



Continuing Disclosure
Quarterly Financial Report
Six Months Ended June 30, 2015
(Unaudited)

TEXAS HEALTH RESOURCES

SYSTEM REVENUE BONDS						
Series	Taxable or Tax-Exempt	Issuer	Bond Type	Final Maturity	Principal Amount	Interest Rate
2015	Taxable	THR	Term	11/15/2055	\$ 300,000,000	4.330%
2015A	Tax-Exempt	TCCEFFC ¹	Term	11/15/2052	\$ 40,000,000	4.250%
2015A	Tax-Exempt	TCCEFFC ¹	Term	11/15/2052	\$ 20,000,000	5.000%
2012A	Taxable	TCCEFFC ¹	Term	11/15/2047	\$ 100,000,000	4.366%
2012B	Tax-Exempt	TCCEFFC ¹	VRDB ²	11/15/2047	\$ 50,000,000	Variable
2010	Tax-Exempt	TCCEFFC ¹	Term	11/15/2040	\$ 157,550,000	5.000%
2008A	Tax-Exempt	TCCEFFC ¹	VRDB ²	11/15/2033	\$ 65,000,000	Variable
2008B	Tax-Exempt	TCCEFFC ¹	VRDB ²	11/15/2033	\$ 50,285,000	Variable
2008C	Tax-Exempt	TCCEFFC ¹	VRDB ²	11/15/2033	\$ 60,770,000	Variable
2007A	Tax-Exempt	TCCEFFC ¹	Term	2/15/2036	\$ 528,855,000	5.000%
2007B	Tax-Exempt	TCCEFFC ¹	Term	11/15/2047	\$ 100,000,000	5.000%

SYSTEM BANK LOANS						
Series	Taxable or Tax-Exempt	Bank	Bond Type	Final Maturity	Principal Amount	Interest Rate
2010	Tax-Exempt	BofA ³	Variable	12/1/2035	\$ 67,375,000	Variable
2010	Tax-Exempt	Compass ⁴	Variable	12/1/2033	\$ 67,500,000	Variable

¹ Tarrant County Cultural Education Facilities Finance Corporation

² Variable Rate Demand Bond

³ Bank of America, N.A.

⁴ Compass Mortgage Corporation

Note: Effective July 31, 2015, THR refinanced its BofA and Compass tax-exempt bank loans with Kansas City Financial Corporation, an affiliate of UMB Bank, N.A. (UMB) and The Northern Trust Company (Northern). The UMB bank loan was issued for \$67,375,000 with a final maturity date of September 1, 2035, and an optional tender date of July 31, 2030. The Northern bank loan was issued for \$67,500,000 with a final maturity date of December 1, 2033, and a mandatory tender date of July 31, 2025. Both new bank loans bear interest at variable rates calculated as a percentage of LIBOR plus a spread.

**TEXAS HEALTH RESOURCES
SYSTEM REVENUE BONDS**

WARNING

This document is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the document that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the document. Any information contained in the portion of the document indicated to concern recent events speaks only as of its date. Texas Health Resources ("THR") expressly disclaims any duty to provide an update of any information contained in this document. The information contained in this document may include "forward looking statements" by using forward-looking words such as "may," "will," "should," "expects," "believes," "anticipates," "estimates," or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, receipt of funding grants, and various other factors which are beyond our control. Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what THR includes in forward-looking statements.

THR is obligated to provide certain updated financial information and operating data quarterly as specified in the Master Indenture. This document is designed to fulfill that obligation. It does not represent a complete set of financial statements as stipulated by U.S. generally accepted accounting principles.

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TEXAS HEALTH RESOURCES
QUARTERLY CONSOLIDATED CONDENSED FINANCIAL INFORMATION
(Dollars in Thousands)

	Mar 31	Jun 30	Sep 30	Dec 31	Total Year
Fiscal Year 2015					
(Unaudited)					
Net patient service revenue ¹	\$ 935,945	\$ 979,473	\$ -	\$ -	\$ 1,915,418
Other operating revenue	42,440	52,271	-	-	94,711
Total operating revenue	978,385	1,031,744	-	-	2,010,129
Operating expenses	934,505	986,362	-	-	1,920,867
Operating income	43,880	45,382	-	-	89,262
Nonoperating gains (losses), net	74,010	(12,904)	-	-	61,106
Revenue and gains in excess of expenses and losses before income taxes	117,890	32,478	-	-	150,368
Less: Income tax expense	1,374	1,331	-	-	2,705
Revenue and gains in excess of expenses and losses	116,516	31,147	-	-	147,663
Less: Revenue and gains in excess of expenses and losses attributable to non-controlling interest	12,311	16,617	-	-	28,928
Revenue and gains in excess of expenses and losses from continuing operations attributable to THR	<u>\$ 104,205</u>	<u>\$ 14,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,735</u>
Fiscal Year 2014					
(Unaudited)					
Net patient service revenue	\$ 900,025	\$ 975,576	\$ 993,228	\$ 992,534	\$ 3,861,363
Other operating revenue	42,002	47,456	50,794	62,780	203,032
Total operating revenue	942,027	1,023,032	1,044,022	1,055,314	4,064,395
Operating expenses	907,661	949,610	941,767	952,126	3,751,164
Operating income	34,366	73,422	102,255	103,188	313,231
Nonoperating gains (losses), net	38,928	75,078	(28,184)	166,144	251,966
Revenue and gains in excess of expenses and losses before income taxes	73,294	148,500	74,071	269,332	565,197
Less: Income tax expense (benefit) ²	1,616	(17,328)	(613)	(7,784)	(24,109)
Revenue and gains in excess of expenses and losses	71,678	165,828	74,684	277,116	589,306
Less: Revenue and gains in excess of expenses and losses attributable to non-controlling interest	10,595	12,651	18,064	22,767	64,077
Revenue and gains in excess of expenses and losses from continuing operations attributable to THR	<u>\$ 61,083</u>	<u>\$ 153,177</u>	<u>\$ 56,620</u>	<u>\$ 254,349</u>	<u>\$ 525,229</u>

¹ In June 2015, the Region 10 public hospital under the 1115 Waiver program reduced its previous amount of discretionary intergovernmental transfer funding, thereby decreasing the pool of funds available to the private hospitals in the region. The effect on THR's year-to-date operating revenue as a result of this reduced program funding was \$23.6 million (\$11.6 million pertaining to fiscal year 2014 accruals and \$12.0 million pertaining to accruals recorded in the first quarter of 2015). Funding amounts for the program in Region 9 have remained relatively constant.

² During 2014, THR received notification from the Internal Revenue Service supporting THR's position that earnings from controlled joint ventures does not constitute UBI; therefore, THR reversed its accruals pending the appeal process. In addition, THR received notification of refund for years in which taxes had been paid; for which a receivable was established. The total impact of the appeal was approximately \$29,600,000.

TEXAS HEALTH RESOURCES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	June 30, 2015	December 31, 2014
	(Unaudited)	(Audited)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 406,262	\$ 453,573
Short-term investments	1,414	1,778
Receivables -		
Patient, net	418,421	403,821
Other, net	50,426	102,313
Assets limited as to use	310,595	204,902
Other current assets	121,046	117,631
Total current assets	1,308,164	1,284,018
Assets Limited as to Use	3,591,864	3,205,709
Property and Equipment, net	1,783,411	1,786,710
Investments in Unconsolidated Affiliates	193,604	186,152
Goodwill and Intangible Assets, net	162,216	164,252
Other Assets, net	50,532	39,401
Total assets	<u>\$ 7,089,791</u>	<u>\$ 6,666,242</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 271,222	\$ 216,243
Accounts payable	150,777	171,221
Estimated third-party payor settlements	30,150	35,166
Accrued salaries, wages, and employee benefits	237,397	235,594
Other accrued liabilities	150,993	151,379
Total current liabilities	840,539	809,603
Long-Term Debt, net of current portion	1,560,947	1,275,576
Other Noncurrent Liabilities	84,636	90,486
Total liabilities	2,486,122	2,175,665
Net Assets:		
Net assets of THR:		
Unrestricted	4,348,666	4,230,358
Temporarily restricted	93,149	98,621
Permanently restricted	69,712	69,492
Total net assets of THR	4,511,527	4,398,471
Noncontrolling ownership interest in equity of consolidated affiliates - unrestricted	92,142	92,106
Total net assets	4,603,669	4,490,577
Total liabilities and net assets	<u>\$ 7,089,791</u>	<u>\$ 6,666,242</u>

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(Dollars in Thousands)

	Six Months Ended June 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Operating Revenue:		
Net patient service revenue before provision for bad debts	\$ 2,023,754	\$ 2,025,457
Less: Provision for bad debts ¹	108,336	149,856
Net patient service revenue	1,915,418	1,875,601
Equity in earnings of unconsolidated affiliates	28,424	24,174
Other operating revenue	66,287	65,284
Total operating revenue	2,010,129	1,965,059
Operating Expenses:		
Salaries, wages, and employee benefits	1,053,097	999,403
Supplies	314,607	308,705
Other operating expenses	407,455	416,297
Depreciation and amortization	109,705	103,183
Interest expense	36,003	29,683
Total operating expenses	1,920,867	1,857,271
Operating Income	89,262	107,788
Nonoperating Gains (Losses), Net:		
Net realized investment income and gains	81,998	124,775
Net unrealized losses on investments	(22,475)	(13,318)
Equity in earnings of unconsolidated affiliates, nonoperating	431	2,059
Other, net	1,152	490
Total nonoperating gains, net	61,106	114,006
Revenue and Gains In Excess of Expenses and Losses before Income Taxes	150,368	221,794
Less: Income Tax Expense (Benefit) ²	2,705	(15,712)
Revenue and Gains In Excess of Expenses and Losses	147,663	237,506
Less: Revenue and Gains in Excess of Expenses and Losses Attributable to Non-Controlling Interest	28,928	23,246
Revenue and Gains In Excess of Expenses and Losses from Continuing Operations Attributable to THR	118,735	214,260

(Continued)

¹ Refer to "Charity Care Policy Change" discussion on page 11.

² Refer to Note 2 on Page 1.

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
(Dollars in Thousands)

	Six Months Ended June 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Other Changes in Unrestricted Net Assets:		
Net unrealized gains (losses) on investments, other than trading securities	\$ (3,580)	\$ 7,169
Net assets released from restrictions used for purchase of property and equipment	3,440	7,244
Change in fair value of interest rate swap agreements	(84)	213
Other changes, net	(203)	(1,912)
Increase in Unrestricted Net Assets	<u>118,308</u>	<u>226,974</u>
Changes in Temporarily Restricted Net Assets:		
Contributions received for purchase of property and equipment	379	360
Contributions received for operations	4,651	7,498
Net realized investment gain	2,140	3,467
Net unrealized gains (losses) on investments	(963)	121
Change in value of split-interest agreements	49	125
Net assets released from restrictions	(11,728)	(12,458)
Decrease in Temporarily Restricted Net Assets	<u>(5,472)</u>	<u>(887)</u>
Changes in Permanently Restricted Net Assets:		
Contributions	50	771
Unrealized investment gains on beneficial interest in perpetual trust, net	170	71
Increase in Permanently Restricted Net Assets	<u>220</u>	<u>842</u>
Increase in Net Assets of THR	<u>\$ 113,056</u>	<u>\$ 226,929</u>

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Six Months Ended June 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Cash Flows From Operating Activities:		
Increase in net assets of THR	\$ 113,056	\$ 226,929
Adjustments to reconcile increase in net assets to net cash provided by operating activities -		
Release of income tax liability	-	(19,410)
Net unrealized losses on investments	26,848	5,957
Net realized gains on investments	(61,033)	(110,484)
Change in value of split-interest agreements	(49)	(125)
Provision for bad debts ¹	108,367	149,832
Restricted contributions received for purchase of property and equipment	(379)	(360)
Depreciation and amortization	109,705	103,183
Amortization of bond premiums/discounts	(623)	(656)
Net loss on impairment and disposal of property and equipment	248	302
Equity in earnings of unconsolidated affiliates	(28,424)	(24,174)
Distributions from unconsolidated affiliates	26,065	18,408
Equity in earnings of unconsolidated affiliates, nonoperating	(431)	(2,059)
Change in fair value of interest rate swap agreements	84	(213)
Revenue and gains in excess of expenses and losses attributable to non-controlling interest	28,928	23,246
(Increase) decrease in:		
Receivables, patient, net	(122,936)	(134,706)
Receivables, other, net	51,856	5,040
Goodwill & intangible assets, net	(2,934)	(3,262)
Other assets, net	(10,860)	(9,737)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(24,043)	(6,333)
Other noncurrent liabilities	(5,850)	4,312
Net cash provided by operating activities	<u>207,595</u>	<u>225,690</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment, net	(101,552)	(94,758)
Proceeds from disposal of property and equipment	311	463
Investment in unconsolidated affiliates, net	(4,662)	(22,024)
Purchases of short-term investments and assets limited as to use, net	<u>(457,250)</u>	<u>(4,762)</u>
Net cash used in investing activities	<u>(563,153)</u>	<u>(121,081)</u>

(Continued)

¹ Refer to "Charity Care Policy Change" discussion on page 11.

TEXAS HEALTH RESOURCES
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
(Dollars in Thousands)

	Six Months Ended June 30,	
	2015	2014
	(Unaudited)	(Unaudited)
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt	\$ 368,897	\$ 13,672
Debt issuance costs	(3,770)	-
Principal payments on capital lease obligations	(336)	(276)
Principal payments on long-term debt, net	(28,031)	(23,633)
Contributions from non-controlling interest holders	2,008	2,912
Distributions to non-controlling interest holders	(30,900)	(25,143)
Proceeds from restricted contributions received for purchase of property and equipment	379	360
Net cash provided by (used in) financing activities	<u>308,247</u>	<u>(32,108)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(47,311)	72,501
Cash and Cash Equivalents, beginning of year	<u>453,573</u>	<u>334,539</u>
Cash and Cash Equivalents, current	<u><u>\$ 406,262</u></u>	<u><u>\$ 407,040</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u><u>\$ 32,785</u></u>	<u><u>\$ 27,733</u></u>
Supplemental Schedule of Noncash Financing Activities:		
Property and equipment acquired through capital lease obligations	<u><u>\$ 443</u></u>	<u><u>\$ -</u></u>

**TEXAS HEALTH RESOURCES
OPERATING AND FINANCIAL DATA**

UTILIZATION OF SYSTEM FACILITIES

Statistic	Six Months Ended June 30,	
	2015	2014
Licensed Beds (at month-end)	3,862	3,877
Operated Beds in Service (at month-end)	3,241	3,201
Patient Days (inpatient)	374,822	362,286
Discharges (inpatient)	79,731	76,496
Average Length of Stay (days)	4.7	4.7
Average Daily Census ¹	2,071	2,002
Percent Occupancy	63.9%	62.5%
Outpatient Visits ²	731,916	710,284
Total Surgeries	47,194	46,690
Emergency Room Visits	354,151	355,801
Outpatient Gross Patient Service Revenue to Total Gross Patient Service Revenue ³	42.0%	42.2%

¹ Average Daily Census is calculated using 181 days for the six months ended June 30, 2015 and 2014.

² Includes hospital based outpatient clinic visits and other outpatient facilities' visits. Excludes physician office visits.

³ Excludes physician activities, which represent 9.8% and 10.0% of THR's consolidated net patient service revenue for the six months ended June 30, 2015 and 2014, respectively.

**SOURCES OF COMBINED GROSS PATIENT SERVICE REVENUES
(Excludes Physician Activities)**

Payer Type	Six Months Ended June 30, 2015	Fiscal Years Ended December 31,	
		2014	2013
Managed Care	38.6%	38.7%	38.8%
Medicare	28.0%	27.9%	28.5%
Medicare Managed	16.4%	15.4%	14.3%
Medicaid	1.9%	2.8%	2.4%
Medicaid Managed	6.6%	6.2%	6.4%
Commercial Insurance	0.8%	0.7%	0.6%
Uninsured	7.7%	8.3%	9.0%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**TEXAS HEALTH RESOURCES
OPERATING AND FINANCIAL DATA
HISTORICAL LIQUIDITY – DAYS CASH ON HAND**

	June 30, 2015	December 31, 2014	December 31, 2013
	(Dollars in Thousands)		
Cash and Cash Equivalents	\$ 406,262	\$ 453,573	\$ 334,539
Short-Term Investments	1,414	1,778	1,436
Assets Limited as to Use - Internally Designated	<u>3,639,127</u>	<u>3,199,149</u>	<u>2,770,428</u>
Total Available Cash ¹	<u>\$ 4,046,803</u>	<u>\$ 3,654,500</u>	<u>\$ 3,106,403</u>
Total Operating Expenses	\$ 1,920,867	\$ 3,751,164	\$ 3,526,968
Plus - Income Taxes	2,705	(24,109)	9,293
Less - Depreciation and Amortization	<u>(109,705)</u>	<u>(209,894)</u>	<u>(192,846)</u>
Adjusted Total Operating Expenses	<u>\$ 1,813,867</u>	<u>\$ 3,517,161</u>	<u>\$ 3,343,415</u>
Average Daily Operating Expense ²	<u>\$ 10,021</u>	<u>\$ 9,636</u>	<u>\$ 9,160</u>
Days Cash Ratio (days) ³	<u>403.8</u>	<u>379.3</u>	<u>339.1</u>

¹ To provide for the purchase of the Series 2012B Bonds and Series 2008 A, B & C Bonds that are tendered and not remarketed, THR maintains a combination of unrestricted cash, cash equivalents, and high grade fixed income securities that may be sold for same day settlement in an amount (value at market) sufficient to purchase the entire principal amount of such bonds, if all tendered for purchase.

² Average Daily Operating Expense is calculated using 181 days for the six months ended June 30, 2015, and 365 days for the fiscal years ended December 31, 2014 and 2013.

³ Total Available Cash divided by Average Daily Operating Expense.

**TEXAS HEALTH RESOURCES
OPERATING AND FINANCIAL DATA
HISTORICAL CAPITALIZATION – DEBT TO CAPITALIZATION RATIO**

	Fixed or Variable	June 30, 2015	December 31, 2014	December 31, 2013
(Dollars in Thousands)				
Debt:				
Series 2015 Taxable Bonds ¹	Fixed	\$ 300,000	\$ -	\$ -
Series 2015A Bonds ^{1,3}	Fixed	60,535	-	-
Series 2012A (Taxable) Bonds	Fixed	100,000	100,000	100,000
Series 2012B Bonds ²	Variable	50,000	50,000	50,000
Series 2010 Bonds ³	Fixed	152,400	152,346	152,242
Bank Loans ⁴	Variable	134,875	134,875	135,000
Series 2008A, B & C Bonds ²	Variable	176,055	176,055	176,055
Series 2007A Bonds ³	Fixed	539,132	554,020	569,428
Series 2007B Bonds ³	Fixed	102,075	102,093	102,128
Other Obligated Group Debt	Fixed	818	1,074	1,556
FMHP Term and Revolving Loans ⁵	Combination	89,083	92,895	87,841
RRH Term and Revolving Loans ⁶	Combination	41,795	44,638	50,313
HIP Term and Revolving Loans ⁷	Combination	21,787	23,872	28,500
ACL Term and Revolving Loans ⁸	Combination	19,313	19,964	20,832
Other Non-Obligated Group Debt	Combination	44,301	39,987	22,896
Total Debt		<u>\$ 1,832,169</u>	<u>\$ 1,491,819</u>	<u>\$ 1,496,791</u>
Unrestricted Net Assets of THR		<u>\$ 4,348,666</u>	<u>\$ 4,230,358</u>	<u>\$ 3,692,334</u>
Debt to Capitalization Ratio ⁹		<u>29.6%</u>	<u>26.1%</u>	<u>28.8%</u>

¹ In May 2015, THR issued Series 2015 Taxable and Series 2015A Bonds in the amount of \$300,000,000 and \$60,000,000, respectively. The Series 2015 Taxable Bonds are taxable fixed rate bonds with a coupon interest rate of 4.330%. The Series 2015A Bonds are tax-exempt fixed rate bonds with a coupon interest rate of 4.250% on \$40,000,000 of principal, and 5.000% on \$20,000,000 of principal.

² Series 2012B and 2008A, B & C Bonds are demand securities supported by self-liquidity provisions. Prior to May 12, 2015, the Series 2008C Bonds were supported by a Standby Bond Purchase Agreement with JPMorgan Chase Bank, N.A.

³ Net of premium/discounts.

⁴ The unpaid principal balance of the Bank Loans may come due at the option of the respective banks at the end of each respective seven and ten year term. The Bank Loans bear interest at variable rates calculated as a percentage of LIBOR plus a spread. Refer to the Note on Page i.

⁵ FMHP is Flower Mound Hospital Partners, LLC (d/b/a Texas Health Presbyterian Hospital Flower Mound).

⁶ RRH is Rockwall Regional Hospital, LLC (d/b/a Texas Health Presbyterian Hospital Rockwall).

⁷ HIP is Health Imaging Partners, LLC.

⁸ ACL is AMH Cath Labs, LLC (d/b/a Texas Health Heart & Vascular Hospital Arlington).

⁹ Total Debt divided by Total Debt plus Unrestricted Net Assets of THR.

Note: THR entered into credit agreements for general corporate purposes in December, 2012, with Wells Fargo Bank N.A. and U.S. Bank N.A. for lines of credit of \$75,000,000 each (the "Credit Agreements"). Under the Credit Agreements, outstanding balances under the lines of credit generally bear interest at variable rates calculated as a percentage of LIBOR plus a spread. At June 30, 2015, there were no outstanding balances under these Credit Agreements. The Wells Fargo and U.S. Bank Credit Agreements will expire on December 31, 2015 and December 31, 2017, respectively.

**TEXAS HEALTH RESOURCES
OPERATING AND FINANCIAL DATA
COMPOSITION OF INVESTMENTS AND ASSETS LIMITED AS TO USE**

	June 30, 2015	December 31, 2014	December 31, 2013
	(Dollars in Thousands)		
Cash and cash equivalents	\$ 13,642	\$ 34,122	\$ 23,540
Domestic equity securities:			
Cash equivalents	100,416	40,412	23,704
Mutual funds	92,678	114,907	80,795
Common collective trust	233,229	294,119	233,021
Energy	90,264	90,379	127,300
Materials	58,142	59,608	64,432
Industrials	122,392	113,341	122,246
Consumer discretionary	240,244	244,981	240,133
Consumer staples	72,159	76,012	69,707
Health care	230,450	179,537	161,131
Financials	322,375	292,862	303,621
Information technology	337,254	308,675	299,975
Telecommunication services	30,945	34,717	27,987
Utilities	26,650	23,878	18,943
Other	16,797	17,300	16,745
International equity securities:			
Mutual funds	235,660	149,514	128,208
Common collective trust	283,886	152,156	130,264
Fixed income securities:			
Cash equivalents	115,451	79,145	97,031
U.S. Government	24,607	30,121	17,742
Corporate bonds	269,500	225,865	80,783
Agency mortgages	429,196	361,743	247,045
U.S. Agencies	523,073	451,743	421,256
Other	2,254	2,175	2,098
Common collective trust (blended securities)	-	-	40,610
Mutual funds (blended securities)	7,281	7,137	5,525
Hedge funds	1,449	1,430	1,294
Texas Methodist Foundation	1,174	1,169	1,160
Real estate	3,336	3,349	3,610
Mineral interests	6,248	6,298	6,808
Contributions receivable from split-interest agreements	1,772	1,690	1,614
Total investments and assets limited as to use	<u>\$ 3,892,524</u>	<u>\$ 3,398,385</u>	<u>\$ 2,998,328</u>

Note: Included in assets limited as to use in the accompanying consolidated balance sheets is approximately \$11,349,000, \$14,004,000 and \$7,929,000 of unconditional promises to give from donors at June 30, 2015, December 31, 2014, and December 31, 2013, respectively, that are excluded from the above table.

**TEXAS HEALTH RESOURCES
SUPPLEMENTAL INFORMATION**

CORPORATE OFFICERS OF THR

Jonathan W. Scholl, Executive Vice President, Chief Strategy Officer. Mr. Scholl resigned from his position at THR effective June 19, 2015. Mr. Scholl joined THR in February 2010 assuming responsibility for the System's strategic planning and business development functions. A transition plan is currently under development.

CHARITY CARE POLICY CHANGE

Effective January 1, 2015, THR no longer pursues collection of certain patient accounts that fall under its presumptive charity care specifications. Previously, these accounts were included in revenue with a corresponding charge to bad debts if not collected. Under the new policy, such amounts are no longer recorded as revenue which correspondingly reduces bad debts. There is not expected to be a significant impact to net patient service revenue.

LITIGATION AND REGULATORY MATTERS

In March 2015, the System made a disclosure to the Office of Inspector General ("OIG") regarding THPG billing of certain PET scan tests and nuclear stress tests that did not meet Medicare medical necessity requirements. Management believes it is too early to predict with certainty the outcome of this matter; however, Management does not anticipate a material financial impact.

In December 2010, the Department of Justice ("DOJ") issued a request for information pursuant to the False Claims Act to THR involving seven THR wholly controlled hospitals. The request involves information regarding Medicare claims submitted by the hospitals in connection with the implantation of implantable cardioverter defibrillators ("ICDs") during the period 2003 to the date of the request. The government was seeking this information to determine if ICD implantation procedures were performed in accordance with Medicare coverage requirements. Management understands that the DOJ has submitted similar requests to other hospital systems as well. THR has reached an agreement with the DOJ resulting in a settlement amount that is within THR's existing reserves for this matter.

THR's Corporate Compliance Department investigates all compliance matters reported through its compliance program. As of the date of this disclosure, there was no additional pending or, to the knowledge of System management, threatened litigation, including professional liability claims, or reported compliance issues which in the opinion of System management involves any substantial risk of material liability for the System, and where applicable, in excess of available reserves and insurance coverages.