

McLaren Credit Group  
Continuing Disclosure  
Fiscal Year Ended September 30, 2016

# McLaren Credit Group

*Dollars shown in thousands*

	September 30,		
	2014	2015	2016
Net Long Term Debt	\$ 625,658	\$ 627,527	\$ 792,315
Unrestricted Net Assets	1,102,607	865,448	1,000,268
Total Capitalization	\$ 1,728,265	\$ 1,492,975	\$ 1,792,583
Debt to Capitalization Ratio	36.20%	42.03%	44.20%

	September 30,		
	2014	2015	2016
Cash and Cash Equivalents	\$ 155,130	\$ 223,255	\$ 341,391
Unrestricted Investments	788,531	700,081	789,284
Total Cash and Investments	\$ 943,661	\$ 923,336	\$ 1,130,675
Days Cash and Investments on Hand	193	165	171

	Year Ending September 30,		
	2014	2015	2016
Licensed Beds	2,552	2,516	3,069
Staffed Beds	2,010	1,990	2,484
Discharges	91,349	99,116	101,136
Observation Stays	21,711	24,270	27,024
Patient Days	403,817	437,741	456,116
Average Length of Stay	4.4	4.4	4.5
Outpatient Visits *	2,540,329	2,837,911	3,135,901
Emergency Room Visits	370,947	405,098	424,678
Surgical Procedures	75,597	80,086	81,703

\* Includes hospital based physician practice visits.

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*Dollars shown in thousands*

<b>Payor Mix - Gross Charges</b>			
	<b>Year Ending September 30,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Medicare	52.0%	51.7%	50.6%
Medicaid	13.9%	16.2%	17.0%
Blue Cross	17.5%	17.2%	17.7%
Commercial	9.4%	9.3%	8.3%
Managed Care	5.1%	4.6%	5.6%
Self Pay	2.1%	1.0%	0.8%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>Maximum Annual Debt Service Coverage Ratio</b>			
	<b>Year Ending September 30,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Excess of revenue over expenses	\$ 192,836	\$ (1,476)	\$ 217,644
Plus:			
Depreciation and Amortization	86,332	104,999	114,318
Interest	22,680	20,542	17,708
Change in interest swap agreements	369	103	5,544
Loss on extinguishment of debt	-	32,351	-
Inherent contribution from acquisition	(60,658)	-	-
Change in unrealized gains and losses on investments	(38,047)	55,198	(48,264)
Available for debt service	\$ 203,512	\$ 211,717	\$ 306,950
Maximum Annual Debt Service	\$ 46,025	\$ 46,025	\$ 49,891
Maximum Annual Debt Service	<b>4.42</b>	<b>4.60</b>	<b>6.15</b>

# McLaren Credit Group

3 Year Trend – Statement of Operations and Changes in Net Assets

*Dollars shown in thousands*

	Year Ending September 30,		
	2014	2015	2016
<b>Revenue</b>			
Net patient service revenue	\$ 1,968,680	\$ 2,154,737	\$ 2,554,477
Provision for bad debts	(112,053)	(89,628)	(116,062)
Other revenue	87,984	170,325	240,372
Total unrestricted revenue, gains and other support	1,944,611	2,235,434	2,678,787
<b>Expenses:</b>			
Salaries and wages	789,347	882,659	977,268
Employee benefits and payroll taxes	176,950	178,888	219,125
Depreciation & amortization	86,332	104,999	114,318
Interest expense	22,680	20,542	17,708
Other expenses	799,050	954,445	1,201,858
Total Operating Expenses	1,874,359	2,141,533	2,530,277
<b>Operating Income Before Nonrecurring Impairment Charges</b>	70,252	93,901	148,510
Nonrecurring Impairment Charges	-	(32,044)	-
<b>Operating Income</b>	70,252	61,857	148,510
<b>Other Income (Loss)</b>			
Investment Income	24,248	24,339	16,770
Change in interest swap agreements	(369)	(103)	(5,544)
Change in unrealized gains and losses on investments	38,047	(55,198)	48,264
Inherent contribution from acquisition	60,658	-	-
Loss on extinguishment of debt	-	(32,351)	-
Other	-	-	9,644
Total Other Income (Loss)	122,584	(63,313)	69,134
<b>Excess of Revenue Over Expenses</b>	192,836	(1,456)	217,644
<b>Pension-related Changes Other Than Net Periodic Benefit Cost</b>	(78,474)	(155,434)	(96,393)
<b>Other</b>	(1,064)	(1,492)	(2,252)
<b>Net Assets Released from Restriction</b>	932	1,464	5,093
<b>Increase (Decrease) in unrestricted net assets before transfers to affiliates excluded from the credit group</b>	\$ 114,230	\$ (156,918)	\$ 124,092