



**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 June 30, 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. We strive to increase access to health care and bring 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 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 advocate for health care for all and use our collective voice to preserve safety net programs, such as Medicaid, which covers many of the most vulnerable in our communities. 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 include 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 System 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 June 30, 2018. The System has undertaken no responsibility to update such data since June 30, 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 System has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. The System 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 115,000 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. Together, we are bringing quality care to all, with a focus 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.”

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 quality 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

Best Employers for Women

The System was recently ranked 8 of 20 on the Forbes's list of America's Best Employers for Women in 2018.

Be our communities' health partner. We will be our communities' health partner, working to achieve the physical, spiritual and emotional well-being of all. We seek to ease the way of our community 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 our communities, and 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 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, 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, we are frequently presented with opportunities from, and conduct 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 our ability to achieve the Mission and/or strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change. 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

Innovation and disruption focus on health care consumers. The consumerization of health care means lower cost and higher transparency and convenience, all informed by rich data and analytics. The pace of innovation and disruption have accelerated with the emergence of new non-traditional partnerships and coalitions. The giants of the tech industry are deploying artificial intelligence, machine learning, and biometrics to tackle some of health care's biggest challenges. And as care migrates to lower-cost settings, M&A is creating new provider networks from disparate pieces of the health care value chain. The System is pioneering the transition to health care delivery that spans the full care continuum while leveraging data and technology to deliver superior outcomes at lower cost.

“Competition has become more asymmetric. It used to be that you knew your competitors were in the local market. The typical boundaries that we used to see are no longer there.”
-Rod Hochman, M.D., President and CEO

Policy and advocacy

Making a difference for the vulnerable. As federal legislative, regulatory, and judicial activity continues to create uncertainty around the future of the Affordable Care Act and the Medicaid program, the System remains a steadfast advocate for access to care, driven by the belief that health care is a basic human right. Advocacy teams continue robust support for Medicaid, including opposing work requirements, and working to preserve funding and coverage, and advancing our federal priorities related to Medicare payment models, interoperability, workforce development, primary care, digital health, end-of-life care, and supporting our nation's immigrants. Driven by the 21st Century Cures Act, medical research is ongoing into major diseases, such as dementia, diabetes, heart disease, and groundbreaking clinical trials for cancer research, while data-rich precision medicine continues to expand. Through the Institute for Systems Biology, we have formed a partnership with Seattle startup Arivale to explore how data-driven lifestyle coaching can prevent the advancement of Alzheimer's or reverse early symptoms of the disease. During 2018, health systems continue to focus on solutions to the crisis of opioid addiction. We continue to be an outspoken advocate for national policy to improve access to mental health care and opioid treatment. For our veterans, we led advocacy on the VA MISSION Act, legislation that passed designed to improve veterans' access to care and streamline claims processing for providers.

Leading dynamic change through digital engagement

Empowering patients to become more involved in their care. 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 where they live 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 patient-facing digital services:

- Xealth™, a company incubated by our digital team, allows physicians to prescribe digital content, apps and services to patients through electronic medical records
- Circle™ was recently combined with Wildflower Health to create the leading women's digital health platform
- Express Care is powered by a digital platform that allows for on-demand patient access to retail clinics, telehealth, or at-home visits through the web or mobile apps

“Diversification means we can support our core health care services and be more involved in developing new, value-added health products and services for consumers and clinicians.”
-Aaron Martin, Chief Digital Officer



Building partnerships that enhance care for those we serve. We incubated the Circle Women's Health Platform that was recently acquired by Wildflower Health, a leading mobile health software company. We are diversifying revenue while offering value-added health care technology to consumers. We are also

proving our ability to develop solutions to meet healthcare-provider needs, scale and commercialize innovations, and create value beyond the immediate health system.

Leading the way on innovation among health care systems. We are focused on reducing the complexities of navigating healthcare, particularly in rural and underserved communities lacking access to services. We launched the Virtual Health System, one of our country’s largest telemedicine networks delivering core services for acute stroke, mental health, direct-to-consumer and after-hours hospital care to over 100 hospital facilities across the Western United States. The network connects consumers and providers through 50 distinct programs led by 1,500 caregivers, meeting the critical needs of the communities we serve.

Leveraging data liquidity, artificial intelligence and machine learning to improve outcomes. We are leveraging clinical data to transform care delivery for those we serve. Population-based analytics are providing opportunities to further evaluate and optimize care, and methods of health care delivery. We pass the benefits of our highly accessible, data-rich resources to our patients by identifying practices associated with lower costs and better outcomes. 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. We are also engaged in optimizing and aligning our core electronic health platform across ministries, representing our dedication to enhancing the patient experience across the continuum of care.

“Figure out through data and insights how you can serve your customers quickly, from anywhere, connecting with your patients not through sickness but continuously-these are important transition points in healthcare.”
-Venkat Bhamidipati, Executive Vice President and Chief Financial Officer

Health plans

The System operates Providence Plan Partners, 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 percent beneficial membership interest in SHA, L.L.C., doing business as FirstCare, a health maintenance organization operating in the West/Central Texas area. The remaining 33 percent 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, Medicare Advantage, Managed Medicaid risk administration, workers compensation case management services, 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 7,818 employed providers. The Provider Network includes 2,334 primary care providers.

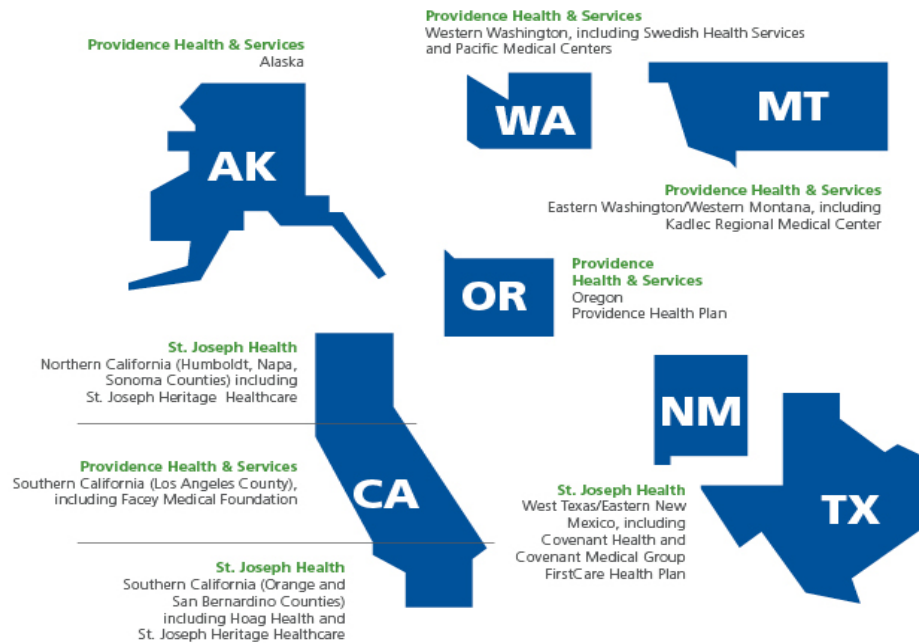
Medical groups within the Provider Network include: Providence Medical Group, a network serving Alaska, Washington and Montana, and Oregon; Swedish Medical Group, with staffed clinics throughout Washington’s greater Puget Sound area; Providence Medical Institute, in Southern California; Pacific Medical 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 24,463 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, more than 900 clinics, 16 supportive housing facilities, health plans, physician practices, pharmacies, home health services, rehab facilities, a university and a high school. The System is organized into the geographic regions shown in the graphic below in Exhibit 1.1

Exhibit 1.1

COMMUNITIES SERVED



Providence Health & Services and St. Joseph Health came together as Providence St. Joseph Health in 2016. As a combined organization, we are serving more people, advancing best practices and continuing our more than 100-year tradition of serving the poor and vulnerable. Delivering services across seven states, Providence St. Joseph Health is committed to touching millions of more lives and enhancing the health of the American West to transform care for the next generation and beyond.

Region information

Alaska

As the largest health system in Alaska, the System operates 16 facilities throughout the state, with a 35 percent inpatient market share statewide in 2017. Providence Alaska Medical Center (“PAMC”) is the largest hospital in the state. The System’s 16 Alaska facilities are located in the greater Anchorage area, with 60 percent inpatient market share. 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 operates five hospital campuses: First Hill and Cherry Hill (in Seattle), Ballard, Edmonds and Issaquah. The inpatient market share for Swedish was 20 percent in 2017. 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 metropolitan corridor.

Washington and Montana

In the Washington-Montana region, the System operates 11 hospitals, with a 44 percent inpatient market share in 2017. 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, and Providence Hospice and Home Care Snohomish County. 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 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 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 in Walla Walla and Kadlec Regional Medical Center in Richland. In Western Montana, Providence St. Patrick Hospital (“SPH”), Providence St. Joseph Medical Center 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 30 percent in 2017. Providence St. Vincent Medical Center provides tertiary care to the Portland metropolitan market. The System 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. 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, is also 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 38 percent in 2017. The System also operates Grace Heath System which includes 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 System 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”) as shown in Exhibit 2.1 below.

Exhibit 2.1 - List of Obligated Group Members

<u>Obligated Group Member</u>	<u>Incorporation</u>	<u>Reference</u>
Providence St. Joseph Health	Washington nonprofit	“System”
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, LLC.	California limited liability company	“SJHNC”
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 System 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.

Outstanding Master Trust Indenture Obligations

As of June 30, 2018, the 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 six months ended June 30, 2018, the unaudited 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. In the six months ended June 30, 2017, the unaudited pro forma combined net operating revenues and total assets attributable to the Obligated Group Members were approximately 83 percent and 88 percent, respectively, of the Systems totals. Refer to Exhibit 7 for voluntary supplemental information on the Obligated Group Members.

Utilization

A summary of certain acute care utilization data for the Obligated Group is shown in Exhibit 2.2 for the periods indicated:

EXHIBIT 2.2 - DATA PRESENTED YEAR TO DATE; IN THOUSANDS UNLESS NOTED	6-30-18	6-30-17	VARIANCE
Total Acute Admissions	254	260	(6)
Acute Patient Days	1,214	1,206	8
Long-term Patient Days	198	190	8
Outpatient Visits (incl. Physicians)	10,814	10,378	436
Emergency Room Visits	1,058	1,073	(15)
Total Surgeries and Procedures	279	276	3
Acute Average Daily Census	6,705	6,665	40

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 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.

Financial information

The summary unaudited combined financial information presented below of the System as of and for the six-month period ended June 30, 2018 and June 30, 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.

EXHIBIT 3.1 - Summary Unaudited Combined Statements of Revenue and Expense

DATA PRESENTED YEAR TO DATE; PRESENTED IN MILLIONS	6-30-18	6-30-17	VARIANCE
Net Patient Service Revenue	9,315	8,752	563
Premium and Capitation Revenue	2,171	2,031	140
Other Revenue	519	631	(112)
Total Operating Revenue	12,005	11,414	591
Salaries, Wages and Other	11,313	10,717	596
Depreciation	525	517	8
Interest and Amortization	137	136	1
Total Operating Expenses	11,975	11,370	605
Excess of Revenues Over Expenses from Operations	30	44	(14)
Net Non-operating Gains	9	346	(337)
Excess of Revenues Over Expenses	39	390	(351)
Operating EBIDA	692	697	(5)

EXHIBIT 3.2 - Summary Unaudited and Audited Combined Balance Sheets

PRESENTED IN MILLIONS	6-30-18	12-31-17	VARIANCE
ASSETS			
<u>Current Assets:</u>			
Cash and Cash Equivalents	1,211	1,371	(160)
Short-term Investments	265	414	(149)
Accounts Receivable, Net	2,322	2,222	100
Other Current Assets	1,496	1,434	62
Current Portion of Funds Held by Trustee	69	66	3
Total Current Assets	5,363	5,507	(144)
<u>Assets Whose Use Is Limited:</u>			
Long-term Investments	9,782	9,526	256
Other Restricted Assets	550	460	90
Total Assets Whose Use Is Limited	10,332	9,986	346
Property, Plant & Equipment, Net	10,967	10,955	12
Total Other Assets	1,262	1,197	65
Total Assets	27,924	27,645	279
LIABILITIES AND NET ASSETS			
<u>Current Liabilities:</u>			
Master Trust Debt classified as Short-term	57	57	0
Accounts Payable	625	684	(59)
Accrued Compensation	1,028	1,111	(83)
Other Current Liabilities	2,552	2,369	183
Total Current Liabilities	4,262	4,221	41
Long-term Debt, Net of Current Portion	6,651	6,485	166
Other Long-term Liabilities	2,197	2,193	4
Total Liabilities	13,110	12,899	211
<u>Net Assets:</u>			
Unrestricted	13,623	13,545	78
Restricted	1,191	1,201	(10)
Total Net Assets	14,814	14,746	68
Total Liabilities and Net Assets	27,924	27,645	279

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 assist in increasing understanding of the combined financial statements. The unaudited combined financial information as of and for the six-month period ended June 30, 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 June 30, 2018.*

Results of operations

Operating income was \$30 million for the six months ended June 30, 2018, compared with \$44 million in the same period in 2017. Operating earnings before interest, depreciation and amortization (“EBIDA”) decreased to \$692 million for the six months ended June 30, 2018, compared with \$697 million in the same period for 2017. Excluding prior year impact of \$104 million related to the sale of Pathology Associates Medical Laboratories, LLC, operating revenue increased \$695 million, or six percent and operating EBIDA increased \$99 million, or 17 percent compared to the same period in 2017 due to higher volumes, higher productivity, and expense management. Exhibit 3.3 shown below provides key financial indicators for the periods indicated:

EXHIBIT 3.3 - DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	6-30-18	6-30-17	VARIANCE
Operating Margin %	0.2	0.4	(0.2)
Operating EBIDA Margin %	5.8	6.1	(0.3)
Debt to Cash Flow	9.6	6.3	3.3
Total Community Benefit	789	753	36
Net Service Revenue/Case Mix Adjusted Admits	11,887	11,532	355
Expense/Case Mix Adjusted Admits	11,852	11,478	374
Full-time Equivalents (thousands)	105	103	2

Volumes

The System experienced four percent higher volumes per case mix adjusted admissions (“CMAA”) in the six months ended June 30, 2018, compared with the same period in 2017, due to growth driven by higher acuity patients and outpatient activity. Outpatient visits grew six percent for the six months ended June 30, 2018 compared with the same period in 2017. Exhibit 3.4 shown below provides key volume indicators for the periods indicated:

EXHIBIT 3.4 - DATA PRESENTED YEAR TO DATE; IN THOUSANDS UNLESS NOTED	6-30-18	6-30-17	VARIANCE
Inpatient Admissions	259	264	(5)
Acute Adjusted Admissions	510	501	9
Acute Patient Days	1,234	1,221	13
Long-term Patient Days	204	196	8
Outpatient Visits (incl. Physicians)	13,473	12,760	713
Emergency Room Visits	1,067	1,073	(6)
Total Surgeries and Procedures	311	302	9
Acute Average Daily Census	6,819	6,748	71
Providence Health Plan Members	659	641	18

Operating Revenue

Operating revenue in the six months ended June 30, 2018 was \$12 billion, an increase of five percent compared with the same period in 2017. Capitation and premium revenue represented 18 percent of total operating revenue and grew seven percent in the six months ended June 30, 2018, compared with the same period in 2017. The System's operating revenue share by geographic region for the six months ended June 30, 2018 is shown in Exhibit 3.5 for the periods indicated:

EXHIBIT 3.5 - REGIONAL OPERATING REVENUE SHARE	6-30-18	6-30-17	VARIANCE
Alaska	4%	4%	0%
Swedish	11%	12%	(1%)
Washington and Montana	20%	19%	1%
Oregon	21%	21%	0%
Northern California	6%	6%	0%
Southern California	29%	29%	0%
Texas	7%	7%	0%
Other	2%	2%	0%

The System's operating revenue share by line of business is shown in Exhibit 3.6 for the periods indicated:

EXHIBIT 3.6 - SEGMENT OPERATING REVENUE SHARE	6-30-18	6-30-17	VARIANCE
Hospitals	69%	68%	1%
Health Plans and Accountable Care	15%	15%	0%
Physician and Outpatient Activities	13%	14%	(1%)
Home and Community Care	3%	3%	0%

Net patient revenue per case mix adjusted admissions increased three percent in six months ended June 30, 2018, compared with the same period in 2017. The System's net patient revenue by payor mix is shown in Exhibit 3.7 for the periods indicated:

EXHIBIT 3.7 - PAYOR NET PATIENT REVENUE SHARE	6-30-18	6-30-17	VARIANCE
Commercial ⁽¹⁾	49%	50%	(1%)
Medicare ⁽¹⁾	32%	33%	(1%)
Medicaid ⁽¹⁾	16%	14%	2%
Self-pay and Other	3%	3%	0%

⁽¹⁾ Includes prior year restatement (unaudited)

Operating Expenses

Operating expenses in the six months ended June 30, 2018 were \$12 billion, an increase of five percent compared with the same period in 2017, driven mainly by costs associated with serving the System's higher volumes. Salaries and wages expense increased three percent in the six months ended June 30, 2018, driven by full-time equivalent ("FTE") growth of two percent. Supplies expense increased five percent in the six months ended June 30, 2018 driven primarily by increases in pharmaceutical spend. This growth was offset by higher productivity and expense management efforts with a three percent reduction in expenses per CMAA.

Non-Operating Activity

Non-operating gains totaled \$9 million in the six months ended June 30, 2018, compared with non-operating gains of \$346 million for the same period in 2017. The decrease was primarily driven by unfavorable mark-to-market adjustments on investments during the six months ended June 30, 2018, compared with relatively strong investment performance over the same period in 2017.

Liquidity and capital resources

Unrestricted Cash and Investments

Unrestricted cash reserves totaled over \$11 billion as of June 30, 2018 and December 31, 2017, and includes payments related to debt service costs and capital expenditures. Exhibit 4.1 shown below includes the liquidity of the System for the periods indicated:

EXHIBIT 4.1 - DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	6-30-18	12-31-17	VARIANCE
Cash and Cash Equivalents	1,211	1,371	(160)
Short-term Investments	265	414	(149)
Long-term Investments	9,782	9,526	256
Total Unrestricted Cash and Investments	11,258	11,311	(53)

Financial Ratios

The System's financial ratios are shown in Exhibit 4.2 for the periods indicated:

EXHIBIT 4.2 - DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	6-30-18	12-31-17	VARIANCE
Total Debt to Capitalization %	33.0	32.6	0.4
Current Debt Service Coverage	4.6	3.3	1.3
Cash to Debt Ratio %	167.8	172.9	(5.1)
Cash to Comprehensive Debt %	110.4	114.4	(4.0)
Cushion Ratio	29	29	0
Maximum Annual Debt Service ("MADS")	390	384	6
Comprehensive Debt to Capitalization %	42.8	42.2	0.6
Cash to Total Net Asset Ratio	0.83	0.84	(0.01)

Capitalization

The capitalization of the System is shown in Exhibit 4.3 for the periods indicated:

EXHIBIT 4.3 - DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	6-30-18	12-31-17	VARIANCE
Long-term Indebtedness	6,739	6,563	176
Less: Current Portion of Long-term Debt	88	78	10
Net Long-term Debt	6,651	6,485	166
Net Assets - Unrestricted	13,623	13,545	78
Total Capitalization	20,275	20,030	245
Percent of Long-term Debt to Capitalization	33%	32%	1%

The System's coverage of maximum annual debt service on indebtedness is shown in Exhibit 4.4 for the periods indicated:

EXHIBIT 4.4 - DATA PRESENTED YEAR TO DATE; \$ FIGURES PRESENTED IN MILLIONS	Rolling 12-Months 6-30-18	12-31-17	VARIANCE
Income Available for Debt Service:			
Excess of Revenues Over Expenses	614	780	(166)
Plus: Unrealized Losses/Less Unrealized (Gains) on Trading Securities	(231)	(596)	365
Plus: Loss on Extinguishment of Debt	6	0	6
Plus: Loss on Pension Settlement Costs and Other	192	28	164
Plus: Depreciation	1,042	1,038	4
Plus: Interest and Amortization	268	269	(1)
Total	1,891	1,519	372
Debt Service Requirements ⁽¹⁾ :			
MADS	390	384	6
Coverage of Debt Service Requirements	4.8x	3.9x	0.9x

⁽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 at the end of 2017 and issued the following credit ratings:

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

Governance and management

Corporate Governance

The System serves as the parent and corporate member of PH&S and SJHS. The System 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 System. Among the powers reserved to the Co-Sponsors' Council are the following powers over the affairs of the System (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 System; the appointment and removal, with or without cause, of the directors of the System; the appointment and removal, with or without cause, of the President and Chief Executive Officer of the System; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property of the System; the approval of operating and capital budgets, upon recommendation of the System Board of Directors; and the approval of dissolution, consolidation or merger. The System has reserved rights over PH&S and SJHS, which powers may be exercised by Board of the System.

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

Board of Directors		Co-Sponsors' Council	
<u>Name</u>	<u>Term Expires (December 31)</u>	<u>Members</u>	<u>Term Expires (December 31)</u>
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	2020
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 System has established an executive leadership team known as the Executive Council, the members of which are listed below.

<u>Name</u>	<u>Title</u>
Rod Hochman, M.D.	President and CEO
Mike Butler	President of Operations
Venkat Bhamidipati	EVP and CFO
Carladenise Edwards	EVP and Chief Strategy Officer
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
Elaine Couture	EVP and Chief Executive Washington Montana
Erik Wexler	EVP and Chief Executive Southern California
Lisa Vance	EVP and Chief Executive Oregon

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 System and Finance 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 June 30, 2018, the System employed approximately 115,000 caregivers (excluding Hoag), which represents approximately 105,000 FTEs. Of the total employees in the System, approximately 32% are represented by 17 different labor unions.

Management of the System believes the salary levels and benefits packages for its employees are competitive in all of the respective markets. At the same time, management of the System knows that the healthcare market is rapidly evolving. As a result, 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. 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 contract. Management is also aware of ongoing organizing efforts by labor unions in health care, particularly in the markets where the System operates.

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 independent 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 \$789 million in community benefit in the six months ended June 30, 2018, compared with \$753 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 \$524 million in the six months ended June 30, 2018, compared with \$522 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 June 30, 2018, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately \$459 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 June 30, 2018, the total fair value of the combined interest rate swaps of approximately \$79 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 of June 30, 2018, SJHS has no collateral requirement.

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 System, 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 5
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 6
OBLIGATED GROUP**

A list of the System's acute care facilities in each region as of June 30, 2018, each of which is owned or operated by an Obligated Group Member, is provided in Exhibit 6.1 below.

EXHIBIT 6.1 - 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 Heath & Services-Montana Providence St. Joseph Medical Center	Providence St. Mary Medical Center	Walla Walla	142
			Kadlec Regional Medical Center	Richland	270
			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 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 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
	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	Hoag Memorial Hospital Presbyterian Campuses ⁽⁷⁾ :		597
		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:		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
TOTAL				11,720

* 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 June 30, 2018 is shown in Exhibit 6.2 is the table below.

EXHIBIT 6.2 - 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				
	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	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 7
Providence St. Joseph Health
Supplementary Information



EXHIBIT 7.1 - SUMMARY UNAUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended June 30, 2018 (in 000's of dollars)		Ended June 30, 2017 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenue:				
Net Service Revenue	\$ 9,314,685	\$ 9,001,360	\$ 8,752,451	\$ 8,515,986
Premium and Capitation Revenue	2,170,701	375,191	2,030,638	390,570
Other Operating Revenue	519,866	484,361	631,251	605,751
Net Operating Revenues	12,005,252	9,860,912	11,414,340	9,512,307
Operating Expenses:				
Salaries, Wages and Benefits	5,884,116	5,278,983	5,712,936	5,157,917
Supplies	1,764,979	1,650,037	1,682,989	1,580,020
Depreciation Expense	524,881	490,208	517,375	485,870
Interest and Amortization	137,049	130,291	135,500	129,628
Other Expenses	3,664,450	1,979,140	3,321,123	1,804,670
Total Operating Expenses	11,975,475	9,528,659	11,369,923	9,158,105
Excess of Rev Over Exp from Operations	29,777	332,253	44,417	354,202
Net Non-operating Gains	9,182	25,364	345,371	309,065
Excess of Revenue Over Expenses	\$ 38,959	\$ 357,617	\$ 389,788	\$ 663,267

EXHIBIT 7.2 - SUMMARY UNAUDITED AND AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended June 30, 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	\$ 747,797	\$ 599,760	\$ 1,268,066	\$ 2,314,546
Net cash provided by (used in) investing activities	(753,047)	(514,900)	(1,027,427)	(814,554)
Net cash provided by (used in) financing activities	(154,683)	(285,203)	130,363	(1,263,649)
Increase in cash and cash equivalents	(159,933)	(200,343)	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	\$ 1,211,256	\$ 586,583	\$ 1,371,189	\$ 786,926

EXHIBIT 7.3 - SUMMARY UNAUDITED NET PATIENT REVENUE PAYOR MIX

	Ended June 30, 2018 (in 000's of dollars)		Ended June 30, 2017 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial ⁽¹⁾	49%	50%	50%	50%
Medicare ⁽¹⁾	32%	32%	33%	34%
Medicaid ⁽¹⁾	16%	16%	14%	14%
Self-pay and Other	3%	2%	3%	2%

⁽¹⁾ Includes prior year restatement to Consolidated (unaudited)



EXHIBIT 7.4 - SUMMARY UNAUDITED AND AUDITED COMBINED BALANCE SHEETS

	As of June 30, 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	\$ 1,211,256	\$ 586,583	\$ 1,371,189	\$ 786,926
Short-term Management Designated Investments	264,829	99,221	413,700	254,383
Accounts Receivable, Net	2,321,700	2,217,449	2,221,520	2,147,724
Other Current Assets	1,496,081	1,361,782	1,434,329	1,373,457
CP of Assets-Use is Limited	68,807	1,113	66,242	1,532
Total Current Assets	5,362,673	4,266,148	5,506,980	4,564,022
<u>Assets Whose Use is Limited:</u>				
Management Designated Cash and Investments	9,782,344	7,620,226	9,525,468	7,418,799
Other Restricted Assets	550,596	174,578	460,383	161,608
Assets Whose Use is Limited	10,332,940	7,794,804	9,985,851	7,580,407
Property Plant Equipment Net	10,966,505	10,392,170	10,955,120	10,495,562
Total Other Long-term Assets	1,261,853	1,870,627	1,196,723	1,732,368
Total Assets	\$ 27,923,971	\$ 24,323,749	\$ 27,644,674	\$ 24,372,359
<u>Current Liabilities:</u>				
Short-term Debt	\$ 56,675	\$ 56,675	\$ 56,675	\$ 56,675
Accounts Payable	625,491	554,984	684,382	623,661
Accrued Compensation	1,028,209	952,706	1,110,682	1,033,090
Other Current Liabilities	2,551,195	1,716,621	2,369,877	1,699,368
Total Current Liabilities	4,261,570	3,280,986	4,221,616	3,412,794
Long Term Debt	6,651,470	6,534,177	6,484,528	6,457,366
Total Other Long-term Liabilities	2,196,731	1,527,922	2,193,453	1,562,861
Total Liabilities	13,109,771	11,343,085	12,899,597	11,433,021
<u>Net Assets:</u>				
Unrestricted	13,622,721	12,205,086	13,544,700	12,177,980
Restricted Net Assets	1,191,479	775,578	1,200,377	761,358
Total Net Assets	14,814,200	12,980,664	14,745,077	12,939,338
Total Liabilities and Net Assets	\$ 27,923,971	\$ 24,323,749	\$ 27,644,674	\$ 24,372,359

EXHIBIT 7.5 - KEY PERFORMANCE METRICS

	Ended June 30, 2018		Ended June 30, 2017	
	Consolidated	Obligated	Consolidated	Obligated
Total Acute Admissions	259,019	254,472	263,573	260,469
Total Acute Patient Days	1,234,241	1,213,589	1,221,319	1,206,280
Acute Outpatient Visits	6,233,842	5,892,141	6,187,977	5,896,768
Primary Care Visits	6,609,535	4,495,370	5,995,403	4,083,444
Inpatient Surgeries	111,287	108,376	112,836	110,377
Outpatient Surgeries	199,257	170,501	189,622	165,165
Long-Term Care Patient Days	204,441	198,294	196,094	190,372
Home Health Visits	629,176	426,542	576,239	397,914
Hospice Days	444,921	289,550	426,922	302,335
Housing and Assisted Living Days	308,227	122,451	291,464	122,390
Health Plan Members	823,262	n/a	814,346	n/a
Total Average Daily Census	6,819	6,705	6,748	6,665
Total Acute Licensed Beds	11,906	11,633	11,801	11,731
FTEs	104,768	93,871	102,544	92,845



EXHIBIT 7.6 - SUMMARY UNAUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended June 30, 2018 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	Texas	Other/ Eliminations	Consolidated
Operating Revenue:									
Net Service Revenue	\$ 420,840	\$ 1,262,905	\$ 2,177,450	\$ 1,246,546	\$ 636,406	\$ 2,766,042	\$ 485,286	\$ 319,210	\$ 9,314,685
Premium and Capitation Revenue	0	0	75,121	1,166,528	30,362	577,785	294,497	26,408	2,170,701
Other Operating Revenue	28,424	57,642	123,766	126,342	28,475	109,916	33,830	11,471	519,866
Net Operating Revenues	449,264	1,320,547	2,376,337	2,539,416	695,243	3,453,743	813,613	357,089	12,005,252
Operating Expenses:									
Salaries, Wages and Benefits	168,530	634,263	1,069,485	808,266	335,835	1,451,620	283,170	1,132,947	5,884,116
Supplies	56,455	220,371	386,553	247,085	100,341	508,342	110,195	135,637	1,764,979
Depreciation Expense	23,973	53,901	67,851	55,925	26,687	140,030	26,516	129,998	524,881
Interest and Amortization	5,868	23,463	25,324	2,936	6,874	45,704	4,813	22,067	137,049
Other Expenses	127,727	426,205	806,521	1,324,942	211,551	1,370,290	360,190	(962,976)	3,664,450
Total Operating Expenses	382,553	1,358,203	2,355,734	2,439,154	681,288	3,515,986	784,884	457,673	11,975,475
Excess (Deficit) of Revenue Over Expenses from Operations	66,711	(37,656)	20,603	100,262	13,955	(62,243)	28,729	(100,584)	29,777
Net Non-operating (Losses) Gains	(1,037)	2,738	(2,036)	(9,110)	4,982	50,185	1,576	(38,116)	9,182
Excess (Deficit) of Revenue Over Expenses	\$ 65,674	\$ (34,918)	\$ 18,567	\$ 91,152	\$ 18,937	\$ (12,058)	\$ 30,305	\$ (138,700)	\$ 38,959



EXHIBIT 7.7 - SUMMARY UNAUDITED COMBINING BALANCE SHEETS BY REGION

	As of June 30, 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	\$ 124,104	\$ 63,080	\$ 101,741	\$ 205,760	\$ 26,046	\$ 398,490	\$ 129,914	\$ 162,121	\$ 1,211,256	
Short-term Management Designated Investments	0	0	0	0	4,143	17,322	2,022	241,342	264,829	
Accounts Receivable, Net	149,564	327,124	527,981	251,202	150,763	746,486	146,355	22,225	2,321,700	
Other Current Assets	442,258	211,855	334,343	680,917	48,210	(547,869)	69,916	256,451	1,496,081	
Current Portion of Assets-Use is Limited	0	0	0	0	0	0	0	68,807	68,807	
Total Current Assets	715,926	602,059	964,065	1,137,879	229,162	614,429	348,207	750,946	5,362,673	
Assets Whose Use is Limited:										
Management Designated Cash and Investments	626,029	561,579	851,927	2,080,541	456,959	2,628,800	149,987	2,426,522	9,782,344	
Funds Held by Trustee, Gift Annuity, and Other	269	14,423	4,653	47,456	22,906	265,164	4,096	191,629	550,596	
Assets Whose Use is Limited	626,298	576,002	856,580	2,127,997	479,865	2,893,964	154,083	2,618,151	10,332,940	
Property Plant Equipment Net	463,705	1,315,166	1,690,766	1,075,359	654,672	3,787,890	532,833	1,446,114	10,966,505	
Total Other Long-term Assets	33,360	112,563	209,912	32,079	13,409	505,733	80,084	274,713	1,261,853	
Total Assets	\$ 1,839,289	\$ 2,605,790	\$ 3,721,323	\$ 4,373,314	\$ 1,377,108	\$ 7,802,016	\$ 1,115,207	\$ 5,089,924	\$ 27,923,971	
Current Liabilities:										
Short-term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,675	\$ 56,675	
Accounts Payable	10,779	62,740	85,242	67,632	36,264	213,717	32,201	116,916	625,491	
Accrued Compensation	28,957	90,299	162,002	122,094	40,410	274,180	35,345	274,922	1,028,209	
Other Current Liabilities	30,441	175,636	293,652	675,335	98,180	391,707	109,041	777,203	2,551,195	
Total Current Liabilities	70,177	328,675	540,896	865,061	174,853	879,604	176,587	1,225,716	4,261,570	
Long Term Debt	259,028	1,016,982	1,161,750	210,456	356,863	2,131,340	268,366	1,246,685	6,651,470	
Total Other Long-term Liabilities	23,254	409,585	41,811	41,201	7,333	185,439	37,711	1,450,397	2,196,731	
Total Liabilities	352,459	1,755,242	1,744,457	1,116,718	539,050	3,196,383	482,664	3,922,798	13,109,771	
Net Assets:										
Unrestricted	1,472,073	772,776	1,922,186	3,068,480	782,157	3,946,047	592,120	1,066,882	13,622,721	
Restricted Net Assets	14,757	77,772	54,680	188,116	55,901	659,586	40,423	100,244	1,191,479	
Total Net Assets	1,486,830	850,548	1,976,866	3,256,596	838,058	4,605,633	632,543	1,167,126	14,814,200	
Total Liabilities and Net Assets	\$ 1,839,289	\$ 2,605,790	\$ 3,721,323	\$ 4,373,314	\$ 1,377,108	\$ 7,802,016	\$ 1,115,207	\$ 5,089,924	\$ 27,923,971	



EXHIBIT 7.8 - KEY PERFORMANCE METRICS BY REGION

As of June 30, 2018

	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	Texas	Consolidated
Total Acute Admissions	8,437	32,441	64,470	31,489	14,779	94,466	12,937	259,019
Total Acute Patient Days	56,320	150,977	332,636	152,148	79,508	396,104	66,549	1,234,241
Acute Outpatient Visits	231,382	381,533	1,516,571	1,735,750	376,055	1,721,406	271,144	6,233,842
Primary Care Visits	66,534	967,778	2,020,865	1,228,701	252,615	1,798,433	274,608	6,609,535
Inpatient Surgeries	4,348	15,297	29,681	14,958	4,047	38,513	4,443	111,287
Outpatient Surgeries	6,173	25,438	57,808	31,348	9,417	57,559	11,514	199,257
Long-Term Care Patient Days	29,549	n/a	6,507	22,378	n/a	42,026	6,147	204,441
Home Health Visits	6,672	n/a	15,984	157,549	28,246	212,307	n/a	629,176
Hospice Days	11,902	n/a	n/a	93,704	18,349	63,989	28,033	444,921
Housing and Assisted Living Days	14,476	n/a	13,436	71,470	n/a	n/a	n/a	308,227
Health Plan Members	n/a	n/a	n/a	658,944	n/a	n/a	164,318	823,262
Total Average Daily Census	311	834	1,838	841	439	2,188	368	6,819
Total Acute Licensed Beds	426	1,576	2,771	1,484	774	3,861	1,014	11,906
FTEs	3,663	10,928	21,090	16,316	5,006	27,374	6,071	104,768