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Media Contact: Rich Copp 617-278-1031

Investor Contact: Debra Sloan 857-282-0952

Partners HealthCare Reports First Quarter 2019 Financial Results

BOSTON, MA – Partners HealthCare today reported operating income of \$138 million (4.1% operating margin) in the first quarter of fiscal year 2019, which ended on December 31, 2018. Health care provider activity generated operating income of \$142 million (see Provider Activity) and insurance activity (AllWays Health Partners, formerly Neighborhood Health Plan) generated an operating loss of \$4 million (see Insurance Activity). In the comparable 2018 quarter, Partners reported income from operations of \$115 million (3.4% operating margin), including operating income of \$77 million from provider activity and \$38 million from insurance activity.

“This is one of the strongest quarters we have experienced in quite a while, enabled by the collaborative efforts of the Mass General, Brigham Health and the rest of our hospitals and physician organizations through our *Partners 2.0* initiative and other efforts to grow revenue, manage expenses and deliver more efficient clinical care,” said **Peter K. Markell, Chief Financial Officer and Treasurer at Partners HealthCare**. “It is a strong start to the fiscal year, and we expect that these collaborative efforts will continue to deliver strong operating results over the next three quarters.”

In the first quarter of fiscal 2019, Partners absorbed \$334 million in Medicare, Medicaid, and Health Safety Net shortfalls due to government reimbursements that failed to pay the full cost of providing care to Medicare, low-income, and uninsured patients, a decrease of \$47 million (12%) compared to the shortfall absorbed by Partners in the comparable 2018 quarter.

Partners reported an overall loss of \$463 million in the 2019 first quarter, including a non-operating loss of \$601 million. Non-operating activity includes gains and losses on investments and interest rate swaps, which can vary significantly year to year due to volatility in the financial markets, and philanthropic activity. The 2019 quarter also reflects the impact of new accounting rules which require all investments to be measured at market value; under prior rules, a portion of Partners investments were measured at cost. While not included in the operating results this change in accounting increased unrestricted net assets by \$1.1 billion. In the 2018 first quarter, Partners reported an overall gain of \$322 million, including a non-operating gain of \$207 million.

Health Care Provider & Other Activity (Provider Activity)

Provider activity generated operating income of \$142 million (4.4% operating margin) in the 2019 first quarter and \$77 million (2.6% operating margin) in the 2018 first quarter. The 2019 quarter includes activity for Mass Eye & Ear (MEE), which joined Partners on April 1, 2018.

Revenue for provider activity increased \$308 million (11%) to \$3.2 billion in 2019. Net patient service revenue increased \$228 million (10%) to \$2.5 billion, reflecting higher patient acuity, growth in utilization of certain services and the inclusion of MEE (\$83 million, 4%). Research revenue grew \$37 million (8%), including \$13 million (3%) for MEE, to \$499 million. Other operating revenue, excluding patient care and research revenue, increased \$42 million (26%) to \$207 million, reflecting activity for our new specialty pharmacy business (\$25 million) and MEE (\$10 million).

Operating expenses attributable to provider activity increased \$242 million (9%, including 4% or \$109 million for the addition of MEE) to \$3.1 billion in the 2019 first quarter. Employee compensation and benefits increased \$119 million (8%) to \$1.7 billion. Supplies and other expenses increased \$91 million (13%) to \$795 million, reflecting continued pressure on costs for pharmaceuticals (\$35 million, 24%) and medical supplies (\$10 million, 13%). Depreciation and interest expense increased \$5 million (3%) to \$215 million.

Insurance Activity

Insurance activity resulted in an operating loss of \$4 million (-1.8% operating margin) in the 2019 first quarter compared with an operating gain of \$38 million (6.6% operating margin) in the comparable 2018 quarter.

Premium revenue decreased \$379 million (-66%) to \$199 million and medical claims expense decreased \$333 million (-66%) to \$172 million in the 2019 first quarter. AllWays' medical loss ratio (the percentage of insurance premiums that are used to pay medical claims) was 86.6% in 2019 and 87.4% in 2018. The significant decline in premium revenue and medical claims expense is a result of a significant decline in Mass Health membership (192,686, -85%) related to the restructuring of the Mass Health program by the Commonwealth of Massachusetts.

General and administrative costs decreased \$2 million (-5%) to \$33 million in the 2019 quarter. The administrative expense ratio (the percentage of insurance premiums that are used to pay general and administrative expenses) increased to 14.3% from 5.9% in 2018, relating to the shift in membership composition.

“On January 1, AllWays Health Partners successfully took on the administrative support role for more than 100,000 Partners employees and family members,” said **Markell**. “The transition was a big undertaking and it has gone as smoothly as one could hope for. Our employees are already benefiting from some of the innovative and tailor-made benefit designs that AllWays Health Partners delivers.”

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Forward-Looking Statements

This press release contains certain “forward-looking statements” concerning financial and operating plans and results which involve known and unknown risks and uncertainties. In particular, statements preceded or followed by, or that include the words, “believes,” “expects,” “estimates,” “anticipates,” “plans,” “intends,” “scheduled,” or similar expressions are forward-looking statements. Various factors could cause Partners’ actual results to differ materially including, but not limited to, federal and state regulation of healthcare providers, changes in reimbursement policies of state and federal government and managed care organizations, competition in the healthcare industry in our market, general economic and capital market conditions, and changes in our labor and supply costs and in our ability to retain personnel. For more information on these and other risk factors, please refer to our most recent bond official statement or annual disclosure statement filed on the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board. We undertake no responsibility to update any such forward-looking statements except as expressly required by law.

Partners HealthCare is an integrated health system founded by Brigham and Women’s Hospital and Massachusetts General Hospital. In addition to its two academic medical centers, the Partners system includes community and specialty hospitals, a managed care organization, community health centers, a physician network, home health and long-term care services, and other health-related entities. Partners is one of the nation’s leading biomedical research organizations and a principal teaching affiliate of Harvard Medical School. Partners HealthCare is a non-profit organization.

Partners HealthCare System, Inc. and Affiliates
Consolidated Balance Sheets
(In Thousands)

	December 31, 2018 (unaudited)	September 30, 2018 (audited)
ASSETS		
Current assets		
Cash and equivalents	\$ 321,403	\$ 398,413
Investments	2,289,828	1,942,117
Current portion of investments limited as to use	1,881,936	1,465,354
Patient accounts receivable	1,104,892	1,078,086
Research grants receivable	142,036	154,449
Other current assets	525,913	517,812
Receivable for settlements with third-party payers	129,838	115,561
Total current assets	6,395,846	5,671,792
Investments limited as to use, less current portion	3,981,553	3,716,162
Long-term investments	1,730,121	1,628,972
Net pledges and receivable, less current portion	245,881	246,951
Property and equipment, net	6,397,606	6,401,710
Other assets	623,674	637,944
Total assets	\$ 19,374,681	\$ 18,303,531
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term obligations	\$ 459,407	\$ 459,390
Accounts payable and accrued expenses	715,201	696,890
Accrued medical claims and related expenses	61,849	64,398
Accrued employee compensation and benefits	784,395	854,375
Accrual for settlements with third-party payers	69,547	68,711
Unexpended funds on research grants	295,603	284,178
Total current liabilities	2,386,002	2,427,942
Other liabilities		
Accrued professional liability	509,588	512,516
Accrued employee benefits	920,980	958,275
Interest rate swaps liability	313,692	254,295
Accrued other	228,245	231,954
Long-term obligations, less current portion	5,293,030	4,945,968
Total liabilities	9,651,537	9,330,950
Net assets		
Unrestricted	7,714,751	7,073,335
Donor restricted	2,008,393	1,899,246
Total net assets	9,723,144	8,972,581
Total liabilities and net assets	\$ 19,374,681	\$ 18,303,531

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Operations
(In Thousands)

	First Quarter Ended December 31,	
	2018	2017
Operating revenue		
Net patient service revenue	\$ 2,502,492	\$ 2,208,743
Premium revenue	197,384	576,524
Direct academic and research revenue	388,475	362,273
Indirect academic and research revenue	110,670	99,951
Other revenue	208,574	164,671
Total operating revenue	3,407,595	3,412,162
Operating expenses		
Employee compensation and benefit expenses	1,721,148	1,603,559
Supplies and other expenses	809,217	719,080
Medical claims and related expenses	135,128	402,755
Direct academic and research expenses	388,475	362,273
Depreciation and amortization expenses	170,405	164,003
Interest expense	44,713	45,705
Nonrecurring charges	-	-
Total operating expenses	3,269,086	3,297,375
Income from operations	138,509	114,787
Nonoperating gains (expenses)		
(Loss) income from investments	(563,745)	156,630
Change in fair value of interest rate swaps	(70,408)	(9,315)
Other	(62,497)	14,707
Academic and research gifts, net of expenses	95,377	44,760
Total nonoperating gains (expenses), net	(601,273)	206,782
(Deficit) excess of revenues over expenses	(462,764)	321,569
Other changes in net assets		
Funds utilized for property and equipment	4,104	6,995
Other	(5)	2,791
Cumulative effect of accounting change	1,100,081	-
Increase in unrestricted net assets	\$ 641,416	\$ 331,355

See Notes to Consolidated Financial Statements (Unaudited)

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Cash Flows
(In Thousands)

	Three Months Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 750,563	\$ 389,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on refunding of debt	-	50,045
Change in fair value of interest rate swaps	70,408	9,315
Depreciation and amortization	170,405	164,003
Provision for bad debts	51,760	37,115
Amortization of bond discount, premium and issuance costs	(2,670)	(1,098)
Net realized and change in unrealized appreciation on investments	588,939	(234,105)
Restricted contributions and investment income	(31,805)	(41,177)
Cash premium upon issuance of bonds	-	140,222
Increases (decreases) in cash resulting from a change in		
Patient accounts receivable	(78,566)	(48,233)
Other assets	5,470	(63,483)
Accounts payable and accrued expenses	(79,730)	(153,941)
Accrued medical claims and related expenses	(2,549)	(22,419)
Settlements with third-party payers	(15,691)	12,276
Net cash provided by operating activities	1,426,534	238,254
Cash flows from investing activities:		
Purchases of property and equipment	(165,326)	(161,216)
Net (purchases) sales of investments	(1,719,772)	(660,881)
Net cash used for investing activities	(1,885,098)	(822,097)
Cash flows from financing activities:		
Payments on long-term obligations	(1,239)	(81,607)
Proceeds from long-term obligations, net of financing costs	350,988	1,343,450
Deposits into refunding trusts	-	(792,270)
Restricted contributions and investment income	31,805	41,177
Net cash provided by financing activities	381,554	510,750
Net decrease in cash and equivalents	(77,010)	(73,093)
Cash and equivalents at beginning of period	398,413	739,117
Cash and equivalents at end of period	\$ 321,403	\$ 666,024

Notes to Consolidated Financial Statements
(In Thousands)

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of Partners HealthCare System, Inc. (PHS) and its affiliates. PHS, together with all of its affiliates, is referred to as "Partners HealthCare." The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with Partners HealthCare's audited consolidated financial statements for the fiscal year ended September 30, 2018.

The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Partners HealthCare adopted the following new Accounting Standards Updates (ASU) in 2019: *Revenue From Contracts with Customers* (Revenue Standard); *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (Financial Instruments Standard); *Presentation of Financial Statements for Not-for-Profit Entities* (Not-For-Profit Standard); and *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Contributions Standard).

The Revenue Standard implements a single framework for recognition of all revenue earned from customers in exchange contracts. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Financial Instruments Standard made changes to the recognition of and measurement of financial assets. Partners HealthCare now records marketable investments at fair value with changes in fair value recognized as nonoperating investment income. The impact of adopting this new accounting guidance resulted in a cumulative effect of accounting change of \$1,100,081.

The Not-For-Profit Standard makes targeted changes to the not-for-profit financial reporting model. The primary change under the new guidance is the presentation of two net asset classes versus the previously required three. The guidance also requires new disclosures about information useful for assessing liquidity and availability of resources. Partners HealthCare has adopted the guidance for the interim three-month period ended December 31, 2018 and certain prior year amounts have been reclassified.

The Contributions Standard clarifies the definition of an exchange and non-exchange transaction and provides guidance on determining whether a nonexchange transaction (contribution) is conditional or unconditional.

3. Income from investments (including realized gains and losses, change in value of investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.
4. Changes in third party payer settlements and other estimates are recorded in the year of the change in estimate. For the three months ended December 31, 2018 and 2017, adjustments to prior year estimates resulted in an increase of \$13,032 and \$13,740, respectively.
5. Risk-based capital (RBC) is a methodology adopted by the National Association of Insurance Commissioners (NAIC) for determining the minimum level of capital and surplus deemed necessary for an insurer based upon the types of assets held and business written. Pursuant to a guaranty entered into by PHS when it acquired NHP in 2012 (the RBC Guaranty), PHS has committed to maintain NHP's capital and surplus at a specified minimum level, measured quarterly in accordance with an RBC methodology permitted by the Massachusetts Division of Insurance (DOI). The RBC Guaranty may be enforced by the DOI.

Notes to Consolidated Financial Statements
(In Thousands)

6. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of \$135,457, bonds supported by Partners HealthCare liquidity that can be tendered prior to December 31, 2019 of \$167,700 and bonds supported by bank facilities with financial institutions (standby bond purchase agreements or letters of credit) that expire prior to December 31, 2019 of \$156,250. The bonds supported by Partners HealthCare liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. Accordingly, these bonds are classified as a current liability. The bonds supported by bank facilities provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by bank facilities expiring within one year of the balance sheet date as well as potential principal amortization under bank facilities' term out provisions due within one year of the balance sheet date to be classified as a current liability.
7. In December 2018, PHS issued \$350,000 of Partners HealthCare System Taxable Senior Notes. Proceeds from the notes will be used to finance certain capital projects.
8. Partners HealthCare maintains a \$150,000 Credit Agreement (the Agreement) that provides access to same day funds. Advances under the Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). As of December 31, 2018, \$52,848 was outstanding under the Agreement. The Agreement expires in June 2020.
9. Effective April 1, 2018, the Foundation of the Massachusetts Eye and Ear Infirmary, Inc. (Mass Eye and Ear) became an affiliate of Partners HealthCare when Partners HealthCare became the sole corporate member of Mass Eye and Ear. As a result of the acquisition, Partners HealthCare recognized \$157,312 included in excess of revenues over expenses on April 1, 2018. Generally accepted accounting principles require the recognition of the fair value of assets and liabilities as of the acquisition date.

**Summary financial data for Mass Eye
and Ear - (GAAP, \$ in 000's)**

**Three Months Ended
December 31, 2018**

Total operating revenue	<u>\$ 105,973</u>
Loss from operations	\$ (3,326)
Nonoperating investment income (loss)	<u>4,508</u>
Excess of revenues over expenses	<u>\$ 1,182</u>

PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR ⁽¹⁾
UTILIZATION STATISTICS - AS REPORTED

	First Quarter Ended December 31,	
	2018	2017
INPATIENT:		
Discharges	42,354	42,036
% Change	0.8%	
Discharge Days	227,817	219,924
% Change	3.6%	
Average Length of Stay (Days)	5.38	5.23
% Change	2.9%	
Patient Days	214,837	206,740
% Change	3.9%	
Births	4,125	4,290
% Change	-3.8%	
OUTPATIENT:		
ATO's	6,143	6,872
% Change	-10.6%	
ED Observations	2,152	2,431
% Change	-11.5%	
Day Surgery	24,811	18,407
% Change	34.8%	
Ambulatory visits	484,771	415,264
% Change	16.7%	
ER Visits	106,519	99,825
% Change	6.7%	
Procedures	414,251	405,004
% Change	2.3%	
Major Imaging	103,882	94,721
% Change	9.7%	
Minor Imaging	295,153	293,979
% Change	0.4%	
Treatments	243,145	238,607
% Change	1.9%	
Therapies	335,500	302,591
% Change	10.9%	
Lab Services	2,515,677	2,454,853
% Change	2.5%	
CASE MIX INDEX (CMI)⁽²⁾:		
Combined Academic (The General & BWH)	1.99	1.93
	3.1%	
Combined Community (BWFH, NSMC & NWH)	1.20	1.16
	3.4%	

⁽¹⁾ Includes data from The General, BWH, BWFH, NSMC, NWH, Cooley Dickinson, Nantucket, Martha's Vineyard, Wentworth-Douglass and Mass Eye and Ear for the period 10/1/18-12/31/18.

⁽²⁾ CMI based on APR-DRG version 30, NY weight

PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR ⁽¹⁾
UTILIZATION STATISTICS - SAME FACILITY

	First Quarter Ended December 31,	
	2018	2017
INPATIENT:		
Discharges	42,042	42,036
% Change	0.0%	
Discharge Days	226,676	219,924
% Change	3.1%	
Average Length of Stay (Days)	5.39	5.23
% Change	3.1%	
Patient Days	213,765	206,740
% Change	3.4%	
Births	4,125	4,290
% Change	-3.8%	
OUTPATIENT:		
ATO's	6,143	6,872
% Change	-10.6%	
ED Observations	2,152	2,431
% Change	-11.5%	
Day Surgery	18,701	18,407
% Change	1.6%	
Ambulatory visits	427,063	415,264
% Change	2.8%	
ER Visits	101,227	99,825
% Change	1.4%	
Procedures	414,251	405,004
% Change	2.3%	
Major Imaging	99,601	94,721
% Change	5.2%	
Minor Imaging	293,881	293,979
% Change	0.0%	
Treatments	243,145	238,607
% Change	1.9%	
Therapies	335,500	302,591
% Change	10.9%	
Lab Services	2,515,677	2,454,853
% Change	2.5%	
CASE MIX INDEX (CMI)⁽²⁾:		
Combined Academic (The General & BWH)	1.99	1.93
	3.1%	
Combined Community (BWFH, NSMC & NWH)	1.20	1.16
	3.4%	

⁽¹⁾ Includes data from The General, BWH, BWFH, NSMC, NWH, Cooley Dickinson, Wentworth-Douglas, Nantucket and Martha's Vineyard.

⁽²⁾ CMI based on APR-DRG version 30, NY weight

**PARTNERS HEALTHCARE SYSTEM, INC.:
REHABILITATION & PSYCHIATRIC CARE SECTORS
UTILIZATION STATISTICS**

		First Quarter Ended December 31,	
		2018	2017
REHABILITATION			
Inpatient:			
Discharges		1,033	1,132
% Change		-8.7%	
Discharge Days		25,720	26,342
% Change		-2.4%	
Average Length of Stay (Days)		24.90	23.27
% Change		7.0%	
Patient Days		25,654	25,554
% Change		0.4%	
Outpatient:			
Home Health		440,863	206,164
% Change		113.8%	
Therapies		275,833	212,188
% Change		30.0%	

Note: Rehabilitation sector includes Spaulding Boston, Spaulding Cambridge, Spaulding Cape Cod and Partners HealthCare at Home

PSYCHIATRIC

Inpatient:			
Discharges		1,519	1,575
% Change		-3.6%	
Discharge Days		18,140	17,255
% Change		5.1%	
Average Length of Stay (Days)		11.94	10.96
% Change		8.9%	
Patient Days		18,113	17,566
% Change		3.1%	
Outpatient:			
Psychiatric Services		32,276	31,000
% Change		4.1%	

**PARTNERS HEALTHCARE SYSTEM, INC.: INSURANCE SECTOR
STATISTICS**

	First Quarter Ended December 31,	
	2018	2017
Medical loss ratio ⁽¹⁾	86.6%	87.4%
% Change	-0.8%	
Administrative expense ratio	14.3%	5.9%
% Change	8.4%	
Total members	141,612	347,754
% Change	-59.3%	

⁽¹⁾ Excludes impact of premium deficiency reserve charge.

Statistic	Definition
Discharges	The total number of patients discharged from a hospital bed in a given time period
Discharge Days	The total number of days each discharged patient occupied a bed during the duration of their hospital stay
Average Length of Stay	Patient days divided by the number of patient discharges
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
ATO's	Patients admitted under observation status and generally discharged within 24 hours
ED Observations	Patients admitted under observation status in the ER (at GH and BWH) and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Ambulatory visits	Includes office/outpatient services, consults, preventive medicine and psychiatric visit - clinic O/P
ER Visits	Emergency room visits
Procedures	Includes integumentary, musculoskeletal, oral & maxillofacial surg, respiratory, cardiovascular, hemic/lymphatic, mediastinum/diaphragm, digestive, urinary, female/male genital, endocrine, nervous system, eye/ocular adnexa and auditory
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Minor Imaging	Includes radiology diagnostic, ultrasound, breast imaging and 3D reconstruction
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis, electroconvulsive therapy and dental
Therapies	Includes respiratory/pulmonary therapy, physical therapy, occupational therapy, speech language pathology, cardiac rehabilitation and nutrition
Lab Services	Lab services
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work, telemedicine and private duty converted hours
Psychiatric Services	Includes partial days, ART days, individual therapy, group therapy, family therapy, child and adolescent days and other therapies
Case Mix Index	The average diagnosis-related-group weight for all of a hospital's inpatient volume
Medical Loss Ratio	Medical expense as a percentage of premium revenue

PARTNERS HEALTHCARE SYSTEM, INC.: INVESTMENT LIQUIDITY & DEBT BACKED BY SELF LIQUIDITY
as of December 31, 2018
(In Thousands)

INVESTMENT LIQUIDITY⁽¹⁾

Investment Pool	Funds Available						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Money Market	\$548,463	-	-	-	-	-	\$548,463
Aggregate Bond	286,460	213,306	-	58,001	-	-	557,768
Long Term	197,258	1,305,990	1,715,668	1,196,606	1,205,328	2,421,813	8,042,663
Total	\$1,032,182	\$1,519,296	\$1,715,668	\$1,254,606	\$1,205,328	\$2,421,813	\$9,148,894
Cumulative Total	\$1,032,182	\$2,551,478	\$4,267,146	\$5,521,752	\$6,727,081	\$9,148,894	

DEBT BACKED BY SELF LIQUIDITY

Debt Mode	Funds Required						Total
	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	
Flexible Rate ⁽²⁾	-	\$35,205	\$45,625	\$89,175	-	-	\$170,005
Index Floating Rate	-	-	-	-	-	416,303	416,303
Term Rate	-	-	-	-	-	131,185	131,185
Total	-	\$35,205	\$45,625	\$89,175	-	\$547,488	\$717,493
Cumulative Total	-	\$35,205	\$80,830	\$170,005	\$170,005	\$717,493	

⁽¹⁾ Excludes ERISA.

⁽²⁾ Partners HealthCare limits daily maturities on its flexible rate bonds to \$20 million.

Money Market Pool

12/31/2018

Portfolio Manager
Benchmark

Various
iMoneyNet Money Market Fund Average/All Taxable

	Portfolio	Benchmark
Market Value (\$000)	\$ 548,463	n/a
Avg Rating	AAA	A1/P1
Avg Maturity (Days)	1.0	n/a
Avg Life (Days)	1.0	n/a
Avg Yield	2.38%	n/a

Net Asset Value	1.0
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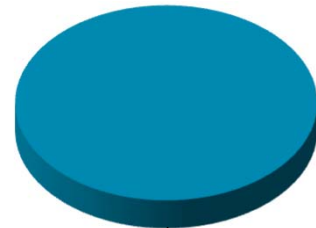
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.17%	0.17%	+ 0.00%
Quarter	0.49%	0.47%	+ 0.02%
FYTD	0.49%	0.47%	+ 0.02%
CYTD	1.83%	1.49%	+ 0.34%
1 Year	1.83%	1.49%	+ 0.34%
2 Year	1.30%	1.01%	+ 0.29%
3 Year	0.97%	0.72%	+ 0.25%
5 Year	0.61%	0.44%	+ 0.18%
Inception (12/31/94)	2.66%	2.22%	+ 0.45%

Annualized Performance Measures since Inception (01/05)			
StDev	0.64%	0.62%	-
Sharpe Ratio	0.35	(0.36)	+
Tracking Error	0.07%	n/a	
Info Ratio	6.54	n/a	
Monthly Alpha	0.04%	0.00%	+
Beta	0.89	1.00	+
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	277	0.038%
	Below BM	11	
Down Months	Above BM	0	
	Below BM	0	

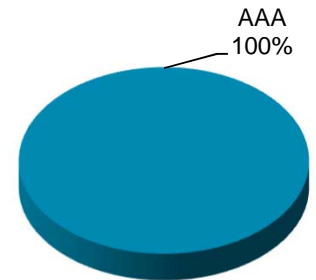
* computed outperformance may not match portfolio/benchmark returns due to rounding.

Instruments



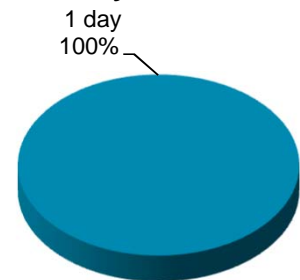
Mutual Funds
100%

S&P Quality Breakdown



AAA
100%

Maturity Breakdown



1 day
100%

Congress Short Term Treasuries

12/31/2018

Portfolio Manager **Jeff Porter** since April 2014
 Benchmark BC US Treas 1-5 yr

	Portfolio	Benchmark
Market Value (\$000)	\$ 141,907	n/a
# Issues	14	157
Avg Coupon	2.04%	2.09%
Avg Rating	AAA	AAA
Avg Maturity	2.81	2.81
Avg Yield	2.51%	2.51%
Avg Mod. Duration	2.67	2.62
Avg. Convexity	0.09	0.10

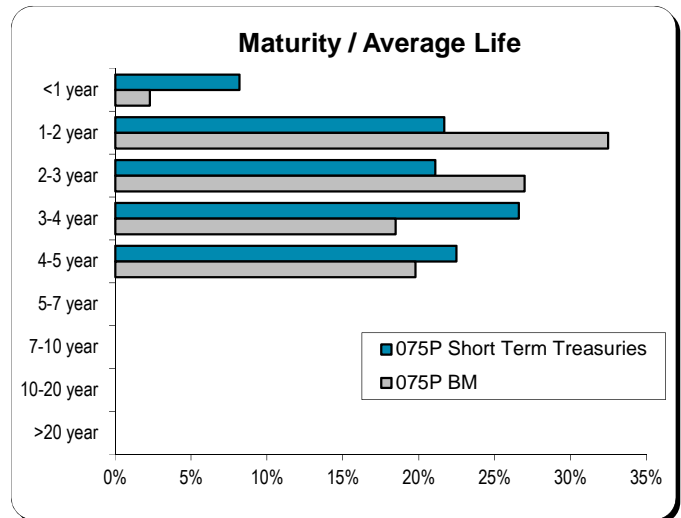
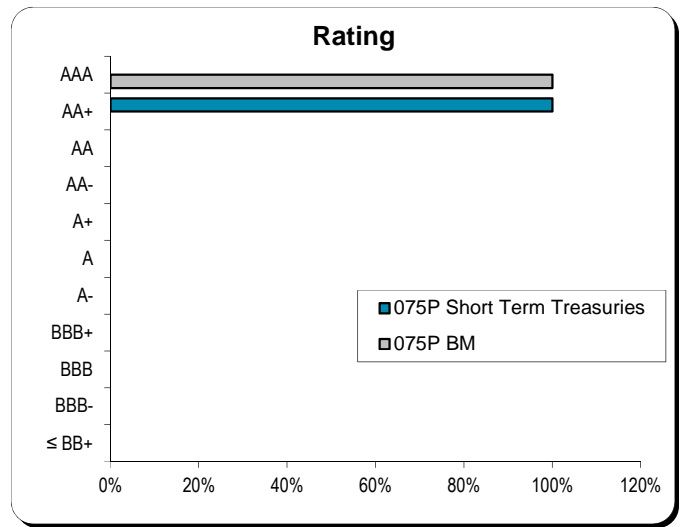
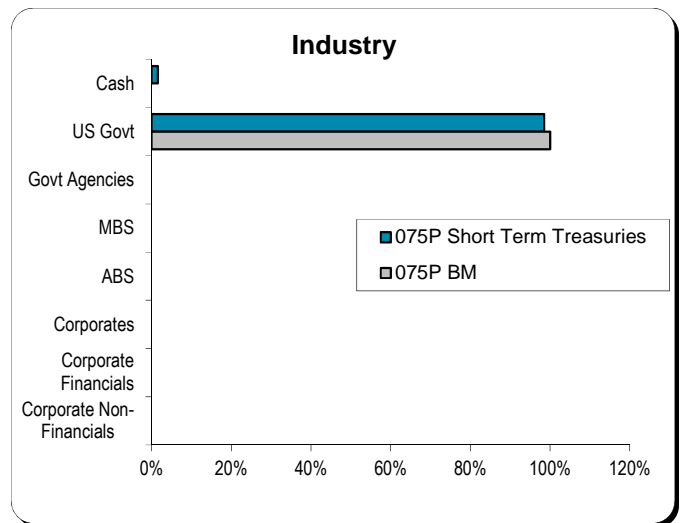
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	1.11%	1.13%	- 0.01%
Quarter	1.73%	1.75%	- 0.02%
FYTD	1.73%	1.75%	- 0.02%
CYTD	1.42%	1.52%	- 0.10%
1 Year	1.42%	1.52%	- 0.10%
2 Year	0.98%	1.10%	- 0.11%
3 Year	0.98%	1.07%	n/a
5 Year	n/a	n/a	n/a
Inception (4/1/14)	0.99%	1.07%	- 0.07%

Annualized Performance Measures since Inception (4/14)			
StDev	1.38%	1.37%	-
Sharpe Ratio	(1.05)	(1.00)	-
Tracking Error	0.05%	n/a	
Info Ratio	(1.46)	n/a	
Monthly Alpha	-0.01%	n/a	-
Beta	1.00	1.00	-
BM Correl	1.00	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	9	0.01%
	Below BM	21	-0.01%
Down Months	Above BM	9	0.00%
	Below BM	18	-0.01%

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (1,961)	-1.38%
Cred. Sprds up 100 bps	\$ (1,961)	-1.38%

* computed outperformance may not match portfolio/benchmark returns due to rounding.



Congress Intermediate Domestic Fixed Income

12/31/2018

Portfolio Manager **Jeff Porter** since June 2002
 Benchmark BC Intermediate US Govt/Credit

	Portfolio	Benchmark
Market Value (\$000)	\$ 292,194	n/a
# Issues	37	4,871
Avg Coupon	2.89%	2.67%
Avg Rating	AA-	AA/AA-
Avg Maturity	4.37	4.28
Avg Yield	3.07%	2.99%
Avg Mod. Duration	3.98	3.87
Avg. Convexity	0.22	0.23

Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	1.48%	1.34%	+ 0.14%
Quarter	1.61%	1.65%	- 0.04%
FYTD	1.61%	1.65%	- 0.04%
CYTD	1.01%	0.88%	+ 0.13%
1 Year	1.01%	0.88%	+ 0.13%
2 Year	1.36%	1.51%	- 0.14%
3 Year	1.56%	1.69%	- 0.13%
5 Year	1.81%	1.85%	- 0.04%
Inception (5/31/02)	4.17%	3.71%	+ 0.46%

Annualized Performance Measures since Inception (06/02)			
StDev	3.08%	2.91%	-
Sharpe Ratio	0.56	0.44	+
Tracking Error	1.04%	n/a	
Info Ratio	0.45	n/a	
Monthly Alpha	0.04%	n/a	-
Beta	0.99	1.00	+
BM Correl	0.94	1.00	

Relative Performance		# Months	Average
Up Months	Above BM	70	0.18%
	Below BM	60	-0.12%
Down Months	Above BM	32	0.20%
	Below BM	37	-0.11%

* computed outperformance may not match portfolio/benchmark returns due to rounding.

Stress Tests	P&L (\$000)	% Ret.
Int. Rates Up 100bps	\$ (9,534)	-3.26%
Cred. Sprds up 100 bps	\$ (8,718)	-2.98%

