

## NorthShore University HealthSystem Annual Report Certificate

The undersigned duly appointed and acting Chief Financial Officer of NorthShore University HealthSystem, pursuant to the Amended and Restated Master Continuing Disclosure Agreement dated as of July 1, 2010 (the "Master Continuing Disclosure Agreement") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the "Dissemination Agent"), hereby certifies as follows:

1. **Definitions.** Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Master Continuing Disclosure Agreement.
2. **Annual Report.** Accompanying this Annual Report Certificate is the Annual Report for the Fiscal Year ended September 30, 2016.
3. **Compliance with Master Continuing Disclosure Agreement.** The Annual Report is being delivered to the Dissemination Agent herewith not later than the last day of the fifth calendar month after the Fiscal Year, which is the applicable Annual Report Date for purposes of such Annual Report. The Annual Report contains, or includes by reference, Financial Information and Operating Data of the types identified in the Continuing Disclosure Certificate most recently delivered to the Dissemination Agent pursuant to Section 5 of the Master Continuing Disclosure Agreement. The Financial Information and Operating Data relates to the Obligated Persons identified in Schedule 1 hereto to the extent such Financial Information and Operating Data is relevant to such Obligated Persons' operations, and such Obligated Persons constitute all of the Obligated Persons with respect to the Related Bonds for the Fiscal Year covered by the Annual Report. To the extent any such Financial Information or Operating Data is included in the Annual Report by reference, any document so referred to has been previously provided to the MSRB through EMMA or filed with the SEC or, in the case of a reference to a Final Official Statement, has been filed with the MSRB.

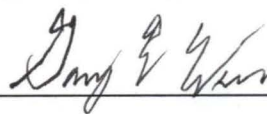
Such Financial Information and Operating Data have been prepared on the basis of the Audited Financial Statements. Such Audited Financial Statements are included as part of the Annual Report.

4. Attached hereto as Schedule 2 is a listing of the Related Bond Trustees, the Related Issuers and the providers of any credit enhancement and the issuers of any liquidity facilities respecting any Related Bonds.

**IN WITNESS WHEREOF** the undersigned has executed and delivered this Annual Report Certificate to the Dissemination Agent, which has received such certificate and the Annual Report, all as of the 6<sup>th</sup> day of February, 2017.

**NORTHSHORE UNIVERSITY HEALTHSYSTEM**

By: \_\_\_\_\_



Its: Executive Vice President, Treasurer and  
Chief Financial Officer

Acknowledgment of Receipt:

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,**  
as Dissemination Agent

By: \_\_\_\_\_

Its: \_\_\_\_\_

NorthShore University HealthSystem  
Amended and Restated Master Continuing Disclosure Agreement Annual Report

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**I. Documents provided to the MSRB through EMMA or filed with the SEC**

Audited Financial Statements

**II. Historical Utilization**

The following table provides aggregate admissions data for Evanston Hospital, Glenbrook Hospital, Highland Park Hospital and Skokie Hospital, by department and exclusive of newborns.

	2013	2014	2015	2016
Medical/Surgical <sup>(1)</sup>	26,568	25,579	24,842	25,842
Pediatrics	539	397	355	422
Obstetrics/Gynecology	4,936	5,049	5,285	5,122
Intensive Care	4,362	4,375	4,329	4,538
Rehabilitation	446	447	411	395
Acute Mental Illness	1,722	1,753	1,708	1,632
Neonatal ICU	437	470	479	448
Total	39,010	38,070	37,409	38,399

<sup>(1)</sup> Medical/surgical includes substance abuse admissions.

The following table provides aggregate volume and operating data for Evanston Hospital, Glenbrook Hospital, Highland Park Hospital and Skokie Hospital.

	2013	2014	2015	2016
Hospital Admissions	39,010	38,070	37,409	38,399
Newborn Admissions	4,100	4,297	4,537	4,509
Hospital Cases <sup>(1)</sup>	60,821	61,504	62,509	63,656
Occupancy as % of Staffed	79%	78%	80%	79%
Average Length of Stay	4.4	4.3	4.3	4.2
Outpatient Visits <sup>(2)</sup>	1,395,070	1,411,474	1,426,090	1,474,536
Emergency Room Visits	124,714	122,274	125,183	127,064

<sup>(1)</sup> Includes admissions and observation cases.

<sup>(2)</sup> Outpatient visits revised to reflect updated statistics.

<sup>(3)</sup> Excludes outpatient emergency room visits

### III. Debt Service Coverage

The following table sets forth the income of the Corporation and the Restricted Affiliates available to pay debt service on outstanding Indebtedness of the Corporation and the Restricted Affiliates for the fiscal years shown. Debt service coverage is calculated both on a historical basis and on a maximum annual debt service basis. The historical debt service coverage ratio shows the extent to which income available for debt service covered the actual debt service requirements on the Indebtedness of the Corporation and the Restricted Affiliates outstanding during such fiscal years. The maximum annual debt service coverage ratio shows the extent to which income available for debt service covered the maximum annual debt service (MADS) requirements on the Indebtedness of the Corporation and the Restricted Affiliates outstanding during such fiscal years.

<i>(In Thousands of Dollars)</i>	2013	2014	2015	2016
Net patient service after provision	1,702,933	1,818,244	1,856,331	1,941,878
Plus: Other Revenue and Transfers	80,009	74,229	67,883	66,823
Plus: Investment Support of Operations	33,000	35,000	37,000	42,000
Total Unrestricted Revenues and Other Support	1,815,942	1,927,473	1,961,214	2,050,701
Less: Total Operating Expenses	1,755,463	1,796,442	1,812,123	1,911,815
Plus: Non-Operating Income/(Loss)	65,560	50,958	(58,228)	(5,267)
<b>Net Income</b>	<b>126,040</b>	<b>181,989</b>	<b>90,863</b>	<b>133,618</b>
Plus: Depreciation and Amortization	118,817	116,628	116,402	111,031
Interest Expense and Fees	8,265	7,696	7,441	7,635
Interest Expense and Fees on Debt with Self-Liquidity	426	127	127	130
	8,691	7,823	7,568	7,765
Less: Unrealized Investment Gain/(Loss)	59,117	23,701	(80,297)	107,360
Less: Gain Not in Ordinary Course of Business	-	-	7,200	-
<b>Income Available for Debt Service</b>	<b>194,431</b>	<b>282,739</b>	<b>287,930</b>	<b>145,054</b>
Historical Debt Service <sup>(1)</sup>	\$15,784	\$15,683	\$15,804	\$16,717
<b>Historical Debt Service Coverage</b>	<b>12.3</b>	<b>18.0</b>	<b>18.2</b>	<b>8.7</b>
Maximum Annual Debt Service <sup>(1)</sup>	\$24,070	\$24,070	\$24,070	\$24,070
<b>MADS Coverage</b>	<b>8.1</b>	<b>11.7</b>	<b>12.0</b>	<b>6.0</b>

<sup>(1)</sup> Excludes principal and interest on the Corporation Bonds.



#### IV. Liquidity

The following table sets forth the Corporation's unrestricted liquidity position for the fiscal years shown.

(In Thousands of Dollars)	September 30,			
	2013	2014	2015	2016
Cash and cash equivalents	41,295	35,949	61,658	57,499
Other short-term investments	36,565	1,037	987	1,047
Internally Designated Investments	221,177	240,754	228,742	242,056
Less: Permanently Restricted	102,956	116,988	111,737	121,460
Investments available for general use	1,313,198	1,506,470	1,468,857	1,559,893
<b>Unrestricted cash &amp; investments</b>	<b>1,509,279</b>	<b>1,667,222</b>	<b>1,648,507</b>	<b>1,739,035</b>
Total Operating Expenses	1,755,463	1,796,442	1,812,123	1,911,817
Depreciation and amortization expense	118,817	116,628	116,402	111,031
<b>Total Net Expenses</b>	<b>1,636,646</b>	<b>1,679,814</b>	<b>1,695,721</b>	<b>1,800,786</b>
<b>Average Expenses per Day</b>	<b>4,484</b>	<b>4,602</b>	<b>4,646</b>	<b>4,920</b>
<b>Days Cash on Hand</b>	<b>336.6</b>	<b>362.3</b>	<b>354.8</b>	<b>353.5</b>

#### V. Historical Long Term Debt to Capitalization

The following table sets forth the ratio of long-term debt to total capitalization of the Corporation and the Restricted Affiliates for the fiscal years shown.

(In Thousands of Dollars)	September 30,			
	2013	2014	2015	2016
Other Long-term indebtedness and obligations under capital leases, net of current portion <sup>(1)</sup>	367,200	357,562	347,564	337,181
Unrestricted net assets	1,830,622	1,986,563	2,027,846	2,225,864
<b>Total capitalization</b>	<b>\$2,197,822</b>	<b>\$2,344,125</b>	<b>\$2,375,410</b>	<b>\$2,563,045</b>
<b>Long-term debt to total capitalization</b>	<b>16.7%</b>	<b>15.3%</b>	<b>14.6%</b>	<b>13.2%</b>

<sup>(1)</sup> Does not include the Corporation Bonds.

## VI. Sources of Gross Patient Service Revenue

Payments to the Corporation and the Medical Group are made on behalf of certain patients by Blue Cross, commercial insurance carriers, health maintenance or preferred provider organizations, and the federal and state governments under the Medicare and Medicaid programs. Amongst the managed care payors UnitedHealthcare, Aetna, CIGNA and Humana comprise the largest shares of the Corporation's gross patient service revenue and each has multi-year contracts with the Corporation. A percentage breakdown by source of gross patient service revenue for the Corporation and the Medical Group is presented below:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Medicare	40%	40%	39%	42%	43%
Managed Care	18%	18%	19%	16%	17%
Blue Cross Blue Shield	23%	23%	24%	24%	23%
Medicaid	7%	7%	8%	9%	9%
Other	<u>12%</u>	<u>12%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>
Total	100%	100%	100%	100%	100%

## VII. Schedules

### Schedule 1: List of Obligated Persons

- NorthShore University HealthSystem<sup>1</sup>
- NorthShore University HealthSystem Faculty Practice Associates
- The Radiation Medicine Institute

### Schedule 2: Name and Address of related bond trustees, related insurers, credit enhancers and liquidity providers

JP Morgan Chase  
10 South Dearborn, 30<sup>th</sup> Floor  
Chicago, IL 60603

Northern Trust  
50 South LaSalle  
Chicago, IL 60603

Wells Fargo  
10 S. Wacker, 15<sup>th</sup> Floor  
Chicago, IL 60606

The Bank of New York Mellon  
2 North LaSalle Street, Suite 1020  
Chicago, Illinois 60602

Illinois Finance Authority  
180 North Stetson, Suite 2555  
Chicago, Illinois 60601

<sup>1</sup> NorthShore University HealthSystem Research Institute, NorthShore University HealthSystem Foundation and NorthShore University HealthSystem Home Health and Hospice have been merged into NorthShore University HealthSystem and still remain within the Obligated Group.