



For the Period Ended June 30, 2017
Unaudited Quarterly Disclosure



Our Mission is to
improve your health
and well-being.

Quarterly Disclosure Report for June 30, 2017

The following discussion and analysis provides a narrative explanation of the results of operations and financial position of ProMedica Health System Inc. and its subsidiaries (collectively "ProMedica") for the six months ended June 30, 2017. The analysis should be read in conjunction with ProMedica Health System and ProMedica Healthcare Obligated group's financial statements for the six-month periods ending June 30, 2017 and June 30, 2016. Beginning with the disclosure information presented for the 2nd Quarter of 2016, the discussion and analysis is made with respect to consolidated ProMedica Health System and does not include a separate discussion or presentation of the results of operations and financial position for the members of the Obligated Group except in those instances where management of ProMedica believes that discussion of the results of the members of the Obligated Group is relevant to understanding the discussion and analysis. The Obligated Group accounted for approximately 49% of total operating revenues for the six months ended June 30, 2017.

Bond Cusips

| Bond Series | CUSIP | | |
|-------------|-----------|-----------|------------|
| 2008D | | 52601PBD9 | 549310VH0 |
| | 549310TV2 | 52601PBE7 | 549310VJ6 |
| | 549310TW0 | | 549310VK3 |
| | | 2011D | |
| 2011A | | 549310UN8 | 2011E |
| | 549310TZ3 | 549310UP3 | 52601PBF4 |
| | 549310UA6 | 549310UQ1 | 52601PBG2 |
| | 549310UB4 | 549310UR9 | 52601PBH0 |
| | 549310UC2 | 549310US7 | 52601PBJ6 |
| | 549310UD0 | 549310UT5 | 52601PBK3 |
| | 549310UE8 | 549310UU2 | 52601PBL1 |
| | 549310UF5 | 549310UV0 | 52601PBM9 |
| | 549310UG3 | 549310UW8 | 52601PBN7 |
| | 549310UH1 | 549310UX6 | 52601PBP2 |
| | 549310UJ7 | 549310UY4 | 52601PBQ0 |
| | 549310UK4 | 549310UZ1 | 52601PBR8 |
| | 549310UL2 | 549310VA5 | 52601PBS6 |
| | 549310UM0 | 549310VB3 | |
| | | 549310VC1 | 2015B |
| 2011B | | 549310VD9 | 549310VIL1 |
| | 52601PBA5 | 549310VE7 | |
| | 52601PBB3 | 549310VF4 | |
| | 52601PBC1 | 549310VG2 | |



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PROMEDICA OVERVIEW

Formed in 1986, ProMedica is a mission-driven, community-based, not-for-profit health system serving 24 northwest Ohio counties and three southeast Michigan counties. ProMedica operates acute-care hospital facilities, integrated continuing-care facilities and services, a health insurance company with several health plans and a physician organization. ProMedica also has numerous joint ventures, co-management and other affiliations, including a long-term academic affiliation with The University of Toledo College of Medicine and Life Sciences.

Since its inception in 1986, ProMedica has maintained a steadfast commitment to operating as a fully integrated health system. Its legacy hospital, ProMedica Toledo Hospital, opened in 1874 and now serves as the health system's tertiary care facility. In 1988, ProMedica formed Paramount, its health insurance company; in 1992, ProMedica Physicians; and, in 1993, ProMedica Toledo Children's Hospital. The nationally recognized organization has grown to be the region's largest health systems with 11-owned, one affiliated health system (Lima Memorial), and one managed hospital (Community Health Center of Branch County as well as more than 320 sites.

Mission

Our Mission is to improve your health and well-being.

Values

Compassion – We treat our patients and each other with respect, integrity and dignity.

Innovation – We continually search to find a better way forward.

Teamwork – We partner with others because we are better together than apart.

Excellence – We strive to be the best in all we do.

Who ProMedica is

(Data from fiscal year 2016)



355

Continuum
Service
beds

2,179

licensed inpatient beds



13

hospitals

- 7,700+ deliveries
- 66,400+ surgeries
- 83,300+ inpatient discharges
- 380,000+ ER visits

17,900+

employees



346,000+

lives covered by
Paramount insurance*



2,570+

physicians with
privileges*

1,280+

ProMedica Health
Network members*



455,000+

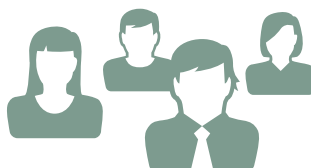
rehabilitation therapy
encounters

236,000+

home care visits

920+

ProMedica Physicians
and providers*



1.6 million

ProMedica Physicians
group encounters

53,200+

urgent care visits

*Reflects data available as of July 31, 2017

Note: Data includes ProMedica's Obligated Group and its affiliated and managed hospitals.

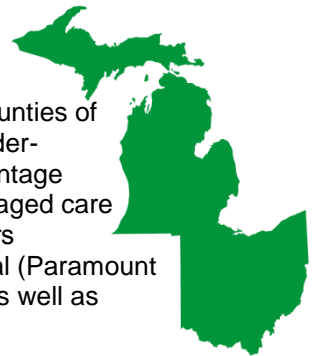
Service Area

ProMedica is headquartered in Toledo, Ohio, and serves a 27-county area in northwest Ohio and southeast Michigan. The graph below denotes the location of ProMedica facilities across the service area:



Paramount: Health Plan Options across the Region

Paramount serves more than 346,000 members throughout Ohio and several southeast counties of Michigan. (See the highlighted area in the map to the right.) Paramount is the largest provider-sponsored health plan in Ohio. In 2013, Paramount, through its statewide Paramount Advantage subsidiary, was selected as one of five Medicaid insurers in Ohio to provide statewide managed care services. Paramount Advantage is now offered in all 88 Ohio counties. Paramount's workers compensation product (HMS) is offered throughout Ohio. Paramount also offers commercial (Paramount Care) and Medicare (Paramount Elite) products in various counties in Ohio and Michigan as well as individual coverage through the federally facilitated marketplace.



Community Benefit

As an anchor institution, ProMedica is committed to the long-term welfare of the city of Toledo and surrounding region. Our vision is for healthy individuals and healthy communities. We are committed to going beyond our clinical walls to achieve clinical excellence, address social determinants of health, advance education, and drive economic development and innovation.

In 2016, ProMedica contributed \$181.3 million in community benefit through community benefit expenditures, financial assistance and government-sponsored, means-tested health care. These numbers represent ProMedica's long-standing commitment to the community, fulfilling our not-for-profit status and Mission to improve the health and well-being of the residents in the communities we serve.

Indeed, ProMedica goes beyond industry standards in meeting the goal of providing care to everyone, regardless of their ability to pay. We provide hospital care free of charge to all families without insurance with incomes at or below 200% of the federal poverty level. Additionally, ProMedica hospitals provide significant discounts to families with incomes of up to 400% of the federal poverty level. As a leading advocate for the health and well-being of others, ProMedica provides and promotes community wellness, collaborating with more than 350 local nonprofit agencies and organizations in 2016.

Awards

RECENT AWARDS

- *Becker's Hospital Review* "50 Experts Leading the Field of Patient Safety" for 2017 – Brian Kaminski, DO, vice president of patient safety and quality
- *Becker's Hospital Review* "52 Great Health Systems to Know" for 2017 – ProMedica
- *Becker's Hospital Review* "100 Great Community Hospitals" for 2017 – Flower Hospital
- *Becker's Hospital Review* "100 Great Healthcare Leaders to Know" for 2017 – Randy Oostra, CEO and president
- *Becker's Hospital Review* "150 Hospital and Health System CFOs to Know" for 2017 – Mike Browning, ProMedica chief financial officer
- *Forbes* 2017 list of "America's Top Employers" – ProMedica, listed #42nd out of 700
- Joint Commission dual disease-specific care for both inpatient and outpatient pediatric asthma care certification – Toledo Children's Hospital
- Ohio Hospital Association 2017 Hospital Occupational Safety Campaign "Top 20% Performer" – Memorial Hospital
- The State of Ohio "2017 EMS Medical Director of the Year" – Todd Brookens, DO, associate medical director, ProMedica Transportation Network
- Truven Health Analytics 2017 Top Health System – ProMedica, listed in top fifth of 337 health systems



TOLEDO HOSPITAL

- CMS 4-Star Rating
- Comprehensive Stroke Center certified by The Joint Commission and American Heart Association/American Stroke Association – the first hospital in Toledo and one of the first in the country – to achieve this highest level of stroke certification available.
- Get With The Guidelines® – Stroke Gold Plus award by the American Heart Association/American Stroke Association
- Healthgrades – 60 awards in 2017 including:
 - America's 100 Best Hospitals (2015 – 2017)
 - Distinguished Hospital Award – Clinical Excellence (2012 – 2017)
 - America's 50 Best Hospitals for Cardiac Surgery (2015 – 2017)
 - America's 100 Best Hospitals for Cardiac Care (2013 – 2017)
 - America's 100 Best Hospitals for Joint Replacement (2016 – 2017)
 - America's 100 Best Hospitals for Stroke Care (2014 – 2017)
 - America's 100 Best Hospitals for Pulmonary Care (2015 – 2017)

- America's 100 Best Hospitals for Gastrointestinal Care (2014 – 2017)
 - America's 100 Best Hospitals for General Surgery (2015 – 2017)
- Leapfrog Group of Hospital Safety Grade B
- NRC Health Consumers Choice Award (2002 – 2016)
- Truven Health 50 Top Cardiovascular Hospital for 2017
- US News & World Report Ranked No. 17 in Ohio

BAY PARK HOSPITAL

- CMS 4-Star Rating
- Health Grades – six awards in 2017 including Stroke Care Excellence Award™ and Five-Star Recipient for Total Hip Replacement
- Leapfrog Group of Hospital Safety Grade A
- U.S. Environmental Protection Agency's (EPA) ENERGY STAR® Certification for Superior Energy Efficiency

BIXBY HOSPITAL

- CMS 3-Star Rating
- Leapfrog Group of Hospital Safety Grade B

CANCER INSTITUTE

- American College of Surgeons' Commission on Cancer (CoC) accreditation with commendation and the Outstanding Achievement Award
- CEO Cancer Gold Standard accreditation

DEFIANCE HOSPITAL

- Press Ganey Guardian of Excellence Award for physician engagement
- CMS 4-Star Rating

FLOWER HOSPITAL

- Becker's Hospital Review 100 Great Community Hospitals
- CMS 4-Star Rating
- Healthgrades – **33 awards in 2017** including:
 - Distinguished Hospital Award – Clinical Excellence
 - America's 100 Best Hospitals for Stroke Care (2014 – 2017)
 - America's 100 Best Hospitals for Pulmonary Care (2014 – 2017)
 - America's 100 Best Hospitals for Gastrointestinal Care (2016 – 2017)
 - America's 100 Best Hospitals for General Surgery
- Leapfrog Group of Hospital Safety Grade A

FOSTORIA COMMUNITY HOSPITAL

- CMS 3-Star Rating

HERRICK HOSPITAL

- CMS 3-Star Rating
- Health Grades – two awards in 2017 including Patient Safety Excellence Award™ for 3 Years in a Row (2014-2016)

MEMORIAL HOSPITAL

- CMS 4-Star Rating
- Healthgrades – three awards in 2017 including Outstanding Patient Experience Award™
- Leapfrog Group of Hospital Safety Grade A
- Partnership for Excellence Silver Commitment to Excellence

MONROE REGIONAL HOSPITAL

- CMS 3-Star Rating
- Healthgrades – 20 awards in 2017 including:

- Five-Star Recipient for Treatment of Heart Attack (2013 – 2017)
- Five-Star Recipient for Hip Fracture Treatment (2016 – 2017)
- Stroke Care Excellence Award (2016 – 2017)
- Pulmonary Care Excellence Award (2016 – 2017)
- Gastrointestinal Care Excellence Award (2016 – 2017)
- 2017 General Surgery Excellence Award
- Leapfrog Group of Hospital Safety Grade A
- Primary Stroke Center certified by The Joint Commission and American Heart Association/American Stroke Association

WILDWOOD ORTHOPAEDIC AND SPINE HOSPITAL

- Joint Commission Certified Total Hip Surgery
- Joint Commission Certified Total Knee Surgery
- Press Ganey Guardian of Excellence Award for physician engagement (2014 – 2016)
- Press Ganey Guardian of Excellence Award for patient engagement (2014 – 2016)

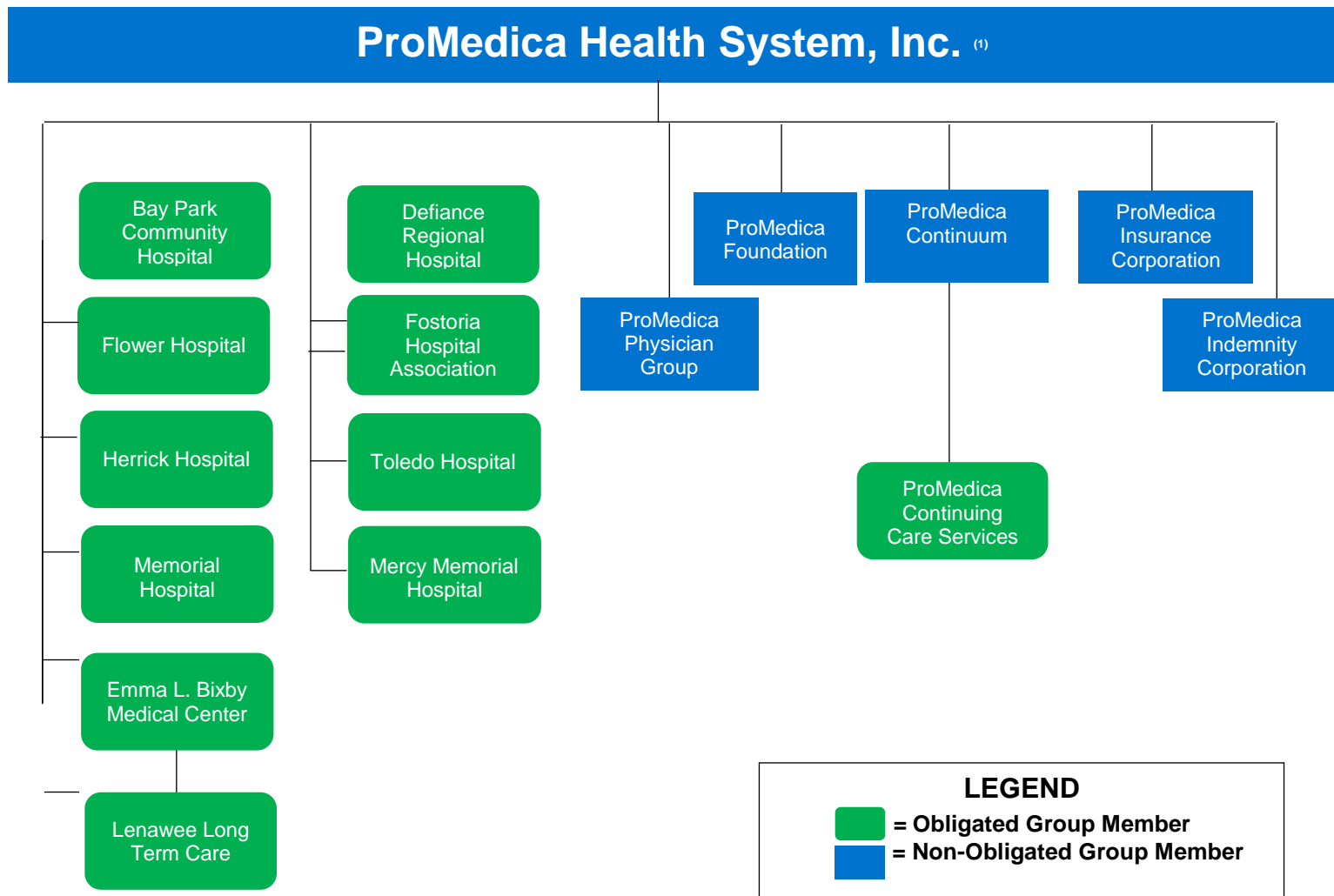
OTHER AWARDS

- Becker's Hospital Review Rising Stars 50 Healthcare Leaders Under 40: Greg Braylock
- Becker's Hospital Review 50 Hospitals with Innovation Programs
- Becker's Hospital Review 100 ACOs to Know
- Becker's Hospital Review 100 CMOs to Know: Lee Hammerling, MD
- Becker's Hospital Review 100 Hospitals with Great Heart Programs
- Becker's Hospital Review 110 Physician Leaders of Hospitals and Health Systems: Neeraj Kanwal, MD
- Becker's Hospital Review 150 Great Places to Work in Healthcare
- CMS Four-and-a-Half Star Rating for Paramount's Medicare product (Paramount Elite)
- EY Entrepreneur Of the Year® 2016 Award in the Michigan and Northwest Ohio Region
- Jackson Healthcare 2016 Hospital Charitable Services Award Program of Promise: ProMedica Ebeid Institute for Population Health
- State of Ohio 2017 Governor's Award for the Arts

Organizational Overview

Structure

ProMedica has established an “Obligated Group” structure. The entities included in the Obligated Group are highlighted in green in the chart below. ProMedica is the sole member, or exercises control over the sole member, of each of the members of the Obligated Group, but ProMedica is not a member of the Obligated Group. Only those entities defined as Obligated Group members are obligated to make payments under the Master Trust Indenture.



(1) Some of the Obligated Group Members and Non-Obligated Group Members included in the chart above control one or more subsidiary organizations. Those subsidiary organizations, none of which is an Obligated Group Member, are excluded from the above chart.

ProMedica Obligated Group Members

ProMedica's Obligated Group facilities operate solely within the ambulatory, acute and continuum care business lines. It is comprised of 11 acute care facilities (1,803 licensed beds) and several long-term, skilled nursing and hospice business lines. A summary of the members of the Obligated Group **Acute Care Hospitals** as of June 30, 2017 is as follows:



- ProMedica Bay Park Hospital
- Oregon, Ohio
- Licensed Beds: 91
- Year Established: 2001



- ProMedica Bixby Hospital
- Adrian, Michigan
- Licensed Beds: 101
- Year Affiliated: 1999



- ProMedica Defiance Regional Hospital
- Defiance, Ohio
- Licensed Beds: 51
- Year Affiliated: 1999



- ProMedica Flower Hospital
- Sylvania, Ohio
- Licensed Beds: 315
- Year Affiliated: 1996



- ProMedica Fostoria Hospital
- Fostoria, Ohio
- Licensed Beds: 25
- Year Affiliated: 2000



- ProMedica Herrick Hospital
- Tecumseh, Michigan
- Licensed Beds: 35
- Year Affiliated: 1999



- ProMedica Memorial Hospital
- Fremont, Ohio
- Licensed Beds: 100
- Year Affiliated: 2014



- ProMedica Monroe Regional Hospital
- Monroe, Michigan
- Licensed Beds: 251
- Year Affiliated: 2015



- ProMedica Toledo Hospital
- Toledo, Ohio
- Licensed Beds: 641
- Year Affiliated: Legacy



- ProMedica Toledo Children's Hospital
- Toledo, Ohio
- Licensed Beds: 151
- Year Established: 1994



- ProMedica Wildwood Orthopaedic & Spine
- Toledo, Ohio
- Licensed Beds: 42
- Year Established: 2011

| Corporation | Licensed Beds | Location |
|---|---------------|--------------------|
| Long-Term Care/Assisted Living/Other | | |
| Goerlich Center for Alzheimer's Care | 60 | Sylvania, Ohio |
| Ebeid Hospice | 12 | Sylvania, Ohio |
| Caring Home Health Services | * | Sylvania, Ohio |
| **Herrick Manor | 0 | Tecumseh, Michigan |
| Provincial House of Adrian | 117 | Adrian, Michigan |
| Charlotte Stephenson Manor | 60 | Adrian, Michigan |
| Monroe Nursing Center | 89 | Monroe, Michigan |
| Total Long-Term Care Beds | 338 | |

*220,000 Home Health Visits in 2016

**Closed January 2017

Non-Obligated Group Members

Paramount Insurance

As a health system with a health insurance company, ProMedica has a long history of managing financial risk as well as managing health. Paramount is key to ProMedica's integrated delivery system, especially in the areas of collaboration with providers, development of medical home and accountable care products, and introduction of care navigation. Paramount is a wholly owned subsidiary of ProMedica.



As the largest provider-sponsored health plan in Ohio, Paramount provides ProMedica with more than 25 years of experience in managing risk and population health. Neither Paramount, nor any of its subsidiaries, are Members of the Obligated Group. Paramount and its subsidiaries offer the following insurance products in Ohio and Michigan:

- **Commercial (Paramount Care):**
 - Fully funded insurance products (Ohio and Michigan)
 - Self-funded administrative services-only ("ASO") plans
 - Health insurance marketplace plans offering gold, silver, bronze and catastrophic plans
- **Medicaid (Paramount Advantage):** Paramount Advantage has been contracted with the Ohio Department of Medicaid since 1993. Paramount Advantage was selected as one of five statewide Medicaid product offerings in July 2013, expanding its Medicaid presence from 18 counties in northwest Ohio to all 88 counties in Ohio. Paramount Advantage serves Covered Families and Children, Adult and Pediatric Aged Blind and Disabled, and Adult Extension members. The provider contract with ODM does not have a specific termination date. Paramount Advantage served over 244,000 Medicaid members at the end of first quarter, 2017.
- **Medicare (Paramount Elite):** This Medicare product is offered in 14 counties in Ohio and two counties in Michigan. Paramount Elite has been contracted with Centers for Medicare/Medicaid Services (CMS) since 1995.
- **Managed Care Workers Compensation (HMS):** This Ohio statewide product is the fifth (out of 16) largest worker's compensation managed care organization in Ohio. Other entities provide workers compensation third-party administration services, life care planning, and expert witness testimony services.

As of June 30, 2017, there were approximately 346,000 members in the various health plans offered by Paramount and its subsidiaries, with the largest segment in Paramount Advantage. The overall plan mix among Paramount's product offerings has experienced a shift to the government sector plans over the last four years, with 75% of the enrollment in the government sector (244,000 Medicaid and 16,000 Medicare enrollees) as of June 30, 2017.



ProMedica Physician Group

ProMedica Physician Group, Inc. and its subsidiary limited liability companies (collectively, “PPG”) is a comprehensive provider network consisting of 921 employed providers, including 515 primary care and specialist physicians, as well as 406 advanced practice providers. PPG handled approximately 442,000 patient encounters in the second quarter of 2017. An additional 99 providers have been recruited in 2017 as part of ProMedica’s continued focus on expanding patient access within its provider network.

PPG providers are engaged in achieving quality outcomes by targeting preventative health care, with special emphasis on cardiovascular diseases and cancer. Members of the physician network provide leadership to ProMedica through participation on boards, councils and membership in co-management companies.

ProMedica Continuum Services

ProMedica Continuum Services (formerly known as ProMedica Physicians and Continuum Services, or “PCS”) is an Ohio nonprofit corporation that includes ProMedica Continuing Care Services Corporation, an Ohio nonprofit corporation that provides and manages pharmacy, durable medical equipment, home health, palliative care, hospice, and inpatient and outpatient rehabilitation services.

ProMedica Health Network (PHN)

PHN is a clinically aligned network focused on providing seamless care for patients as well as more opportunities for independent provider collaboration across the region – especially population health initiatives. Its goals include aligning providers around quality, service and cost-effective care; ensuring appropriate access to ProMedica programs and services; and effectively managing value-based contracts. With 12 hospitals, 390 practices, 1,280+ community providers and 34,000 attributed Medicare beneficiaries, the network is in its second of three performance years in the Medical Shared Savings Program, starting on Jan. 1, 2016.

Executive Leadership & Governance

Executive Leadership

The 14-member Executive System Team (listed below) plans and administers the strategic plans of ProMedica and its subsidiary entities, subject to the policies and authority of the ProMedica Board of Trustees.

| Name | Title | Years with ProMedica | Years in Health Care |
|--------------------|--|----------------------|----------------------|
| Randy Oostra | President & Chief Executive Officer | 19 | 38 |
| Michael Browning | Chief Financial Officer | 1 | 26 |
| Holly Bristoll | Chief Integration Officer, Academic Affiliation | 26 | 26 |
| Dan Cassavar, MD | President & Chief Medical Officer, PPG | 21 | 27 |
| Gary Cates | Chief Philanthropy Officer | 20 | 20 |
| Lee Hammerling, MD | Chief Physician Executive & Chief Medical Officer | 22 | 37 |
| Lori Johnston | Chief Information Officer | 20 | 34 |
| Jeff Kuhn | Chief Legal Officer/General Counsel and Chief Construction & Property Management Officer | 25 | 31 |
| Barb Petee | Chief Government Relations & Advocacy Officer | 31 | 31 |
| John Pigott, MD | Chief Innovations Officer/Strategic Business Development | 25 | 31 |
| Arturo Polizzi | President, Metro Region | 19 | 19 |
| Jack Randolph | President, ProMedica Insurance Corporation | 35 | 35 |
| Karen Strauss | Chief Strategy, Marketing & HR Officer | 4 | 4 |
| Kevin Webb | Chief Acute & Post-Acute Care Officer | 17 | 35 |

Governance

ProMedica has 465 volunteer board members serving on 42 boards, committees, councils and foundations.

The ProMedica Code of Regulations provides for a board of no fewer than three and no more than 30 trustees. The ProMedica Board is comprised of the 29 members, five of which are members of various Subsidiary Boards while the remainder are members of ProMedica's standing committees or represent ProMedica business units, physicians or areas requiring special expertise.

A majority of the members on the ProMedica Board of Trustees serve for a single year. Each Board member may serve up to six terms. In addition, the ProMedica Board has established standing committees. Members appointed to these committees may serve for a term of up to six years, except for the Investment Committee which requires specific expertise.

The Subsidiary Boards exercise the powers delegated to them in their respective Code of Regulations or Bylaws and granted to them by statutory authority. The ProMedica Board appoints or approves all members to the Subsidiary Boards.

ProMedica Committees

- Audit/Compliance
- Center of Nursing Excellence
- Compensation
- Executive
- Finance
- Fund Development
- Governance
- Heart and Vascular Institutes
- Innovation
- Insurance/Risk
- Investment
- Mission Development
- Physician Leadership

2017 – 2019 Strategic Plan

ProMedica has adopted and implemented, and continues to execute, various strategic initiatives to advance key components of its integrated healthcare delivery system in the fulfillment of its mission. ProMedica remains committed to the integrated delivery system structure first implemented in the 1990's.

High Reliability: Safety | Care Standardization | Care Management | Customer Experience | Transparency

Deliver great healthcare outcomes and preferred healthcare experiences.

1. Continue to improve performance in Serious Safety Event Rate and value-based purchasing metrics while advancing safety culture processes at additional ProMedica affiliated sites including continuum services, The University of Toledo academic affiliation, Harbor, and joint-venture surgical centers
2. Improve clinical quality with care standardization through the ongoing implementation of ProMedica WellConnect *powered by Epic*
3. Improve care transitions and healthcare outcomes through a best-in-class care management program
4. Drive improvements in the customer experience across the organization
5. Improve access to care by increasing capacity and introducing alternative models
6. Drive transparency of organizational performance in safety, quality, and pricing



High Performance: Growth | Direct to Employer | Care Rationalization | Cost Transformation | Philanthropy

Achieve financial targets through strategic growth and cost transformation.

1. Achieve strategic growth in covered lives across Paramount products, acute and post-acute care facilities, and the ambulatory care network
2. Achieve strategic growth in covered lives through direct-to-employer models
3. Right-size assets and capabilities across the care continuum to serve future healthcare demands in our communities
4. Pursue and effectuate cost-transformation opportunities through the implementation of Transforming ProMedica initiatives
5. Continue building strategic pathways to new and existing donors to advance financial support of ProMedica's Mission and Vision



Strategic Innovation: Midwest Health Collaborative | ProMedica Health Network | ProMedica OnDemand | International Opportunities | Innovations

Continuously pursue innovative solutions to support care management and improved experiences, while growing the business.

1. Improve access to care through the advancement of ProMedica Health Network and Midwest Health Collaborative
2. Expand access to primary levels of care through a virtual visit platform
3. Explore international opportunities to provide healthcare consulting and management services
4. Accelerate development of healthcare ideas and inventions through the ProMedica Innovations Incubator



Community Advocate: Hunger | Housing | Economic Development | Behavioral Health | Infant Mortality

Lead partnering relationships and healthcare advocacy efforts in our communities and nationally to improve the social determinants of health.

1. Lead efforts in addressing hunger as a health issue and the social determinants locally, regionally and nationally
2. Support community efforts to address housing concerns throughout our communities
3. Be a catalyst for economic development in the communities that we serve
4. Lead community collaborative efforts to improve infant mortality and behavioral health



Workplace of Choice: Operating Model | Recruit and Retain Talent | Employee Recognition | Culture of Diversity and Inclusion

Build a workplace culture based on trust, pride, and camaraderie that improves employee engagement.

1. Optimize a new operating model to support ProMedica's transformation
2. Hire, retain, and develop top talent through hiring for cultural fit and employee and leader development programs
3. Employ a system-wide total rewards philosophy
4. Establish WellBeyond as the enterprise-wide employee recognition solution
5. Promote a workplace culture of diversity and inclusion



WORKPLACE OF CHOICE

Leader in Education and Research: Transition of Residents and Fellows | Toledo Hospital Master Plan

Enhance the education and training of the next generation of healthcare providers and engage in targeted cutting-edge research.

1. Complete the transition of all residents/ fellows and students to ProMedica facilities for clinical experiences
2. Create a master plan for Toledo and Toledo Children's Hospitals to support education, research and place-making needs



LEADER IN EDUCATION
AND RESEARCH

RECENT SIGNIFICANT DEVELOPMENTS

Strategic Growth

Community Health Center of Branch County (CHC)

Plans continue for the integration of CHC which is scheduled to join ProMedica in early 2018. ProMedica has managed the 87-bed hospital located in Coldwater, Michigan since February 2016. CHC's joining the system is a natural progression from that management agreement.

Generations Tower

Construction continues on the Generations Tower, a \$350-million, 13-story, 302-bed patient care tower located on the ProMedica Toledo Hospital campus. The tower will eventually replace an 86-year old existing tower and significantly transform the hospital campus. It is expected to open for patient care by the end of 2019.

Headquarters Campus

Over 800 System employees are scheduled to move to our new downtown Toledo campus in August. As ProMedica has grown over the years, system employees have become scattered throughout metro Toledo in a variety of owned and leased facilities. To increase efficiency and productivity, ProMedica is undertaking a multi-phased process through 2020 to relocate approximately 2,000 system employees to a single campus located along the Toledo riverfront.

Medical Office Building in Defiance

ProMedica Defiance Regional Hospital recently broke ground on a second medical office building located on its campus. The new 41,000 square-foot facility will provide convenient access to physician practices and other medical services and increased care coordination. Construction will be complete in January 2018.

Neurosciences Center

Construction continues on a three-story, 122,000-square-foot building on the campus of ProMedica Toledo Hospital to centralize services and increase access for patients with neurological disorders. The \$57-million project brings together neurologists, neurosurgeons and other neuro subspecialists to shared clinics; features diagnostic and neuro rehabilitation services; and adds access to clinical research. Patient care and research will be provided in partnership with The University of Toledo College of Medicine and Life Sciences. It is expected to open in May 2018.

ProMedica Charles and Virginia Hickman Hospital in Lenawee County, Mich.

On June 19, ProMedica broke ground on its new Lenawee County Hospital in Michigan named the ProMedica Charles and Virginia Hickman Hospital. The Hickman family gift is the largest donation in the history of ProMedica. The new hospital will consolidate the existing ProMedica Bixby and Herrick Hospitals – both located in Lenawee County, Mich. – into one facility. The new hospital represents a \$135 million investment in the community.

ProMedica OnDemand

ProMedica OnDemand continues to ramp up, offering patients virtual visits with board-certified providers 24/7 via mobile app or website video-enable technology. Providers care for common, low-level conditions, such as allergies, rash, cold and flu symptoms, migraines/headaches, pink eye, rash, sinus infection, stomach flu, and urinary tract infection. This program creates access for patients without a primary care provider and adds an additional option to direct care away from unnecessary emergency room visits.

ProMedica Urgent Care

The eighth ProMedica Urgent Care opened on June 1 in Maumee, Ohio, as part of ProMedica's continued strategy to increase patients' access to the right service at the right place and time and for the right cost.

Toledo Hospital / Colony Area Re-development

A Columbus-based firm was selected to redevelop portions of the Colony area adjacent to the ProMedica Toledo Hospital campus. The mixed use concept will include retail, market-rate apartments, restaurants, a hotel and other amenities. This approach aligns with plans to expand the hospital's campus to include more outpatient care services and accommodate the needs of an academic medical environment.

Additional Hospital Programs

ProMedica added or improved services at several hospitals this quarter including:

- Dialysis center at Fostoria Community Hospital
- Heart failure clinic at Memorial Hospital
- Jobst Vascular Laboratory at Perrysburg MOB
- Sleep lab expansion at Bay Park Hospital
- Specialty pharmacy to aid patients living with chronic, complex health conditions who need specialized or personalized therapies
- Wound care clinic at Monroe Regional Hospital

Top National Awards

ProMedica earned two awards of national note this quarter. The 2017 Forbes list of "America's Top Employers" lists ProMedica 42nd out of 700 nationwide employers. Other employers in this ranking include Google, Facebook, NASA and Microsoft.

Also, Truven Health Analytics, part of the IBM Watson Health business, listed ProMedica as a top-performing health system. The study measures system-wide clinical and administrative performance. Truven analyzed data from 337 health systems based on inpatient outcomes, process of care, extended outcomes, efficiency and patient experience.

Epic Implementation


In July 2017, about 50 PPG providers, primarily cardiologists, went live on the EPIC system and affiliated providers in PHN (our clinically aligned network) went live through the Epic Community Connect product. The ProMedica Epic team is preparing for a double upgrade of the software to Epic's newest version 2017. This upgrade will allow the organization to meet updated meaningful-use requirements and take advantage of new enhancements to the software.

We have begun to focus on maximizing the operational efficiencies afforded by the Epic system. A number of legacy applications have been sunset across the provider network. We have connected patients in urgent care sites to primary care practices through an open scheduling pilot. Teams have been assigned to ensure workflows are standardized and automated to result in operational savings. Training continues to be offered for new employees and providers. Refresher training will be available to current employees and providers to continue improving their proficiency with the system. ProMedica team members have participated in Epic's XGM and Population Health training sessions.

In June, ProMedica received a score of 7 out of 10 in Epic's Gold Star program. This places ProMedica in the top 10th percentile for Epic users utilizing the available modules of the software.

Leadership Changes

Stanton (Stan) Risser was named Vice President of Finance on June 12. Stan is responsible for overseeing system-wide financial operations, centralized accounting, tax compliance, and business analysis and reporting. He manages the development of operating and capital budgets and financial planning process for ProMedica. In addition, he oversees financial evaluations of strategic opportunities



as well as directs and manages system-wide audit and tax planning and compliance. He comes to ProMedica from Parkview Health System in Fort Wayne, Ind., where he was Vice President of Finance and Controller. He has more than 30 years of experience in the finance and accounting industry

Michael Foye was named Vice President of Revenue Cycle on June 19. Michael will manage system-wide revenue cycle operations and is responsible for the central business office for system-wide hospital billing, collections, contract compliance, pre-registration, pre-certification, insurance verification, and patient financial counseling. He is also responsible for revenue enhancement and compliance activities related to revenue cycle and providing oversight in matrix structure for admitting and medical records. Prior to joining ProMedica, Michael was Vice President of Revenue Management at Universal Health Services in King of Prussia, Penn.

St. Luke's Divestiture

Effective July 1, 2016, St. Luke's officially divested from ProMedica Health System and now operates as an independent hospital. Since divestiture, ProMedica has provided certain transition services to St. Luke's to ensure their operation as a viable and competitive hospital. This includes areas such as supply chain, accounting/accounts payable, revenue cycle and lab services. Many of the transition services have been completed.

However, due to the complexities of transferring a community hospital to its own information technology (IT) system, a joint IT transition team will remain intact. ProMedica will continue to provide transition services in this area until St. Luke's fully migrates to its own IT platform. This is expected to occur by the end of 2017.

ProMedica and St. Luke's are committed to working together, under the supervision of the FTC, to ensure the seamless process continues. *(Please see previous filings for a detailed sequence of events regarding the divestiture order)*

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

ProMedica's operating performance for the six months ending June 30, 2017 has been challenging because significant expenses were incurred related to the EPIC electronic health record implementation and provider growth. Additionally, softer inpatient volumes and payer rate/mix contributed to a decline in net patient revenue.

Income Statement

(Detailed Financial Statements are presented in the Appendix)

| (\$000's omitted) | ProMedica Health System Six Months Ended June 30 | | Obligated Group Six Months Ended June 30 | |
|--|--|-----------|--|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | |
| Net Patient Service Revenue | \$749,089 | \$836,642 | \$728,138 | \$774,494 |
| Member Revenue | 736,469 | 690,671 | - | - |
| Other | 36,754 | 31,050 | 22,669 | 23,528 |
| Total Operating Revenue | 1,522,312 | 1,558,363 | 750,807 | 798,022 |
| Expenses | | | | |
| Salaries and Benefits | 529,665 | 550,412 | 283,434 | 301,478 |
| Supplies | 101,700 | 114,010 | 90,173 | 96,121 |
| Contracted Fees | 147,906 | 160,304 | 67,911 | 74,069 |
| Other | 691,013 | 649,691 | 239,649 | 249,982 |
| Total Operating Expenses | 1,470,284 | 1,474,417 | 681,167 | 721,650 |
| Operating Income (Loss) before depreciation and amortization | 52,028 | 83,946 | 69,640 | 76,372 |
| Depreciation and Amortization | 68,002 | 67,990 | 45,710 | 45,923 |
| Net income from operations | (15,974) | 15,956 | 23,930 | 30,449 |
| Other Income | 99,740 | 5,689 | 74,135 | (190) |
| Excess (Deficiency) of Revenue over Expenses before Unusual Items | 83,766 | 21,645 | 98,065 | 30,259 |
| Unusual Items – restructuring and severance costs | (941) | (2,662) | - | - |
| Excess (Deficiency) of Revenue over Expenses | \$ 82,825 | \$18,983 | \$98,065 | \$30,259 |

For the six months ending June 30, 2017, ProMedica's total operating revenue was \$1.5 billion, a decrease of (\$36.1 million) over the comparable period in 2016. Net patient service revenue declined (\$87.6 million) for the System and (\$46.4 million) for the Obligated Group due to St. Luke's not being included for the 1st half of 2017 (\$88.7 million impact). Membership revenue increased \$45.8 million due to increased membership in the Medicaid product line and rate increases across the majority of product lines.

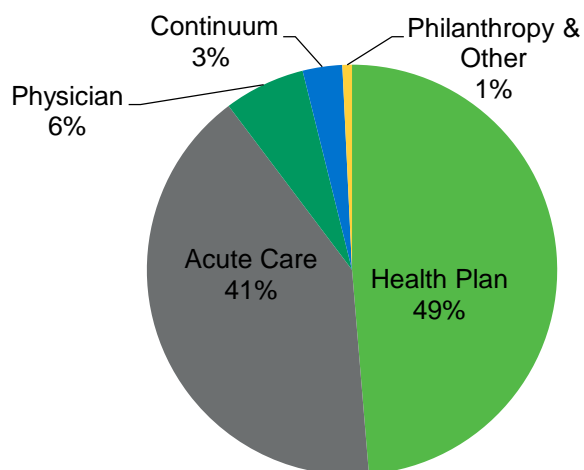
Net Operating income

For the six months of fiscal 2017, ProMedica's operating income was (\$16 million) a decline of (\$31.9 million) when compared to the prior period in 2016. This equates to an operating margin of (1.1%) compared to 1.0% for the same period in 2016. Additional costs related to restructuring are included within the *Unusual Items above Excess (Deficiency) of Revenue over Expenses*. As noted above, ProMedica continues to incur costs due to the implementation of the EPIC electronic health record launch (\$29.1 million impact). Based on expanded Medicaid membership, Paramount incurred increased medical expense.

Sources of Revenue

As Paramount has experienced continued growth in Medicaid products from the statewide expansion of coverage, the health plan now accounts for approximately 49% of ProMedica Health System's total operating revenue.

The Obligated Group accounted for approximately 49% of the total system revenue for the six months ending June 30, 2017.



Total system revenue as of June 30, 2017, was \$1.5 billion.

Uncompensated Care

Bad debt and charity care as a percentage of operating revenue for the six months ending June 30, 2017, is comparable to the prior period.

ProMedica Health System

| (000's omitted) | Six Months Ended June 30, 2017 | Six Months Ended June 30, 2016 |
|------------------------------|-----------------------------------|-----------------------------------|
| Charity Care | \$30,906 | \$39,616 |
| Bad Debt | 49,175 | 37,823 |
| Total Uncompensated Care | \$80,081 | \$77,439 |
| % of Total Operating Revenue | 5.3% | 5.0% |

Acute Care Payor Mix

| | Year to Date June 30, 2017 | | Calendar Year | |
|--------------|-------------------------------|-------|---------------|--------|
| | 2017 | 2016 | 2016 | 2015 |
| Medicare (1) | 43.9% | 43.7% | 43.2% | 44.3% |
| Medicaid (1) | 21.1% | 19.5% | 19.9% | 19.6% |
| Blue Cross | 12.2% | 12.2% | 12.1% | 11.0% |
| Managed Care | 22.1% | 23.3% | 23.4% | 23.8% |
| Self-Pay | 0.7% | 1.3% | 1.4% | 1.3% |
| Totals | 100% | 100% | 100.0% | 100.0% |

⁽¹⁾ Includes Medicare and Medicaid HMOs.

Non-Operating Income

Total investment income for the six-month period ending June 30, 2017, was \$120.4 million. This amount included \$48.7 million of unrealized gains as compared to prior year investment gain of \$28.6 million that included \$4.9 million in unrealized gains. The year-to-date loss on interest rate swaps was \$0.2 million through June.

Balance Sheet

(Detailed Financial Statements are presented in the Appendix)

| (\$000's omitted) | ProMedica Health System As of | | Obligated Group As of | |
|---|----------------------------------|--------------------|--------------------------|--------------------|
| | June 30, 2017 | December 31, 2016 | June 30, 2017 | December 31, 2016 |
| Assets | | | | |
| *Unrestricted Cash & Investments | \$1,938,092 | \$1,982,187 | \$1,320,845 | \$1,347,708 |
| Accounts Receivable, Net | 232,468 | 235,907 | 237,640 | 236,452 |
| Other Current Assets | 128,391 | 133,605 | 76,825 | 77,272 |
| Property, Plant and Equipment, Net | 1,214,159 | 1,137,047 | 917,281 | 867,787 |
| Other Assets | 462,869 | 462,755 | 64,096 | 57,832 |
| Total Assets | 3,975,979 | 3,951,501 | 2,616,687 | 2,587,051 |
| Liabilities & Net Assets | | | | |
| Current Liabilities | 599,509 | 657,590 | 391,139 | 370,971 |
| Long-Term Debt | 715,975 | 717,865 | 712,981 | 714,224 |
| Other Liabilities | 173,798 | 178,677 | 68,333 | 69,768 |
| Net Assets | 2,486,697 | 2,397,369 | 1,444,234 | 1,432,088 |
| Total Liabilities & Net Assets | \$3,975,979 | \$3,951,501 | \$2,616,687 | \$2,587,051 |

*Includes unrestricted foundation cash

Balance Sheet and Cash Flow

As of June 30, 2017, ProMedica had \$1.9 billion of unrestricted cash and investments to fund operations and capital expenditures. This equated to 234.9 days cash on hand as of June 30, 2017 (on an annualized basis), compared with 249.5 days at December 31, 2016.

Total debt was \$885.4 million at June 30, 2017, and \$888.9 million at December 31, 2016. The total debt to capitalization ratio as of June 30, 2017 was at 27.4% as compared to 28.0% as of December 31, 2016. The total cash to debt ratio for ProMedica was 2.2 as of June 30, 2017 as compared to 2.2 as of December 31, 2016.

ProMedica capital expenditures were \$144.7 million for the six months ending June 30, 2017, compared to \$139.3 million for the prior year comparable period. Net cash provided by operating activities was \$6.9 million in the six months ending June 30, 2017, compared to \$53.9 million provided by operating activities in the six months ended June 30, 2016.

Debt

The composition of ProMedica's current debt structure, as of June 30, 2017, is summarized below:

| | | | | | |
|--|------------------|--------------|------------|-------------|------------|
| Series 1998 Reynolds Road | \$2,607,000 | Weekly VRDBS | 1/1/2019 | Variable | Taxable |
| Series 2008A | 62,488,000 | Direct Loan | 11/15/2034 | Variable | Tax-Exempt |
| Series 2008D | 51,364,000 | Fixed Rate | 11/15/2040 | 5.05% | Tax-Exempt |
| Series 2011A | 178,167,000 | Fixed Rate | 11/15/2041 | 6.12% | Tax-Exempt |
| Series 2011B | 16,765,000 | Fixed Rate | 11/15/2035 | 6.00% | Tax-Exempt |
| Series 2011C | 13,002,000 | Direct Loan | 11/15/2019 | Variable | Tax-Exempt |
| Series 2011D | 134,936,000 | Fixed Rate | 11/15/2030 | 5.03% | Tax-Exempt |
| Series 2011E | 7,411,000 | Fixed Rate | 11/15/2028 | 4.27% | Tax-Exempt |
| Series 2015A | 270,335,000 | Fixed Rate | 11/15/2045 | 4.98% | Taxable |
| Series 2015B | 45,137,000 | Fixed Rate | 11/15/2045 | 4.00% | Tax-Exempt |
| Series 2015C | 23,648,000 | Direct Loan | 11/15/2051 | Variable | Taxable |
| Series 2015D | 4,986,000 | Direct Loan | 11/15/2025 | Variable | Taxable |
| Series 2015E Qualified Low-Income Community Investment Loans | 36,851,000 | Direct Loan | 11/15/2035 | Variable | Taxable |
| | 14,359,000 | Direct Loan | 12/15/2045 | 1.00%-2.58% | Tax-Exempt |
| Sub Total | \$862,056 | | | | |
| Other* | 23,295 | | | | |
| | <u>\$885,351</u> | | | | |

*Other debt includes capital lease obligations, and other miscellaneous notes and loans

Interest Rate Swaps

ProMedica utilizes interest-rate swaps as part of its risk management strategy to manage exposure to fluctuations in interest rates and the overall cost of its debt. Derivatives are used to manage identified and approved exposures and are not used for speculative purposes.

The following is a summary of the outstanding interest rates swaps as of June 30, 2017.

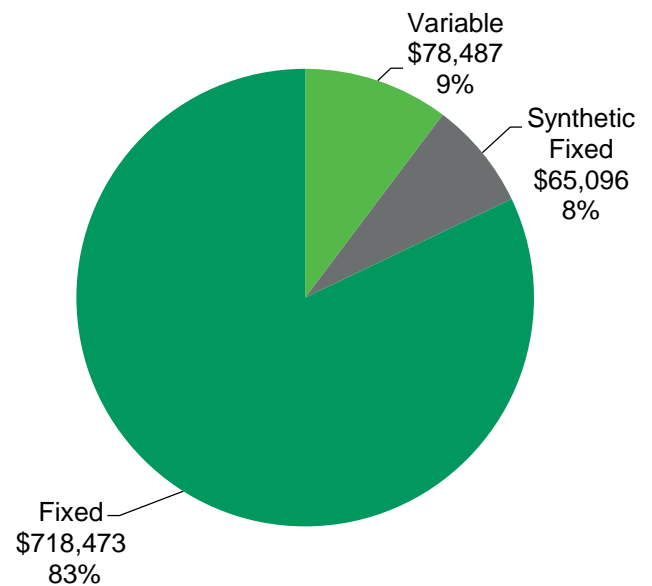
| Debt Swapped | Instrument Type | Notional Amount | Maturity Date | YTD Gain(Loss) thru 6/30/2017 | 6/30/2017 Mark-to-Market |
|---------------------------|------------------------|----------------------|---------------|-------------------------------|--------------------------|
| Series 1998 Reynolds Road | Floating to Fixed Rate | \$ 2,620,000 | 1/1/2019 | \$ 76,684 | \$ (101,048) |
| Series 2008A | Floating to Fixed Rate | 62,500,000 | 11/15/2034 | (263,164) | (17,359,958) |
| | | <u>\$ 65,120,000</u> | | <u>(\$186,480)</u> | <u>(\$17,461,006)</u> |

Fixed/Variable Debt Mix* (\$000s omitted)

ProMedica maintains a conservative debt structure. Approximately 91% of debt is fixed rate as shown in the graph to the right. Total outstanding debt as of June 30, 2017, was \$885.4 million.

Synthetic Fixed includes swap on 2008A Bonds and Reynolds Road 1998 Bonds.

*Excludes capital leases, other misc. notes & loans of \$23,295.



Recent Debt Activity

On April 1, 2016, St. Luke's Hospital was withdrawn from the Obligated Group pursuant to the terms and conditions in the *Restated Master Trust Indenture* dated June 15, 2011.

Ratings

In March 2017, Moody's Investor Services lowered their rating from Aa3 with a stable outlook to A1 with a stable outlook. Standard and Poor's lowered their rating from AA with a negative outlook to AA- with a stable outlook in December 2016.

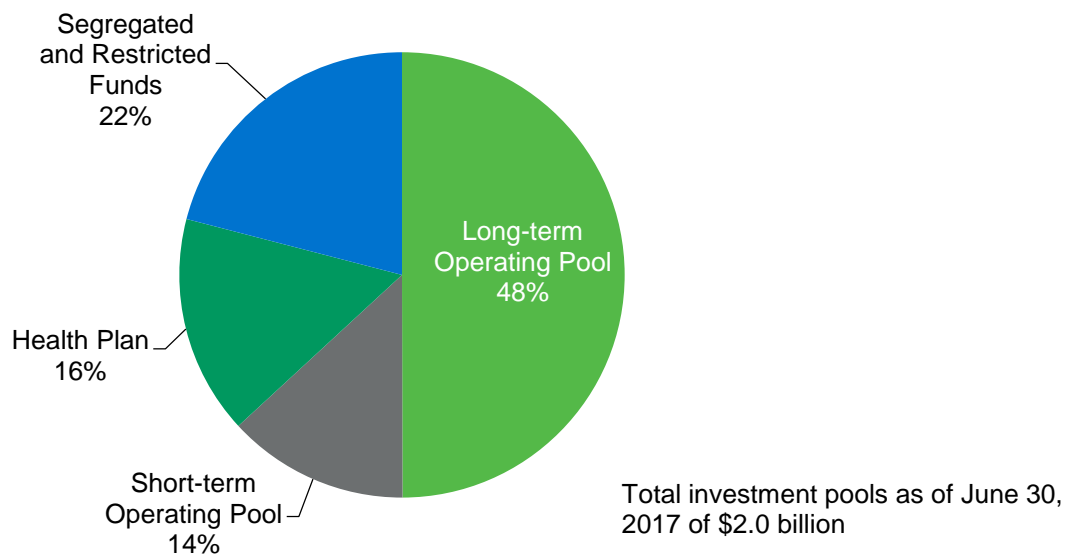
Investments

Total unrestricted cash and investments for ProMedica as of June 30, 2017, and December 31, 2016, were as follows:

| Unrestricted Cash and Investments | | | | |
|---|--------------------|-----|--------------------|-----|
| (\$000s) | June 30, 2017 | | December 31, 2016 | |
| Cash and Cash Equivalents | \$150,480 | 8% | \$222,673 | 11% |
| Marketable Securities | 345,871 | 18% | 294,944 | 15% |
| Internally Designated Investments for Capital Acquisitions* | 1,441,741 | 74% | 1,464,570 | 74% |
| Total Unrestricted Assets | \$1,938,092 | | \$1,982,187 | |

*includes unrestricted foundation cash

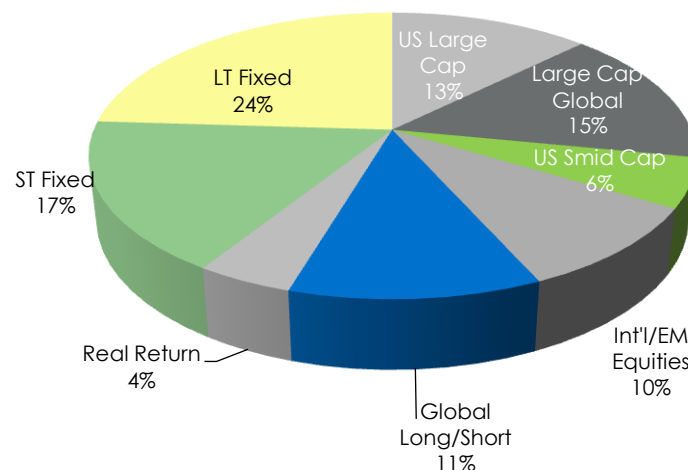
ProMedica centralizes the management of cash and investments maximizing flexibility and allowing for efficiencies in managing liquidity. The majority of ProMedica's investments are pooled in a master trust arrangement with custody provided by BNY Mellon. Investments held outside of the pooled trusts are done so due to regulatory requirements or other purposes. Governance of all investments is provided by the ProMedica Investment Committee, who annually approves the investment policies. A summary of the investment portfolios is as follows:



ProMedica's investment program is strategically structured to maintain adequate and appropriate liquidity levels, while maximizing long-term growth. ProMedica utilizes ongoing cash forecasting to ensure proper allocations between operating, short-term, and long-term funds. Portfolios are monitored quarterly to ensure compliance against the policy along with detailed portfolio reviews.

Operating Pools Asset Allocation

ProMedica maintains a highly diversified investment portfolio and utilizes an independent investment advisor to assist in setting the asset allocation, developing the Investment Policy Statement, performance reporting, compliance monitoring and manager selection. See illustration to the right for the operating pools asset allocation as of June 30, 2017.

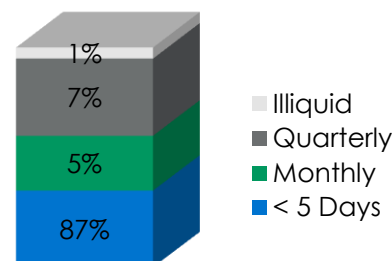


Valuations

ProMedica's investment portfolio is primarily composed of level-I and level-II securities with limited exposure to level-III type investments. The value of level-III investments as of June 30, 2017, is \$53.2 million or 3% of the portfolio, and is comprised of land held for investment, the foundations beneficial interests in funded perpetuities and a nominal allocation to private capital.

Liquidity

ProMedica maintains a high level of liquidity within the investment portfolio. Approximately \$177.3 million or 8% of investments have liquidity provisions that may restrict their ability to be liquidated in 30 days or less, and approximately \$24.7 million or 1% has liquidity provisions greater than one year.



Pension Plans

ProMedica Health System provides a cash balance pension plan covering a large portion of ProMedica's employees. ProMedica's defined benefit cash balance plan was amended effective January 1, 2015 to no longer accept new participants and was amended effective December 31, 2016 to freeze all benefit accruals to all active plan participants, which currently covers 12,690 employees. This resulted in a one-time benefit expense reduction of \$15 million in June 2016. As of December 31, 2016, the plans projected benefit obligation for the system exceeded the fair value of the pension trusts by approximately \$17 million. The System contributes to the plan annually based upon actuarially determined funding guidelines. As of June 30, 2017, the System funded \$4.5 million to the plan. The total pension-related liability of the System was \$31 million as of June 30, 2017.



ProMedica Health System Financial Indicators

Profitability

| | June 30, 2017 | June 30, 2016 |
|----------------------------|---------------|---------------|
| Operating Margin | (1.1%) | 1.0% |
| Operating Cash Flow Margin | 3.4% | 5.4% |

Liquidity/Leverage

| | June 30, 2017 | December 31, 2016 |
|------------------------|---------------|-------------------|
| Days Cash on Hand | 234.9 | 249.5 |
| Debt-to-Capitalization | 27.4% | 28.0% |
| Cash to Debt | 2.2 | 2.2 |
| Cash to Demand Debt | 14.3 | 9.9 |

UTILIZATION STATISTICS – SYSTEM

The following table provides details on historical data on patient volumes and long-term care occupancy rates along with current and prior year comparisons:

| | Year-To-Date June 30 | | Calendar Year | |
|--------------------------------|-------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 ⁽¹⁾ | 2016 ⁽¹⁾ | 2015 ⁽²⁾ |
| Acute Discharges | 30,812 | 36,091 | 66,234 | 74,398 |
| Newborn Discharges | 3,253 | 3,752 | 7,268 | 7,734 |
| Outpatient Surgeries | 18,926 | 21,859 | 40,286 | 45,354 |
| Emergency Room Visits | 145,495 | 170,329 | 317,795 | 350,316 |
| ALOS - Acute | 4.53 | 4.53 | 4.55 | 4.54 |
| % of Staffed Beds (Acute Care) | 53% | 54% | 55% | 56% |
| Home Health Admissions | 6,428 | 6,332 | 12,929 | 13,557 |
| Home Care Visits | 98,516 | 98,685 | 219,973 | 226,251 |
| LTC Patient/Resident Days | 50,609 | 53,690 | 104,927 | 125,199 |
| Inpatient Hospice Days | 1,601 | 1,810 | 3,258 | 3,392 |

Occupancy Rates as a Percentage of Beds:

| | | | | |
|--|-------|-------|-------|-------|
| ProMedica Lake Park ⁽²⁾ | 0.0% | 0.0% | 0.0% | 24.7% |
| ProMedica Goerlich Center | 94.1% | 95.9% | 93.1% | 95.5% |
| ProMedica Provincial House | 93.0% | 92.6% | 91.9% | 93.8% |
| ProMedica Charlotte Stephenson Manor | 85.5% | 94.4% | 94.6% | 94.8% |
| ProMedica Herrick Manor ⁽³⁾ | 0.0% | 80.0% | 64.6% | 93.2% |
| ProMedica Monroe Skilled Nursing Rehab | 75.4% | 88.4% | 87.6% | 91.8% |

(1) Includes results of ProMedica Monroe Regional Hospital beginning January 1, 2015

(2) ProMedica Lake Park ceased operations in December 2015

(3) Herrick Manor ceased operation in January 2017

**includes St. Luke's for all annual periods and through the 2nd quarter of 2016*

FINANCIAL STATEMENTS

PROMEDICA HEALTH SYSTEM

Consolidating Balance Sheet

(Unaudited and \$000s omitted))

| | As of June 30, 2017 | | | As of December 31, 2016 | | |
|---|---------------------|---|--------------------|-------------------------|---|--------------------|
| | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$50,510 | \$99,970 | \$150,480 | \$54,144 | \$168,529 | \$222,673 |
| Marketable securities | 19,918 | 325,953 | 345,871 | 22,991 | 271,953 | 294,944 |
| Accounts receivable, net | 237,640 | (5,172) | 232,468 | 236,452 | (545) | 235,907 |
| Assets limited as to use or restricted | - | 4,363 | 4,363 | - | 4,363 | 4,363 |
| Inventories | 22,195 | 9,173 | 31,368 | 22,522 | 9,120 | 31,642 |
| Securities lending collateral | - | - | - | - | - | - |
| Other current assets | 54,630 | 38,030 | 92,660 | 54,750 | 42,850 | 97,600 |
| TOTAL CURRENT ASSETS | 384,893 | 472,317 | 857,210 | 390,859 | 496,270 | 887,129 |
| ASSETS WHOSE USE IS LIMITED | | | | | | |
| Restricted funds | 3,168 | 111,706 | 114,874 | 2,951 | 107,468 | 110,419 |
| Bond indenture agreement funds | 5,023 | - | 5,023 | 5,011 | - | 5,011 |
| Internally designated for capital acquisition | 1,250,417 | 20,753 | 1,271,170 | 1,270,573 | 34,052 | 1,304,625 |
| Other segregated investments | 28,708 | 297,639 | 326,347 | 21,999 | 285,235 | 307,234 |
| TOTAL ASSETS WHOSE USE IS LIMITED | 1,287,316 | 430,098 | 1,717,414 | 1,300,534 | 426,755 | 1,727,289 |
| Property, plant and equipment, net | 917,281 | 296,878 | 1,214,159 | 867,787 | 269,260 | 1,137,047 |
| OTHER ASSETS | | | | | | |
| Deferred bond issuance costs, net | - | - | - | - | - | - |
| Goodwill | 18,241 | 22,750 | 40,991 | 18,241 | 22,750 | 40,991 |
| Other intangible assets | 1,299 | 3,632 | 4,931 | 1,344 | 4,050 | 5,394 |
| Investments in affiliated companies | 7,050 | 64,611 | 71,661 | 7,679 | 60,841 | 68,520 |
| Other assets | 607 | 69,006 | 69,613 | 607 | 84,524 | 85,131 |
| TOTAL OTHER ASSETS | 27,197 | 159,999 | 187,196 | 27,871 | 172,165 | 200,036 |
| TOTAL ASSETS | \$2,616,687 | \$1,359,292 | \$3,975,979 | \$2,587,051 | \$1,364,450 | \$3,951,501 |



| | As of June 30, 2017 | | | As of December 31, 2016 | | |
|--|---------------------|---|--------------------|-------------------------|---|--------------------|
| | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica |
| LIABILITIES AND NET ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$83,431 | \$96,383 | \$179,814 | \$63,865 | \$158,435 | \$222,300 |
| Accrued compensation and benefits | 51,421 | 67,399 | 118,820 | 52,823 | 72,060 | 124,883 |
| Current installments of long-term debt | 16,612 | 1,158 | 17,770 | 17,273 | 1,179 | 18,452 |
| Contingent current installments of long-term debt | 137,247 | 14,359 | 151,606 | 138,267 | 14,352 | 152,619 |
| Estimated third-party payor settlements | 27,095 | 319 | 27,414 | 36,161 | 241 | 36,402 |
| Professional liability and workers' compensation | 494 | 7,505 | 7,999 | 349 | 7,107 | 7,456 |
| Accrued post-retirement health care benefits | 186 | - | 186 | 186 | (1) | 185 |
| Other | 74,653 | 21,247 | 95,900 | 62,047 | 33,246 | 95,293 |
| TOTAL CURRENT LIABILITIES | 391,139 | 208,370 | 599,509 | 370,971 | 286,619 | 657,590 |
| OTHER LIABILITIES | | | | | | |
| Accrued professional liabilities and workers' compensation, less current portion | 322 | 39,973 | 40,295 | 86 | 38,515 | 38,601 |
| Deferred compensation | 8,591 | 32,520 | 41,111 | 8,413 | 30,337 | 38,750 |
| Pension | 21,961 | 9,283 | 31,244 | 23,597 | 17,416 | 41,013 |
| Accrued post- retirement health care benefits, less current portion | 1,186 | - | 1,186 | 1,257 | - | 1,257 |
| Other | 36,273 | 23,689 | 59,962 | 36,415 | 22,641 | 59,056 |
| TOTAL OTHER LIABILITIES | 68,333 | 105,465 | 173,798 | 69,768 | 108,909 | 178,677 |
| Long-term debt, net of current installments | 712,981 | 2,994 | 715,975 | 714,224 | 3,641 | 717,865 |
| TOTAL LIABILITIES | 1,172,453 | 316,829 | 1,489,282 | 1,154,963 | 399,169 | 1,554,132 |
| NET ASSETS | | | | | | |
| Unrestricted | 1,441,066 | 930,757 | 2,371,823 | 1,429,137 | 857,813 | 2,286,950 |
| Temporarily restricted | 3,168 | 75,670 | 78,838 | 2,951 | 71,231 | 74,182 |
| Permanently restricted | - | 36,036 | 36,036 | - | 36,237 | 36,237 |
| TOTAL NET ASSETS | 1,444,234 | 1,042,463 | 2,486,697 | 1,432,088 | 965,281 | 2,397,369 |
| TOTAL LIABILITIES AND NET ASSETS | \$2,616,687 | \$1,359,292 | \$3,975,979 | \$2,587,051 | \$1,364,450 | \$3,951,501 |

PROMEDICA HEALTH SYSTEM

Consolidating Statement of Operations

(Unaudited and \$000s omitted)

| | Six Months Ended June 30, 2017 | | | Six Months Ended June 30, 2016 | | |
|---|--------------------------------|---|------------------|--------------------------------|---|------------------|
| | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica |
| Unrestricted revenues, gains, and other support: | | | | | | |
| Net patient service revenue | \$769,677 | \$28,587 | \$798,264 | \$805,698 | \$68,767 | \$874,465 |
| Provision for bad debt | (41,539) | (7,636) | (49,175) | (31,204) | (6,619) | (37,823) |
| Net patient service revenue less bad debts | 728,138 | 20,951 | 749,089 | 774,494 | 62,148 | 836,642 |
| Premiums Earned | - | 736,469 | 736,469 | - | 690,671 | 690,671 |
| Net assets released | 4,094 | 272 | 4,366 | 3,523 | 540 | 4,063 |
| Other | 18,575 | 13,813 | 32,388 | 20,005 | 6,982 | 26,987 |
| Total revenues, gains, and other support | 750,807 | 771,505 | 1,522,312 | 798,022 | 760,341 | 1,558,363 |
| Expenses: | | | | | | |
| Salaries, wages, and employee benefits | 283,434 | 246,231 | 529,665 | 301,478 | 248,934 | 550,412 |
| Food and drugs | 64,183 | 30,296 | 94,479 | 59,989 | 30,127 | 90,116 |
| Medical Expense | - | 495,956 | 495,956 | - | 436,346 | 436,346 |
| Contracted fees | 67,911 | 79,995 | 147,906 | 74,069 | 86,235 | 160,304 |
| Supplies | 90,173 | 11,527 | 101,700 | 96,121 | 17,889 | 114,010 |
| Insurance | 6,988 | 2,723 | 9,711 | 8,075 | 3,650 | 11,725 |
| Utilities | 8,612 | 4,597 | 13,209 | 9,376 | 5,141 | 14,517 |
| Other | 159,866 | (82,208) | 77,658 | 172,542 | (75,555) | 96,987 |
| Total expenses | 681,167 | 789,117 | 1,470,284 | 721,650 | 752,767 | 1,474,417 |
| Operating income (loss) before depreciation and amortization | 69,640 | (17,612) | 52,028 | 76,372 | 7,574 | 83,946 |
| Depreciation and amortization | 45,710 | 22,292 | 68,002 | 45,923 | 22,067 | 67,990 |
| Net income from operations | 23,930 | (39,904) | (15,974) | 30,449 | (14,493) | 15,956 |
| Other income: | | | | | | |
| Interest | (15,242) | (2,560) | (17,802) | (16,783) | (1,040) | (17,823) |
| Investment Income | 54,700 | 16,978 | 71,678 | 14,617 | 9,135 | 23,752 |
| Net unrealized gains (losses) | 34,710 | 14,001 | 48,711 | 6,416 | (1,549) | 4,867 |
| Change in fair value of interest rate swap | (186) | - | (186) | (4,893) | - | (4,893) |
| Other | 153 | (2,814) | (2,661) | 453 | (667) | (214) |
| Excess (deficiency) of revenues over expenses before unusual items | 98,065 | (14,299) | 83,766 | 30,259 | (8,614) | 21,645 |
| Unusual Items: | | | | | | |
| Restructuring costs | - | (941) | (941) | - | (2,479) | (2,479) |
| Severance cost | - | - | - | - | (183) | (183) |
| Total unusual items | - | (941) | (941) | - | (2,662) | (2,662) |
| Excess (deficiency) of revenues over expenses | 98,065 | (15,240) | 82,825 | 30,259 | (11,276) | 18,983 |
| Contributions and other: | | | | | | |
| Net assets released from restrictions | 7,051 | (4,528) | 2,523 | 19,643 | (16,567) | 3,076 |
| Transfers (to) from affiliated entities | (93,187) | 93,187 | - | (150,708) | 150,708 | - |
| Other non-operating income | - | (475) | (475) | (107,304) | 93,253 | (14,051) |
| Cumulative effect of change in accounting principle | - | - | - | - | - | - |
| Increase (decrease) in unrestricted net assets | \$11,929 | \$72,944 | \$84,873 | \$(208,110) | \$216,118 | \$8,008 |

PROMEDICA HEALTH SYSTEM

Statement of Change in Net Assets

(Unaudited and \$000s omitted)

| | Six Months Ended June 30, 2017 | | | Six Months Ended June 30, 2016 | | |
|---|--------------------------------|---|-------------|--------------------------------|---|-------------|
| | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica | Obligated Group | Other ProMedica Entities Including Eliminations | ProMedica |
| Unrestricted Net Assets | | | | | | |
| Excess of revenues over expenses | \$98,065 | \$(15,240) | \$82,825 | \$30,259 | \$(11,276) | \$18,983 |
| Net assets released from restrictions | 7,051 | (4,528) | 2,523 | 19,643 | (16,567) | 3,076 |
| Capital Contributions from (to) non-obligated group affiliates, net | (93,187) | 93,187 | - | (150,708) | 150,708 | - |
| Other | - | (475) | (475) | (107,304) | 93,253 | (14,051) |
| Increase (decrease) in Unrestricted Net Assets | 11,929 | 72,944 | 84,873 | (208,110) | 216,118 | 8,008 |
| Temporarily Restricted Net Assets | | | | | | |
| Contributions | 1,432 | 4,588 | 6,020 | 2,126 | 5,053 | 7,179 |
| Investment Return | 13 | 4,150 | 4,163 | 28 | 707 | 735 |
| Net assets released from restriction | (1,228) | (4,299) | (5,527) | (1,752) | (5,081) | (6,833) |
| Change in beneficial interest in net assets of Foundations | - | - | - | - | - | - |
| Other | - | - | - | - | (50) | (50) |
| Increase (decrease) in temporarily restricted net assets | 217 | 4,439 | 4,656 | 402 | 629 | 1,031 |
| Permanently Restricted Net Assets | | | | | | |
| Contributions for endowment funds | - | - | - | - | - | - |
| Investment Return | - | (1) | (1) | - | 73 | 73 |
| Change in beneficial interests of foundations | - | (200) | (200) | - | - | - |
| Other | - | - | - | - | 51 | 51 |
| Increase (decrease) in permanently restricted net assets | - | (201) | (201) | - | 124 | 124 |
| Increase (decrease) in net assets | 12,146 | 77,182 | 89,328 | (207,708) | 216,871 | 9,163 |
| Net asset at beginning of period | 1,432,088 | 965,281 | 2,397,369 | 1,700,803 | 869,702 | 2,570,505 |
| Net asset at end of period | \$1,444,234 | \$1,042,463 | \$2,486,697 | \$1,493,095 | \$1,086,573 | \$2,579,668 |

PROMEDICA HEALTH SYSTEM

Unaudited Consolidated Statements of Cash Flows

For the Period Ended June 30, 2017

(\$000s omitted)

| | Year to Date June 30, 2017 | Year to Date June 30, 2016 |
|---|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets | \$89,328 | \$9,163 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 68,002 | 67,990 |
| Provision for bad debts | 49,175 | 37,823 |
| Inherent contribution of acquired net assets | - | - |
| Loss on deconsolidation of subsidiary | - | - |
| Net assets released from restrictions | (2,523) | (3,076) |
| Change in net unrealized (gains) losses on investments | (48,711) | (4,867) |
| Realized (gains) losses on investments | (58,986) | (11,305) |
| Increase (decrease) in: | | |
| Accounts receivable | (45,737) | (39,050) |
| Supplies and other current assets | 5,214 | (4,060) |
| Other assets | 12,378 | (14,164) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | (52,274) | 13,685 |
| Estimated third-party payor settlements | (8,988) | 1,751 |
| Net cash provided (used) by operating activities | 6,878 | 53,890 |
| Cash flows from investing activities | | |
| Acquisition of property and equipment, net of disposals | (144,654) | (139,325) |
| Less amounts released from restrictions | 2,523 | 3,076 |
| Subtotal cash outflows for property and equipment | (142,131) | (136,249) |
| Increase (decrease) in: | | |
| Cash contributed in acquisition of Monroe | - | - |
| Cash Outflow from deconsolidation of subsidiary | - | - |
| Marketable securities and total assets limited as to use | 66,645 | 114,134 |
| Net cash provided (used) by investing activities | (75,486) | (22,115) |
| Cash flows from financing activities | | |
| Proceeds of issuance of long term debt | - | - |
| Net proceeds from borrowing under line of credit | - | - |
| Repayment of long term debt | (3,585) | (6,299) |
| Reduction of long term debt due to departure of SLH from OB Group | - | - |
| Net cash provided (used) by financing activities | (3,585) | (6,299) |
| Net increase (decrease) in cash and cash equivalents | (72,193) | 25,476 |
| Cash and cash equivalents at beginning of period | 222,673 | 363,478 |
| Cash and cash equivalents at end of period | \$150,480 | \$388,954 |

PROMEDICA HEALTHCARE OBLIGATED GROUP

Unaudited Balance Sheet

(\$000s omitted)

| | As of June 30, 2017 | As of December 31, 2016 |
|---|------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$50,510 | \$54,144 |
| Marketable securities | 19,918 | 22,991 |
| Accounts receivable, net | 237,640 | 236,452 |
| Assets limited as to use or restricted | - | - |
| Inventories | 22,195 | 22,522 |
| Securities lending collateral | - | - |
| Other current assets | 54,630 | 54,750 |
| TOTAL CURRENT ASSETS | 384,893 | 390,859 |
| ASSETS WHOSE USE IS LIMITED | | |
| Restricted funds | 3,168 | 2,951 |
| Bond indenture agreement funds | 5,023 | 5,011 |
| Internally designated for capital acquisition | 1,250,417 | 1,270,573 |
| Other segregated investments | 28,708 | 21,999 |
| TOTAL ASSETS WHOSE USE IS LIMITED | 1,287,316 | 1,300,534 |
| Property, plant and equipment, net | 917,281 | 867,787 |
| OTHER ASSETS | | |
| Goodwill | 18,241 | 18,241 |
| Other intangible assets | 1,299 | 1,344 |
| Investments in affiliated companies | 7,050 | 7,679 |
| Other assets | 607 | 607 |
| TOTAL OTHER ASSETS | 27,197 | 27,871 |
| TOTAL ASSETS | \$2,616,687 | \$2,587,051 |



| | As of June 30, 2017 | As of December 31, 2016 |
|--|------------------------|----------------------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$83,431 | \$63,865 |
| Accrued compensation and benefits | 51,421 | 52,823 |
| Current installments of long-term debt | 16,612 | 17,273 |
| Contingent current installments of long-term debt | 137,247 | 138,267 |
| Estimated third-party payor settlements | 27,095 | 36,161 |
| Professional liability and workers' compensation | 494 | 349 |
| Accrued post-retirement health care benefits | 186 | 186 |
| Other | 74,653 | 62,047 |
| TOTAL CURRENT LIABILITIES | 391,139 | 370,971 |
| OTHER LIABILITIES | | |
| Accrued professional liabilities and workers' compensation, less current portion | 322 | 86 |
| Deferred compensation | 8,591 | 8,413 |
| Pension | 21,961 | 23,597 |
| Accrued post-retirement health care benefits, less current portion | 1,186 | 1,257 |
| Other | 36,273 | 36,415 |
| TOTAL OTHER LIABILITIES | 68,333 | 69,768 |
| Long-term debt, net of current installments | 712,981 | 714,224 |
| TOTAL LIABILITIES | 1,172,453 | 1,154,963 |
| NET ASSETS | | |
| Unrestricted | 1,441,066 | 1,429,137 |
| Temporarily restricted | 3,168 | 2,951 |
| Permanently restricted | - | - |
| TOTAL NET ASSETS | 1,444,234 | 1,432,088 |
| TOTAL LIABILITIES AND NET ASSETS | \$2,616,687 | \$2,587,051 |

PROMEDICA HEALTHCARE OBLIGATED GROUP

Statement of Operations

(Unaudited and \$000s omitted)

| | Six Months Ended | |
|--|------------------|---------------|
| | June 30, 2017 | June 30, 2016 |
| Unrestricted revenues, gains, and other support: | | |
| Net patient service revenue | \$769,677 | \$805,698 |
| Provision for bad debt | (41,539) | (31,204) |
| Net patient service revenue less bad debts | 728,138 | 774,494 |
| Premiums Earned | - | - |
| Net assets released | 4,094 | 3,523 |
| Other | 18,575 | 20,005 |
| Total revenues, gains, and other support | 750,807 | 798,022 |
| Expenses: | | |
| Salaries, wages, and employee benefits | 283,434 | 301,478 |
| Food and drugs | 64,183 | 59,989 |
| Contracted fees | 67,911 | 74,069 |
| Supplies | 90,173 | 96,121 |
| Insurance | 6,988 | 8,075 |
| Utilities | 8,612 | 9,376 |
| Other | 159,866 | 172,542 |
| Total expenses | 681,167 | 721,650 |
| Operating income (loss) before depreciation and amortization | 69,640 | 76,372 |
| Depreciation and amortization | 45,710 | 45,923 |
| Net income from operations | 23,930 | 30,449 |
| Other income: | | |
| Interest | (15,242) | (16,783) |
| Investment Income | 54,700 | 14,617 |
| Net unrealized gains (losses) | 34,710 | 6,416 |
| Change in fair value of interest rate swap | (186) | (4,893) |
| Other | 153 | 453 |
| Excess (deficiency) of revenues over expenses | 98,065 | 30,259 |
| Contributions and other | | |
| Net assets released from restrictions | 7,051 | 19,643 |
| Transfers (to) from affiliated entities | (93,187) | (150,708) |
| Other non-operating income | - | (107,304) |
| Increase (decrease) in unrestricted net assets | \$11,929 | \$(208,110) |

PROMEDICA HEALTHCARE OBLIGATED GROUP

Statement of Changes in Net Assets for the six months ended June 30, 2017

(Unaudited and \$000s omitted)

| | Six Months Ended | |
|---|------------------|---------------|
| | June 30, 2017 | June 30, 2016 |
| Unrestricted Net Assets | | |
| Excess of revenues over expenses | \$98,065 | \$30,259 |
| Net assets released from restrictions | 7,051 | 19,643 |
| Capital Contributions from (to) non-obligated group affiliates, net | (93,187) | (150,708) |
| Other | - | (107,304) |
| Increase (decrease) in Unrestricted Net Assets | 11,929 | (208,110) |
| Temporarily restricted Net Assets | | |
| Contributions | 1,432 | 2,126 |
| Investment Return | 13 | 28 |
| Net assets released from restriction | (1,228) | (1,752) |
| Other | - | - |
| Increase (decrease) in temporarily restricted net assets | 217 | 402 |
| Increase (decrease) in net assets | 12,146 | (207,708) |
| Net asset at beginning of period | 1,432,088 | 1,700,803 |
| Net asset at end of period | \$1,444,234 | \$1,493,095 |

PROMEDICA HEALTHCARE OBLIGATED GROUP

Unaudited Consolidated Statements of Cash Flows- Obligated Group

For the Period Ended June 30, 2017

(\$000s omitted)

| | Year to Date June 30, 2017 | Year to Date June 30, 2016 |
|---|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets | \$12,146 | \$(207,708) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities | | |
| Inherent contribution | - | - |
| Loss on departure of SLH from OB group | - | 107,305 |
| Depreciation and amortization | 45,710 | 45,923 |
| Provision for bad debts | 41,539 | 31,204 |
| Net assets released from restrictions | (7,051) | (19,643) |
| Change in net unrealized (gains) losses on investments | (34,710) | (6,416) |
| Realized (gains) losses on investments | (47,508) | (4,842) |
| Increase (decrease) in, net of acquisition: | | |
| Accounts receivable | (42,726) | (27,927) |
| Supplies and other current assets | 447 | 48,960 |
| Other assets | 630 | 509 |
| Increase (decrease) in, net of acquisition: | | |
| Accounts payable and accrued liabilities | 29,488 | 33,665 |
| Estimated third-party payor settlements | (9,066) | (174) |
| Net cash provided (used) by operating activities | (11,101) | 856 |
| Cash flows from investing activities | | |
| Acquisition of property and equipment, net of disposals | (95,160) | (75,287) |
| Reduction of property and equipment, due to departure of SLH from OB Group | | |
| Less amounts released from restrictions | 7,051 | 19,643 |
| Subtotal cash outflows for property and equipment | (88,109) | (55,644) |
| (Increase) decrease in: | | |
| Cash outflow due to departure of SLH from OB group | - | (19,129) |
| Marketable securities and total assets limited as to use | 98,500 | 72,873 |
| Net cash provided (used) by investing activities | 10,391 | (1,900) |
| Cash flows from financing activities | | |
| Proceeds of issuance of long term debt | | |
| Repayment of long term debt | (2,924) | (4,679) |
| Reduction of long term debt due to departure of SLH from OB Group | | |
| Net cash provided (used) by financing activities | (2,924) | (4,679) |
| Net increase (decrease) in cash and cash equivalents | (3,634) | (5,723) |
| Cash and cash equivalents at beginning of period | 54,144 | 57,372 |
| Cash and cash equivalents at end of period | \$50,510 | \$51,649 |

DEBT COVENANT CALCULATIONS

ProMedica Health Care Obligated Group

(\$000s omitted)

Debt Service Coverage Ratio

| | |
|---------------------------------|----------|
| Excess of Revenue over Expenses | \$98,065 |
|---------------------------------|----------|

ADJUSTED BY:

| | |
|-----------------------------|--------|
| Net Unrealized Gains/Losses | 51,625 |
|-----------------------------|--------|

| | |
|-------------------------------|--------|
| Depreciation and Amortization | 91,403 |
|-------------------------------|--------|

| | |
|------------------|--------|
| Interest Expense | 31,676 |
|------------------|--------|

| | |
|----------------------|-------|
| Capitalized Interest | 2,220 |
|----------------------|-------|

| | |
|---------------------------------------|-----------|
| Net Income Available for Debt Service | \$274,989 |
|---------------------------------------|-----------|

| | |
|-------------------------------|----------|
| Actual Principal and Interest | \$57,589 |
|-------------------------------|----------|

| | |
|------------------------------------|-------------|
| Debt Service Coverage Ratio | 4.78 |
|------------------------------------|-------------|

| | |
|--------------------|-------------|
| Requirement | 1.10 |
|--------------------|-------------|

Days Cash on Hand

| | |
|---------------------------|----------|
| Cash and Cash Equivalents | \$50,510 |
|---------------------------|----------|

| | |
|-----------------------|--------|
| Marketable Securities | 19,918 |
|-----------------------|--------|

| | |
|---|-----------|
| Internally Designated for Capital Acquisition | 1,250,417 |
|---|-----------|

| | |
|---|-------------|
| Total Unrestricted Cash and Investments | \$1,320,845 |
|---|-------------|

| | |
|--|-------------|
| Total Expenses (excluding depreciation and amortization) | \$1,501,922 |
|--|-------------|

| | |
|--------------------------|------------|
| Days Cash on Hand | 342 |
|--------------------------|------------|

| | |
|-----------------------------------|-----------|
| Requirement - Greater than | 60 |
|-----------------------------------|-----------|

Debt to Capitalization

| | |
|--|-----------|
| Current Installments of Long-Term Debt | \$153,859 |
|--|-----------|

| | |
|--------------------------------------|---------|
| Long-Term Debt, Less Current Portion | 712,981 |
|--------------------------------------|---------|

| | |
|------------|-----------|
| Total Debt | \$866,840 |
|------------|-----------|

| | |
|-------------------------|-------------|
| Unrestricted Net Assets | \$1,441,066 |
|-------------------------|-------------|

| | |
|-------------------------------|------------|
| Debt to Capitalization | .38 |
|-------------------------------|------------|

| | |
|--------------------------------|------------|
| Requirement - Less than | .65 |
|--------------------------------|------------|