CENTRA

CENTRA HEALTH, INC. AND AFFILIATES

FINANCIAL DISCLOSURE STATEMENT
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

THIS DOCUMENT INCLUDES MANAGEMENT'S DISCUSSION OF RESULTS OF OPERATIONS

INTRODUCTION

Centra Health, Inc. (*"Centra"*) is a non-stock, non-member Virginia corporation that is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, as amended. Centra owns and operates Lynchburg General Hospital (*"LGH"*), a 358-licensed bed acute care hospital, and Virginia Baptist Hospital (*"VBH"*), an acute care hospital with 161-licensed acute care beds and 156-licensed beds for other health care services, including adult, child and adolescent, and geriatric psychiatric care and acute rehabilitation services. Both LGH and VBH are located in Lynchburg, Virginia which is approximately 114 miles southwest of Richmond and 53 miles east of Roanoke.

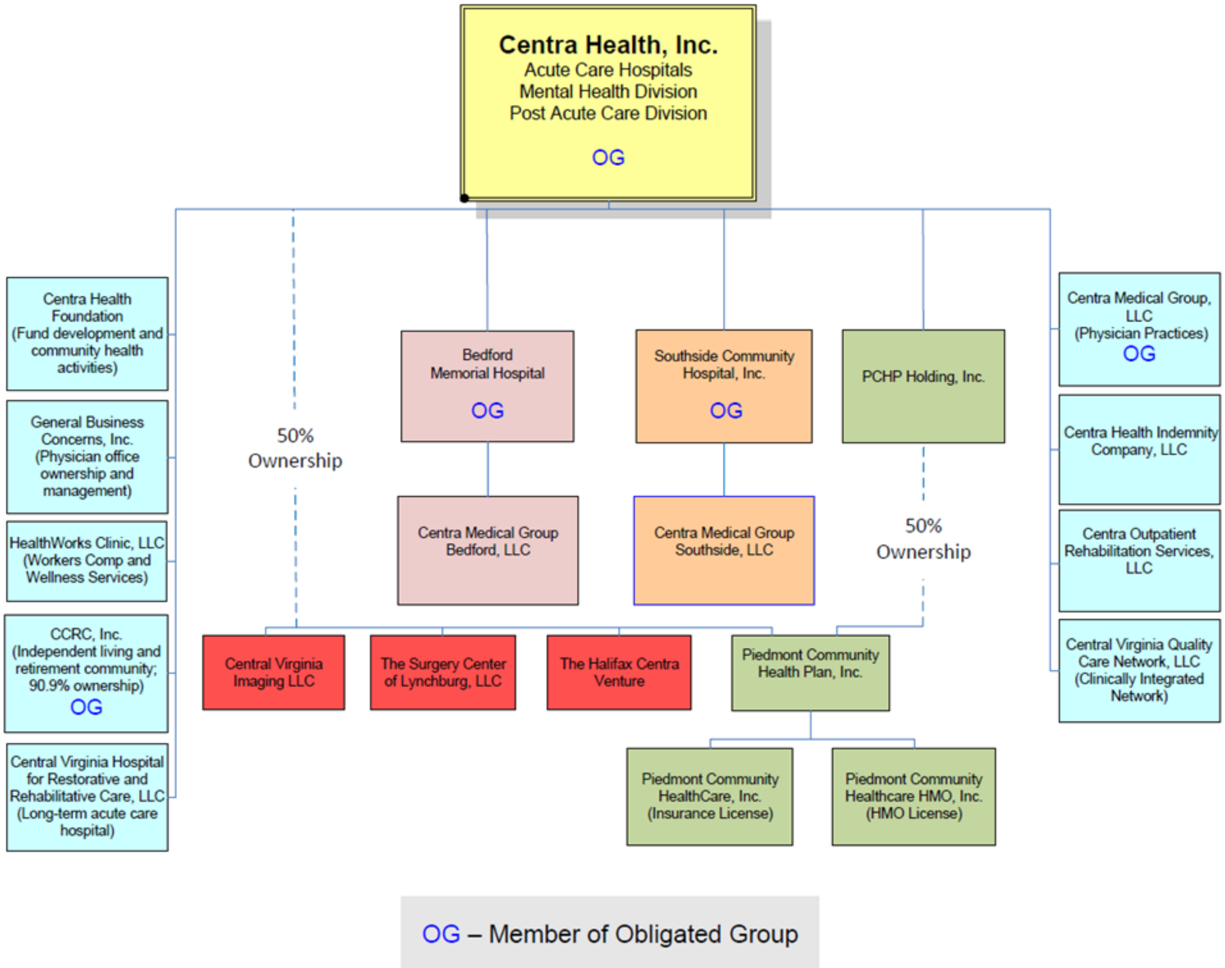
Centra also owns and operates four long-term care facilities, one long-term acute care hospital, a residential psychiatric treatment facility for children and adolescents, 12 specialty education facilities, additional outpatient treatment facilities, a foundation, a medical insurance company and an indemnity insurance company.

Centra also provides healthcare services through its affiliates, including CCRC, Inc. (*"CCRC"*), Bedford Memorial Hospital (*"Bedford"*), Southside Community Hospital, Inc. (*"Southside"*), Centra Medical Group, LLC (*"Centra Medical Group"*) and Centra Outpatient Rehabilitation Services, LLC. In 2006, Centra became the sole member of Southside, a 116-licensed bed acute care hospital located in Farmville, Virginia. In 2014, Centra became the sole member of Bedford, a 50-licensed bed acute care hospital located in Bedford, Virginia. Centra Medical Group is a multi-specialty group of employed physicians with primary care and medical and surgical specialist sites covering the greater Lynchburg area and spanning from Danville to Amherst and Farmville to Moneta. With over 400 employed physicians and advanced practice providers, Centra Medical Group provides the community with primary care physicians, emergency physicians, cardiologists, cardiothoracic surgeons, gerontologists, neurosurgeons, physiatrists, psychiatrists, therapists and urologists.

Only Centra, CCRC, Bedford, Southside and Centra Medical Group collectively constitute the Obligated Group under the amended and restated Master Trust Indenture dated July 1, 2017 by and among the Obligated Group and U.S. Bank National Association as master trustee. Centra is the sole member of each Obligated Group Member and other components of its integrated delivery system discussed above (other than CCRC, 90.9% of the stock of which is owned by Centra). The Obligated Group Members, in combination with Centra's other affiliates and joint ventures are referred to collectively as the *"System."* The Obligated Group accounts for over 90% of revenues, expenses and net assets of the System.

The System is headquartered in Lynchburg, Virginia. The System's primary service area covers the City of Lynchburg, and the counties of Amherst, Appomattox, Bedford, Campbell and Prince Edward. With more than 8,400 employees, over 400 employed physicians and advanced practice providers and a medical staff of over 700, providing care in over 70 locations, the System serves over 500,000 people throughout central and southern Virginia. The System provides medical services to patients across a geographic area of approximately 9,000 square miles, or roughly the size of the State of New Jersey.

A corporate organizational chart of Centra and its affiliates is shown below.



SELECTED STATISTICAL AND FINANCIAL INFORMATION

The following table identifies selected historical utilization statistics of the Obligated Group for the nine months ended September 30, 2017 and 2018, and for the three months ended September 30, 2017 and 2018.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2017	**2018**	**2017**	**2018**
Discharges (excl newborn)				
Medical/Surgical	7,576	7,924	22,853	23,445
Psychiatry	652	778	2,064	2,289
Substance Abuse	19	15	55	61
Acute Rehab	86	69	240	224
TOTAL	8,333	8,786	25,212	26,019
Patient Days (excl newborn)				
Medical/Surgical	32,777	34,135	98,593	102,539
Psychiatry	4,254	4,210	12,315	13,279
Substance Abuse	154	317	441	915
Acute Rehab	1,307	990	3,679	3,392
TOTAL	38,492	39,652	115,028	120,125
Average Daily Census	418.4	431.0	421.3	440.0
Average Length of Stay				
Medical/Surgical	4.3	4.3	4.3	4.4
Psychiatry	6.5	5.4	6.0	5.8
Substance Abuse	8.1	21.1	8.0	15.0
Acute Rehab	15.2	14.3	15.3	15.1
Case Mix Index - All Payors	1.5707	1.5386	1.5575	1.5744
Case Mix Index - Medicare	1.7808	1.6679	1.7468	1.7325
Other Statistics				
Observation Days	1,982	2,285	5,780	6,487
Inpatient Surgical Cases	1,630	1,776	5,091	5,263
Outpatient Surgical Cases	2,616	2,517	8,546	7,502
Cardiac Cath Procedures	3,091	2,852	8,951	8,687
Deliveries	823	780	2,315	2,250
Emergency Room Visits	40,339	40,045	123,942	120,376
Adolescent Residential Patient	3,167	2,563	10,059	8,728
Nursing Home Patient Days	36,567	36,512	109,952	107,122
Home Health – 60-day Episodes	998	1,243	3,115	3,698
Hospice - Hospice Days	32,269	32,427	89,351	97,113

SOURCES OF REVENUE

Payments to the Obligated Group are made on behalf of certain patients by third-party payors, including federal and state governments under the Medicare and Medicaid programs, commercial indemnity insurance providers and managed care providers.

The following table shows the Obligated Group's percentage distribution of gross patient revenue by source of payment for the three months (third quarter) ended September 30, 2017 and 2018, and for the nine months ended September 30, 2017 and 2018.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2017	**2018**	**2017**	**2018**
Medicare	53%	53%	53%	53%
Medicaid [(1)]	12%	12%	13%	12%
Anthem	15%	13%	15%	13%
Managed Care	10%	11%	10%	11%
Commercial	1%	2%	1%	2%
Self Pay & Others	9%	9%	8%	9%
	100%	100%	100%	100%

(1) Includes Medicaid managed care.

MANAGED CARE

The System has managed care contracts with several health maintenance organizations, preferred provider organizations, and medical groups. These organizations contract with the System on either discounted charge or per diem arrangements. The System has in place a management decision support system consisting of case mix, product costing, and market planning capabilities. In addition, management has available detailed cost information that allows analysis of System operations by payor, disease category and medical/surgical service. These efforts are designed to help the System better control its costs while maintaining the highest standards of quality patient care. The top three managed care organization contracts represented 86% of the Obligated Group's total managed care billed charges for the nine months ended September 30, 2018. Of this group, the top two managed care contracts together represented approximately 80% of the Obligated Group's total managed care billed charges for the six months ended September 30, 2018.

The System's largest managed care contract is with Anthem Blue Cross Blue Shield (*"Anthem"*). The System's current facility agreement with Anthem expired December 31, 2017. Under terms of the facility agreement, the System continued to accept rates in effect under the expired facility agreement until such time a new facility agreement is reached, or until ninety (90) days after either the System or Anthem gives written notice to the other terminating negotiations. Contract negotiations and execution was complete on the new agreement during the month of October. Piedmont Community Health Plan, Inc. (*"PCHP"*) represents the second largest managed care contact. The System's facility agreements with PCHP do not reference an expiration date. Cigna is the third largest managed care contract, which also does not have an expiration date.

SELECTED FINANCIAL DATA

The following selected financial data is for the Obligated Group and the System as of and for the six months ended September 30, 2017 and 2018. This financial data is derived from the Obligated Group's and System's unaudited internal financial statements and includes all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation on a basis consistent with the audited financial statements. S&P Global Ratings has assigned the rating of "A" (stable outlook). Moody's Service, Inc. has assigned the rating of "A2" (negative outlook).

	THE SYSTEM: NINE MONTHS ENDED SEPTEMBER 30,		OBLIGATED GROUP: NINE MONTHS ENDED SEPTEMBER 30,	
	2017	2018	2017	2018
($ in thousands)				
Unrestricted Revenues and Other Support:				
Net patient service revenues	$666,490	$708,654	$688,520	$754,096
Outside lab revenue	5,548	1,724	5,549	1,724
Foundation revenue and support	974	1,394	-	-
Premium and capitation revenue	87,527	198,029	-	-
Net assets released from restrictions used for operations	1,344	1,810	-	-
Other sources	44,702	50,988	51,453	57,601
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	806,585	962,599	745,522	813,421
Expenses:				
Salaries and wages	327,649	366,080	315,553	353,498
Benefits	69,760	86,976	69,908	87,051
Medical supplies and drugs	114,618	128,206	114,283	127,921
Professional services	36,796	40,814	36,789	40,805
Medical claims expense	42,719	112,668	-	-
Other purchased services	100,813	127,673	88,691	106,476
Other operating expenses	54,979	54,214	53,207	51,958
Depreciation and amortization	39,263	38,973	38,942	38,570
Interest	6,945	9,744	6,786	9,744
Loss on extinguishment of debt	2,570	90	2,570	90
TOTAL OPERATING EXPENSES	796,112	965,348	726,729	816,113
Net operating income	10,474	(2,838)	18,793	(2,692)
Non-operating gains	9,573	7,392	2,843	7,400
Excess of revenues over expenses	20,047	4,554	21,636	4,708
Net unrealized gains on investments	26,006	1,053	24,417	984
Net assets released from restrictions for capital acquisitions	-	23	-	23
Increase in unrestricted net assets	46,053	5,630	46,053	5,715
Change in restricted net assets	6,575	1,732	6,575	1,732
INCREASE IN NET ASSETS	$ 52,628	$ 7,362	$ 52,628	$ 7,447

	The System: As of September 30,		Obligated Group: As of September 30,	
	2017	2018	2017	2018
($ in thousands)				
Current Assets:				
Cash and cash equivalents	$53,261	$62,141	$18,630	$10,293
Patient accounts receivable, net	126,747	173,096	126,626	174,150
Investments and assets whose use is limited	-	-	-	-
Inventories	23,758	24,962	23,720	24,928
Prepaid expenses and other current assets	33,644	55,610	21,577	30,310
Total Current Assets	237,410	315,809	190,553	239,681
Other Assets:				
Investments and assets whose use is limited	469,010	532,911	378,949	438,833
Assets held by Trustee	44,091	29,968	44,091	29,968
Property, plant, and equipment, net	431,777	470,031	427,478	465,954
Investments in joint ventures	4,145	4,212	4,145	4,212
Invested capital, controlled entities	-	-	107,650	125,593
Due from related parties	3	-	13,547	12,455
Other assets	15,918	14,350	7,769	9,321
Total Other Assets	964,944	1,051,472	983,629	1,086,336
Total Assets	$1,202,354	$1,367,281	$1,174,182	$1,326,017
Current Liabilities:				
Accounts payable and accrued expenses	53,587	83,773	45,047	61,473
Employee compensation and benefits	46,055	53,298	44,694	51,855
Estimated settlements to third-party payors	9,049	9,362	10,563	10,334
Line of credit	6,000	15,000	6,000	15,000
Current portion of long-term obligations	6,004	6,002	6,004	6,002
Other current liabilities	5,048	5,642	5,048	5,642
Total Current Liabilities	125,743	173,077	117,356	150,306
Long-term liabilities:				
Long-term obligations, net of current portion	320,189	414,155	320,189	414,155
Interest rate swap agreements	17,119	10,987	17,119	10,987
Pension obligations	36,994	29,992	36,994	29,992
Other long-term liabilities	36,665	35,788	15,924	16,254
Total Liabilities	536,710	663,999	507,582	621,694
Net assets:				
Unrestricted	599,336	635,417	600,292	636,458
Temporarily restricted	37,430	38,987	37,430	38,987
Permanently restricted	28,878	28,878	28,878	28,878
Total Net Assets	665,644	703,282	666,600	704,323
Total Liabilities and Net Assets	$1,202,354	$1,367,281	$1,174,182	$1,326,017

DEBT SERVICE COVERAGE

The following table sets forth the historic combined coverage of principal and interest requirements for the Obligated Group for the fiscal years ended December 31, 2015, 2016 and 2017, based on the actual debt service in each year. The income available for debt service is calculated in a manner consistent with the Master Trust Indenture. Debt service coverage is reported annually in accordance with covenants outlined in the Master Trust Indenture.

	FISCAL YEAR ENDED DECEMBER 31,		
(Dollars in Thousands)	2015	2016	2017
Income available for debt service:			
Excess of revenue over expenses	$23,379	$38,753	$62,816
Plus: Depreciation and amortization	48,580	50,264	48,840
Plus: Loss on early extinguishment of debt	-	-	2,570
Plus: Interest	6,692	6,974	9,761
Total income available	78,651	95,991	123,987
Change in value of interest rate swaps	(784)	(2,761)	(2,397)
Total income available for debt service	$77,867	$93,230	$121,590
Total actual debt service	$17,380	$16,627	$16,266
Historic actual debt service coverage	4.48x	5.61x	7.48x

LIQUIDITY

The table below presents the Obligated Group's days cash on hand at September 30, 2017 and 2018.

(DOLLARS IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30,	
	2017	2018
Total expenses	$726,729	$816,113
Less: Depreciation & amortization	(41,512)	(38,660)
Subtotal	685,217	777,453
Daily expense	2,510	2,848
Unrestricted cash and investments	$397,206	$448,801
Days cash on hand	158.25	157.59

DEBT TO CAPITALIZATION

The table below presents the Obligated Group's debt to capitalization ratio as of September 30, 2017 and 2018.

(DOLLARS IN THOUSANDS)	AS OF SEPTEMBER 30,	
	2017	2018
Total indebtedness	$332,193	$435,157
Total unrestricted net assets	600,292	636,458
Total capitalization	$932,485	$1,071,615
Net indebtedness as a percentage of total capitalization	35.62%	40.61%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RECENT FINANCIAL PERFORMANCE

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2018

The Obligated Group's net operating income decreased from $18.8 million for the nine months ended September 30, 2017 to a loss of $2.7 million for the nine months ended September 30, 2018. On September 1, 2018 the System went live on the first phase of a new electronic medical records ("EMR") platform, Cerner. Cerner is an integrated suite of healthcare software encompassing both clinical and financial information. The transition to a single patient record allows for sharing of data between both physician and hospital records. One integrated system will result in improved patient care, improved care coordination and improved outcomes, along with organizational savings and efficiencies. This capital investment for phase I of $65 million is being funded from cash generated by operations and will enhance technology to improve external reporting of health and quality outcomes. The first phase implemented the Cerner platform at all five Hospitals and over 60 ambulatory sites. The second phase will begin in 2019 to implement the remaining ambulatory sites and post-acute facilities. The ramp up of resources needed for go live along with reduced clinic volumes in September contributed to a third quarter loss.

Total operating revenues increased $67.9 million compared to prior year for the nine months ended September 30, primarily driven by a $65.6 million (9.5%) increase in net patient service revenues. Revenue growth is driven by a 15% strategic price increase at Centra, Bedford and Southside effective January 1, 2018. Inpatient statistics have seen modest growth period over period. However, the Obligated Group's mental health and post-acute services continued to experience significant growth period over period. Total psych discharges have increased 11%, Rivermont Schools student days increased 9.4%, home health episodes increased 18.7%, hospice days increased 8.7%.

Although operating revenues increased, operating expenses also increased $89.4 million during the same period. Labor costs (salaries, wages and benefits) increased $55.1 million, or 14.3%. Additional staffing needs to support volume increases and expanded services, merit-based wage increases and market wage adjustments for registered nurses and certified nurse assistants contributed to this increase. Additional labor costs of approximately $6 million in the third quarter supported the EMR implementation for training, go live support, and backloading of scheduled patient's history. Regional and national nursing shortages have also materially impacted the Obligated Group's operations. The continued reliance on contract and travel nurses to meet demands for services has increased contract labor expense to $19.5 million for the nine months ended September 30, 2018, compared to $11.5 million for the nine months ended September 30, 2017. The System is engaged in robust nursing recruiting efforts to minimize the need to travelling nurses as soon as practical while still ensuring top-quality patient care. This includes establishing the Registered Nurse to Bachelor of Science in Nursing (*"RN to BSN"*) Program at the Centra College of Nursing, focused engagement with local and area colleges and universities, and mentorship programs for nurses.

Medical supplies and drug expenses increased $13.6 million or 12% in 2018 compared to the same nine month period in 2017. In addition to industry-wide increases in supply and drug costs that are outpacing inflation, the Obligated Group has seen growth in high-dollar expense areas for treatment. For example, pacemaker implantations have increased by 11%, with supplies and implants costing approximately $20,000 per procedure. A new cardiology procedure using a mitra clip began last September, which uses a $30,000 disposable. An 11% growth in medical oncology volumes contributed a net of $5.3 million to the total increase after approximately $12 million in savings were recognized under the 340b Drug Discount Program. The Obligated Group manages non-salary expenses through vendor relations and group purchasing options, as well as participation in the 340b Drug Discount Program, and continued efforts to standardize supply and drug formularies for the System.

The Obligated Group has experienced growth in professional and other purchased services expenses of $12.3 million (13.5%) period over period. This growth primarily consists of consulting and services fees paid for revenue cycle improvement initiatives the System is implementing and outsourced backfilling of day-to-day information technology personnel as needed during the EMR implementation. Financing and capital related cost increases include an interest expense increase of $3.0 million on existing variable rate debt, new debt of $50 million incurred in July 2017, and new debt of $101.5 million July 2018 Depreciation and amortization expense remained flat year over year. The Obligated Group's non-operating gains increased $4.6 million period over period. These primarily include interest rate swap valuation changes, realized gains on investments and investment income, and actuarially determined net period pension costs.

The Obligated Group's financial performance for the nine months ended September 30, 2017 resulted in an operating margin of 2.52%. This is compared to a -0.33% operating margin for the nine months ended September 30, 2018. Net operating income combined with non-operating activities yielded an excess of revenues over expenses attributable to the Obligated Group of $21.6 million for the nine months ended June 30, 2017, compared to $4.7 million for the nine months ended September 30, 2018.

Capital Expenditures and Liquidity

Obligated Group capital spending during the nine months ended September 30, 2018 was approximately $63.9 million compared to approximately $63.1 million during the nine months ended September 30, 2017. Significant capital projects and expenditures thus far in 2018 include investments in the EMR system implementation and construction of the Fifth Street Community Access Clinic (the *"Community Access Clinic"*).

The System is in beginning stages of long-term master facilities planning. Initial considerations include a new patient tower, parking decks and open lots, and other capital expansions and upgrades to modernize and accommodate growth of non-acute services including rehabilitation and mental health. Cost estimates for these expansions are not yet known, and debt capacity and feasibility studies have begun to scope these projects accordingly.

In January 2018, construction of the new Community Access Clinic was completed and open for business. Centra, in collaboration with the Free Clinic of Central Virginia (the "*free clinic*") and the Community Access Network ("*CAN*"), broke ground on the Community Access Clinic in 2016. The Community Access Clinic building houses the free clinic, CAN, a retail pharmacy and other services to provide a consolidated location for walk-in and scheduled immediate and primary care services to individuals with a focus on meeting the complex healthcare needs of the uninsured, underinsured and Medicaid population. Centra constructed the Community Access Clinic at a cost of approximately $8 million. Construction of the Community Access Clinic provides accessible healthcare services in an area of significant need and demand. Over 90% of residents in the area surrounding the Community Access Clinic live at or below federal poverty levels. Through September 2018, the CAN saw more than triple the number of unique patients and triple the number of visits than the same period in 2017.

Cash and cash equivalents, including board designated funds, of the Obligated Group totaled $397.2 million at September 30, 2017, as compared to $448.8 million at September 30, 2018, representing 158.25 and 157.59 days cash on hand, respectively. Unrestricted investments returns are flat in 2018, compared to returns of approximately 10% in 2017. While revenues continue to increase with growth and pricing strategies, the Obligated Group has seen its average daily expenses increase due to expansion of services, contract labor needs due to nursing shortages, acquisition of providers and practices, and other professional services.

The Obligated Group has a $25 million line of credit from a commercial bank secured under provisions and requirements of the Master Trust Indenture expiring in 2021. As of September 30, 2018, $15 million was outstanding and payable on this line of credit.

Interest Rate Swaps

Centra and Southside entered into various interest rate swap agreements with certain counterparties (the "*Interest Rate Swap Agreements*"), which reduces the exposure of volatility in interest rates on certain variable rate debt. As such, Centra and Southside pay a fixed rate of interest, as noted in the following table, while the counterparty pays based on a monthly floating LIBOR rate plus a spread.

Below is a summary of the five swap transactions currently outstanding, including the mark to market ("*MTM*") of the swaps as of September 30, 2018 (dollars in thousands):

Counterparty	Notional Amount[1]	Term	Receive	Pay	MTM
Deutsche Bank	$ 36,775	1/1/28	61% of 1mL w/ - 1 day lookback	3.325%	($ 2,234)
Barclays	$ 39,200	1/1/35	61% of 1mL w/ - 1 day lookback	3.475%	($ 5,972)
Barclays	$ 27,650	1/1/35	61% of 1mL w/ - 1 day lookback	3.371%	($ 2,768)
BB&T	$ 3,581	12/15/22	68% of 1mL	2.890%	($ 13)
	$ 107,206				($10,987)

(1) Notional amount is as of September 30, 2018

The interest rate swap held with Deutsche Bank requires posting of collateral should the amount of exposure exceed $20 million. The interest rate swaps held with Barclays requires posting of collateral should the amount of exposure exceed $25 million. The BB&T interest rate swap does not have collateral requirements. No collateral postings were required for 2016, 2017 or thus far in 2018.

Other Information

Debt issuance. In July 2018, the System issued $100,455,000 million in taxable bonds at a fixed interest rate of 4.70%. Interest is payable semi-annually and principal is due in full in 2048. The proceeds of the bonds provided working capital for members of the Obligated Group, will finance other corporate needs and strategic initiatives of the Obligated Group and paid certain expenses incurred in connection with issuing the bonds.

Medicaid expansion. The Virginia General Assembly approved Medicaid expansion and rate adequacy through increases in upper payment limits as part of its Fiscal Year 2019-2020 budget on May 30, 2018. The approved Medicaid expansion bill instructs state officials to apply for a federal Section 1115 waiver to give the state flexibility in designing its Medicaid expansion, including imposition of work requirements for able-bodied adult enrollees, as well as imposing assessments on private acute care hospitals in amounts calculated to cover part of the non-federal share of the cost of Medicaid expansion. On June 7, 2018, Governor Northam signed the bill into law, and the state's Medicaid expansion is scheduled to begin January 1, 2019 with upper payment limit increases beginning October 1, 2018. Both Medicaid expansion and upper payment limit increases are favorable outcomes for the Obligated Group.

Piedmont Community Health Plan, Inc. PCHP is a Virginia for-profit stock corporation. PCHP is a network of health care providers established to offer health care services to the central Virginia community. PCHP provides commercial and governmental health plan products, and third-party administration of self-insured plans. PCHP was formed as a Virginia stock corporation owned by Centra (50%) and Integrated Healthcare, Inc. (50%), a local independent practice association comprised of approximately 300 area physicians. In January 2015, Centra made a strategic investment by purchasing the remaining 50% of stock in PCHP to become the sole owner for cash consideration of approximately $7.3 million. As such, PCHP's operations are controlled by and consolidated in Centra's operating results. Prior to the acquisition, PCHP was accounted for under the equity method. PCHP is not a member of the Obligated Group.

PCHP incurred operating losses of approximately $13.2 million, $6.1 million and $11.9 million in 2015, 2016 and 2017, respectively. However, PCHP remains committed to providing the community with access to high quality, high value care and is strategically positioned for improved operating results. In January 2018, PCHP became the sole insurance company offering Federal Insurance Exchange products in the System's primary service area. In September 2017, PCHP's two competitors in Federal Insurance Exchange market (Anthem and Optima Health) opted to exit the market in 2018. This has resulted in PCHP adding approximately 15,000 additional lives insured on the Federal Insurance Exchange, for a total of approximately 45,000 insured lives as of September 30, 2018, a 41% increase from prior year.

This increase in insured lives, coupled with an average 52.8% increase in Federal Insurance Exchange product premiums, is forecasted to improve PCHP financial operations in 2018. For the nine months ended September 30, 2018, PCHP recognized net operating income of approximately $3.2 million in large part due to the influx of insured lives and pricing increase. Further, PCHP's cash has increased from $19.3 million at December 31, 2017 to $42.6 million at September 30, 2018.

Covenant Compliance Certificate for Centra Health, Inc. and the Obligated Group

Period Ending Date: **September 30, 2018**

1. Annual Long Term Debt Service Coverage Ratio (As defined in Sections 3.07 of the Master Indenture, 5.19 of Series 2014B and Taxable Promissory Note Credit Agreement and tested at 12/31)

Date:	N/A
Long Term Debt Service Coverage Ratio:	N/A
Master Indenture and TD Bank Covenant Minimum:	**1.10 :1.0**

Detailed covenant calculations attached

2. At All Times Debt to Capitalization (Section 5.20 Series 2014B and Taxable Promissory Note Credit Agreement)

Date:	09/30/2018
Debt to Capitalization:	40.61%
TD Bank Covenant Maximum:	**65%**

Detailed covenant calculations attached

3. Semi-Annual Days Cash on Hand (Section 5.21 Series 2014B and Taxable Promissory Note Credit Agreement and tested at 6/30 and 12/31)

Date:	09/30/2018
Days Cash on Hand:	157.59
TD Bank Covenant Minimum:	**60 Days**

Detailed covenant calculations attached

4. At All Times Unenhanced Debt Ratings (Section 5.22 Series 2014B and Taxable Promissory Note Credit Agreement)

Date:	09/30/2018
Moody's:	A2
S&P:	A
TD Bank Covenant Minimum:	**Baa3/BBB-**

I have reviewed the Master Indenture, Series 2014B and Taxable Promissory Note Credit Agreements ("Credit Agreements") and the Related Documents and:

- [x] Have no knowledge of any default by any Member in the performance or observance of any of the provisions of the Credit Agreements or any of the Related Documents.

- [ ] Have knowledge of such defaults and have specified each such default, the nature thereof and actions being taken with respect thereto, as attached.

Signed By:

Name: **David Gough**

Title: **CFO / SVP**

Date: **11/14/2018**