

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, 2017.

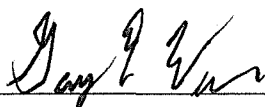
3. **Compliance with Master Continuing Disclosure Agreement.** The Annual Report is being delivered to the Dissemination Agent herewith not later than the last day of the fifth calendar month after the Fiscal Year, which is the applicable Annual Report Date for purposes of such Annual Report. The Annual 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 6th day of February, 2018.

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

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.

	2014	2015	2016	2017
Medical/Surgical ⁽¹⁾	25,579	24,842	25,842	26,691
Pediatrics	397	355	422	414
Obstetrics/Gynecology	5,049	5,285	5,122	4,936
Intensive Care	4,375	4,329	4,538	4,593
Rehabilitation	447	411	395	349
Acute Mental Illness	1,753	1,708	1,632	1,666
Neonatal ICU	470	479	448	366
Total	38,070	37,409	38,399	39,015

⁽¹⁾ 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.

	2014	2015	2016	2017
Hospital Admissions	38,070	37,409	38,399	39,015
Newborn Admissions	4,297	4,537	4,509	4,404
Hospital Cases ⁽¹⁾	61,504	62,509	63,656	63,409
Occupancy as % of Staffed Beds	78%	80%	79%	81%
Average Length of Stay ⁽²⁾	4.3	4.3	4.2	4.1
Outpatient Visits ⁽³⁾	1,411,474	1,426,090	1,474,536	1,515,313
Emergency Room Visits	122,274	125,183	127,064	128,392

⁽¹⁾ Includes admissions and observation cases.

⁽²⁾ Outpatient visits revised to reflect updated statistics.

⁽³⁾ 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>	September 30,			
	2014	2015	2016	2017
Net patient service after provision	1,818,244	1,856,331	1,941,878	1,973,820
Plus: Other Revenue and Transfers	74,229	67,883	66,823	62,168
Plus: Investment Support of Operations	35,000	37,000	42,000	45,000
Total Unrestricted Revenues and Other Support	1,927,473	1,961,214	2,050,701	2,080,988
Less: Total Operating Expenses	1,796,442	1,812,123	1,911,815	1,996,024
Plus: Non-Operating Income/(Loss)	50,958	(58,228)	(5,267)	122,079
Net Income	181,989	90,863	133,617	207,045
Plus: Depreciation and Amortization	116,628	116,402	111,031	109,673
Interest Expense and Fees	7,696	7,441	7,635	8,661
Interest Expense and Fees on Debt with Self-Liquidity	127	127	130	(40)
	7,823	7,568	7,765	8,621
Less: Unrealized Investment Gain/(Loss)	23,701	(80,297)	107,360	126,512
Less: Gain Not in Ordinary Course of Business	-	7,200	-	-
Income Available for Debt Service	282,739	287,930	145,053	198,828
Historical Debt Service ⁽¹⁾	\$15,683	\$15,804	\$16,717	\$18,000
Historical Debt Service Coverage	18.0	18.2	8.7	11.0
Maximum Annual Debt Service ⁽¹⁾	\$24,070	\$24,070	\$24,070	\$24,070
MADS Coverage	11.7	12.0	6.0	8.3

⁽¹⁾ 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.

<i>(In Thousands of Dollars)</i>	September 30,			
	2014	2015	2016	2017
Cash and cash equivalents	35,949	61,658	57,499	59,460
Other short-term investments	1,037	987	1,047	1,150
Internally Designated Investments	240,754	228,742	242,056	257,396
Less: Permanently Restricted	116,988	111,737	121,460	134,494
Investments available for general use	1,506,470	1,468,857	1,559,893	1,695,893
Unrestricted cash & investments	1,667,222	1,648,507	1,739,035	1,879,405
Total Operating Expenses	1,796,442	1,812,123	1,911,817	1,996,024
Depreciation and amortization expense	116,628	116,402	111,031	109,673
Total Net Expenses	1,679,814	1,695,721	1,800,786	1,886,351
Average Expenses per Day	4,602	4,646	4,920	5,168
Days Cash on Hand	362.3	354.8	353.5	363.7

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.

<i>(In Thousands of Dollars)</i>	September 30,			
	2014	2015	2016	2017
Other Long-term indebtedness and obligations under capital leases, net of current portion ⁽¹⁾	357,562	347,564	337,181	326,388
Unrestricted net assets	1,986,563	2,027,846	2,225,864	2,442,811
Total capitalization	\$2,344,125	\$2,375,410	\$2,563,045	\$2,769,199
Long-term debt to total capitalization	15.3%	14.6%	13.2%	11.8%

⁽¹⁾ 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. The following managed care payors comprise the largest portion of the Corporation's gross patient service revenue and each have multi-year contracts with the Corporation; United Healthcare, Aetna, CIGNA and Humana. A percentage breakdown by source of gross patient service revenue for the Corporation and the Medical Group is presented below:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Medicare	40%	39%	38%	43%	44%
Blue Cross Blue Shield	23%	24%	24%	23%	22%
Managed Care	18%	19%	19%	17%	19%
Medicaid	7%	8%	9%	9%	9%
Other	<u>12%</u>	<u>10%</u>	<u>10%</u>	<u>8%</u>	<u>6%</u>
Total	100%	100%	100%	100%	100%

VII. Schedules

Schedule 1: List of Obligated Persons

- NorthShore University HealthSystem¹
- 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
30th Floor
Chicago, IL 60603

Northern Trust
50 South LaSalle
Chicago, IL 60603

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

¹ 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.