

COVENANT COMPLIANCE CERTIFICATE

For the period ending March 31, 2014

Pursuant to the Term Loan Agreement dated June 27, 2012 (the "Agreement") between SSM Health Care Corporation (the "Borrower") and Bank of America, N.A., (the "Bank"), the undersigned hereby certifies as follows. Unless otherwise defined herein, the terms used in this Certificate have the meaning(s) assigned to it/them in the Agreement.


1. I am the duly appointed President, Chief Financial Officer or Administrator of Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision a detailed review of the transactions and condition of the Borrower during the accounting period covered by the unaudited financial statements being furnished concurrently with this Certificate;
3. The Borrower is in full compliance with all terms, conditions, covenants and provisions of the Agreement, except as follows:
4. The Borrower reports its compliance with the financial covenants contained in the Agreement as follows:

Covenant:	Required Threshold	Measurement Date	Actual Value
Days Cash on Hand Ratio	>75 days	6/30/14	198

5. Each of the representations contained in the Agreement are correct as of this date.
6. The unaudited financial statements of Borrower as of June 30, 2014, and for the fiscal quarter then ended, present fairly the financial condition of Borrower and the results of its operations as of the dates of such statements and for the fiscal periods then ended, and since the date of the latest of such statements there has been no material adverse change in its financial position or its operations.
7. No Event of Default has occurred and Borrower is not aware of any facts which might result in an Event of Default.

Dated: August 27, 2014

Borrower: SSM Health Care Corporation

By: 
Its: Treasurer

For the Quarter/Year ended June 30, 2014 ("Statement Date")

SCHEDULE 1
to the Compliance Certificate

I. Section 7.19(a) - Historical Debt Service Coverage Ratio

A. Income Available for Debt Service for the twelve month period ending on the Statement Date:	\$385,361
B. Debt Service Requirements on Funded Indebtedness for the twelve month period ending on the Statement Date:	\$65,577
C. Debt Service Coverage Ratio (Line II.A.9 / Line II.B):	5.88 to 1
<i>Measured quarterly</i>	
<i>Minimum required:</i>	1.1 to 1

II. Section 7.19(b) - Days Cash on Hand Ratio.

A. Aggregate Cash of the Obligated Group at the Statement Date:	\$1,691,409
B. Total Operating Expenses for the 12 month period ending at the Statement Date:	3,120,556
C. Days Cash (Line II.A. * 365 / Line II.B):	198 to 1
<i>Measured on the second fiscal quarter and fourth fiscal quarter.</i>	
<i>Minimum required:</i>	75 to 1

EXHIBIT A

CERTIFICATE OF COMPLIANCE

The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee")
St Louis, Missouri

Re: Certificate of Compliance for Fiscal Quarter Ending June 30, 2014

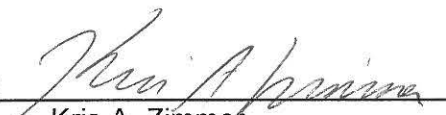
Ladies and Gentlemen:

The undersigned is the Parent Representative as such term defined in the Bond Trust Indenture dated as of July 1, 2012 between the Authority and the Bond Trustee. This certificate is delivered pursuant to the requirements of **Section 9.2** of the Loan Agreement dated as of July 1, 2012 between the Authority and SSM Health Care Corporation ("the Parent"). Certain terms used herein have the meanings assigned in the Bond Trust Indenture. The undersigned hereby certifies as follows on behalf of the Parent:

- (a) He has made or caused to be made a review of the activities of the Parent for the fiscal quarter ended June 30, 2014 and of the performance of the Parent of its obligations under the Loan Agreement;
- (b) He is familiar with the provisions of the Loan Agreement, the Master Indenture, the Tax Agreement and the Tax Use agreement (collectively, the "Borrowers documents") and, to the best of his knowledge, based on such review:
 - (i) the Parent has fulfilled all of its obligations under the Borrower Documents, and
 - (ii) there is no event of default, or any event which, with the passage of time or the giving of notice, would become an event of default under any Borrower Document.

Dated as of 8/27/14

SSM Health Care Corporation

By: 
Kris A. Zimmer
Its: Treasurer

SSM HEALTH CARE CREDIT GROUP

Utilization Statistics for the most recent fiscal year:

Licensed Beds	4,173
Staffed Beds	3,486
Admissions*	77,462
Patient Days*	427,860
Average Length of Stay (Days)	5.5
Percentage occupancy**	67.8%
Emergency Room visits, net	320,907
Outpatient Clinic Visits	675,435

* Excludes newborns, including skilled nursing

** Of beds in service

Percentage of Gross Revenues by payor class for most recent fiscal year:

Medicare	33%
Medicaid	13%
Managed Care	44%
Other	10%

Medicare Case Mix Index for the most recent fiscal year: 1.67

HISTORICAL DEBT SERVICE COVERAGE

	Fiscal Year Ended December 31, (in thousands)		
	2013	2014	
Net Income	\$202,684	\$ 145,465	
Loss on early extinguishment of debt	-	2,316	
Depreciation and amortization	171,378	93,965	
Impairment loss	6,735		
Unrealized (gains) losses	(62,516)	(24,647)	
MTM adjustment on interest rate swaps	(60,512)	21,069	
Interest expense	42,455	22,590	
Total income available	\$300,224	\$ 260,758	
Actual debt service	\$ 300,224	\$ 521,516	Annualized
Actual debt service coverage	5.0 x	8.0 x	

LIQUIDITY

	Fiscal Year Ended December 31, (in thousands)		
	2012	2013	2014
Current Assets:			
Cash and Investments	\$95,418	\$124,995	\$130,494
Days Cash and Investments	12	15	15
Assets Whose Use is Limited (excluding trustee-held funds, self insurance trust funds and donor restricted funds)			
Cash and Investments	\$1,397,425	\$1,475,994	\$1,560,915
Days Cash and Investments	183	181	175
Total Days Cash and Investments	195	196	190

SOURCES OF PATIENT REVENUES

Payor	Gross Revenue by Payor Fiscal Year Ended December 31,		
	2012	2013	2013
Medicare	33%	34%	33%
Medicaid	12%	12%	13%
Managed Care	46%	43%	44%
Commercial, Self-Pay and Other	9%	11%	10%
	100%	100%	100%

Page 1 of 2

UTILIZATION BY MARKET

Licensed Beds

Region	As of 12/31/2014	
	Acute	Post Acute
SSMHC - St. Louis	1,901	0
SSMHC of Wisconsin	590	311
SSMHC of Oklahoma	788	0
Good Samaritan	247	0
St. Marys, Jefferson City	255	0
St. Francis, Maryville	81	0
Total	3,862	311

Admissions

Region	2012	2013	2014
SSMHC - St. Louis	82,438	80,455	40,919
SSMHC of Wisconsin	26,303	26,294	12,772
SSMHC of Oklahoma	22,248	26,057	12,306
Good Samaritan	13,180	12,714	6,262
St. Marys, Jefferson City	8,067	8,629	4,382
St. Francis, Maryville	1,390	1,461	821
Total	153,626	155,610	77,462

Total Patient Days

	2012	2013	2014
SSMHC - St. Louis	390,334	386,539	195,349
SSMHC of Wisconsin	207,934	208,106	102,758
SSMHC of Oklahoma	157,852	173,282	84,743
St. Francis, Blue Island	0	0	0
Good Samaritan	50,521	49,461	24,246
St. Marys, Jefferson City	32,939	34,250	17,465
St. Francis, Maryville	6,140	6,378	3,299
Total	845,720	858,016	427,860

Admission and patient day data include acute, rehabilitation and long-term care.

Page 2 of 2

ATTACHMENT A

**Pursuant to Section 404 of the
Master Trust Indenture (Amended and Restated)
between
SSM Health Care Corporation
and
BNY Trust Company of Missouri
(as successor to State Street Bank and Trust Company, N.A.)
as Master Trustee
Dated May 15, 1998**

0

(Dollars in Thousands)

Historical Debt Service Coverage Ratio of the Credit Group:

Income Available for Debt Service
Debt Service Requirements on Funded Indebtedness

$$\frac{\$521,516}{\$65,577} = 7.95$$

Conclusion:

The ratio exceeds the 1.10 minimum required by the Master Trust Indenture.

FORM OF COMPLIANCE CERTIFICATE
(Series 2014J)

To: JPMorgan Chase Bank, National Association (the "*Purchaser*")

This Compliance Certificate is furnished pursuant to the Continuing Covenant Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "*Agreement*") between JPMorgan Chase Bank, National Association (the "*Purchaser*") and SSM Health Care Corporation, a Missouri nonprofit corporation (the "*Corporation*") for itself as Corporation and as Obligated Group Agent on behalf of the Obligated Group. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

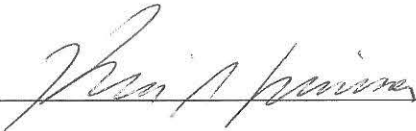
1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "*Relevant Period*").
3. The unaudited financial statements referred to in Section 6.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 6.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 25th day of August, 2014.

SSM HEALTH CARE CORPORATION

By 

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR CONTINUING COVENANT AGREEMENT
DATED AS OF MAY 1, 2014

CALCULATIONS AS OF June 30, 2014

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 6.20(a))

1	Income Available for Debt Service	\$ <u>521,516</u>
2	Debt Service Requirements on Funded Indebtedness	\$ <u>65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

B. Days Cash on Hand Ratio of the Credit Group (Section 6.20(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	\$ <u>1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

2	365	181
3	Product of Line B1 and Line B2	306,145,029
4	Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation	<u>\$ 1,610,055</u>
5	Ratio of Line B3 to Line B4	190 days
6	Line B5 must be greater than or equal to	75 days
7	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

OFFICER'S CERTIFICATE

Citibank N.A.
2nd Floor
399 Greenwich Street
New York, NY 10013
Attn: Manager Credit and Financial Products

Re: **Officer's Certificate for Fiscal Quarter Ending June 30, 2014**

Ladies and Gentlemen:

This Compliance Certificate is furnished pursuant to that certain Libor Rate Loan Agreement dated July 26, 2012, (as amended, modified, renewed or extended from time to time, the "Agreement") among CITIBANK, N.A. (the "Initial Lender"), the HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF THE STATE OF MISSOURI, a body politic and corporate and public instrumentality organized and existing under the laws of the State of Missouri (the "Authority"), SSM HEALTH CARE CORPORATION, a Missouri nonprofit corporation (the "Borrower") for itself as Borrower and as Obligated Group Agent on behalf of the Obligated Group, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as bond trustee (the "Trustee") and CITIBANK, N.A., as agent for the Lenders (the "Agent"), and for itself as Initial Lender (the "Initial Lender") and the other Lenders from time to time a party thereto. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Borrower.
2. This Compliance Certificate is provided with respect to the calendar quarter ending on June 30, 2014 (the "Relevant Period").
3. Under my supervision, the Borrower has made a review of its activities during the preceding Fiscal Year for the purpose of determining whether or not the Borrower has complied with all of the terms, provisions, covenants and conditions of this Agreement and the Related Documents, and to the best of my knowledge the Borrower and each Member has kept, observed, performed and fulfilled each term, provision, covenant and condition and (except as set forth in paragraph 4 below) is not in Default in the performance or observance of any of the terms, covenants, provisions or conditions of this Agreement or any of the other Related Documents; and
4. I have no knowledge of the existence of any condition or event which constitutes a Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Defaults exist, and with respect to each such Default I have described in detail the nature of such Default, the period of its existence, the status thereof and the action which the Borrower has taken, is taking or proposes to take to correct or remedy such Default:

NONE

5. In accordance with Section 5.02(c) of the Agreement, I certify on behalf of the Borrower that the Borrower is in compliance with the financial covenants in Section 5.16 of the Agreement required to be satisfied as of the end of the Relevant Period, and specifically that as of June 30, 2014, for the Relevant Period:

(a) Pursuant to Section 5.16(a), the Historical Debt Service Coverage Ratio 5.02, for the 12-month period then ended June 30, 2014. Pursuant to Section 5.16(b), the Days' Cash on Hand Ratio is 198 days as of the last day of such Fiscal Quarter.

(b) Annex A attached hereto sets forth financial data and computations evidencing the Borrower's compliance with the above covenants of the Agreement, all of which data and computations are true, complete and correct.

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By 

Name Kris A. Zimmer

Title Treasurer

For the Quarter/Year ended June 30, 2014 ("Statement Date")

Annex A
to the Compliance Certificate

I. Section 5.16(a) - Historical Debt Service Coverage Ratio

A. Income Available for Debt Service for the twelve month period ending on the Statement Date:	\$385,361
B. Debt Service Requirements on Funded Indebtedness for the twelve month period ending on the Statement Date:	\$65,577
C. Debt Service Coverage Ratio (Line II.A.9 / Line II.B):	5.88 to 1
<i>Measured quarterly</i>	
<i>Minimum required:</i>	1.1 to 1

II. Section 5.16(b) - Days Cash on Hand Ratio.

A. Aggregate Cash of the Obligated Group at the Statement Date:	\$1,691,409
B. Total Operating Expenses for the 12 month period ending at the Statement Date:	3,120,556
C. Days Cash (Line II.A. * 365 / Line II.B):	198 to 1
<i>Measured on the second fiscal quarter and fourth fiscal quarter.</i>	
<i>Minimum required:</i>	75 to 1

**SSM HEALTH CARE CREDIT GROUP
SERIES 2005 C & D INSURANCE AGREEMENT OFFICER'S CERTIFICATE**

The attached document constitutes the form of annual Officer's Certificate contained in the Series 2005 C & D Insurance Agreement.

OFFICER'S CERTIFICATE

Financial Security Assurance, Inc.
125 Park Avenue
New York, New York 10017
Attn: Risk Management

Re: **Officer's Certificate for First Six Months of Fiscal Year Ending December 31, 2014**

Ladies and Gentlemen:

This certificate is delivered pursuant to the requirements of the Insurance Agreement dated as of July 1, 2005 (the "Insurance Agreement") between SSM Health Care Corporation and Financial Security Assurance, Inc. Certain terms used herein have the meanings assigned in the Insurance Agreement and the Master Indenture (as defined in the Insurance Agreement). The undersigned hereby certifies on behalf of the Credit Group as follows:

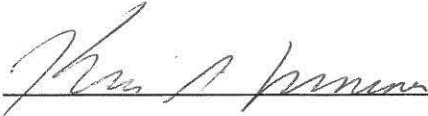
- (a) The senior long-term indebtedness of the Parent or the Obligated Group is rated A+ by Standard & Poor's, AA- by Fitch.

First Six Months Of Fiscal Half

- (b) Based upon the most recent Unaudited Financial Statements of SSM Health Care Consolidated Financial Statements with additional information for the SSM Health Care Credit Group, Unrestricted Cash and Investments for the Credit Group were equal to \$1,691,409, Operating Expenses for the Credit Group were equal to \$1,610,055 and Days Cash on Hand as of the last day of the Second Fiscal Quarter was 190.
- (c) The Historical Debt Service Coverage Ratio of the Credit Group based upon the most recent unaudited Financial Statements of SSM Health Care Corporation Consolidated Financial Statements with additional information for the SSM Health Care Credit Group was 7.95 to 1.0.

Dated as of August 27, 2014

**SSM HEALTH CARE CORPORATION, as Obligated
Group Agent**

By: 
Kris A. Zimmer

Its: Treasurer

Pursuant to the
Insurance Agreements
between
SSM Health Care Corporation
and
Financial Security Assurance, Inc.
Dated as of July 1, 2005

0
(Dollars in Thousands)

Unrestricted Cash & Investments, Operating Expense and Days Cash on Hand

Unrestricted Cash & Investments

Cash and cash equivalents	\$ 27,771
Short-term investments	102,723
Total Assets Whose Use Is Limited or Restricted	2,136,280
Less:	
Temporarily restricted	(359)
Permanently restricted	(8,549)
Held by trustee:	
Project funds	(78,890)
Debt service	(57,277)
Self-insurance	(159,430)
Rabbi Trust & Pension Rest	(132,834)
Reserves held by trustee	(6,931)
Collateral held under securities lending agreements	(131,095)
	<u>\$ 1,691,409</u>

Operating Expenses for calculation of FGIC/FSA Days Cash on Hand

Total operating expenses per financial statements	\$ 1,704,060
Less:	
Depreciation and amortization	(93,936)
Other non-cash operating expenses	284
Unrealized gains/losses-Operating	(2,669)
Loss on early extinguishment of debt	2,316
Impairment losses	-
Total	<u>\$ 1,610,055</u>

Days Cash on Hand

Unrestricted Cash & Investments	\$ 1,691,409
Divided by:	
Operating Expenses for calculation of FGIC/FSA Days Cash on Hand	\$ 1,610,055
Days	181
	<u>\$ 8,895</u>
	<u>190.15</u>

Conclusion:

The Days Cash on Hand is greater than 65, therefore no action is required by the Credit Group.

Historical Debt Service Coverage Ratio of the Credit Group:

Income Available for Debt Service
Debt Service Requirements on Funded Indebtedness

$$\frac{\$521,516}{\$65,577} = 7.95$$

Conclusion:

This ratio exceeds the 1.00 minimum required by Section 4 of the Insurance Agreement, therefore no action is required by the Credit Group.

No disposition of Property, and no consolidation, merger, addition or withdrawal of a Member if it would reduce the Historical Debt Service Coverage Ratio by more than 20%

Capitalization Ratio of the Credit Group:

Funded Indebtedness + Short-Term Indebtedness of the Credit Group

Funded Indebtedness + Short-Term Indebtedness + Total Unrestricted Net Assets of the Credit Group

$$\frac{\$1,893,687}{\$3,727,760} = 0.51$$

Conclusion:

This ratio does not exceed the 0.60 maximum required by Section 2.4 of the Insurance Agreement, therefore no action is required by the Credit Group.

EXHIBIT F

COMPLIANCE CERTIFICATE

To: Wells Fargo Bank, National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Revolving Credit Agreement dated as of February 28, 2014 (as amended, modified, renewed or extended from time to time, the "Agreement") by and among SSM Health Care Corporation, a Missouri nonprofit corporation (the "Corporation") as Obligated Group Agent on behalf of itself and each Member of the Obligated Group, The Northern Trust Company, as a Bank, and Wells Fargo Bank, National Association, as Administrative Agent and as a Bank. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "Relevant Period").
3. The unaudited financial statements referred to in Section 6.1(i)(l) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Administrative Agent and the quarterly financial statements previously furnished to the Administrative Agent pursuant to Section 6.1(i)(l) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE

5. In accordance with Section 6.1 of the Agreement, I certify on behalf of the Corporation that the Corporation is in compliance with the financial covenants in Section 6.19 of the Agreement required to be satisfied as of the end of the Relevant Period, and specifically that as of June 30, 2014 for the Relevant Period:

(a) Pursuant to Section 6.19(a), the Historical Debt Service Coverage Ratio as of June 30, 2014 is 7.95, for the 12-month period then ended. Pursuant to Section 6.19(b), the Days' Cash on Hand Ratio is 190 days as of June 30, 2014.

(b) Annex I attached hereto sets forth financial data and computations evidencing the Corporation's compliance with the above covenants of the Agreement, all of which data and computations are true, complete and correct.

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By _____

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR REVOLVING CREDIT AGREEMENT
DATED FEBRUARY 28, 2014

CALCULATIONS AS OF June 30, 2014

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 6.19(a))

1	Income Available for Debt Service	<u>\$ 521,516</u>
2	Debt Service Requirements on Funded Indebtedness	<u>\$ 65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

B. Days Cash on Hand Ratio of the Credit Group (Section 6.19(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	<u>\$ 1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

- | | | |
|---|--|---|
| 2 | 365 | 181 |
| 3 | Product of Line B1 and Line B2 | 306,145,029 |
| 4 | Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation | <u>\$ 1,610,055</u> |
| 5 | Ratio of Line B3 to Line B4 | 190 days |
| 6 | Line B5 must be greater than or equal to | 75 days |
| 7 | The Credit Group is in compliance (circle yes or no) | <input checked="" type="radio"/> yes / no |

EXHIBIT A

CERTIFICATE OF COMPLIANCE

The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee")
St Louis, Missouri

Re: Certificate of Compliance for Fiscal Quarter Ending June 30, 2014


Ladies and Gentlemen:

The undersigned is the Parent Representative as such term defined in the Bond Trust Indenture dated as of July 1, 2012 between the Authority and the Bond Trustee. This certificate is delivered pursuant to the requirements of **Section 9.2** of the Loan Agreement dated as of July 1, 2012 between the Authority and SSM Health Care Corporation ("the Parent"). Certain terms used herein have the meanings assigned in the Bond Trust Indenture. The undersigned hereby certifies as follows on behalf of the Parent:

- (a) He has made or caused to be made a review of the activities of the Parent for the fiscal quarter ended June 30, 2014 and of the performance of the Parent of its obligations under the Loan Agreement;
- (b) He is familiar with the provisions of the Loan Agreement, the Master Indenture, the Tax Agreement and the Tax Use agreement (collectively, the "Borrowers documents") and, to the best of his knowledge, based on such review:
 - (i) the Parent has fulfilled all of its obligations under the Borrower Documents, and
 - (ii) there is no event of default, or any event which, with the passage of time or the giving of notice, would become an event of default under any Borrower Document.

Dated as of 8/27/14

SSM Health Care Corporation

By: 
Kris A. Zimmer
Its: Treasurer

FORM OF COMPLIANCE CERTIFICATE
(Series 2014K)

To: PNC Bank, National Association (the "*Purchaser*")

This Compliance Certificate is furnished pursuant to the Continuing Covenant Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "*Agreement*") between PNC Bank, National Association (the "*Purchaser*") and SSM HEALTH CARE CORPORATION, a Missouri nonprofit corporation (the "*Corporation*") for itself as Corporation and as Obligated Group Agent on behalf of the Obligated Group. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

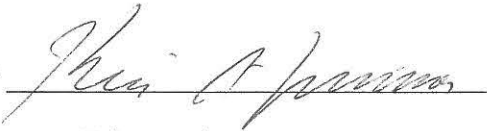
1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "*Relevant Period*").
3. The unaudited financial statements referred to in Section 6.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 6.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By 

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR CONTINUING COVENANT AGREEMENT
DATED AS OF MAY 1, 2014

CALCULATIONS AS OF June 30, 2014

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 6.20(a))

1	Income Available for Debt Service	<u>\$ 521,516</u>
2	Debt Service Requirements on Funded Indebtedness	<u>\$ 65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

B. Days Cash on Hand Ratio of the Credit Group (Section 6.20(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	<u>\$ 1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

2	365	181
3	Product of Line B1 and Line B2	306,145,029
4	Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation	<u>\$ 1,610,055</u>
5	Ratio of Line B3 to Line B4	190 days
6	Line B5 must be greater than or equal to	75 days
7	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

FORM OF COMPLIANCE CERTIFICATE

To: Union Bank, N.A. (the "Agent")

This Compliance Certificate is furnished pursuant to that certain Libor Rate Loan Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "Agreement") among the HEALTH AND EDUCATIONAL FACILITIES AUTHORITY OF THE STATE OF MISSOURI, a body politic and corporate and public instrumentality organized and existing under the laws of the State of Missouri (the "Authority"), SSM HEALTH CARE CORPORATION, a Missouri nonprofit corporation (the "Borrower") for itself as Borrower and as Obligated Group Agent on behalf of the Obligated Group, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as bond trustee (the "Trustee") and UNION BANK, N.A., as Agent for the Lenders (the "Agent"), and for itself as Initial Lenders, and the other Lenders from time to time a party thereto. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Borrower.
2. This Compliance Certificate is provided with respect to the [Fiscal Year ending on _____][calendar quarter ending on 6/30/14]] (the "Relevant Period").

3. **[Under my supervision, the Borrower has made a review of the activities during the preceding Fiscal Year for the purpose of determining whether or not each Member of the Obligated Group and each Credit Group Member has complied with all of the terms, provisions, covenants and conditions of this Agreement and the Related Documents to which it is a party, and to the best of my knowledge each Member of the Obligated Group and each Credit Group Member has kept, observed, performed and fulfilled each and every, provision, covenant and condition of the Agreement and the other Related Documents to which such member is a party;] [The unaudited financial statements referred to in Section 5.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Agent and the quarterly financial statements previously furnished to the Agent pursuant to Section 5.01(a)(i) of the Agreement;]** and (except as set forth in paragraph 4 below), no Event of Default or Default has occurred.

4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Defaults exist, and with respect to each such Default I have described in detail the nature of such Default, the period of its existence, the status thereof and the action which the Borrower has taken, is taking, or proposes to take to correct or remedy such Default:

NONE


5. In accordance with Section 5.01(b)(ii)(4) of the Agreement, I certify on behalf of the Borrower that the Credit Group is in compliance with the financial covenants in Section 5.20 of the Agreement required to be satisfied as of the end of the Relevant Period, and specifically that as of June 30, 2014, for the Relevant Period:

(a) **[Pursuant to Section 5.20(a), the Historical Debt Service Coverage Ratio as of [June 30, 2014] is 7.95, for the 12-month period then ended.][Pursuant to Section 5.20(b), the Days' Cash on Hand Ratio is 190 days as of [June 30, 2014].]**

(b) Annex I attached hereto sets forth financial data and computations evidencing the Credit Group's compliance with the above covenants of the Agreement, all of which data and computations are true, complete and correct.

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By: 
Name: Kris A. Zimmer
Its: Treasurer

FORM OF COMPLIANCE CERTIFICATE

To: Union Bank, N.A. (the "Agent")

This Compliance Certificate is furnished pursuant to that certain Libor Rate Loan Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "Agreement") among the Health and Educational Facilities Authority of the State of Missouri, a body politic and corporate and public instrumentality organized and existing under the laws of the State of Missouri (the "Authority"), SSM Health Care Corporation, a Missouri nonprofit corporation (the "Borrower") for itself as Borrower and as Obligated Group Agent on behalf of the Obligated Group, The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Trustee") and Union Bank, N.A., as Agent for the Lenders (the "Agent"), and for itself as Initial Lenders, and the other Lenders from time to time a party thereto. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "Relevant Period").
3. The unaudited financial statements referred to in Section 5.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 5.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By 

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR LIBOR RATE LOAN AGREEMENT
DATED AS OF MAY 1, 2014

CALCULATIONS AS OF June 30, 2014

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 5.20(a))

1	Income Available for Debt Service	\$ <u>521,516</u>
2	Debt Service Requirements on Funded Indebtedness	\$ <u>65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<u>yes</u> / no

B. Days Cash on Hand Ratio of the Credit Group (Section 5.20(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	\$ <u>1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

2	365	181
3	Product of Line B1 and Line B2	306,145,029
4	Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation	<u>\$ 1,610,055</u>
5	Ratio of Line B3 to Line B4	190 days
6	Line B5 must be greater than or equal to	75 days
7	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

FORM OF COMPLIANCE CERTIFICATE
(Series 2014I)

To: U.S. Bank National Association (the "*Purchaser*")

This Compliance Certificate is furnished pursuant to the Continuing Covenant Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "*Agreement*") between U.S. Bank National Association (the "*Purchaser*") and SSM HEALTH CARE CORPORATION, a Missouri nonprofit corporation (the "*Corporation*") for itself as Corporation and as Obligated Group Agent on behalf of the Obligated Group. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:


1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "*Relevant Period*").
3. The unaudited financial statements referred to in Section 6.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 6.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By 

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR CONTINUING COVENANT AGREEMENT
DATED AS OF MAY 1, 2014

CALCULATIONS AS OF June 30, 2014

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 6.20(a))

1	Income Available for Debt Service	\$ <u>521,516</u>
2	Debt Service Requirements on Funded Indebtedness	\$ <u>65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

B. Days Cash on Hand Ratio of the Credit Group (Section 6.20(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	\$ <u>1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

- | | | |
|---|--|---|
| 2 | 365 | 181 |
| 3 | Product of Line B1 and Line B2 | 306,145,029 |
| 4 | Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation | <u>\$ 1,610,055</u> |
| 5 | Ratio of Line B3 to Line B4 | 190 days |
| 6 | Line B5 must be greater than or equal to | 75 days |
| 7 | The Credit Group is in compliance (circle yes or no) | <input checked="" type="radio"/> yes <input type="radio"/> no |

EXHIBIT F

COMPLIANCE CERTIFICATE

To: Wells Fargo Bank, National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Revolving Credit Agreement dated as of February 28, 2014 (as amended, modified, renewed or extended from time to time, the "Agreement") by and among SSM Health Care Corporation, a Missouri nonprofit corporation (the "Corporation") as Obligated Group Agent on behalf of itself and each Member of the Obligated Group, The Northern Trust Company, as a Bank, and Wells Fargo Bank, National Association, as Administrative Agent and as a Bank. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.
2. This Compliance Certificate is provided with respect to the fiscal quarter ending on June 30, 2014 (the "Relevant Period").
3. The unaudited financial statements referred to in Section 6.1(i)(l) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Administrative Agent and the quarterly financial statements previously furnished to the Administrative Agent pursuant to Section 6.1(i)(l) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.
4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE


5. In accordance with Section 6.1 of the Agreement, I certify on behalf of the Corporation that the Corporation is in compliance with the financial covenants in Section 6.19 of the Agreement required to be satisfied as of the end of the Relevant Period, and specifically that as of June 30, 2014 for the Relevant Period:

(a) Pursuant to Section 6.19(a), the Historical Debt Service Coverage Ratio as of June 30, 2014 is 7.95, for the 12-month period then ended. Pursuant to Section 6.19(b), the Days' Cash on Hand Ratio is 190 days as of June 30, 2014.

(b) Annex I attached hereto sets forth financial data and computations evidencing the Corporation's compliance with the above covenants of the Agreement, all of which data and computations are true, complete and correct.

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 27th day of August, 2014.

SSM HEALTH CARE CORPORATION

By  _____

Name Kris A. Zimmer

Title Treasurer

ANNEX I
TO COMPLIANCE CERTIFICATE

SSM HEALTH CARE CORPORATION

COMPLIANCE CALCULATIONS
FOR REVOLVING CREDIT AGREEMENT
DATED FEBRUARY 28, 2014

CALCULATIONS AS OF June 30, 2014 .

A. Historical Debt Service Coverage Ratio of the Credit Group
(Section 6.19(a))

1	Income Available for Debt Service	<u>\$ 521,516</u>
2	Debt Service Requirements on Funded Indebtedness	<u>\$ 65,577</u>
3	Ratio of Line A1 to Line A2	7.95:1.0
4	Line A3 must be greater than or equal to	1.10:1.0
5	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

B. Days Cash on Hand Ratio of the Credit Group (Section 6.19(b))

1	Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of	<u>\$ 1,691,409</u>
---	---	---------------------

the Credit Group which has been posted as collateral under any Swap Contract)

2	365	181
3	Product of Line B1 and Line B2	306,145,029
4	Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation	<u>\$ 1,610,055</u>
5	Ratio of Line B3 to Line B4	190 days
6	Line B5 must be greater than or equal to	75 days
7	The Credit Group is in compliance (circle yes or no)	<input checked="" type="radio"/> yes <input type="radio"/> no

This document is dated August 20, 2014.

SPECIAL NOTE CONCERNING FORWARD LOOKING STATEMENTS. Certain of the discussions included in the following Management Discussion and Analysis (“Analysis”) may include certain forward-looking statements which involve known and unknown risks and uncertainties inherent in the operation of health care operations. Actual actions or results may differ materially from those discussed in the Analysis. Specific factors that might cause such differences include, but are not limited to: competition from other health care providers, economic conditions in the communities SSM Health Care serves, state and federal regulation and the policies and practices of private insurers regarding payment for medical services. In particular, statements preceded by, followed by or that include the words “believes”, “estimates”, “expects”, “anticipates”, “plans”, “intends”, “scheduled”, “projects” or other similar expressions constitute forward-looking statements.

SSM HEALTH CARE (SSMHC)

Management Discussion and Analysis (MD&A)

concerning the

Consolidated Financial Statements for the Six Months ended June 30, 2014



Table of Contents

Report for the Period Ended June 30, 2014

	<u>Page</u>
I. Organization	3
II. Mission	3
III. Recent Acquisitions	4
IV. Overview	4
V. 2014 Operating Results	4
VI. 2014 Financial Position	5

Tables:

1. Summary of Key Liquidity Ratios	5
2. Summary of Investment Income	6
3. Summary of Long Term Debt	7
4. Summary of Fair Value of Derivatives	8
5. Liquidation Period of Unrestricted Cash	9
6. Pro Forma Self Liquidity Indebtedness	9

Appendices:

1. Key Operational Statistics	11
2. EBIDA Information	11

I. Organization

SSM Health Care (SSMHC) is a centrally managed, multi-institutional health care system with its headquarters in St. Louis, Missouri. Prior to November 15, 2013, SSMHC was sponsored by the Franciscan Sisters of Mary (FSM). As of November 15, 2013, with Vatican approval, FSM transitioned sponsorship of SSMHC to SSM Health Ministries. SSM Health Ministries is an independent 6-member body comprised of three Franciscan Sisters of Mary and three lay people who collectively hold certain powers over SSMHC. The health care activities of FSM date back to 1872 when the founder and four other sisters arrived in St. Louis from Germany, committed to serve the sick that were poor and to provide health care for all.

SSMHC is an integrated delivery network organized into three business units – Hospital Operations, Physician and Ambulatory Services, and Health Care Delivery, Finance and Integration Services.

The Hospital Operations division owns and operates 19 hospital locations and two long-term care centers in Missouri, Illinois, Oklahoma and Wisconsin. With over 7,000 affiliated physicians, 30,000 employees and 4,200 licensed beds, SSMHC facilities provide a wide range of inpatient and outpatient services, including general acute, trauma, emergency and urgent care, pediatrics, residential and skilled nursing care. In addition to its owned sites, SSMHC manages one hospital, has minority ownership interests in four hospitals, and has affiliations with more than 40 rural hospitals.

The Physician and Ambulatory Services division includes professional clinical services of 1,300 employed and contracted physicians, and related services including ambulatory surgery, imaging and other diagnostic services. The division also includes the post-acute group, which includes home health, hospice and rehabilitation services.

The Health Care Delivery, Finance and Integration Services division includes Dean Health Plan, which serves approximately 405,000 members in South Central Wisconsin, and Navitus, Inc., a pharmacy benefit management company that has approximately 2.8 million covered lives in approximately 30 states. Additionally, the division is leading population health expansion across SSMHC's markets through a variety of service offerings that include health improvement, bundled payment, shared savings, and risk transfer mechanisms.

II. Mission

“Through our exceptional health care services, we reveal the healing presence of God.”

This thirteen-word statement was developed in 1999 with involvement and input from over 3,000 employees. The mission statement is intended to guide SSMHC's decisions and actions, and the achievement of “exceptional health care services” is measured by the top decile results in the areas of quality, safety, patient satisfaction, and employee and physician commitment. For financial goals, “exceptional” is set based on goals established through the strategic and financial planning process.

III. Recent Acquisitions

Audrain Medical Center. SSMHC became the sole member of Audrain Medical Center (AMC) on April 1, 2013. AMC includes an 88-bed acute care hospital located in Mexico, Missouri, and ten physician clinic locations in the service area. AMC and SSMHC's St. Mary's Hospital in Jefferson City, along with other activities under development, were restructured into the Mid-Missouri region.

Dean Health System. On April 16, 2013, SSMHC and Dean Health System (DHS) announced a merger agreement whereby DHS would become fully owned by SSMHC. The agreement was approved by DHS shareholders on May 21, 2013; the merger was finalized on September 1 after all regulatory approvals were received. The integrated delivery network will allow for even better service to the health of people in south central Wisconsin and accomplish key strategic objectives for SSMHC. This acquisition was very significant and increased the size and scope of SSMHC to nearly \$5.0 billion in annual revenues, a 50% increase in revenues prior to the merger. DHS has been the long-time physician organization partner to SSMHC of Wisconsin, a relationship that dates back over 100 years. DHS includes a large multi-specialty physician group, Dean Health Plan (DHP) and Navitus, Inc. SSMHC believes this acquisition will position the entire SSMHC organization to be able to provide integrated and aligned care delivery in terms of physician, hospital, and insured products in the future.

IV. Overview

This MD&A report is provided to give management's view of key factors underlying SSMHC's financial performance and position for the period ended June 30, 2014. The report also includes an update on capital and debt as of June 30, 2014. Unless otherwise stated, financial results are described in \$ thousands and relate to the periods January 1 – June 30, 2014 and 2013. The financial results related to the period January 1 – June 30, 2013 do not include first quarter operations from AMC, acquired 4/1/2013, or operations from DHS, acquired 9/1/2013.

For the period ending June 30, 2014, operating income and excess revenue (before the change in market value of interest rate swaps) were \$82.3 and \$133.5 million, respectively. For detailed financial results please refer to the financial statements included with the June 30 compliance posting.

V. 2014 Operating Results

A. Operating Income: The System's operating income of \$82.3 million was \$83.6 million above 2013 results. The key factors contributing to the increase were significant cost savings resulting from a financial improvement plan implemented in the 4th quarter of 2013 as well as revenue cycle improvements. Operating EBIDA totaled \$221.5 million for the period ending June 30, 2014 as compared to \$105.3 million for the period ending June 30, 2013.

Net patient service revenue (NPSR) was \$71.3 million (4.5%) higher than the same period results in 2013. Premiums earned through DHP and Navitus accounted for an increase in revenues of \$573.0 million. Other operating revenues increased by \$42.3 million. Operating expenses (including depreciation and amortization) increased by 35.0% over the same period in 2013 due primarily to the acquisitions of AMC and DHS.

Management will continue cost reduction programs and revenue cycle improvements as well as integration and optimization of acquisitions to further strengthen the operating margin.

B. Non-Operating Gains and (Losses): For the period ended June 30, 2014, net non-operating gains were \$51.2 million, which was \$18.2 million above 2013 results for the same period. This increase is attributed to higher investment returns. The investment returns, negative SWAP mark-to-mark adjustments of \$21.8 million, plus operating income results led to excess revenue before taxes of \$111.7 million, an increase of \$39.5 million from the same period in 2013.

VI. 2014 Financial Position

A. Key Balance Sheet Ratios:

With the addition of DHS, SSMHC's unrestricted cash position has grown significantly and remains strong. Days Cash on Hand decreased by 3 days (-1.7%) to 176 days at 6/30/14. The decline in Days Cash on Hand from 2013 was primarily due to higher operating expenses due to the acquisitions discussed. Management is currently undertaking cash management initiatives to improve the days cash. The overall balance sheet strength of SSMHC has increased since 6/30/13. Total net assets grew to \$2.1 billion at 6/30/14 from \$1.6 billion at 6/30/13 (an increase of 26.9%). Contributing factors include strong investment returns and the reduction in the unfunded pension liability due to the higher discount rate and favorable investment earnings.

Table 1 – Summary of Key Liquidity Ratios

	June 30, 2014	June 30, 2013	Variance
Unrestricted Cash (\$ millions)	\$1,885.7	\$1,620.9	16.3%
Net Patient Accounts Receivable (\$ millions)	481.0	545.5	(-11.8%)
Days Cash on Hand (excludes DHP)	177	179	(-1.7%)
Accounts Receivable (days)	53	66	(-19.7%)
Debt Service Coverage ^[1]	6.7	2.9	110.3%
Cushion Ratio (X)	23.4	19.1	22.5%
Current Ratio	1.0	1.5	(-32.1%)

^[1] Debt Service Coverage Calculation does not include unrealized gain/(loss) on investments

B. Investments:

At June 30, 2014, investment income of \$69.2 million (operating and non-operating) was \$25.6 million higher than the same period in 2013. The increase in investment income is attributed to the investment portfolio composite return (excluding pension investments) of 3.3% for six months compared to 2.7% for the same period in 2013. A comparison of the period results for 2014 and 2013 is listed in Table 2. This table also includes a breakout of 2014 investment earnings by income recognition (realized and unrealized), income segment (operating and non-operating), and the amounts attributed to interest and dividends earnings.

Table 2 – Summary of Investment Income

(\$ in millions)

a. 2014 – 2013 Comparisons				
		<u>2014</u>		<u>2013</u>
Interest, dividends and realized gains (losses), net		\$ 40.9		\$ 35.7
Change in unrestricted unrealized gains, net from prior year end		<u>28.3</u>		<u>7.9</u>
Total investment income		<u>\$ 69.2</u>		<u>\$43.6</u>
b. 2014 Sources				
<u>Investment Gain Classification</u>	<u>Interest & Dividends</u>	<u>Realized Gain</u>	<u>Unrealized Gain</u>	<u>Total</u>
Operating	\$ 4.0	\$ 6.1	\$ 5.8	\$15.9
Non-operating	<u>11.2</u>	<u>19.6</u>	<u>22.5</u>	<u>53.3</u>
Total	<u>\$ 15.2</u>	<u>\$25.7</u>	<u>\$ 28.3</u>	<u>\$69.2</u>

C. Debt Structure

At June 30, 2014, SSMHC's total debt (Table 3) increased by \$33.9 million from December 31, 2013. On May 14, 2014, SSMHC restructured approximately \$1.1 billion of outstanding debt. The issue consisted of 11 series of bonds including Direct Placements. Please see:

<http://emma.msrb.org/IssueView/IssueDetails.aspx?id=ER361096>,
<http://emma.msrb.org/IssueView/IssueDetails.aspx?id=ER361342>,
<http://emma.msrb.org/ER767039-ER596986-ER999076.pdf>,

As part of the 2014 debt restructuring SSMHC filed a registration to issue up to \$200.0 million in taxable Commercial Paper (CP) supported by self-liquidity. On May 14, 2014, SSMHC issued approximately \$180.0 million of CP under this registration. The proceeds of the issuance were used to refinance existing loans and to replace an existing CP program. The DHS Commercial Paper program was cancelled on May 14, 2014. No new net debt was issued as a result of the CP program.

SSMHC utilizes lines of credit for general corporate purposes. As of June 30, 2014, SSMHC has a syndicated revolving line of credit with a maximum borrowing limit of \$150.0 million. The credit agreements for each of the banks participating in the line of credit have identical terms and conditions and all of the reporting requirements are consistent with the existing Master Trust Indenture.

Table 3 – Summary of Long Term Debt

(\$ In millions)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Secured Under the Master Trust Indenture:		
Fixed rate revenue bonds	\$ 639.7	\$384.8
Variable rate demand bonds	300.0	430.5
Variable rate direct loans	513.3	181.3
Auction rate bonds	101.5	121.3
Term loan	93.8	97.0
Total under Master Indenture	<u>1,648.3</u>	<u>1,214.9</u>
Other:		
Term loan	-	46.9
Construction loan	-	42.5
Equipment bank loan	-	1.7
Various notes payable and other debt	53.3	52.9
Capitalized lease obligations	25.7	29.2
Total Long-Term Debt	<u>1,727.3</u>	<u>1,388.1</u>
Short-Term Debt:		
Short-term notes payable	0.0	400.0
Revolving lines of credit / commercial paper	179.9	85.2
Total Short-Term Debt	<u>179.9</u>	<u>485.2</u>
Total Debt	<u>\$1,907.2</u>	<u>\$1,873.3</u>

Derivative Instruments. As of June 30, 2014, SSMHC had 8 floating-to-fixed interest rate swaps. SSMHC uses floating-to-fixed interest rate swaps to synthetically convert the majority of variable rate debt to a fixed rate. Under these swaps, SSMHC receives LIBOR or a percentage of LIBOR plus a spread of 0.12% and pays a fixed rate. Swaps had a total notional amount of \$652.6 million with a total mark-to-market value of (\$107.7) million as of June 30, 2014. In the event that the mark-to-market valuation reaches a certain negative value SSMHC may be required to post collateral for the benefit of the swap counterparty. Based on the mark-to-market valuation as of June 30, 2014, SSMHC was not required to post collateral for the benefit of the counterparties. SSMHC terminated two outstanding swaps for consideration of \$2.2 million on March 28, 2014.

Table 4 – Summary of Fair Value of Derivatives

	<u>Maturity Date of Derivatives</u>	<u>Fixed Rate</u>	<u>June 30, 2014 (\$ in thousands)</u>	
			<u>Notional Amount Outstanding</u>	<u>Fair Value</u>
Derivatives not designated as hedges				
Interest rate swaps	2015 - 2035	2.90% - 5.98%	\$652,563	\$(107,745)

The estimated fair values of the interest rate swap instruments have been determined using available market information and valuation methodologies, primarily discounted cash flows.

D. Liquidity

The following table describes the liquidation period of the unrestricted cash and investments of SSMHC as of June 30, 2014.

Table 5 – Liquidation Period of Unrestricted Cash

Liquidation Period	Amount (\$ in millions)
T+0	\$ 672.5
T+3	835.8
Monthly or Less	126.8
Quarterly or Less	66.2
Illiquid	184.4
Total	\$1,885.7

The following table describes the self-liquidity indebtedness of SSMHC following the issuance of the Series 2014 Bonds and completion of the debt restructuring plan described under the caption "FINANCING PLAN" in the forepart of the Official Statement dated May 13, 2014. For purposes of this table, "self-liquidity indebtedness" means indebtedness that is subject to mandatory tender or maturity within one year or less, excluding the current portion of long-term indebtedness and lines of credit.

Table 6 – Pro Forma Self Liquidity Indebtedness

	Principal Amount (\$ in millions)
Windows VRDBs	\$ 100.0
CP Mode VRDBs	100.0
Weekly VRDBs	100.0
Taxable CP	180.0
Total Self-Liquidity Debt	\$ 480.0

E. Capital Planning

SSMHC's capital plan reflects the strategic initiatives of SSMHC. As part of the ongoing strategic and community needs planning process, management regularly assesses near-term and long-term capital requirements for each of its markets including both growth opportunities and replacement needs. Management also assesses strategic opportunities beyond the existing facilities for growth and to improve access to care in the communities SSMHC serves.

The approved capital expenditure investment for SSMHC, including physician alignment, outpatient expansion, routine equipment replacement, significant infrastructure replacement, and adoption of new technologies, is currently projected to be \$403 million for fiscal year 2014, \$87 million for fiscal year 2015 and \$17 million for fiscal year 2016. This includes the 2014 completion of a new 167-bed hospital in Jefferson City, Missouri to replace an existing facility located in that community. To date SSMHC has spent approximately \$300 million on the acquisition and implementation of the EPIC Electronic Health Records (EHR) system. Going forward SSMHC anticipates a much lower level of EHR spending.

APPENDIX 1

KEY OPERATIONAL STATISTICS

Statistics	Period Ended 6/30/2014	Period Ended 6/30/2013	2014 vs 2013 Variance	2014 vs 2013 % Change
Acute Admissions	76,881	77,924	-1,043	-1.3%
CMI* Adjusted Admissions	259,915	223,116	36,799	16.5%
Adjusted Patient Days	853,121	739,985	113,136	15.3%
Inpatient Surgeries	15,981	17,031	-1,050	-6.2%
Outpatient Surgeries	30,301	31,271	-970	-3.1%
Outpatient Visits	675,435	664,503	10,932	1.6%
Emergency Visits	320,907	305,830	15,077	4.9%

* CMI – Case Mix Index

Risk Based Capital. In addition to the above, SSMHC uses Risk Based Capital (RBC) to monitor the adequacy of liquidity and capitalization of Dean Health Plan. RBC is a method of measuring the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. For health insurance companies, regulatory action is activated when RBC capital reaches 200%. The RBC statistics for DHP stood at 434.2% and 458.9% as of December 31, 2013 and December 31, 2012, respectively (RBC is reported on an annual basis).

APPENDIX 2

EARNINGS BEFORE INTEREST, DEPRECIATION & AMORTIZATION (EBIDA) INFORMATION

	6 Months Ended 6/30/2014	6 Months Ended 6/30/2013	2014 vs. 2013 Variance in Dollars	2014 vs. 2013 Variance by Percentage
Operating EBIDA	\$221,516	\$105,300	\$116,216	110.4%
Excess EBIDA	\$272,286	\$138,317	\$133,969	96.9%
Operating EBIDA %	9.2%	6.1%		
Excess EBIDA %	11.1%	7.9%		

SSM HEALTH CARE

ADDITIONAL INCOME STATEMENT INFORMATION FOR THE QUARTER ENDED June 30, 2014 (In thousands)

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
OPERATING REVENUES AND OTHER SUPPORT:				
Net patient service revenues	\$ 910,254	\$ 48,905	\$ (122,947)	\$ 836,212
Premiums earned	21,035	301,116	(18,212)	303,939
Investment income	5,844	5,345	-	11,189
Other revenue	77,727	64,645	(56,453)	85,919
Net assets released from restrictions	23	1,442	-	1,465
	<u>1,014,883</u>	<u>421,453</u>	<u>(197,612)</u>	<u>1,238,724</u>
OPERATING EXPENSES:				
Salaries and benefits	506,001	110,257	(53,989)	562,269
Medical	-	260,956	(130,563)	130,393
Supplies	169,613	4,517	-	174,130
Professional fees and other	203,256	59,336	(16,659)	245,933
Interest	13,200	379	(212)	13,367
Depreciation and amortization	49,215	5,413	-	54,628
Impairment loss	-	-	-	-
	<u>941,285</u>	<u>440,858</u>	<u>(201,423)</u>	<u>1,180,720</u>
INCOME (LOSS) FROM OPERATIONS	<u>73,598</u>	<u>(19,405)</u>	<u>3,811</u>	<u>58,004</u>
NONOPERATING GAINS AND (LOSSES):				
Investment income	39,115	(293)	-	38,822
Loss from early extinguishment of debt	(2,316)	-	-	(2,316)
Other — net	261	(10)	-	251
	<u>37,060</u>	<u>(303)</u>	<u>-</u>	<u>36,757</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS AND INCOME TAXES	110,658	(19,708)	3,811	94,761
CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS	(8,466)	-	-	(8,466)
EXCESS OF OF REVENUES OVER EXPENSES BEFORE INCOME TAXE	<u>102,192</u>	<u>(19,708)</u>	<u>3,811</u>	<u>86,295</u>
INCOME TAXES (BENEFITS):				
Current	101	-	-	101
Deferred	262	-	-	262
Total income taxes (benefits)	<u>363</u>	<u>-</u>	<u>-</u>	<u>363</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 101,829</u>	<u>\$ (19,708)</u>	<u>\$ 3,811</u>	<u>\$ 85,932</u>

SSM HEALTH CARE

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED June 30, 2014 (In thousands)

	CREDIT GROUP	OTHER ENTITIES	ELIMINATIONS	GRAND TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 83,852	\$ 27,888	(20,966)	\$ 90,774
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Pension related changes	-	-	-	-
Depreciation and amortization	49,435	5,413	-	54,848
Impairment Loss	-	-	-	-
Loss - Early extinguishment debt	2,316	-	-	2,316
Bad debts	45,340	1,566	-	46,906
Restricted contributions	-	(491)	-	(491)
Contributions/distributions to noncontrolling owners — net	814	147	-	961
Realized/unrealized gains and losses on investments — net	(37,576)	(4,510)	-	(42,086)
Equity in earnings - unconsolidated entities	-	-	-	-
Change in valuation of investments in unconsolidated entities	(7,979)	(19,801)	20,954	(6,826)
Change in market value of interest rate swaps	8,466	-	-	8,466
Gain (Loss) on disposal of assets	(1,487)	345	-	(1,142)
Deferred Income Taxes	-	-	-	-
Changes in assets and liabilities:				
Short-term investments	8,881	(7,994)	-	887
Patient accounts receivable	(11,015)	(27,325)	20,829	(17,511)
Other receivables, inventories, prepaid expenses, and other	81,594	(12,125)	(85,325)	(15,856)
Accounts payable, accrued expenses, and other liabilities	30,883	(43,213)	(30,537)	(42,867)
Estimated self-insurance obligations	11,071	824	-	11,895
Net cash provided by (used in) operating activities	<u>264,595</u>	<u>(79,276)</u>	<u>(95,045)</u>	<u>90,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in property and equipment — net	(70,644)	(12,616)	-	(83,260)
Net change in assets limited as to use or restricted	(105,938)	27,092	-	(78,846)
Acquisition of hospitals and health care entities	-	-	-	-
Net change in other assets	<u>6,074</u>	<u>2,676</u>	<u>-</u>	<u>8,750</u>
Net cash provided by (used in) investing activities	<u>(170,508)</u>	<u>17,152</u>	<u>-</u>	<u>(153,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings on long-term debt	1,069,928	-	-	1,069,928
Payments on long-term debt	(453,932)	(96,618)	95,045	(455,505)
Net change in revolving line of credit	(92,000)	(95,000)	-	(187,000)
Notes Payable - net	(400,000)	-	-	(400,000)
Debt issuance cost	(4,474)	-	-	(4,474)
Distribution to noncntrl owners	(814)	(147)	-	(961)
Contributions from noncntrl owners	-	-	-	-
Equity Transfers	(221,606)	221,606	-	-
Restricted contributions	<u>-</u>	<u>491</u>	<u>-</u>	<u>491</u>
Net cash provided by (used in) financing activities	<u>(102,898)</u>	<u>30,332</u>	<u>95,045</u>	<u>22,479</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,811)	(31,792)	-	(40,603)
CASH AND CASH EQUIVALENTS — Beginning of quarter	<u>36,582</u>	<u>62,389</u>	<u>-</u>	<u>98,971</u>
CASH AND CASH EQUIVALENTS — 6/30/14	<u>\$ 27,771</u>	<u>\$ 30,597</u>	<u>\$ -</u>	<u>\$ 58,368</u>

SSM HEALTH CARE

ADDITIONAL OPERATING STATS INFORMATION FOR THE QUARTER ENDED June 30, 2014

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
BEDS				
LICENSED BEDS - TOTAL	4,173	-		4,173
STAFFED BEDS - TOTAL	3,486	-		3,486
ACUTE PATIENT SERVICES				
ADMISSIONS*	38,673	-		38,673
PATIENT DAYS*	176,609	-		176,609
AVERAGE LENGTH OF STAY	4.6	-	-	4.6
SKILLED PATIENT SERVICES				
ADMISSIONS*	299	-		299
PATIENT DAYS*	33,753	-		33,753
AVERAGE LENGTH OF STAY	112.9	-	-	112.9
OUTPATIENT SURGERIES	15,688	-		15,688
OUTPATIENT VISITS	349,994	-		349,994
EMERGENCY ROOM VISITS	164,017	-		164,017
PERCENTAGE OCCUPANCY**	66.3%	-	-	66.3%
PERCENTAGE OF GROSS REVENUES BY PAYOR MIX				
Medicare	32%	22%		32%
Medicaid	12%	6%		12%
Managed Care	46%	66%		46%
Other	10%	6%		10%
Total	100%	100%	-	100%

* Excludes newborns

** Of beds in service

SSM HEALTH CARE

ADDITIONAL BALANCE SHEET INFORMATION AS OF JUNE 30, 2014 (In thousands)

	CREDIT GROUP	OTHER ENTITIES	ELIMINATIONS	GRAND TOTAL
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 27,771	\$ 30,597	\$ -	\$ 58,368
Short-term investments	102,723	49,273	-	151,996
Current portion of assets limited as to use	204,749	31,273	-	236,022
Patients accounts receivable, less allowance for uncollectible accounts	497,011	22,735	(38,744)	481,002
Premium receivable	-	11,183	-	11,183
Other receivables	135,266	31,103	(16,632)	149,737
Inventories, prepaid expenses, and other	200,006	(98,265)	207	101,948
Estimated third-party payor settlements	19,005	14	-	19,019
Total current assets	1,186,531	77,913	(55,169)	1,209,275
ASSETS LIMITED AS TO USE OR RESTRICTED — Excluding current portion	1,931,531	395,258	-	2,326,789
PROPERTY AND EQUIPMENT — Net	1,820,158	77,328	-	1,897,486
OTHER ASSETS:				
Deferred financing costs — net	8,177	-	-	8,177
Goodwill	123,395	3,859	-	127,254
Intangibles — net	209,360	88,945	-	298,305
Investments in unconsolidated entities	257,039	14,359	(185,392)	86,006
Other	30,941	561	(22,141)	9,361
Total other assets	628,912	107,724	(207,533)	529,103
TOTAL	\$ 5,567,132	\$ 658,223	\$ (262,702)	\$ 5,962,653
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Revolving line of credit	\$ -	\$ 225	\$ -	\$ 225
Current portion of long-term debt	41,933	592	(479)	42,046
Accounts payable and accrued expenses	477,753	275,398	(54,890)	698,261
Notes payable	-	-	-	-
Unearned premiums	-	24,450	-	24,450
Payable under securities lending agreements	131,095	798	-	131,893
Estimated third-party payor settlements	103,040	21	-	103,061
Commercial Paper	179,937	-	-	179,937
Defer income taxes current	1,298	-	-	1,298
Total current liabilities	935,056	301,484	(55,369)	1,181,171
LONG-TERM DEBT — Excluding current portion	1,671,817	35,579	(22,141)	1,685,255
ESTIMATED SELF-INSURANCE OBLIGATIONS	70,406	9,359	-	79,765
OTHER LONG-TERM LIABILITIES	996,208	(62,541)	-	933,667
Total liabilities	3,673,487	283,881	(77,510)	3,879,858
NET ASSETS:				
Unrestricted:				
Noncontrolling interest in subsidiaries	17,746	2,732	-	20,478
SSM Health Care unrestricted net assets	1,816,327	314,606	(134,528)	1,996,405
Total unrestricted net assets	1,834,073	317,338	(134,528)	2,016,883
Temporarily restricted	36,599	42,580	(36,240)	42,939
Permanently restricted	22,973	14,424	(14,424)	22,973
Total net assets	1,893,645	374,342	(185,192)	2,082,795
TOTAL	\$ 5,567,132	\$ 658,223	\$ (262,702)	\$ 5,962,653

SSM HEALTH CARE

ADDITIONAL INCOME STATEMENT INFORMATION AS OF JUNE 30, 2014 (In thousands)

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
OPERATING REVENUES AND OTHER SUPPORT:				
Net patient service revenues	\$ 1,666,223	\$ 155,859	\$ (166,522)	\$ 1,655,560
Premiums earned	23,536	579,956	(24,424)	579,068
Investment income	7,739	8,212	-	15,951
Other revenue	123,011	138,412	(107,702)	153,721
Net assets released from restrictions	43	2,189	-	2,232
	<u>1,820,552</u>	<u>884,628</u>	<u>(298,648)</u>	<u>2,406,532</u>
OPERATING EXPENSES:				
Salaries and benefits	905,526	316,082	(99,022)	1,122,586
Medical	-	415,970	(174,138)	241,832
Supplies	295,820	39,216	-	335,036
Professional fees and other	384,962	131,842	(30,671)	486,133
Interest	23,816	2,735	(429)	26,122
Depreciation and amortization	93,936	18,596	-	112,532
Impairment loss	-	-	-	-
	<u>1,704,060</u>	<u>924,441</u>	<u>(304,260)</u>	<u>2,324,241</u>
INCOME (LOSS) FROM OPERATIONS	<u>116,492</u>	<u>(39,813)</u>	<u>5,612</u>	<u>82,291</u>
NONOPERATING GAINS AND (LOSSES):				
Investment income	52,488	796	-	53,284
Loss from early extinguishment of debt	(2,316)	-	-	(2,316)
Other — net	286	(59)	-	227
	<u>50,458</u>	<u>737</u>	<u>-</u>	<u>51,195</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS AND INCOME TAXES	166,950	(39,076)	5,612	133,486
CHANGE IN MARKET VALUE OF INTEREST RATE SWAPS	<u>(21,069)</u>	<u>(764)</u>	<u>-</u>	<u>(21,833)</u>
EXCESS (DEFICIT) OF OF REVENUES OVER EXPENSES	<u>145,881</u>	<u>(39,840)</u>	<u>5,612</u>	<u>111,653</u>
Current	154	9	-	163
Deferred	262	-	-	262
Total Taxes	<u>416</u>	<u>9</u>	<u>-</u>	<u>425</u>
NET INCOME	<u>\$ 145,465</u>	<u>\$ (39,849)</u>	<u>\$ 5,612</u>	<u>\$ 111,228</u>

SSM HEALTH CARE

CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF JUNE 30, 2014 (In thousands)

	CREDIT GROUP	OTHER ENTITIES	ELIMINATIONS	GRAND TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	106,122	28,009	(18,820)	115,311
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Pension related changes	-	-	-	-
Depreciation and amortization	94,362	18,591	-	112,953
Impairment Loss	-	-	-	-
Loss - Early extinguishment debt	2,316	-	-	2,316
Bad debts	86,970	7,006	-	93,976
Restricted contributions	-	(751)	-	(751)
Contributions/distributions to noncontrolling owners — net	2,257	233	-	2,490
Realized/unrealized gains and losses on investments — net	(47,721)	(7,362)	-	(55,083)
Equity in earnings - unconsolidated entities				
Change in valuation of investments in unconsolidated entities	(7,692)	(18,996)	18,808	(7,880)
Change in market value of interest rate swaps	21,069	764	-	21,833
Gain (Loss) on disposal of assets	(1,506)	344	-	(1,162)
Deferred Income Taxes		-	-	-
Changes in assets and liabilities:				
Short-term investments	8,922	(5,274)	-	3,648
Patient accounts receivable	(37,937)	(30,311)	16,658	(51,590)
Other receivables, inventories, prepaid expenses, and other	(21,124)	(26,681)	7,309	(40,496)
Accounts payable, accrued expenses, and other liabilities	20,962	(7,360)	(25,282)	(11,680)
Estimated self-insurance obligations	10,659	1,036	-	11,695
Net cash provided by (used in) operating activities	<u>237,659</u>	<u>(40,752)</u>	<u>(1,327)</u>	<u>195,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in property and equipment — net	(116,779)	(17,978)	-	(134,757)
Net change in assets limited as to use or restricted	(89,721)	(8,413)	-	(98,134)
Acquisition of hospitals and health care entities	-	-	-	-
Net change in other assets	-	-	-	-
Net cash provided by (used in) investing activities	<u>(206,500)</u>	<u>(26,391)</u>	<u>-</u>	<u>(232,891)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings on long-term debt	1,069,928	-	-	1,069,928
Payments on long-term debt	(458,529)	(94,009)	1,327	(551,211)
Net change in revolving line of credit	-	(85,000)	-	(85,000)
Notes Payable - net	(400,000)	-	-	(400,000)
Debt issuance cost	(4,474)	-	-	(4,474)
Distribution to noncntrl owners	(2,257)	(233)	-	(2,490)
Contributions from noncntrl owners	-	-	-	-
Equity Transfers	(221,606)	221,606	-	-
Restricted contributions	-	751	-	751
Net cash provided by (used in) financing activities	<u>(16,938)</u>	<u>43,115</u>	<u>1,327</u>	<u>27,504</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,221	(24,028)	-	(9,807)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>13,550</u>	<u>54,625</u>	<u>-</u>	<u>68,175</u>
CASH AND CASH EQUIVALENTS — 6/30/14	<u>27,771</u>	<u>30,597</u>	<u>-</u>	<u>58,368</u>

SSM HEALTH CARE

ADDITIONAL OPERATING STATS INFORMATION AS OF JUNE 30, 2014

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
BEDS				
LICENSED BEDS - TOTAL	4,173	-		4,173
STAFFED BEDS - TOTAL	3,486	-		3,486
ACUTE PATIENT SERVICES				
ADMISSIONS*	76,881	-		76,881
PATIENT DAYS*	360,058	-		360,058
AVERAGE LENGTH OF STAY	4.7	-		4.7
SKILLED PATIENT SERVICES				
ADMISSIONS*	581	-		581
PATIENT DAYS*	67,802	-		67,802
AVERAGE LENGTH OF STAY	116.7	-		116.7
OUTPATIENT SURGERIES	30,301	-		30,301
OUTPATIENT VISITS	675,435	-		675,435
EMERGENCY ROOM VISITS	320,907	-		320,907
PERCENTAGE OCCUPANCY**	67.8%	-		67.8%
PERCENTAGE OF GROSS REVENUES BY PAYOR MIX				
Medicare	33%	23%		32%
Medicaid	13%	9%		12%
Managed Care	44%	55%		46%
Other	10%	13%		10%
Total	100%	100%		100%

* Excludes newborns

** Of beds in service

SSM HEALTH CARE

ASSETS LIMITED AS TO USE OR RESTRICTED AS OF JUNE 30, 2014 (In thousands)

	<u>CREDIT</u> <u>GROUP</u>	<u>OTHER</u> <u>ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
Board designated:				
Property and equipment	\$ 1,560,915	\$ 330,176	\$ -	\$ 1,891,091
Other	132,834	-	-	132,834
	-	-	-	-
Reserves in regulated insurance company	6,931	12,106	-	19,037
	-	-	-	-
Held by trustees:				
Project Funds	78,890	-	-	78,890
Funds held in escrow	-	15,000	-	15,000
Bond funds	57,277	-	-	57,277
Self-insurance	159,430	11,447	-	170,877
Collateral held under swap agreements	-	-	-	-
Collateral held under securities lending agreements	131,095	798	-	131,893
	2,127,372	369,527	-	2,496,899
Temporarily restricted funds	359	42,580	-	42,939
Permanently restricted funds	8,549	14,424	-	22,973
	8,908	57,004	-	65,912
Total assets limited as to use or restricted	2,136,280	426,531	-	2,562,811
Less: current portion	(204,749)	(31,273)	-	(236,022)
Noncurrent portion	\$ 1,931,531	\$ 395,258	\$ -	\$ 2,326,789

SSM HEALTH CARE

ADDITIONAL BALANCE SHEET INFORMATION AS OF JUNE 30, 2013 (In thousands)

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 5,019	\$ 11,539	-	\$ 16,558
Short-term investments	91,470	32,330	-	123,800
Current portion of assets limited as to use	276,323	10,627	-	286,950
Net patient accounts receivable	523,996	21,459	-	545,455
Premium receivable	-	-	-	-
Other receivables	20,209	1,254	(4,729)	16,734
Inventories, prepaid expenses, and other	76,066	3,730	148	79,944
Estimated third-party payor settlements	18,570	-	-	18,570
	<u>1,011,653</u>	<u>80,939</u>	<u>(4,581)</u>	<u>1,088,011</u>
Total current assets				
ASSETS LIMITED AS TO USE OR RESTRICTED — Excluding current portion	1,632,891	182,843	-	1,815,734
PROPERTY AND EQUIPMENT — Net	1,614,287	38,613	-	1,652,900
OTHER ASSETS:				
Deferred financing costs — net	6,518	-	-	6,518
Goodwill	-	-	-	-
Intangibles — net	44,261	3,590	-	47,851
Investments in unconsolidated entities	325,215	11,500	(137,531)	199,184
Other	29,473	319	(22,621)	7,171
	<u>405,467</u>	<u>15,409</u>	<u>(160,152)</u>	<u>260,724</u>
Total other assets				
TOTAL	<u>\$ 4,664,298</u>	<u>\$ 317,804</u>	<u>\$ (164,733)</u>	<u>\$ 4,817,369</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Revolving line of credit	\$ 37,000	\$ 225	\$ -	\$ 37,225
Current portion of long-term debt	41,230	686	(534)	41,382
Notes payable	-	-	-	-
Unearned premiums	-	-	-	-
Accounts payable and accrued expenses	271,622	92,786	(4,266)	360,142
Payable under securities lending agreements	241,278	2,583	-	243,861
Estimated third-party payor settlements	38,060	3	-	38,063
Defer income taxes current	-	-	-	-
	<u>629,190</u>	<u>96,283</u>	<u>(4,800)</u>	<u>720,673</u>
Total current liabilities				
LONG-TERM DEBT — Excluding current portion	1,248,565	29,492	(22,620)	1,255,437
ESTIMATED SELF-INSURANCE OBLIGATIONS	65,334	10,698	-	76,032
OTHER LIABILITIES	<u>1,110,368</u>	<u>13,253</u>	<u>-</u>	<u>1,123,621</u>
Total liabilities	3,053,457	149,726	(27,420)	3,175,763
NET ASSETS:				
Unrestricted:				
Noncontrolling interest in subsidiaries	16,953	2,818	-	19,771
SSM Health Care unrestricted net assets	<u>1,537,123</u>	<u>110,670</u>	<u>(88,539)</u>	<u>1,559,254</u>
Total unrestricted net assets	1,554,076	113,488	(88,539)	1,579,025
Temporarily restricted	36,846	42,394	(36,578)	42,662
Permanently restricted	<u>19,919</u>	<u>12,196</u>	<u>(12,196)</u>	<u>19,919</u>
Total net assets	<u>1,610,841</u>	<u>168,078</u>	<u>(137,313)</u>	<u>1,641,606</u>
TOTAL	<u>\$ 4,664,298</u>	<u>\$ 317,804</u>	<u>\$ (164,733)</u>	<u>\$ 4,817,369</u>

SSM HEALTH CARE

ADDITIONAL INCOME STATEMENT INFORMATION AS OF JUNE 30, 2013 (In thousands)

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
OPERATING REVENUES AND OTHER SUPPORT:				
Net patient service revenues	1,505,942	84,121	\$ -	1,590,063
Premiums earned				
Investment income	4,694	6,375	-	11,069
Other revenue	93,584	123,667	(100,288)	116,963
Net assets released from restrictions	148	1,450	-	1,598
	<u>1,604,368</u>	<u>215,613</u>	<u>(100,288)</u>	<u>1,719,693</u>
OPERATING EXPENSES:				
Salaries and benefits	821,252	193,929	(80,854)	934,327
Medical				
Supplies	278,581	7,873	-	286,454
Professional fees and other	363,507	46,856	(16,398)	393,965
Interest	21,876	771	(445)	22,202
Depreciation and amortization	83,032	1,045	-	84,077
Impairment loss	-	-	-	-
	<u>1,568,248</u>	<u>250,474</u>	<u>(97,697)</u>	<u>1,721,025</u>
INCOME (LOSS) FROM OPERATIONS	<u>36,120</u>	<u>(34,861)</u>	<u>(2,591)</u>	<u>(1,332)</u>
NONOPERATING GAINS AND (LOSSES):				
Investment income	32,325	210	-	32,535
Loss from early ext of debt	-	-	-	-
Other — net	558	(76)	-	482
	<u>32,883</u>	<u>134</u>	<u>-</u>	<u>33,017</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE CHANGE IN MARKET VALUE OF INTEREST RATE SWAPS	69,003	(34,727)	(2,591)	31,685
CHANGE IN MARKET VALUE OF INTEREST RATE SWAPS	<u>40,510</u>	<u>-</u>	<u>-</u>	<u>40,510</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>109,513</u>	<u>(34,727)</u>	<u>(2,591)</u>	<u>72,195</u>
Current	-	-	-	-
Deferred	-	-	-	-
Total income taxes (benefits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 109,513</u>	<u>\$ (34,727)</u>	<u>\$ (2,591)</u>	<u>\$ 72,195</u>

SSM HEALTH CARE

CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF JUNE 30, 2013 (In thousands)

	CREDIT GROUP	OTHER ENTITIES	ELIMINATIONS	GRAND TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	82,447	460	(5,684)	77,223
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	-	-	-	-
Pension related changes	-	-	-	-
Depreciation and amortization	83,442	1,045	-	84,487
Impairment Costs	-	-	-	-
Loss - Early extinguishment debt	-	-	-	-
Bad debts	86,676	3,074	-	89,750
Restricted contributions	-	(941)	-	(941)
Contributions/distributions to noncontrolling owners — net	1,782	64	-	1,846
Realized/unrealized gains and losses on investments — net	(26,347)	(6,300)	-	(32,647)
Equity in earnings - unconsolidated entities	-	-	-	-
Change in valuation of investments in unconsolidated entities	(9,800)	1,005	5,689	(3,106)
Change in market value of interest rate swaps	(40,510)	-	-	(40,510)
Gain (Loss) on disposal of assets	(287)	(28)	-	(315)
Changes in assets and liabilities:				
Short-term investments	(12,683)	11,270	-	(1,413)
Patient accounts receivable	(104,839)	(5,615)	-	(110,454)
Other receivables, inventories, prepaid expenses, and other	(6,730)	6,423	(2,397)	(2,704)
Accounts payable, accrued expenses, and other liabilities	3,452	(4,290)	1,796	958
Estimated self-insurance obligations	1,699	1,659	-	3,358
Net cash provided by (used in) operating activities	58,302	7,826	(596)	65,532
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in property and equipment — net	(88,751)	(115)	-	(88,866)
Net change in assets limited as to use or restricted	48,220	(6,101)	-	42,119
Acquisition of hospitals and health care entities	-	-	-	-
Net change in other assets	1,400	-	-	1,400
Net cash provided by (used in) investing activities	(39,131)	(6,216)	-	(45,347)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings on long-term debt	-	-	-	-
Payments on long-term debt	(29,786)	(682)	596	(29,872)
Net change in revolving line of credit	(430)	-	-	(430)
Notes Payable - net	-	-	-	-
Debt issuance cost	-	-	-	-
Distribution to noncntrl owners	(1,782)	(64)	-	(1,846)
Contributions from noncntrl owners	-	-	-	-
Equity Transfers	-	-	-	-
Restricted contributions	-	941	-	941
Net cash provided by (used in) financing activities	(31,998)	195	596	(31,207)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,827)	1,805	-	(11,022)
CASH AND CASH EQUIVALENTS — Beginning of year	17,846	9,734	-	27,580
CASH AND CASH EQUIVALENTS — 6/30/13	5,019	11,539	-	16,558

SSM HEALTH CARE

ADDITIONAL OPERATING STATS INFORMATION AS OF JUNE 30, 2013

	<u>CREDIT GROUP</u>	<u>OTHER ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
BEDS				
LICENSED BEDS - TOTAL	4,188	-		4,188
STAFFED BEDS - TOTAL	3,543	-		3,543
ACUTE PATIENT SERVICES				
ADMISSIONS*	77,924	-		77,924
PATIENT DAYS*	365,718	-		365,718
AVERAGE LENGTH OF STAY	4.7	-		4.7
SKILLED PATIENT SERVICES				
ADMISSIONS*	613	-		613
PATIENT DAYS*	69,228	-		69,228
AVERAGE LENGTH OF STAY	112.9	-		112.9
OUTPATIENT SURGERIES				
OUTPATIENT VISITS	31,271	-		31,271
EMERGENCY ROOM VISITS	664,503	-		664,503
	305,830	-		305,830
PERCENTAGE OCCUPANCY**				
	67.8%	-		67.8%
PERCENTAGE OF GROSS REVENUES BY PAYOR MIX				
Medicare	34%	29%		33%
Medicaid	12%	5%		12%
Managed Care	43%	50%		46%
Other	11%	16%		9%
Total	100%	100%		100%

* Excludes newborns

** Of beds in service

SSM HEALTH CARE

ASSETS LIMITED AS TO USE OR RESTRICTED

AS OF JUNE 30, 2013

(In thousands)

	<u>CREDIT</u> <u>GROUP</u>	<u>OTHER</u> <u>ENTITIES</u>	<u>ELIMINATIONS</u>	<u>GRAND TOTAL</u>
Board designated:				
Property and equipment	\$ 1,363,350	\$ 117,158	\$ -	\$ 1,480,508
Other	113,390	-	-	113,390
Held by trustees:				
Project funds	-	-	-	-
Bond funds	15,937	-	-	15,937
Self-insurance	167,269	19,138	-	186,407
Collateral held under swap agreements	-	-	-	-
Collateral held under securities lending agreements	241,278	2,583	-	243,861
Total assets limited as to use	1,901,224	138,879	-	2,040,103
Temporarily restricted funds	268	42,402	-	42,670
Permanently restricted funds	7,722	12,189	-	19,911
Total assets restricted as to use	7,990	54,591	-	62,581
Total assets limited as to use or restricted	1,909,214	193,470	-	2,102,684
Less: current portion	(276,323)	(10,627)	-	(286,950)
Noncurrent portion	\$ 1,632,891	\$ 182,843	\$ -	\$ 1,815,734