

THE NEW YORK AND PRESBYTERIAN HOSPITAL

VOLUNTARY DISCLOSURE

The following voluntary disclosure contains information regarding the outbreak of coronavirus disease 2019 (COVID-19), the response of The New York and Presbyterian Hospital (“NYPH”) to the outbreak, and the potential impact of the outbreak on NYPH’s operations and financial condition.

This disclosure is made on a voluntary basis and is in addition to NYPH’s annual and quarterly continuing disclosure filings. This disclosure reflects events and conditions reasonably believed by management of NYPH to exist as of the date and time noted on the statement. NYPH undertakes no obligation to update this voluntary disclosure in the future.

UPDATE REGARDING COVID-19

March 18, 2020: 9:00 A.M. EST

Outbreak in the Tri-State Area

The coronavirus disease 2019 (COVID-19) situation continues to evolve rapidly. Currently there are no medications to treat or vaccines to prevent COVID-19. The Governors of New York (March 7, 2020), New Jersey (March 9, 2020) and Connecticut (March 10, 2020) have declared states of emergency, as has the Mayor of New York City (March 13, 2020). On Friday, March 13, President Trump declared a national state of emergency over the coronavirus outbreak, allowing for billions of dollars of federal funding and ordering all states to set up emergency operations centers to combat the pandemic. Emergency measures including closing schools, restricting gatherings of 50 people or more, closing theaters, gyms and casinos, closing bars and restaurants, reducing local government workforces, and restricting travel have been implemented in New York and other states to slow the spread of the coronavirus. The number of diagnosed cases in New York State is expected to increase substantially.

In its Interim Guidance for Healthcare Facilities, the Centers for Disease Control and Prevention (CDC) recommends actions included training of staff, exploring of alternatives to face-to-face triage and visits, optimization of hospital supply of personal protective equipment and preparation to safely triage and manage patients with respiratory illness, including COVID-19. For inpatient facilities, the CDC recommends rescheduling elective surgeries as necessary; shifting inpatient diagnostic and surgical procedures to outpatient settings, when feasible; limiting visitors; and identifying additional space for caring for patients.

The Guarantor’s Response

The Guarantor continues to see more cases on a daily basis and has admitted patients with COVID-19. Many people who have tested COVID-19 positive are well enough to go home and the Guarantor expects that will continue.

The Guarantor's emergency management systems have been activated. These systems are planned and designed to address health emergencies like the COVID-19 outbreak and have been activated in the past for health emergencies such as the Ebola virus and Superstorm Sandy. The Guarantor's health care professionals are routinely trained for emergencies such as COVID-19 and the emergency management systems are designed to ensure that the Guarantor's resources are most appropriately applied to meet the challenges of the emergency and the needs of the Guarantor's patients.

The Guarantor is following the guidance of both the World Health Organization and the CDC and is coordinated with state and local governments as well as other hospitals across the region. COVID-19 specific education and training of Guarantor's health care workers was initiated weeks ago and is ongoing. The Guarantor has a COVID-19 hotline and offers virtual urgent care through its website to facilitate alternatives to in person visits.

Consistent with the guidance of the CDC for hospitals in and around New Rochelle, New York, the Guarantor postponed elective procedures. Subsequently, on March 16, the Mayor of the City of New York signed an order requiring hospitals in New York City to cancel elective surgeries within 96 hours. The Guarantor is also limiting visitors to its facilities, consistent with the CDC guidelines. These steps are necessary to protect patients and healthcare workers from the spread of the disease and to manage supplies.

The Guarantor received authorization to perform COVID-19 testing at its Weill Cornell and Columbia labs in accordance with applicable medical protocols. Over the past two weeks, the daily testing capacity has increased from 60/day to approximately 300/day, and with the validation of a high throughput testing platform at the Columbia lab, it is expected that the Columbia lab will have the capacity to run 1,000 tests/day by the end of this week.

The Guarantor has arranged for temporary additional space at New York-Presbyterian/Weill Cornell Medical Center for expansion of Emergency Department capacity, if needed. The Guarantor is also working to maximize inpatient capacity at its campuses through management of scheduling and patient placement. Laboratory staff has been increased so that the Guarantor can run tests 24 hours per day, 7 days a week.

Potential Impact on Guarantor Operations and Financial Performance

The Guarantor continues to ramp up for the anticipated medical demand caused by COVID-19. A sharp increase in infections requiring hospitalization could stress the resources of hospitals in the Guarantor's service area, including the Guarantor.

The temporary suspension of performance of elective procedures has a significant positive effect on the Guarantor's preparedness for the anticipated increase in COVID-19 patients but will have a negative effect on the Guarantor's 2020 revenue. It is anticipated that the suspension of elective procedures will continue until it appears that the spread of COVID-19 in the Guarantor's service area is being sufficiently managed so that health care resources can be redirected back to their original functions. The duration of the suspension will depend on the success of individual, government and private sector restrictions (such as hygiene precautions, remote working arrangements, reduction of large crowd events).

Hospitals in the Guarantor's service area, including the Guarantor, are experiencing supply disruptions for personal protective equipment (PPE) such as surgical masks and gowns, as global demand for these items has significantly increased and many of the sources of these products (including factories in the Hubei province of China) have experienced significant reductions in production. The Guarantor has aggressively responded to manage demand for these items by limiting their use for only specified indications while maintaining the safety of its healthcare professionals. Other PPE factories world-wide have responded by increasing production. The Guarantor's supply chain organization is actively sourcing PPE from alternate sources.

It is not possible at this time to reliably project the direct financial impact of the COVID-19 outbreak on the Guarantor's operating revenues and expenses. Key factors are the duration and extent of the outbreak in the Guarantor's service area, and those variables are very much dependent on the success of federal, state and city government-imposed emergency measures. The Guarantor expects it will be at least 2 weeks before the degree of success of the emergency measures can be evaluated.

Based on a number of assumptions¹, many of which cannot be validated at this time, and assuming no federal, state or city relief compensation to the Guarantor and no insurance recoveries, management is currently estimating that the COVID-19 outbreak could have a negative impact on the Guarantor's unconsolidated 2020 statements of operations of between \$350 and \$700 million. For the calendar year ended December 31, 2020, the Guarantor had budgeted operating income of \$246 million. If the above-described range of negative impact is realized, the Guarantor could have operating losses between \$104 million and \$454 million. This estimate may materially change, positively or negatively, as additional facts about the spread of the Coronavirus are determined.

Financial markets have experienced unprecedented turbulence in the last two weeks, attributable to: (i) the potential impact of COVID-19 on world economies; (ii) oil prices; and (iii) the possibility of an economic recession in the United States. This may affect the returns on the Guarantor's investments and therefore it is possible that the Guarantor will experience lower returns than the returns reflected in its recent financial statements.

As of February 28, 2020, the Guarantor had \$3.7 billion of unrestricted investments that are convertible to cash within 5 business days. As of January 31, 2020 (the most recent date for which financial statements are available), the Guarantor had 311 days cash on hand. In light of the uncertainty of the course of the COVID-19 outbreak, the Guarantor's management is seeking additional and/or increased lines of credit beyond its current aggregate of \$350 million.

¹ Assumptions included (i) use of the "China Model" for disease progression; (ii) a 16 week duration of the crisis; (iii) estimated number of COVID-19 admissions and estimated reduction of elective inpatient and ambulatory surgeries; and (iv) current market pricing for quarantine and call-out backfill personnel expenses.