, with a 44 percent inpatient market share in 2016. The Washington-Montana region is composed of five geographic markets: Northwest Washington, Southwest Washington, Eastern Washington, Southeast Washington and Western Montana.

In Northwest Washington, the System provides a variety of services through Providence Regional Medical Center Everett (“PRMCE”), Providence Medical Group (“PMG”), Providence Institute for Healthier Communities (“PIHC”), and Providence Hospice and Home Care Snohomish County (“PHHC”). PRMCE’s Colby and Pacific campuses provide general acute care, associated diagnostic and therapeutic services, and the area’s level II trauma center. PRMCE is also the area’s tertiary services provider in cardiac, thoracic, and vascular services, maternal-fetal medicine, neonatal intensive care, neurology, neurosurgery, inpatient rehabilitation, and cancer services. In Southwest Washington, the System serves a five-county area through Providence Centralia Hospital, Providence St. Peter Hospital, PMG, Providence Mother Joseph Care Center, and Providence Sound Homecare and Hospice.

Located in Eastern Washington, Providence Health Care (“PHC”) operates four hospitals in Spokane and Stevens Counties. Providence Sacred Heart Medical Center & Children’s Hospital serves as the tertiary referral center for the broad geographic area of the inland Northwest. The service area also includes Providence Holy Family Hospital (“PHFH”) in Spokane and two critical access hospital in Stevens County - Providence Mount Carmel Hospital in Colville and Providence St. Joseph’s Hospital in Chewelah.

The Southeast Washington service area includes Providence St. Mary Medical Center (“PSMMC”) in Walla Walla and Kadlec Regional Medical Center in Richland, Washington. In Western Montana, Providence St. Patrick Hospital (“SPH”), Providence St. Joseph Medical Center (“SJMC”) and PMG provide services for more than 200,000 patients in the primary service area and more than 400,000 in contiguous areas. Located in Missoula, SPH is a regional tertiary care center, operating the area’s only level II trauma center and air transport program.

Oregon

The Oregon region operates eight hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 29 percent in 2016. Providence St. Vincent Medical Center provides tertiary care to the Portland metropolitan market. Providence also provides primary care and immediate care clinics, home health care, housing and more. The Providence Health Plan operations are based in Oregon, and a majority of its customers live in the region.

Northern California

The System's ministries in Northern California serve the North Coast and Napa/Sonoma communities with five hospitals, ambulatory surgery centers, urgent care centers, wellness centers, physician offices, home health and rehab sites. The acute care hospitals in Northern California, had 37 percent inpatient market share in 2016. St. Joseph Heritage Healthcare, a medical foundation, operates professional service agreements in the region on behalf of the physician partners. St. Joseph Hospital-Eureka offers the only level II neonatal intensive care unit on the North Coast.

Southern California

The Southern California region includes 12 acute care hospitals in Los Angeles, Orange and San Bernardino counties, with a total inpatient market share of 25 percent in 2016. In Los Angeles County, the System operates six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is located in Burbank. The System also operates 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 and serving 1 million patients in 2016. PMF includes the Facey/PMI medical foundations, the fourth largest physician network in the State of California. The System's high school, Providence High School, also is located in the region. It is an accredited, Catholic, college-preparatory school with focused programs in the medical, media and technology fields.

In addition, the System operates seven acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, Newport Beach, Irvine and Orange. St. Jude Medical Center in Fullerton includes a level III neonatal intensive care unit. 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. St. Joseph Heritage Healthcare, a medical foundation, operates professional service agreements in the region on behalf of the physician partners.

Texas

The Texas region includes CHS and Covenant Medical Group. Covenant is the market's largest health system with seven licensed hospitals; the inpatient market share was 36 percent in 2016. The System also operates Grace Health System, including Grace Clinic and Grace Medical Center, Covenant Medical Group, a medical foundation physician network of employed and aligned physicians, and the FirstCare health plan. Covenant Health Partners is a physician-hospital cooperative organization based in Lubbock, Texas.

Obligated group

The Corporation and the entities listed in the following table (collectively, the “Obligated Group”) are currently members of the Obligated Group under the Master Trust Indenture (Amended and Restated), dated as of May 1, 2003 (as supplemented and amended, the “Master Indenture”).

List of Obligated Group Members

<u>Obligated Group Member</u>	<u>Incorporation</u>	<u>Reference</u>
Providence St. Joseph Health	Washington nonprofit	“Corporation”
Providence Health & Services	Washington nonprofit	“PH&S”
Providence Health & Services - Washington	Washington nonprofit	“Providence - Washington”
Providence Health System - Southern California	California nonprofit religious	“Providence - Southern California”
Little Company of Mary Ancillary Services Corporation	California nonprofit public benefit	“LCMASC”
Providence Saint John’s Health Center	California nonprofit religious	“Providence - Saint John’s”
Providence St. Joseph Medical Center	Montana nonprofit	“Providence - SJMC Montana”
Providence Health & Services - Montana	Montana nonprofit	“Providence - Montana”
Providence Health & Services - Oregon	Oregon nonprofit	“Providence - Oregon”
Providence Health & Services - Western Washington	Washington nonprofit	“Providence - Western Washington”
Swedish Health Services	Washington nonprofit	“Swedish”
Swedish Edmonds	Washington nonprofit	“Swedish Edmonds”
PacMed Clinics	Washington nonprofit	“PacMed”
Western HealthConnect	Washington nonprofit	“Western HealthConnect”
Kadlec Regional Medical Center	Washington nonprofit	“Kadlec”
St. Joseph Health System	California nonprofit public benefit	“SJHS”
St. Joseph Hospital of Orange	California nonprofit public benefit	“St. Joseph Orange”
St. Jude Hospital, Inc. ⁽¹⁾	California nonprofit public benefit	“St. Jude”
Mission Hospital Regional Medical Center	California nonprofit public benefit	“Mission Hospital”
St. Mary Medical Center	California nonprofit public benefit	“St. Mary”
Hoag Memorial Hospital Presbyterian	California nonprofit public benefit	“Hoag Hospital”
St. Joseph Health Northern California, LCC	California limited liability company	“SJHNC”
Queen of the Valley Medical Center	California nonprofit public benefit	“Queen of the Valley”
Santa Rosa Memorial Hospital	California nonprofit public benefit	“Santa Rosa Memorial”
St. Joseph Hospital of Eureka	California nonprofit public benefit	“St. Joseph Eureka”
Redwood Memorial Hospital of Fortuna	California nonprofit public benefit	“Redwood Memorial”
Covenant Health System	Texas nonprofit	“CHS”
Methodist Children’s Hospital ⁽²⁾	Texas nonprofit	“Covenant Children’s”
Methodist Hospital Levelland ⁽³⁾	Texas nonprofit	“Covenant Levelland”
Methodist Hospital Plainview ⁽⁴⁾	Texas nonprofit	“Covenant Plainview”

⁽¹⁾ Doing business as St. Jude Medical Center

⁽²⁾ Doing business as Covenant Children’s Hospital

⁽³⁾ Doing business as Covenant Hospital Levelland

⁽⁴⁾ Doing business as Covenant Hospital Plainview

The Corporation 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 CORPORATION THAT IS NOT AN OBLIGATED GROUP MEMBER.

Outstanding Master Trust Indenture Obligations

As of March 31, 2018, the Health System has 48 Obligations outstanding under the Master Trust Indenture totaling \$6,342,000,000. This excludes obligations that secure interest rate or other swap transactions, bank liquidity or credit facilities, and capital leases. The obligations outstanding under the Master Trust Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Notes to the Combined Audited Financial Statements for the twelve-month period ended December 31, 2017.

In the three months ended March 31, 2018, the unaudited combined net operating revenue and total assets attributable to the Obligated Group Members were approximately 82% and 83%, respectively, of the System totals. In the three months ended March 31, 2017, the unaudited pro forma combined net operating revenues and total assets attributable to the Obligated Group Members were approximately 88% and 89%, respectively, of the Systems totals. Refer to EXHIBIT C for voluntary supplemental information on the Obligated Group Members.

Utilization

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

DATA PRESENTED YEAR TO DATE; IN THOUSANDS UNLESS NOTED	3-31-18	3-31-17	VARIANCE	VARIANCE %
Total Acute Admissions	129	132	(3)	(2%)
Acute Patient Days	625	618	7	1%
Long-term Patient Days	98	95	(3)	(3%)
Outpatient Visits (incl. Physicians)	5,467	5,139	328	6%
Emergency Room Visits	543	533	10	2%
Total Surgeries and Procedures	138	135	3	2%
Acute Average Daily Census	6,940	6,867	73	1%

Non-obligated group system affiliates

In addition to the Obligated Group Members, the System includes: health plans; a provider network; numerous fundraising foundations; Providence Health Care Ventures, Inc., a Washington corporation that invests in health care activities in the Spokane area; 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 Corporation, 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 Annual Report as the “*Non-Obligated Group System Affiliates*.”

Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance are described below and other Non-Obligated Group System Affiliates are discussed elsewhere in this Annual Report only to the extent they are viewed by System management to be of particular operational or strategic importance.

Financial information

The summary unaudited combined financial information presented below of the System as of and for the three-month period ended March 31, 2018 and March 31, 2017 has been derived by the System's management from the unaudited financial information.

The summary audited combined financial information as of and for the twelve-month period ended December 31, 2017, presented below, has been derived by the System's management from audited financial information of the System. The financial information should be read in conjunction with the audited combined financial statements of Providence St. Joseph Health, including the notes thereto, and the report of KPMG LLP, independent auditors.

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 Revenue and Expense

DATA PRESENTED YEAR TO DATE; PRESENTED IN MILLIONS	3-31-18	3-31-17	VARIANCE	VARIANCE %
Net Patient Service Revenue	4,658	4,321	337	8%
Premium and Capitation Revenue	1,081	1,024	57	6%
Other Revenue	255	268	(13)	(5%)
Total Operating Revenue	5,994	5,613	381	7%
Salaries, Wages and Other	5,644	5,337	307	6%
Depreciation	259	259	0	0%
Interest and Amortization	66	67	(1)	(1%)
Total Operating Expenses	5,969	5,663	306	5%
Excess (Deficit) of Revenues Over Expenses from Operations	25	(50)	75	(150%)
Net Non-operating (Losses) Gains	(34)	212	(246)	(116%)
Excess (Deficit) of Revenues Over Expenses	(9)	162	(171)	(106%)
Operating EBIDA	351	276	75	27%

Summary Unaudited and Audited Combined Balance Sheets

PRESENTED IN MILLIONS	3-31-18	12-31-17	VARIANCE	VARIANCE %
ASSETS				
<u>Current Assets:</u>				
Cash and Cash Equivalents	1,317	1,371	(54)	(4%)
Short-term Investments	466	414	52	13%
Accounts Receivable, Net	2,344	2,222	122	5%
Supplies Inventory at Cost	277	277	0	0%
Other Current Assets	1,225	1,157	68	6%
Current Portion of Funds Held by Trustee	137	66	71	107%
Total Current Assets	5,766	5,507	259	5%
<u>Assets Whose Use Is Limited:</u>				
Long-term Investments	9,517	9,526	(9)	0%
Other Restricted Assets	461	460	1	0%
Total Assets Whose Use Is Limited	9,978	9,986	(8)	0%
Property, Plant & Equipment, Net	10,999	10,955	44	0%
Total Other Assets	1,259	1,197	62	5%
Total Assets	28,002	27,645	357	1%
LIABILITIES AND NET ASSETS				
<u>Current Liabilities:</u>				
Master Trust Debt classified as Short-term	57	57	0	0%
Accounts Payable	601	684	(83)	(12%)
Accrued Compensation	1,185	1,111	74	7%
Payable to Contractual Agencies	127	122	5	4%
Other Current Liabilities	1,896	2,169	(273)	(13%)
Current Portion of Long-term Debt	91	78	13	17%
Total Current Liabilities	3,957	4,221	(264)	(6%)
Long-term Debt, Net of Current Portion	6,657	6,485	173	1%
Other Long-term Liabilities	2,629	2,193	436	20%
Total Liabilities	13,243	12,899	344	3%
<u>Net Assets:</u>				
Unrestricted	13,574	13,545	29	0%
Temporarily Restricted	942	958	(16)	(2%)
Permanently Restricted	243	243	0	0%
Total Net Assets	14,759	14,746	13	0%
Total Liabilities and Net Assets	28,002	27,645	357	1%

Introduction to Management’s Discussion and Analysis

Management’s discussion and analysis provides additional narrative explanation of the financial condition, operational results and cash flow of the System to increase understanding of the combined financial statements. The unaudited combined financial information as of and for the three-month period ended March 31, 2018, presented below, has been derived by the System’s management from the unaudited financial information. The following document is incorporated herein by reference and are available for review on the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”): *Providence St. Joseph Health, Continuing Disclosure Quarterly Report, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, Quarter Ended March 31, 2018.*

Results of operations

Operating income was \$25 million for the three months ended March 31, 2018, compared with an operating loss of \$50 million in the same period in 2017. Operating earnings before interest, depreciation and amortization (“EBIDA”) was \$351 million for the three months ended March 31, 2018, compared with \$276 million in the same period in 2017 due to higher volumes and productivity. The table below provides key financial indicators for the periods indicated:

DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	3-31-18	3-31-17	VARIANCE	VARIANCE %
Operating Margin %	0.4	(0.9)	1.3	147%
Operating EBIDA Margin %	5.9	4.9	1.0	20%
Debt to Cash Flow	21.1	13.4	7.7	57%
Total Community Benefit	358	401	(43)	(11%)
Net Service Revenue/Case Mix Adjusted Admits	11,948	11,557	391	3%
Expense/Case Mix Adjusted Admits	11,890	11,680	210	2%
Full-time Equivalents (thousands)	105	104	1	1%

Volumes

The System experienced higher volumes in the three month ended March 31, 2018 compared with the same period in 2017 due to growth driven by outpatient activity. Outpatient visits grew eight percent for the three months ended March 31, 2018 compared with the same period in 2017. The table below provides key volume indicators for the periods indicated:

DATA PRESENTED YEAR TO DATE; IN THOUSANDS UNLESS NOTED	3-31-18	3-31-17	VARIANCE	VARIANCE %
Inpatient Admissions	131	133	(2)	(1%)
Acute Adjusted Admissions	254	250	4	2%
Acute Patient Days	635	626	9	1%
Long-term Patient Days	101	98	3	4%
Outpatient Visits (incl. Physicians)	6,808	6,327	481	8%
Emergency Room Visits	548	533	15	3%
Total Surgeries and Procedures	153	146	7	5%
Acute Average Daily Census	7,054	6,954	100	1%
Providence Health Plan Members	662	644	18	3%

Operating Revenue

Operating revenue in the three months ended March 31, 2018 was \$6 billion, an increase of seven percent compared with the same period in 2017 due primarily to volumes growth. Capitation and premium revenue, representing 18 percent of total operating revenue, grew six percent in the three months ended March 31, 2018, compared with the same period in 2017. The System's operating revenue share by geographic region for the three months ended March 31, 2018 is shown in the table below for the periods indicated:

REGIONAL OPERATING REVENUE SHARE	3-31-18	3-31-17	VARIANCE
Alaska	4%	4%	0%
Swedish	11%	12%	(1%)
Washington and Montana	20%	20%	0%
Oregon	21%	21%	0%
Northern California	6%	6%	0%
Southern California	29%	29%	0%
Texas	7%	7%	0%
Other	2%	1%	1%

The System's operating revenue share by line of business is shown in the table below for the periods indicated:

SEGMENT OPERATING REVENUE SHARE	3-31-18	3-31-17	VARIANCE
Hospitals	69%	69%	0%
Health Plans and Accountable Care	13%	12%	1%
Physician and Outpatient Activities	13%	14%	(1%)
Continuum Services	5%	5%	0%

Net patient revenue per case mix adjusted admissions increased three percent in three months ended March 31, 2018, compared with the same period in 2017. The System's net patient revenue by payor mix is shown in the table below for the periods indicated:

PAYOR NET PATIENT REVENUE SHARE	3-31-18	3-31-17	VARIANCE
Commercial	49%	50%	(1%)
Medicare	32%	34%	(2%)
Medicaid	16%	13%	3%
Self-pay and Other	3%	3%	0%

Operating Expenses

Operating expenses in the three months ended March 31, 2018 were \$6 billion, an increase of five percent compared with the same period in 2017, driven mainly by costs to serve higher volumes, pharmaceutical spend and higher wage rates. Salaries and wages expense increased four percent in the three months ended March 31, 2018, driven by full-time equivalent growth of one percent. This growth was tempered by higher productivity and a three percent reduction in medical supplies expense per case mix adjusted admissions.

Non-Operating Activity

Non-operating losses were \$34 million in the three months ended March 31, 2018, compared with non-operating gains of \$212 million in the same period in 2017. This loss was primarily driven by unfavorable mark-to-market adjustments on investments compared with the prior year.

Liquidity and capital resources

Unrestricted Cash and Investments

Unrestricted cash reserves totaled \$11 billion as of March 31, 2018 and December 31, 2017. The table below includes the liquidity of the System for the periods indicated:

DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	3-31-18	12-31-17	VARIANCE
Cash and Cash Equivalents	1,317	1,371	(54)
Short-term Investments	466	414	52
Long-term Investments	9,517	9,526	(9)
Total Unrestricted Cash and Investments	11,300	11,311	(11)

Financial Ratios

The table below includes the System's financial ratios for the periods indicated:

DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	3-31-18	12-31-17	VARIANCE
Debt to Capitalization %	33.1	32.6	0.5
Debt Service Coverage	4.8	3.3	1.5
Cash to Debt Ratio %	168.3	172.9	(4.6)
Cash to Comprehensive Debt %	112.2	114.4	(2.2)
Cushion Ratio	29	29	0
Maximum Annual Debt Service ("MADS")	390	384	6
Comprehensive Debt to Capitalization %	42.6	42.2	0.4
Cash to Total Net Asset Ratio	0.83	0.84	(0.01)

Capitalization

The table below this caption includes the capitalization of the System for the periods indicated:

DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	3-31-18	12-31-17	VARIANCE
Long-term Indebtedness	6,748	6,564	184
Less: Current Portion of Long-term Debt	91	79	12
Net Long-term Debt	6,657	6,485	172
Net Assets - Unrestricted	13,574	13,545	29
Total Capitalization	20,231	20,030	201
Percent of Long-term Debt to Capitalization	33%	32%	1%

Debt Service Coverage

The following table sets forth coverage of maximum annual debt service on indebtedness of the System for the periods indicated:

DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	Rolling 12-Months 3-31-18	12-31-17	VARIANCE
Income Available for Debt Service:			
Excess of Revenues Over Expenses	609	780	(171)
Plus: Unrealized Losses/Less Unrealized (Gains) on Trading Securities	(325)	(596)	271
Plus: Loss on Extinguishment of Debt	6	0	6
Plus: Loss on Pension Settlement Costs and Other	182	28	154
Plus: Depreciation	1,039	1,038	1
Plus: Interest and Amortization	268	269	(1)
Total	1,779	1,519	260
Debt Service Requirements ⁽¹⁾ :			
MADS	390	384	6
Coverage of Debt Service Requirements	4.6x	3.9x	0.7

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

Credit Agency Ratings

The System received affirmation on the following ratings from the three national credit rating agencies conducted during their annual review in 2017 and issued the following credit ratings:

- Fitch: "AA-"
- Standard and Poor's: "AA-"
- Moody's: "Aa3"

Plan of Finance

In February 2018, the System closed on its 2018 plan of finance, which included \$350 million of taxable debt and \$142 million in fixed rate tax-exempt debt for the System and its affiliates. The proceeds were used primarily to refinance existing bonds and draws on existing lines of credit. The bonds also financed a small portion of new debt and prior series of debt.

Governance and management

Corporate Governance

The Corporation serves as the parent and corporate member of PH&S and SJHS. The Corporation has obtained tax exemption 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 co-sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the "Co-Sponsors Council"). The Co-Sponsors' Council retains certain reserved rights with respect to the Corporation. Among the powers reserved to the Co-Sponsors' Council are the following powers over the affairs of the Corporation (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 Corporation; the appointment and removal, with or without cause, of the directors of the Corporation; the appointment and removal, with or without cause, of the President and Chief Executive Officer of the Corporation; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property of the Corporation; the approval of operating and capital budgets, upon recommendation of the Corporation Board of Directors; and

the approval of dissolution, consolidation or merger. The Corporation has reserved rights over PH&S and SJHS, which powers may be exercised by Board of the Corporation.

The following table lists the current members of the Board of Directors and the Co-Sponsors' Council.

Board of Directors		Co-Sponsors' Council	
Name	Term Expires (December 31)	Members	Term Expires (December 31)
Richard Blair, Chair †	2019	Eleanor Brewer	2020
David Olsen, Vice Chair ‡	2019	Ned Dolejsi	2018
Dick Allen ‡	2019	Jeff Flocken	2019
Isiaah Crawford, PhD Δ	2019	Barbara Savage	2019
Lucille Dean, SP †	2019	Bill Cox	2022
Diane Hejna, CSJ, RN. Δ	2019	Johnny Cox	2018
Michael Holcomb ‡	2019	Sr. Juliana Casey, IHM	2021
Phyllis Hughes, RSM, PhD. Δ	2019	Sr. Barbara Schamber, SP	2018
Sallye Liner, MSN, RN †	2019	Sr. Katherine Gray, CSJ	2019
Mary Lyons, PhD. Δ	2019	Sr. Mary Therese Sweeney, CSJ	2018
Walter "Bill" Noce, Jr. †	2019		
Carolina Reyes, M.D. Δ	2019		
Phoebe Yang Δ	2019		
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

The CEO of the Corporation has established an executive leadership team known as the Executive Council, the members of which are listed below.

Name	Title
Rod Hochman, M.D.	President and CEO
Mike Butler	President of Operations
Venkat Bhamidipati	EVP and CFO
Annette M. Walker	President of Strategy
Cindy Strauss	EVP and Chief Legal Officer
Amy Compton-Phillips, M.D.	EVP and Chief Clinical Officer
Rhonda Medows, M.D.	EVP and Chief Population Health Officer
Debra Canales	EVP and Chief Administrative Officer
Aaron Martin	EVP and Chief Digital and Innovation Officer
Jo Ann Escasa-Haigh	EVP and CFO of Operations
Orest Holubec	SVP and Chief Communication Officer and External Affairs Officer
Shannon Dwyer	Special Advisor to the CEO

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 Officer reports to the President of Operations, who oversees their management with emphasis on the service area's achievements in productivity, developing integrated delivery systems, meeting financial guidelines, maintaining or increasing market share, and responding to unmet health care needs in the community, especially the unmet needs of the poor. The Chief Financial Officer of the Corporation and staff coordinate the annual budget and five-year forecasts (also updated annually) 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.

Other information

Employees

As of March 31, 2018, the System employed approximately 114,800 people, which represents approximately 105,000 FTEs. Of the total employees in the System, approximately 32% are represented by 18 different labor unions.

Management of the System believes the salary levels and benefits packages for its employees are generally competitive in all of the respective markets, and that the System has generally good relationships with its caregivers. In the past 24 months, the System has experienced strikes at three 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 contract. Management is also aware of ongoing organizing efforts by labor unions, particularly in California.

Insurance

The System 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 additional limit can then be compared to the probability of the event to pinpoint when the purchase of 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. The System 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 actuaries. The major lines of insurance renewed yearly include property, directors and officers, employment practices, auto, fiduciary, cyber/information security, workers' compensation, crime, and aviation.

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 \$358 million in community benefit in the three months ended March 31, 2018, compared with \$401 million in the same period in 2017. In an environment of decreased reimbursement for government-sponsored medical care, community benefit spending related to the unpaid costs of Medicaid was \$220 million in the three months ended March 31, 2018, compared with \$282 million in the same period in 2017.

Interest Rate Swap Arrangements

The System and/or certain of its affiliates enter into interest rate swap contracts ("*Swaps*") 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 March 31, 2018, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately \$467 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. The market risk exposure of these agreements occurs when the fixed rate paid is greater than the variable rate received. At March 31, 2018, the total fair value of the combined interest rate swaps of approximately \$84 million represents the estimated amount SJHS would have paid upon termination of these agreements as of that date. 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. As required by the swap agreements, SJHS restricted approximately \$6 million in collateral held for swaps with one or more counterparties at March 31, 2018.

Litigation

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

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 the Corporation, based upon the advice of legal counsel and risk management personnel, the probable recoveries in these proceedings and the estimated costs and expenses of defense will be within applicable insurance limits or will not materially adversely affect the business or properties of the System.

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.

EXHIBIT A
LIST OF BONDS TO WHICH REPORT RELATES

Alaska Industrial Development and Export Authority Revenue Bonds (Providence Health & Services) Series 2011A, issued in the original principal amount of \$122,720,000;

California Health Facilities Financing Authority Revenue Bonds (Providence Health & Services) Series 2008C, issued in the original principal amount of \$289,195,000;

California Health Facilities Financing Authority Revenue Bonds (St. Joseph Health System) Series 2009 A and B, issued in the original principal amount of \$254,410,000;

California Health Facilities Financing Authority Revenue Bonds (Providence Health & Services) Series 2009B, issued in the original principal amount of \$150,000,000;

California Health Facilities Financing Authority Variable Rate Refunding Revenue Bonds (St. Joseph Health System) Series 2009 C and D, issued in the original principal amount of \$166,690,000;

California Health Facilities Financing Authority Revenue Bonds (St. Joseph Health System) Series 2013 A, B, C, and D, issued in the original principal amount of \$654,840,000;

California Health Facilities Financing Authority Revenue Bonds (Providence Health & Services) Series 2014A, issued in the original principal amount of \$275,850,000;

California Health Facilities Financing Authority Revenue Bonds (Providence Health & Services) Series 2014B, issued in the original principal amount of \$118,740,000;

California Health Facilities Financing Authority Revenue Bonds (Providence St. Joseph Health) Series 2016A, issued in the original principal amount of \$448,165,000;

California Health Facilities Financing Authority Revenue Bonds (Providence St. Joseph Health) Series 2016B1, issued in the original principal amount of \$95,240,000;

California Health Facilities Financing Authority Revenue Bonds (Providence St. Joseph Health) Series 2016B2, issued in the original principal amount of \$95,245,000;

California Health Facilities Financing Authority Revenue Bonds (Providence St. Joseph Health) Series 2016B3, issued in the original principal amount of \$95,245,000;

Lubbock Health Facilities Development Corporation Variable Rate Refunding Revenue Bonds (St. Joseph Health System), Series 2008B, issued in the original principal amount of \$105,385,000;

Lubbock Health Facilities Development Corporation Revenue Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016C, issued in the original principal amount of \$39,215,000;

Montana Facility Finance Authority Direct Obligation Bonds (Providence St. Joseph Health) Series 2016F, issued in the original Principal amount of \$50,810,000;

Oregon Facilities Authority Revenue Bonds (Providence Health & Services) Series 2011C, issued in the original principal amount of \$22,355,000;

Oregon Facilities Authority Revenue Bonds (Providence Health & Services) Series 2013A, issued in the original principal amount of \$78,190,000;

Oregon Facilities Authority Revenue Bonds (Providence Health & Services) Series 2013C, issued in the original principal amount of \$161,675,000;

Oregon Facilities Authority Revenue Bonds (Providence Health & Services) Series 2015C, issued in the original principal amount of \$71,070,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2010A, issued in the original principal amount of \$174,240,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2011B, issued in the original principal amount of \$42,218,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2012A, issued in the original principal amount of \$511,470,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2012B, issued in the original principal amount of \$100,000,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2012C, issued in the original principal amount of \$80,000,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2012D, issued in the original principal amount of \$80,000,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2014C, issued in the original principal amount of \$92,245,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2014D, issued in the original principal amount of \$178,770,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence Health & Services) Series 2015A, issued in the original principal amount of \$77,635,000;

Washington Health Care Facilities Authority Revenue Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016D, issued in the original principal amount of \$105,430,000;

Washington Health Care Facilities Authority Revenue Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016E, issued in the original principal amount of \$105,430,000;

Washington Health Care Facilities Authority Revenue Bonds (Providence St. Joseph Health) Series 2018B, issued in the original principal amount of \$141,690,000;

Taxable Bonds Direct Obligation Notes (Providence Health & Services) Series 2005, issued in the original principal amount of \$60,000,000;

Taxable Bonds Direct Obligation Notes (Providence Health & Services) Series 2009A, issued in the original principal amount of \$250,000,000;

Taxable Bonds Direct Obligation Notes (Providence Health & Services) Series 2012E, issued in the original principal amount of \$239,760,000;

Taxable Bonds Direct Obligation Notes (Providence Health & Services) Series 2013D, issued in the original principal amount of \$252,285,000;

Taxable Bonds Direct Obligation Notes (Providence Health & Services) Series 2013E, issued in the original principal amount of \$322,250,000;

Taxable Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016G, issued in the original principal amount of \$100,000,000;

Taxable Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016H, issued in the original principal amount of \$300,000,000;

Taxable Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2016I, issued in the original principal amount of \$400,000,000;

Taxable Bonds Direct Obligation Notes (Providence St. Joseph Health) Series 2018A, issued in the original principal amount of \$350,000,000

**EXHIBIT B
OBLIGATED GROUP**

A list of the System's acute care facilities in each region as of March 31, 2018, each of which is owned or operated by an Obligated Group Member, is provided in the table below.

List of Acute Care Facilities by Region

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*	
Alaska	Providence Heath & 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⁾ Swedish Medical Center Campuses ⁽³⁾ :	Edmonds	217	
	Swedish Health Services	Swedish Ballard	Ballard	133	
		Swedish Issaquah	Issaquah	144	
		Swedish Cherry Hill Swedish First Hill	Seattle Seattle	385 697	
Washington and Montana	Providence Heath & Services-Washington	Providence Centralia Hospital	Centralia	128	
		Providence Regional Medical Center Everett	Everett	530	
		Providence St. Peter Hospital ⁽⁴⁾	Olympia	390	
	Providence Heath & 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	719	
		Providence Holy Family Hospital	Spokane	197	
	Kadlec Regional Medical Center	Providence St. Mary Medical Center	Walla Walla	142	
		Kadlec Regional Medical Center	Richland	270	
		Providence Heath & Services-Montana	St. Patrick Hospital	Missoula (MT)	253
		Providence St. Joseph Medical Center	Polson (MT)	22	
Oregon	Providence Heath & 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 Hospital of Eureka	St. Joseph Hospital	Eureka	153
	Redwood Memorial Hospital of Fortuna	Redwood Memorial Hospital	Fortuna	35
	Queen of the Valley Medical Center	Queen of the Valley Medical Center	Napa	208
	Santa Rosa Memorial Hospital	Santa Rosa Memorial Hospital	Santa Rosa	313
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 Saint John's Health Center	Santa Monica	266
		Providence Tarzana Medical Center	Tarzana	249
		Providence Little Company of Mary Medical Center Torrance	Torrance	327
	St. Mary Medical Center	St. Mary Medical Center	Apple Valley	212
	St. Jude Medical Hospital, Inc.	St. Jude Medical Center	Fullerton	320
		Mission Hospital Regional Medical Center Campuses ⁽⁶⁾ :		523
	Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center	Mission Viejo	
		Mission Hospital Laguna Beach	Laguna Beach	
		Hoag Memorial Hospital Presbyterian Campuses ⁽⁷⁾ :		597
	Hoag Memorial Hospital Presbyterian	Hoag Memorial Hospital Presbyterian	Newport Beach	
		Hoag Hospital Irvine	Irvine	
	St. Joseph Hospital of Orange	St. Joseph Hospital of Orange ⁽⁸⁾	Orange	463
Texas				
	Methodist Hospital Levelland	Covenant Hospital Levelland	Levelland	48
		CHS Campuses:		506
	Covenant Health System	Covenant Medical Center	Lubbock	
		Covenant Medical Center - Lakeside	Lubbock	
	Methodist Children's Hospital	Covenant Children's Hospital	Lubbock	269
	Methodist Hospital Plainview	Covenant Hospital Plainview	Plainview	68
TOTAL				11,735

* 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 following is a list of the System's principal owned or leased long-term care facilities as of March 31, 2018.

List of Long-Term Care Facilities by Region

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
Facilities Owned or Leased By Obligated Group Members:				
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	162
Oregon	Providence Health & Services-Oregon	Providence Benedictine Nursing Center ⁽²⁾	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	Santa Rosa Memorial Hospital	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	115
		Providence St. Elizabeth Care Center	North Hollywood	52
Texas	Covenant Health System	Covenant Long-term Acute Care	Lubbock	56
TOTAL				1,447

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

(2) Also includes 15 adult foster care units

EXHIBIT C
Providence St. Joseph Health
Supplementary Information



EXHIBIT - SUMMARY AUDITED AND UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS

	Ended March 31, 2018 (in 000's of dollars)		Ended March 31, 2017 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenue:				
Net Service Revenue	\$ 4,657,883	\$ 4,499,879	\$ 4,320,594	\$ 4,207,634
Premium and Capitation Revenue	1,081,355	184,619	1,023,684	195,275
Other Operating Revenue	254,700	222,263	268,693	240,794
Net Operating Revenues	5,993,938	4,906,761	5,612,971	4,643,704
Operating Expenses:				
Salaries, Wages and Benefits	2,937,028	2,637,827	2,858,063	2,572,346
Supplies	878,658	825,144	828,151	773,462
Depreciation Expense	259,121	241,534	258,500	242,325
Interest and Amortization	66,464	64,415	67,249	64,829
Other Expenses	1,827,628	968,107	1,651,209	890,387
Total Operating Expenses	5,968,900	4,737,027	5,663,172	4,543,349
Excess (Deficit) of Rev Over Exp from Operations	25,038	169,733	(50,202)	100,355
Net Non-operating (Losses) Gains	(34,325)	(20,186)	211,855	184,942
Excess of Revenue Over Expenses	\$ (9,287)	\$ 149,547	\$ 161,654	\$ 285,297

EXHIBIT - SUMMARY AUDITED AND UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS

	Ended March 31, 2018 (in 000's of dollars)		Ended December 31, 2017 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net cash provided by (used in) operating activities	\$ 363,720	\$ (13,425)	\$ 1,268,066	\$ 2,314,546
Net cash provided by (used in) investing activities	(222,294)	(197,147)	(1,027,427)	(814,554)
Net cash provided by (used in) financing activities	(195,456)	38,368	130,363	(1,263,649)
Increase in cash and cash equivalents	(54,030)	(172,204)	371,002	236,343
Cash and cash equivalents, beginning of period	1,371,189	786,926	1,000,187	550,583
Cash and cash equivalents, end of period	\$ 1,317,159	\$ 614,722	\$ 1,371,189	\$ 786,926

EXHIBIT - SUMMARY AUDITED AND UNAUDITED PRO FORMA NET PATIENT REVENUE PAYOR MIX

	Ended March 31, 2018 (in 000's of dollars)		Ended March 31, 2017 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	49%	49%	50%	50%
Medicare	32%	32%	34%	34%
Medicaid	16%	16%	13%	13%
Self-pay and Other	3%	3%	3%	3%



EXHIBIT - SUMMARY UNAUDITED AND AUDITED COMBINED BALANCE SHEETS

	As of March 31, 2018		As of December 31, 2017	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 1,317,159	\$ 614,722	\$ 1,371,189	\$ 786,926
Short-term Management Designated Investments	466,197	306,181	413,700	254,383
Accounts Receivable, Net	2,343,496	2,231,188	2,221,520	2,147,724
Other Current Assets	1,502,087	1,261,462	1,434,328	1,373,457
CP of Assets-Use is Limited	137,105	69,420	66,242	1,532
Total Current Assets	5,766,044	4,482,973	5,506,980	4,564,022
<u>Assets Whose Use is Limited:</u>				
Management Designated Cash and Investments	9,516,836	7,144,929	9,525,468	7,418,799
Other Restricted Assets	461,257	258,001	460,383	161,608
Assets Whose Use is Limited	9,978,093	7,402,930	9,985,851	7,580,407
Property Plant Equipment Net	10,999,356	10,421,917	10,955,120	10,495,562
Total Other Long-term Assets	1,258,697	1,900,058	1,196,723	1,732,368
Total Assets	\$ 28,002,190	\$ 24,207,878	\$ 27,644,674	\$ 24,372,359
<u>Current Liabilities:</u>				
Short-term Debt	\$ 56,675	\$ 56,675	\$ 53,911	\$ 56,675
Accounts Payable	600,738	532,877	684,382	623,661
Accrued Compensation	1,184,835	1,099,884	1,110,682	1,033,090
Other Current Liabilities	2,114,459	1,409,763	2,372,641	1,699,368
Total Current Liabilities	3,956,707	3,099,199	4,221,616	3,412,794
Long Term Debt	6,656,564	6,530,252	6,484,528	6,457,366
Total Other Long-term Liabilities	2,629,354	1,549,138	2,193,453	1,562,861
Total Liabilities	13,242,625	11,178,589	12,899,597	11,433,021
<u>Net Assets:</u>				
Unrestricted	13,574,216	12,260,745	13,544,700	12,177,980
Restricted Net Assets	1,185,349	768,545	1,200,377	761,358
Total Net Assets	14,759,565	13,029,290	14,745,077	12,939,338
Total Liabilities and Net Assets	\$ 28,002,190	\$ 24,207,878	\$ 27,644,674	\$ 24,372,359



EXHIBIT - KEY PERFORMANCE METRICS

	Ended March 31, 2018		Ended March 31, 2017	
	Consolidated	Obligated	Consolidated	Obligated
Total Acute Admissions	131,379	129,167	133,136	131,518
Total Acute Patient Days	634,847	624,623	625,836	618,023
Acute Outpatient Visits	3,174,094	3,002,632	3,058,060	2,914,508
Primary Care Visits	3,322,309	2,253,603	2,992,897	2,027,620
Inpatient Surgeries	55,583	54,191	56,125	54,838
Outpatient Surgeries	97,561	83,918	89,500	79,916
Long-Term Care Patient Days	101,331	97,998	97,860	95,136
Home Health Visits	311,484	211,050	276,335	196,396
Hospice Days	225,640	140,388	206,664	149,131
Housing and Assisted Living Days	153,841	61,500	142,690	60,783
Health Plan Members	832,438	n/a	821,154	n/a
Total Average Daily Census	7,054	6,940	6,954	6,867
Total Acute Licensed Beds	11,921	11,648	11,797	11,727
FTEs	104,975	94,121	103,649	92,533



EXHIBIT - SUMMARY AUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended March 31, 2018 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	Texas	Other/ Eliminations	Consolidated
Operating Revenue:									
Net Service Revenue	\$ 203,678	\$ 626,861	\$ 1,085,543	\$ 628,751	\$ 316,050	\$ 1,388,994	\$ 239,791	\$ 168,215	\$ 4,657,883
Premium and Capitation Revenue	0	0	37,494	581,121	15,104	285,759	148,754	13,123	1,081,355
Other Operating Revenue	14,613	28,525	57,631	57,405	13,741	55,788	14,273	12,725	254,700
Net Operating Revenues	218,291	655,386	1,180,667	1,267,277	344,895	1,730,541	402,818	194,063	5,993,938
Operating Expenses:									
Salaries, Wages and Benefits	83,531	316,558	535,541	401,471	167,273	724,045	139,578	569,031	2,937,028
Supplies	27,611	109,908	191,231	122,944	50,890	252,436	52,653	70,985	878,658
Depreciation Expense	12,066	26,937	33,540	27,720	13,425	68,029	13,153	64,252	259,121
Interest and Amortization	2,926	11,909	12,767	1,448	3,496	21,857	1,861	10,200	66,464
Other Expenses	65,821	214,047	402,927	673,229	107,799	670,444	176,900	(483,539)	1,827,628
Total Operating Expenses	191,955	679,358	1,176,006	1,226,812	342,883	1,736,813	384,145	230,928	5,968,900
Excess (Deficit) of Revenue Over Expenses from Operations	26,336	(23,972)	4,661	40,465	2,012	(6,271)	18,674	(36,865)	25,038
Net Non-operating (Losses) Gains	(5,520)	(400)	(4,011)	(12,655)	20	11,513	195	(23,469)	(34,325)
Excess of Revenue Over Expenses	\$ 20,816	\$ (24,372)	\$ 650	\$ 27,810	\$ 2,032	\$ 5,242	\$ 18,869	\$ (60,334)	\$ (9,287)



EXHIBIT - SUMMARY AUDITED COMBINING BALANCE SHEETS BY REGION

	As of March 31, 2018 (in 000's of dollars)									
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	Texas	Other/ Eliminations	Consolidated	
Current Assets:										
Cash and Cash Equivalents	\$ 232,749	\$ 96,050	\$ 149,696	\$ 222,399	\$ 5,830	\$ 326,163	\$ 113,786	\$ 170,486	\$ 1,317,159	
Short-term Management Designated Investments	0	0	0	0	3,895	17,081	1,842	443,380	466,197	
Accounts Receivable, Net	126,511	342,443	535,981	276,370	162,927	725,941	155,227	18,097	2,343,496	
Other Current Assets	348,745	214,491	233,543	559,159	30,559	(540,422)	72,184	583,828	1,502,087	
Current Portion of Assets-Use is Limited	0	0	0	0	0	0	0	137,105	137,105	
Total Current Assets	708,005	652,984	919,220	1,057,927	203,210	528,763	343,039	1,352,896	5,766,044	
Assets Whose Use is Limited:										
Management Designated Cash and Investments	566,258	547,718	749,432	1,903,608	415,096	2,577,017	145,932	2,611,774	9,516,836	
Funds Held by Trustee, Gift Annuity, and Other	284	14,453	4,959	47,697	23,183	266,399	4,080	100,201	461,257	
Assets Whose Use is Limited	566,542	562,171	754,391	1,951,305	438,279	2,843,416	150,012	2,711,975	9,978,093	
Property Plant Equipment Net	471,180	1,326,213	1,710,241	1,074,621	649,484	3,761,060	523,513	1,483,045	10,999,356	
Total Other Long-term Assets	30,563	112,084	204,609	30,411	13,558	515,193	75,055	277,225	1,258,697	
Total Assets	\$ 1,776,289	\$ 2,653,453	\$ 3,588,461	\$ 4,114,265	\$ 1,304,530	\$ 7,648,432	\$ 1,091,619	\$ 5,825,141	\$ 28,002,190	
Current Liabilities:										
Short-term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,675	\$ 56,675	
Accounts Payable	9,724	60,000	82,802	62,684	36,257	207,280	24,556	117,434	600,738	
Accrued Compensation	33,591	100,878	194,620	155,779	39,691	262,777	41,749	355,751	1,184,835	
Other Current Liabilities	9,149	179,292	208,643	471,576	61,029	324,208	103,771	756,791	2,114,459	
Total Current Liabilities	52,464	340,170	486,065	690,039	136,977	794,265	170,076	1,286,651	3,956,707	
Long Term Debt	259,047	1,025,497	1,162,850	210,517	358,259	2,132,345	260,028	1,248,020	6,656,564	
Total Other Long-term Liabilities	23,054	429,562	42,140	41,470	7,314	187,390	37,689	1,860,734	2,629,354	
Total Liabilities	334,565	1,795,229	1,691,054	942,026	502,550	3,114,001	467,794	4,395,405	13,242,625	
Net Assets:										
Unrestricted	1,427,337	779,303	1,833,506	3,005,065	745,738	3,867,221	584,550	1,331,495	13,574,216	
Restricted Net Assets	14,387	78,920	63,900	167,174	56,242	667,210	39,275	98,241	1,185,349	
Total Net Assets	1,441,724	858,223	1,897,406	3,172,239	801,980	4,534,432	623,825	1,429,736	14,759,565	
Total Liabilities and Net Assets	\$ 1,776,289	\$ 2,653,453	\$ 3,588,461	\$ 4,114,265	\$ 1,304,530	\$ 7,648,432	\$ 1,091,619	\$ 5,825,141	\$ 28,002,190	



EXHIBIT - KEY PERFORMANCE METRICS BY REGION

As of March 31, 2018

	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	Texas	Consolidated
Total Acute Admissions	4,233	16,388	32,730	15,962	7,368	48,100	6,598	131,379
Total Acute Patient Days	28,194	76,202	170,779	78,037	41,180	205,757	34,698	634,847
Acute Outpatient Visits	115,430	190,286	755,956	881,891	190,679	903,206	136,646	3,174,094
Primary Care Visits	32,332	487,948	1,017,644	607,030	127,488	911,218	138,648	3,322,309
Inpatient Surgeries	2,128	7,757	14,817	7,504	2,064	19,144	2,169	55,583
Outpatient Surgeries	2,988	12,366	28,375	15,188	4,728	28,645	5,271	97,561
Long-Term Care Patient Days	14,692	n/a	3,271	11,018	n/a	21,104	3,333	101,331
Home Health Visits	2,989	n/a	7,459	78,522	13,861	105,156	n/a	311,484
Hospice Days	5,911	n/a	n/a	45,697	18,349	32,025	13,770	225,640
Housing and Assisted Living Days	7,192	n/a	6,767	35,793	n/a	n/a	n/a	153,841
Health Plan Members	n/a	n/a	n/a	662,108	n/a	n/a	170,330	832,438
Total Average Daily Census	313	847	1,898	867	458	2,286	386	7,054
Total Acute Licensed Beds	426	1,576	2,771	1,484	-	3,861	1,014	11,921
FTEs	3,657	10,905	21,071	16,242	5,047	27,497	6,025	104,975