
CONTINUING DISCLOSURE QUARTERLY REPORT

Information Concerning
PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP

The Continuing Disclosure Quarterly Report (the Quarterly Report) is intended solely to provide certain limited financial and operating data in accordance with undertakings of the Providence and the Members of the Obligated Group under Rule 15c2-12 (the Undertaking) and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Quarterly Report contains certain financial and operating data for the quarter ended September 30, 2020. Providence has undertaken no responsibility to update such data since September 30, 2020, except as set forth herein. This Quarterly Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted, or events do occur. Providence disclaims any obligation to update this Quarterly Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

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About Providence

Our Organization

Providence St. Joseph Health (Providence) is a national, not-for-profit Catholic health system comprising a diverse family of organizations driven by a belief that health is a human right. With 51 hospitals, nearly 1,000 clinics, and many other health and educational services, our health system employs more than 116,000 caregivers serving patients in communities across seven Western states - Alaska, California, Montana, New Mexico, Oregon, Texas and Washington. Our caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay.



Continuing an enduring commitment to world-class care and serving all, especially those who are poor and vulnerable, Providence uses scale to create Health for a Better World, one community at a time. We have been pioneering health care for more than 165 years and have a history of responding with compassion and innovation during challenging health care environments, including the current pandemic. Together, we are reimagining the future of health care delivery in our communities for all ages and populations. Our strategies to diversify and modernize are enabling high-quality care at affordable prices, including through networks of same-day clinics and online care and services.

We are privileged to serve in dynamic, contiguous markets with growing populations, which has led to consistent increases in service utilization. We offer a comprehensive range of industry-leading services, including an integrated delivery system of acute and ambulatory care for inpatient and outpatient services, 29 long-term care facilities, 16 supportive housing facilities, over 8,000 directly employed providers and nearly 25,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence, with headquarters in Renton, Washington, and Irvine, California, is governed by a sponsorship council comprising members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. We are dedicated to ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States. As one of the largest health systems in the United States, our Mission and values call us to serve each person with love, dignity and compassion, reflecting the legacy of the Sisters of St. Joseph and the Sisters of Providence.

The Mission

As expressions of God's healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable @

Our Values

Compassion | Dignity | Justice | Excellence | Integrity

Our Vision

Health for a Better World

Our Promise

"Know me, care for me, ease my way."

COVID-19: From Response to Recovery and Beyond

The health and safety of patients and caregivers remains our number one priority as we respond to the continual flow of COVID-19 cases while also meeting the health care needs in our communities. Providence continues to pursue a three-part plan to keep caregivers and patients safe; serve those in need; and accelerate the transformation of health care. Providence's plan is comprised of these key strategies:

Respond. Providence ensures the safety of our patients and caregivers by rapidly replenishing inventory of personal protective equipment (PPE) and other supplies; working with lab partners to improve access to testing with rapid turnaround times; improving the availability of promising treatments and medications and maintaining a healthy workforce ready to care for patients. In the early days of the crisis, we developed comprehensive response plans based on predictive analytics. This important work prepared us for the uptick in cases during the first half of the year and those we continue to see in many communities.

Recover. The ability to continue meeting the health needs of patients is critical. State mandates to suspend non-emergent procedures in March and April meant thousands of patients had to delay care, increasing the risk of potential complications. The reduction in services also resulted in significant operating losses in March and April. In coordination with state authorities, we reopened services in May and are seeing volumes and profitability rebound variably across markets, but not to the levels we experienced prior to the pandemic. Delivering these services safely is of paramount importance.

Renew. Our vision - Health for a Better World - is a roadmap for health care transformation. The investments we made in innovation prior to COVID-19 have made it possible for us to respond to the pandemic quickly and nimbly, including developing an artificial intelligence chat bot to triage patients virtually, scaling telehealth visits and implementing home monitoring through existing intensive care unit telemedicine services.

Some of the highlights of Providence's response include:

- Updating COVID-19 screening protocols in Epic across our seven states, 51 hospitals and nearly 1,000 clinics within 24 hours of admitting the first COVID-19 patient in the country.
- Dramatically accelerating our telehealth primary care services, going from an average of 50 visits a day to a peak of more than 12,000 per day.
- Expanding our electronic intensive care unit capabilities to remotely monitor patients on home quarantine.
- Operating some of the largest clinical trials in the country for drug therapies, including Remdesivir, and antibody testing. Providence is also conducting genomics research to understand why the virus affects some people more than others.
- Launching the 100 Million Mask Challenge to spur domestic manufacturing of personal protective equipment; the campaign eventually transitioned to the American Hospital Association.
- Leveraging technology to deliver a coronavirus consumer awareness hub, assessment and triage chatbot, urgent virtual visit platform, live testing locations, and remote patient monitoring for COVID-19 patients.
- Launching COVIDReady, an end-to-end suite of services from Ayin Solutions that assists employers in safe business reopening. This includes employee health population management for the returning workforce, ongoing employee health assessment, COVID-19 testing, employee care coordination, technology-enabled workplace prevention monitoring, and contact tracing.

Pursuant to guidance from state authorities and federal agencies including the Centers for Medicare & Medicaid Services (CMS), Providence began rescheduling non-emergent surgeries the week of March 16th, which resulted in significant declines in daily volumes. This resulted in a 40 percent decline in gross revenue by the end of the first quarter of 2020. Volumes began to stabilize through the first week of April 2020 and previously suspended non-emergent services reopened in May 2020 in coordination with state authorities. However, during the third quarter of 2020, the System experienced a second peak in COVID-19 cases in the second half of July 2020 that declined in August 2020 and stabilized to 50 percent of the July peak through the end of the quarter. Our response enabled us to successfully manage the July spike in COVID-19 cases, while maintaining access to other comprehensive care in a safe manner for both caregivers and patients.

The decrease in revenue coupled with the increase in operating costs challenged short-term liquidity. To meet our short-term liquidity requirements, we expanded revolver capacity and accessed private lines of credit for an additional \$800 million of liquidity, of which \$550 million was paid down as of September 30, 2020. Providence has received relief in the form of grants and loans from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. As of September 30, 2020, Providence received \$1.6 billion in advance payments from Medicare under the CMS Advance Payment Program and \$1.0 billion in total grants from the federal CARES Act, of which \$682 million was recognized as revenue. The advance payments from CMS will be offset by services provided by Providence in future quarters.

Each of our regions and lines of business have developed detailed recovery plans for how to safely deliver much-needed care to patients whose procedures were delayed by the state mandates. We have taken all prudent steps to preserve our operating performance and liquidity, including reassessing current and new capital projects outside of those focused on patient and caregiver safety and COVID-19. We have also reduced discretionary spending including travel, use of third-party contractors, purchased services, and professional services. As cases come online and as demand returns in the coming months, we will be working to carefully balance our labor and supply costs to allow us to efficiently and safely provide the services required by our patients.

Our Mission has endured for more than 165 years, and thanks to the extraordinary efforts of our caregivers, we will continue to respond to the times and be of service to our communities for many decades to come.

Our Strategic Plan

Innovating new approaches to strengthen the Mission and continuously improve. Guided by the Mission and our values, we are executing a strategic plan intended to accelerate our progress toward achieving our vision of Health for a Better World. This far-reaching vision includes continuing to deliver high-quality, patient-centered care; ensuring patients are digitally enabled; and our ministries serving as a partner in health for the patients and communities we serve. We intend to achieve this by focusing on the core areas of revenue growth, capital efficiency and process modernization. Our integrated strategic and financial plan is supported by three key principles:

Strengthen the core. We are focused on delivering outstanding, affordable health care, housing, education and other essential services to our patients and communities by:

- Creating a diverse workforce reflecting the communities we serve and a caregiver experience where all caregivers are included, developed, and inspired to carry on the Mission
- Delivering safe, compassionate, high-value quality health care
- Making Providence the provider partner of choice in all our communities
- Stewarding our resources to improve operational earnings
- Fostering community commitment to our Mission via philanthropy

Be our communities' health partner. We are focused on being our communities' health partner, working to achieve the physical, spiritual and emotional well-being of all. We seek to ease the way of our communities by:

- Transforming care and improving population health outcomes, and reducing health disparities, especially for poor and vulnerable populations
- Leading the way in improving our nation's mental and emotional well-being
- Extending our commitment to whole person care for people at every age and stage of life
- Engaging with partners in ensuring health equity for all by addressing systemic racism and the social determinants of health, with a focus on education, housing, and the environment
- Being the preferred health partner for our communities, and those we serve

Transform our future. We respond to the evolving health care landscape, pursuing new opportunities that transform our services, in a strategic and effective manner. We seek to expand and further sustain our Mission by:

- Diversifying sources of earnings to ensure sustainability of the ministry
- Digitally enabling, simplifying, and personalizing the health experience

- Creating an integrated scientific wellness, clinical research and genomics program that is nationally recognized for breakthrough advances
- Utilizing insights and value from big data to drive strategic transformation
- Activating the voice and presence of Providence locally and nationally to improve health for all

Strategic affiliations. As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other health care related entities. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. System management pursues such arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached, and any required regulatory approvals will be forthcoming.

Introducing Tegria

Helping health care organizations drive quality and affordability while easing the way of patients and caregivers. In recent years, Providence has developed or acquired technology platforms, processes, best practices and expertise that have improved the way the health system delivers patient care and operates administrative services. Providence launched Tegria, a new company designed to provide next generation technologies and services to the health care sector. Tegria combines select Providence investments and acquisitions into a comprehensive portfolio of solutions to accelerate technological, clinical and operational advances in health care. Based in Seattle with offices and teams throughout the United States and Canada, Tegria combines nine operating companies into a comprehensive suite of offerings for organizations across the health care sector. Tegria is comprised of more than 2,500 strategists, technologists, service providers and scientists who currently serve more than 350 organizations across North America. Tegria will initially focus on three key initiatives—healthcare consulting and technology services, revenue cycle management solutions and software technology and platforms.

Ambulatory Care Network

Creating best in class, lower cost health and wellness services for consumers. The Ambulatory Care Network continues to deliver on commitments to build a network of optimized, connected, lower cost ambulatory services across Providence. Currently, our ambulatory care network provides more than two million visits in 305 sites across seven states, and consists of ambulatory surgery centers, imaging centers, urgent care centers, retail clinics and active wellness sites. We believe ambulatory care networks offer advantages to patients and physicians, including greater affordability, predictability, flexibility, and convenience, while offering a seamless connection to our full continuum of care. We are expanding our ambulatory care network through strategic partnerships that improve patient access and reduce costs for consumers and employers, including increased same-day access through our retail and urgent care clinics.

Population Health Management

Making a transformational shift from health care to health. Population Health models and initiatives form a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery and coordination of affordable quality health care and services. We integrate solutions to improve social determinants of health, identify health disparities, and provide care management for complex patients. We are building community partnerships to increase access to health services, transportation, housing, education, food banks, mental health services, and support needed by vulnerable communities to achieve health equity.

Our Population Health Management division is composed of a family of services, including Population Health Informatics, Value-Based Care, Payer Contracting, Risk Sharing & Payments Models,

Care Management, Mental Health Improvement, and Health Equity that support our Providence regional care delivery systems; and two businesses: Providence Health Plans and Ayin Health Solutions.

Providence Health Plan (“*PHP*”), a 501(c)(4) Oregon non-profit health care service contractor, and Providence Health Assurance (“*PHA*”), a wholly owned subsidiary of PHP, are collectively referred to as the Health Plans. Providence Plan Partners (“*PPP*”), is a 501(c)(4) Washington non-profit corporation.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans. Providence Health Plan members reside in 49 states nationwide.

Ayin Health Solutions is our population health management company that provides a comprehensive suite of services to employer, payer, provider and government clients. Ayin is a for-profit, non-risk bearing entity providing administrative services in multiple states and incorporated in Delaware. Ayin serves our key business growth and diversification engine.

Physician Enterprises

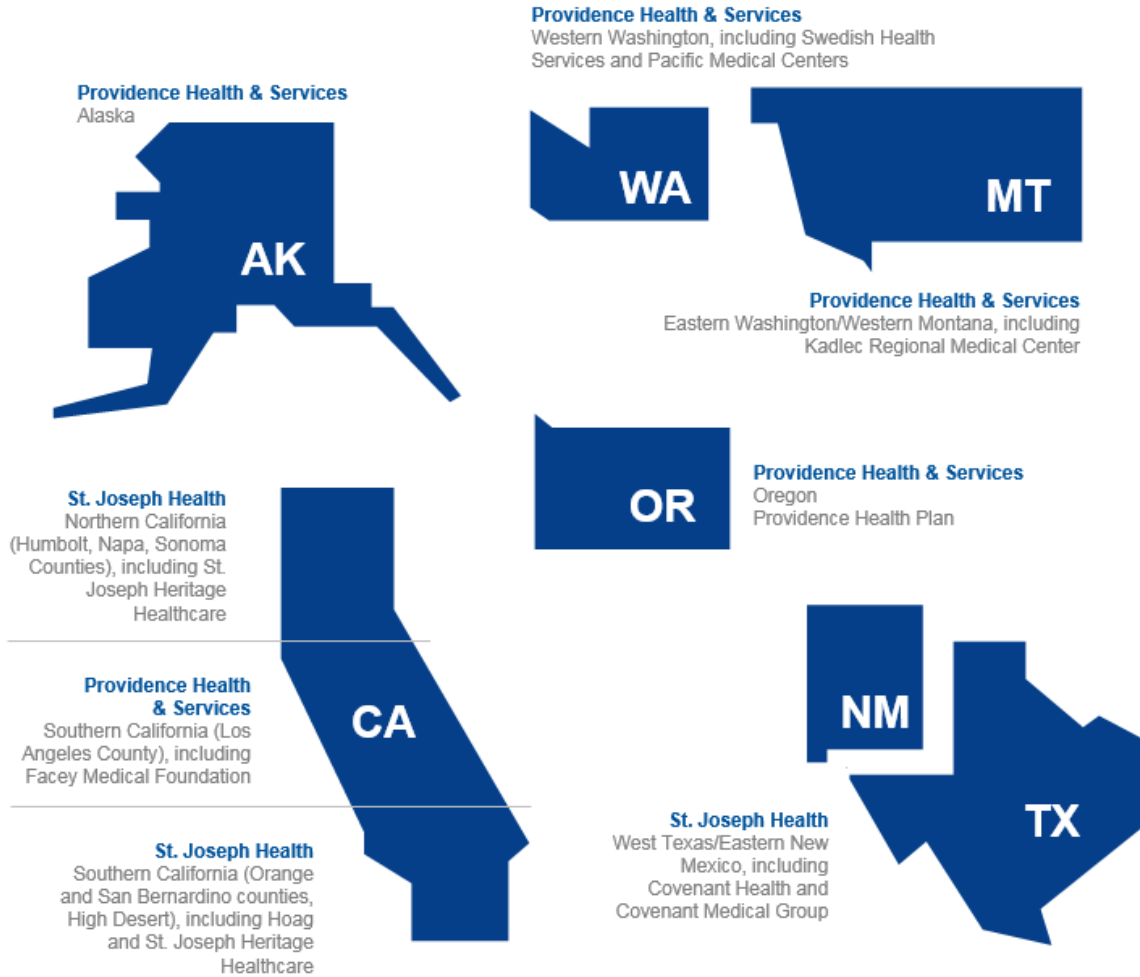
The physician enterprise within the System consists of employed and foundation and affiliate physicians, providers and their supporting care teams. Our Employed Provider Network (the “*Provider Network*”) is composed of eight provider service organizations. The physician enterprise aims to create a more unified provider voice and patient experience for consumers across Providence’s seven states through its medical group and affiliate practices.

Medical groups and medical foundations within the Provider Network include: Providence Medical Group, a network serving Alaska, Washington and Montana, and Oregon; Swedish Medical Group, with staffed clinics throughout Washington’s greater Puget Sound area; Providence Medical Institute (“*PMI*”), in Southern California; Pacific Medical Centers, in western Washington; Kadlec, serving communities in southeast Washington; Providence St. John’s Medical Foundation, in Southern California; Facey Medical Foundation (“*Facey*”), in Southern California; St. Joseph Heritage Healthcare, in Northern and Southern California; Covenant Medical Group and Covenant Health Partners, operating in West Texas and Eastern New Mexico.

The System is organized into the geographic regions spanning seven states across the western United States shown in the graphic below.

EXHIBIT 1.1

Providence St. Joseph Health Our footprint



Region Information

The System's operating revenue share by geographic region is presented for the periods indicated:

EXHIBIT 1.2 - REGIONAL OPERATING REVENUE SHARE	Nine Months Ended	
	9-30-2019	9-30-2020
Alaska	4%	4%
Swedish	11%	10%
Washington and Montana	20%	20%
Oregon	21%	19%
Northern California ⁽¹⁾	6%	6%
Southern California ⁽¹⁾	31%	31%
West Texas and Eastern New Mexico	5%	5%
Other (including Home & Community Care) ⁽²⁾	2%	5%

⁽¹⁾ Includes recognition of revenue from California provider fee program of \$624 million in 2020 and \$529 million in 2019.

⁽²⁾ Includes Home & Community Care entities previously reported under the Oregon region.

Alaska

As the largest health system in Alaska, the System includes 17 facilities throughout the state, with a 31 percent inpatient market share statewide in 2019, as reported by the Alaska Health Facilities Data Reporting Program. Providence Alaska Medical Center ("PAMC") is the largest hospital in the state. The System's 17 Alaska facilities are in the greater Anchorage area, with 56 percent inpatient market share, and in the remote communities of Kodiak, Seward and Valdez, as reported by the Alaska Health Facilities Data Reporting Program. PAMC is a 401-bed acute care facility and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a 56-bed long term acute hospital (the only one in the state) is also located in the Anchorage area. Three critical access hospitals are in Kodiak, Seward and Valdez, all co-located with skilled nursing facilities.

Swedish

In the greater Puget Sound area of Washington, Swedish Health Services operates five hospital campuses: First Hill, Cherry Hill, Ballard, Edmonds and Issaquah located in King and Snohomish counties. The inpatient market share for Swedish was 25 percent in 2019, as reported by the Comprehensive Hospital Abstract Reporting System. Swedish also has ambulatory care centers in Redmond and Mill Creek, and a network of more than 100 primary care and specialty clinics throughout the Seattle area.

Washington and Montana

In the Washington-Montana region, the System includes 12 hospitals, with a 45 percent inpatient market share in their service areas in 2019, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of five geographic markets: Northwest Washington, Southwest Washington, Eastern Washington, Southeast Washington and Western Montana, with medical groups in the region employing nearly 2,500 providers. The region provides a variety of services, including home health care, primary and immediate care services, inpatient rehabilitation, and general acute care services.

Oregon

The Oregon region includes eight hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 30 percent in their service areas in 2019, as reported by Apprise Health Insights. Providence St. Vincent Medical Center provides tertiary care to the Portland metropolitan market. The region also provides nearly 200 primary care, specialty and immediate care clinics, home health care, and housing. The Health Plans are based in Oregon, and a majority of the members (nearly 700,000) live in the region.

Northern California

The System's ministries in Northern California serve the North Coast, Humboldt, Napa and Sonoma communities with five hospitals, ambulatory surgery centers, urgent care centers, wellness centers,

physician offices, home health, hospice, and rehabilitation sites. The acute care hospitals in Northern California had 37 percent inpatient market share in their service areas in 2018, as reported by the Office of Statewide Health Planning and Development. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

Southern California

The Southern California region includes 13 acute care hospitals in Los Angeles, Orange and San Bernardino counties, and the High Desert, with a total inpatient market share of 25 percent in their service areas in 2018, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, the System includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is in Burbank. The System also includes hospitals in Mission Hills, San Pedro, Tarzana, Torrance and Santa Monica. Providence Medical Foundation (“PMF”) operates over 50 practice locations in the market, offering more than 20 types of specialty care. PMF includes the Facey, PMI and Providence St. John’s medical foundations, in addition, the System includes seven acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, Newport Beach, Irvine and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region’s level II trauma center, as well as a women’s center. Hoag Hospital, which also is composed of two campuses, in Newport Beach and Irvine, also includes Hoag Orthopedic Institute. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates is the market’s largest health system with seven licensed hospitals; the inpatient market share was 33 percent in their service areas in 2019, as reported by Texas Health Care Information Collection. Covenant Health System operates Covenant Medical Center, Covenant Children’s Hospital, Covenant Health Plainview and Covenant Health Levelland, and Specialty Hospital, a long-term acute care facility, in addition to Grace Health System, which includes Grace Clinic and Grace Medical Center. CHS also operates Covenant Medical Group, a medical foundation physician network of employed and aligned physicians, a joint venture acute rehabilitation facility, and Hospice of Lubbock.

Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. Indebtedness evidenced or secured by obligations issued under the Master Indenture is solely the obligation of the Obligated Group, and such obligations are not guaranteed by, or the liabilities of, Sisters of Providence, Mother Joseph Province, any other Province of the Sisters of Providence, Sisters of St. Joseph of Orange, the Roman Catholic Church, or any affiliate of the System that is not an Obligated Group Member.

System Utilization

The System's key volume indicators are presented for the periods indicated:

EXHIBIT 2.1 - SYSTEM UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Nine Months Ended	
	9-30-2019	9-30-2020
Inpatient Admissions	381	334
Acute Adjusted Admissions	781	679
Acute Patient Days	1,859	1,720
Long-Term Patient Days	305	263
Outpatient Visits (incl. Physicians)	20,311	18,434
Emergency Room Visits	1,587	1,295
Surgeries and Procedures	520	429
Acute Average Daily Census (Actual)	6,808	6,277
Providence Health Plan Members	654	697

Obligated Group Utilization

The Obligated Group's key volume indicators are presented for the periods indicated:

EXHIBIT 2.2 - OBLIGATED GROUP UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Nine Months Ended	
	9-30-2019	9-30-2020
<u>Obligated Group</u>		
Inpatient Admissions	374	329
Acute Adjusted Admissions	737	635
Acute Patient Days	1,821	1,685
Long-Term Patient Days	297	255
Outpatient Visits (incl. Physicians)	15,877	14,257
Emergency Room Visits	1,567	1,279
Surgeries and Procedures	423	350
Acute Average Daily Census (Actual)	6,669	6,150

Financial Information

The summary unaudited combined financial information as of and for the nine-month periods ended September 30, 2020 and 2019, presented below, has been derived by management of Providence from the internal unaudited financial information of the System. The summary audited combined financial information as of and for the fiscal year ended December 31, 2019, presented below, has been derived by management of Providence from audited financial information of the System. The financial information as of and for the nine-month periods ended September 30, 2020 and 2019 includes all adjustments that management of Providence considers necessary for fair presentation of the results for such period. The financial information should be read in conjunction with the audited combined financial statements of the System, including the notes thereto, and the report of KPMG LLP, independent auditors.

For the nine months ended September 30, 2020, the unaudited combined net operating revenue and total assets attributable to the Obligated Group Members were approximately 83 percent and 85 percent, respectively, of the System totals. For the nine months ended September 30, 2019, the unaudited combined net operating revenues and total assets attributable to the Obligated Group Members were approximately 84 percent and 86 percent, respectively, of the Systems totals. Refer to Exhibit 6 for supplementary information on the Obligated Group Members.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net operating revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Summary Unaudited Combined Statements of Operations

EXHIBIT 3.1 - COMBINED STATEMENTS OF OPERATIONS \$ PRESENTED IN MILLIONS	Nine Months Ended	
	9-30-2019	9-30-2020
Net Patient Revenue	\$14,876	\$13,946
Premium Revenues	1,794	1,753
Capitation Revenue	1,138	1,317
Other Revenue	880	1,834
Total Operating Revenues	18,688	18,850
Salaries and Benefits	9,089	9,353
Supplies	2,751	2,766
Purchased Healthcare Services	1,560	1,508
Interest, Depreciation, and Amortization	1,013	1,005
Purchased Services, Professional Fees, and Other	4,006	4,432
Total Operating Expenses Before Restructuring Costs	18,419	19,064
Excess (Deficit) of Revenues Over Expenses from Operations Before Restructuring Costs	269	(214)
Restructuring Costs	71	-
Excess (Deficit) of Revenues Over Expenses from Operations	198	(214)
Total Net Non-Operating Gains	772	263
Excess of Revenues Over Expenses	\$970	\$49
Operating EBIDA ⁽¹⁾	\$1,211	\$817
Pro Forma Operating EBIDA ⁽²⁾	\$1,282	\$817

⁽¹⁾ Includes \$26 million in amortization of software as a service asset included on the balance sheet in 2020.

⁽²⁾ Pro forma Operating EBIDA normalizes for restructuring costs in 2019.

Summary Audited and Unaudited Combined Balance Sheets

As of

EXHIBIT 3.2 - COMBINED BALANCE SHEET \$ PRESENTED IN MILLIONS	12-31-2019	9-30-2020
<u>Current Assets:</u>		
Cash and Cash Equivalents ^{(1), (2)}	\$1,316	\$3,462
Accounts Receivable, Net	2,400	2,385
Supplies Inventory	283	366
Other Current Assets	1,233	1,443
Current Portion of Assets Whose Use is Limited	702	542
Total Current Assets	5,934	8,198
Assets Whose Use is Limited:	10,855	11,425
Property, Plant & Equipment	10,978	11,093
Other Assets	2,785	2,995
Total Assets	\$30,552	\$33,711
<u>Current Liabilities:</u>		
Current Portion of Long-Term Debt	\$85	\$81
Master Trust Debt Classified as Short-Term ⁽²⁾	205	455
Accounts Payable	1,035	1,310
Accrued Compensation	1,145	1,593
Other Current Liabilities ⁽¹⁾	2,428	4,289
Total Current Liabilities	4,898	7,728
Long-Term Debt, Net of Current Portion ⁽²⁾	6,393	6,489
Pension Benefit Obligation	1,094	1,068
Other Liabilities	2,292	2,354
Total Liabilities	\$14,677	\$17,639
<u>Net Assets:</u>		
Controlling Interests	14,344	14,440
Noncontrolling Interest	150	196
Net Assets without Donor Restrictions	14,494	14,636
Net Assets with Donor Restrictions	1,381	1,436
Total Net Assets	15,875	16,072
Total Liabilities and Net Assets	\$30,552	\$33,711

⁽¹⁾ Includes \$1.6 billion from the CMS Advanced Payment Program in 2020.

⁽²⁾ Includes \$250 million in borrowings in response to the COVID-19 pandemic in 2020.

Management's Discussion and Analysis: Nine Months Ended September 30, 2020

Management's discussion and analysis provides additional narrative explanation of the financial condition, operational results and cash flow of the System to assist in increasing understanding of the combined financial statements. The summary unaudited combined financial information as of and for the nine-month periods ended September 30, 2020 and 2019, respectively, are presented below.

Results of Operations

Operations Summary

Patient volumes continued to recover in the third quarter of 2020, following the required service reductions earlier in the year. However, the recovery has been variable and market specific as the pandemic continues across our footprint. Volumes declined 10 percent year-over-year through the nine months ended September 30, 2020, driving a 6 percent decline in net patient revenue. Net patient revenue was \$13.9 billion for the nine months ended September 30, 2020, compared to \$14.9 billion for the same period in 2019. Results for the nine months ended September 30, 2020 also reflect increases in costs to serve those impacted by the virus, driven by labor and pharmaceutical costs, as well as a significant increase in both the volumes and costs of PPE to help keep our caregivers safe. The System experienced a rise in COVID-19 cases in July 2020 that steadily declined in August 2020 and stabilized through the end of the third quarter of 2020. With continued learnings and dynamic planning process, we were able to maintain access and capacity for non-COVID-19 care even in the face of COVID-19 surges that we saw in late July 2020. The System's key financial indicators are presented for the periods indicated:

EXHIBIT 3.3 - OPERATIONS SUMMARY \$ PRESENTED IN MILLIONS	Nine Months Ended			
	AS REPORTED		PRO FORMA ⁽¹⁾	
	9-30-2019	9-30-2020	9-30-2019	9-30-2020
Operating (Loss) Income	\$198	\$(214)	\$269	\$(214)
Operating Margin %	1.1	(1.1)	1.4	(1.1)
Operating EBIDA	1,211	817	1,282	817
Operating EBIDA Margin %	6.5	4.3	6.9	4.3
Net Service Revenue/Case Mix Adjusted Admits	12,141	12,858	12,141	12,858
Net Expense/Case Mix Adjusted Admits	11,993	13,035	11,940	13,035
Total Community Benefit	\$1,142	\$1,154	\$1,142	\$1,154
Full-Time Equivalents (thousands)	105	102	105	102

⁽¹⁾ Pro forma normalizes for restructuring costs in 2019.

Operating earnings before interest, depreciation and amortization ("EBIDA") was \$817 million for the nine months ended September 30, 2020, or 4 percent of net operating revenues, compared with \$1.2 billion and 7 percent for the same period in 2019. Excluding grants recognized as revenue from the federal CARES Act, operating EBIDA was \$135 million for the nine months ended September 30, 2020.

For the three months ended September 30, 2020, operating EBIDA was \$369 million, or 6 percent of net operating revenues, compared with \$286 million and 5 percent for the same period in 2019. Operating revenues were \$6.4 billion, an increase of 6 percent, for the three months ended September 30, 2020, compared with the same period in 2019. The increase includes net patient revenue growth of 3 percent and capitation and premium revenue growth of 8 percent compared to the prior year. Operating expenses for the three months ended September 30, 2020 were \$6.4 billion, an increase of 4 percent, compared with the same period in 2019. The increase includes a modest decline in labor productivity of 1 percent for the three months ended September 30, 2020, compared with the same period in 2019. Among the key statistics, the three months ended September 30, 2020 showed case mix adjusted admissions (CMAA) down 6 percent, acute patient days down 3 percent, acute admissions down 9 percent, surgeries down 6 percent, procedures down 9 percent, and emergency room visits down 18 percent from the prior year period.

Volumes

CMAA declined 10 percent for the nine months ended September 30, 2020, compared with the same period in 2019, demonstrating that while volumes are recovering from the lows experienced earlier in the year, they remain below pre-pandemic levels as presented above in Exhibit 2.1. Among the key statistics, the nine months ended September 30, 2020 showed acute patient days down 8 percent, acute admissions down 13 percent, surgeries down 16 percent, procedures down 20 percent, and emergency room visits down 18 percent from the prior year period.

Operating Revenues

Operating revenues for the nine months ended September 30, 2020 were \$18.9 billion, an increase of 1 percent, compared with the same period in 2019. Operating revenues increased, despite the 6 percent decline in net patient revenue due to the recognition of \$682 million in grants from the federal CARES Act. The results also include the recognition of reimbursements from provider fee programs of \$876 million for the nine months ended September 30, 2020, compared with \$766 million for the same period in 2019.

The System's operating revenues by state are presented for the periods indicated:

Nine Months Ended		
EXHIBIT 3.4 - OPERATING REVENUES BY STATE \$ PRESENTED IN MILLIONS	9-30-2019	9-30-2020
Alaska	\$658	\$614
Washington	5,229	4,856
Montana	337	316
Oregon	3,896	3,731
California	6,829	6,743
Texas	859	756
Total Revenues from Contracts with Customers	17,808	17,016
Other Revenues ⁽²⁾	880	1,834
Total Operating Revenues	\$18,688	\$18,850

The System's operating revenues by line of business are presented for the periods indicated:

Nine Months Ended		
EXHIBIT 3.5 - OPERATING REVENUES BY LINE OF BUSINESS \$ PRESENTED IN MILLIONS	9-30-2019	9-30-2020
Hospitals	\$12,034	\$11,692
Health Plans and Accountable Care	2,011	2,004
Physician and Outpatient Activities	2,106	1,934
Long-term Care, Home Care, and Hospice	891	936
Other Services	766	450
Total Revenues from Contracts with Customers	17,808	17,016
Other Revenues ⁽²⁾	880	1,834
Total Operating Revenues	\$18,688	\$18,850

The System's operating revenues by payor are presented for the periods indicated:

Nine Months Ended

EXHIBIT 3.6 - OPERATING REVENUES BY PAYOR ⁽¹⁾ \$ PRESENTED IN MILLIONS	9-30-2019	9-30-2020
Commercial	\$8,833	\$8,306
Medicare	6,022	5,855
Medicaid	2,645	2,675
Self-pay and Other	308	180
Total Revenues from Contracts with Customers	17,808	17,016
Other Revenues ⁽²⁾	880	1,834
Total Operating Revenues	\$18,688	\$18,850

⁽¹⁾ Represents total payor net patient revenues received, including premium and capitation revenue in accordance with ASC 606, Revenue from Contracts with Customers. Refer to Exhibit 6.3 within Exhibit 6 attached hereto for supplementary information on net patient revenue payor mix driven by patient utilization.

⁽²⁾ Includes grants recognized in revenue from the federal CARES Act in 2020.

Operating Expenses

Operating expenses for the nine months ended September 30, 2020 were \$19.1 billion, an increase of 4 percent, compared with the same period in 2019, driven by the impacts of costs related to our response to COVID-19. The results include the recognition of \$592 million in expense related to provider fee programs, compared with \$528 million for the same period in 2019. Despite the System experiencing unprecedented declines in volumes as noted above, significant costs were incurred to support caregivers and to serve existing patients, including labor costs and increased PPE and pharmaceutical spend. Overall, salaries and benefits expenses increased 3 percent for the nine months ended September 30, 2020, compared with the same period in 2019. For the nine months ended September 30, 2020, labor productivity decreased 7 percent on an adjusted occupied bed volumes basis, and medical supply costs per CMAA were higher by 7 percent, compared with the prior year. Supplies expense increased by 1 percent compared with the prior year, driven by a 6 percent increase in pharmaceutical spend and COVID-19 related expenses, and offset by a 4 percent decrease in medical supply costs.

Non-Operating Activity

Non-operating gains totaled \$579 and \$263 million, respectively, for the three and nine months ended September 30, 2020, compared with non-operating gains of \$37 and \$772 million, respectively, for the same periods in 2019.

Liquidity and Capital Resources; Outstanding Indebtedness

Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately \$14.5 billion as of September 30, 2020, compared to \$12.3 billion as of December 31, 2019. As of September 30, 2020, Providence received approximately \$1.6 billion in advance payments from Medicare under the CMS Advance Payment Program and \$1.0 billion in grants from the federal CARES Act, of which \$682 million was recognized as revenue. The advance payments from CMS will be offset by services provided by Providence in future quarters. The System drew from and subsequently paid back its syndicated revolver in the amount of \$550 million between March and July, in addition to placing a \$250 million short-term bridge loan in place. Debt balances as of September 30, 2020 also reflect a \$95 million draw on our revolver to fund the CHFFA 2016-B put maturity occurring October 1, 2020. The System's liquidity is presented for the periods indicated:

As of

EXHIBIT 4.1 - INVESTMENTS BY DURATION \$ PRESENTED IN MILLIONS	12-31-2019	9-30-2020
Cash and Cash Equivalents ^{(1), (2)}	\$1,316	\$3,462
Short-Term Investments	549	264
Long-Term Investments	10,404	10,816
Total Unrestricted Cash and Investments	\$12,269	\$14,542

⁽¹⁾ Includes \$1.6 billion from the CMS Advanced Payment Program in 2020.

⁽²⁾ Includes \$250 million remaining in borrowings to offset operational pressures during the COVID-19 pandemic in 2020.

The System maintains a long-term investment portfolio comprised of operating and foundation investment assets. The System's target asset allocation for the long-term portfolio, by general asset class, is presented for the periods indicated:

EXHIBIT 4.2 - INVESTMENTS BY TYPE	As of	
	12-31-2019	9-30-2020
Cash and Cash Equivalents	2%	2%
Domestic and International Equities	45%	45%
Debt Securities	38%	38%
Other Securities	15%	15%

Financial Ratios

The System's financial ratios presented for the periods indicated:

EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	As of	
	12-31-2019	9-30-2020
Total Debt to Capitalization %	31.3	32.2
Cash to Debt Ratio %	185.9	209.4
Days Cash on Hand ⁽¹⁾	191	222
Maximum Annual Debt Service ⁽²⁾	390	392
Cash to Net Assets Ratio	0.85	0.99

⁽¹⁾ Days Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods).

⁽²⁾ Excludes borrowings secured in response to COVID-19 as they are classified as short-term indebtedness.

System Capitalization

The System's capitalization is presented for the periods indicated:

EXHIBIT 4.4 - SYSTEM CAPITALIZATION \$ PRESENTED IN MILLIONS UNLESS NOTED	As of	
	12-31-2019	9-30-2020
Long-Term Indebtedness	\$6,478	\$6,570
Less: Current Portion of Long-Term Debt	85	81
Net Long-Term Debt	6,393	6,489
Net Assets - Unrestricted	14,494	14,636
Total Capitalization	\$20,887	\$21,125
Long-term Debt to Capitalization %	30.6	30.7

Obligated Group Capitalization

The Obligated Group's capitalization is presented for the periods indicated:

EXHIBIT 4.5 - OBLIGATED GROUP CAPITALIZATION \$ PRESENTED IN MILLIONS UNLESS NOTED	As of	
	12-31-2019	9-30-2020
<u>Obligated Group</u>		
Long-Term Indebtedness	\$6,362	\$6,388
Less: Current Portion of Long-Term Debt	81	69
Net Long-Term Debt	6,281	6,319
Net Assets - Unrestricted	12,911	12,508
Total Capitalization	\$19,192	\$18,827
Long-Term Debt to Capitalization %	32.7	33.6

System Debt Service Coverage

The System's coverage of Maximum Annual Debt Service ("MADS") on indebtedness is presented for the periods indicated (footnote appears beneath Exhibit 4.7):

		As of	
EXHIBIT 4.6 - SYSTEM DEBT SERVICE COVERAGE \$ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2019	Rolling 12-Months Ended 9-30-2020 ⁽¹⁾	
Income (Loss) Available for Debt Service:			
(Deficit) Excess of Revenues Over Expenses	\$1,358		\$437
Less: Unrealized (Gains) on Trading Securities	(978)		(479)
Plus: Loss on Extinguishment of Debt	14		14
Plus: Loss on Pension Settlement Costs and Other	26		15
Plus: Depreciation	1,077		1,063
Plus: Interest and Amortization	268		273
Total	\$1,765		\$1,323
Debt Service Requirements: ⁽²⁾			
MADS ⁽³⁾	\$390		\$392
Coverage of Debt Service Requirements ⁽²⁾	4.5x		3.4x

Obligated Group Debt Service Coverage

The Obligated Group's coverage of MADS on indebtedness is presented for the periods indicated:

		As of	
EXHIBIT 4.7 - OBLIGATED GROUP DEBT SERVICE COVERAGE \$ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2019	Rolling 12-Months Ended 9-30-2020 ⁽¹⁾	
Obligated Group			
Income Available for Debt Service:			
Excess of Revenues Over Expenses	\$1,805		\$918
Less: Unrealized (Gains) on Trading Securities	(834)		(410)
Plus: Loss on Extinguishment of Debt	14		14
Plus: Loss on Pension Settlement Costs and Other	26		15
Plus: Depreciation	999		983
Plus: Interest and Amortization	254		254
Total	\$2,264		\$1,774
Debt Service Requirements: ⁽²⁾			
MADS ⁽³⁾	\$390		\$392
Coverage of Debt Service Requirements ⁽²⁾	5.8x		4.5x

⁽¹⁾ Represents 12 consecutive months of financial results for an annualized discourse for interim periods.

⁽²⁾ Debt Service Requirements has the meaning assigned to such term in the Master Indenture.

⁽³⁾ Excludes borrowings secured in response to COVID-19 as they are classified as short-term indebtedness.

System Governance and Management

Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state health care systems of PH&S and the SJHS, which was effective on July 1, 2016 (the "Combination"). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the Mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry

have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the "*Sponsors Council*"). The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, Kadlec and Hoag Hospital): to amend or repeal the articles of incorporation or bylaws of the Providence; the appointment and removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by Board of Providence. Given the complexity of the System's governance structure, Providence routinely evaluates and considers alternative governance models to best meet the System's governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

<u>Board of Directors</u>	<u>Term Expires (December 31)</u>	<u>Sponsors Council</u>	<u>Term Expires (December 31)</u>
David Olsen, Chair †	2021	Eleanor Brewer	2020
Richard Blair †	2022	Ned Dolejsi	2021
Isiaah Crawford, PhD ‡	2022	Jeff Flocken	2025
Lucille Dean, SP †	2021	Barbara Savage	2021
Diane Hejna, CSJ, RN. ‡	2022	Bill Cox	2022
Phyllis Hughes, RSM, PhD. ‡	2022	Russell Danielson	2027
Mary Lyons, PhD. ‡	2022	Sr. Sharon Becker, CSJ	2027
Charles W. Sorenson, M.D. Δ	2021	Mark Koenig	2027
Michael Murphy Δ	2022	Sr. Margaret Pastro, SP	2028
Katharin S. Dyer Δ	2022	Sr. Mary Therese Sweeney, CSJ	2028
Rod Hochman, M.D.	Ex-officio		

† Not eligible for an additional term.

‡ Eligible for one additional three-year term.

Δ Eligible for up to two.

Executive Leadership Team

The following are key members of Providence's executive leadership team.

<u>Name</u>	<u>Title</u>
Rod Hochman, M.D.	President and CEO
A. Verona Dorch	Chief Legal Officer
Greg Hoffman	Interim CFO and Chief Transformation Officer

In August 2020, Providence announced that Venkat Bhamidipati, Executive Vice President and Chief Financial Officer of the System, has submitted his resignation effective September 1, 2020. Greg Hoffman will serve as the interim Chief Financial Officer for the System.

In September 2020, Mike Butler, President of Operations and Strategy announced his retirement. For the immediate future, Mike's responsibilities will be assumed by other leadership team members.

Support Services

Corporate officers and supporting staff oversee the management activities performed on a day-to-day basis by the management staff of each region. Each regional Chief Executive reports to the Chief Executive Officer, who oversees their management with emphasis on the service area's achievements in responding to unmet health care needs in the community, especially the unmet needs of the poor and vulnerable, productivity, developing integrated delivery systems, meeting financial guidelines, and maintaining or increasing market share. The Chief Financial Officer of Providence and Finance staff coordinate the annual budget and multi-year forecasts of the service areas and manage the capital acquisition and management activities of the Obligated Group. Other areas in which the corporate staff

provides centralized services or coordinates the activities of the service areas include legal affairs, insurance and risk management, treasury services, supplies management, technical support, fund-raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs.

Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, the System includes: health plans; a provider network; numerous fundraising foundations; Providence Ventures, Inc., a Washington corporation that invests in health care activities; various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. The System also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of the System, partnerships or joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Quarterly Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Quarterly Report only to the extent they are viewed by System management to be of particular operational or strategic importance.

Control of Certain Obligated Group Members

General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member, directly or indirectly, of each of Providence - Washington, Providence - Southern California, LCMASC, Providence - St. John's, Providence - SJMC Montana, Providence - Montana, Providence - Oregon, Swedish, Swedish Edmonds, Pac Med, Western Health Connect and Kadlec, and co-corporate member of Providence - Western Washington.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which, operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital. The corporate entities of Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka and Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the "*Hospitals*") transferred their assets to SJHNC effective as of April 1, 2018. Effective December 31, 2019 the remaining corporate entities in connection with this reorganization were dissolved.

Southern California Region

In connection with the March 2013 affiliation of SJHS and Hoag Hospital, a new entity known as Covenant Health Network, Inc. ("*CHN*"), a California nonprofit public benefit corporation, was created. CHN is a corporate member of Hoag Hospital and St. Joseph Orange, St. Jude, Mission Hospital and St. Mary (the "*SJHS Southern California Hospitals*"). CHN, The George Hoag Family Foundation (Hoag Family Foundation) and the constituent churches of the Los Ranchos Presbytery of the Presbyterian Church (USA), as represented by the Association of Presbyterian Ministers (APM), are the corporate members of Hoag Hospital. None of CHN, Hoag Family Foundation or APM is an Obligated Group Member or is obligated for payment with respect to the Bonds.

SJHS, CHN, Hoag Hospital and the SJHS Southern California Hospitals entered into an affiliation pursuant to the terms of an Affiliation Agreement dated as of October 15, 2012 (the "*CHN Affiliation Agreement*"). The CHN Affiliation Agreement, which became effective as of March 1, 2013, is designed to allow SJHS and each of the SJHS Southern California Hospitals on the one hand, and Hoag Hospital on the

other hand, to preserve their respective Catholic and Presbyterian heritages and identities while creating an integrated community health care delivery system. The Affiliation Agreement was amended as of June 1, 2017 and Providence became a party to the arrangement. In addition, a Supplemental Agreement and two amendments were also entered into between the parties in 2017.

CHN does not have any corporate members, and neither Providence, SJHS, its affiliates, nor Hoag Hospital have any ownership interest in CHN. CHN's governing board consists of seven members, four of whom are designated by Providence in its sole discretion from persons who are members of the governing boards of SJHS, SJHS Southern California Hospitals, St. Joseph Health Ministry and/or Sisters of St Joseph of Orange, and/or members of Providence or SJHS management. The remaining three members are designated by Hoag Family Foundation and APM, acting jointly, in their sole discretion from members of the governing board of Hoag Hospital. The CHN board provides strategic planning leadership and oversight for the Southern California region.

CHN and SJHS have certain reserved powers with respect to the governance, management and operation of each of the SJHS Southern California Hospitals and Hoag Hospital. Some of these powers may be exercised only by a supermajority vote of the CHN Board of Directors, meaning the affirmative vote of at least three of the four members designated by Providence, and of at least two of the three members designated by Hoag Family Foundation and APM. Such reserved powers and powers that require a supermajority vote may be reviewed and revised from time to time. These reserved powers include, among others, certain actions relating to: (i) changes in articles and bylaws, (ii) certain board member and management appointments and removals; and (iii) certain hospital mergers, acquisitions, joint ventures, asset sales, cash transfers and financings. Hoag Family Foundation and APM also have reserved powers with respect to certain management and operating matters and transactions involving Hoag Hospital.

West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System ("*LMHS*") are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the obligated group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children's Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the "*Covered Transactions*"), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS's right, as a member, to appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS' assets (including all of CHS' affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in CHS and a simultaneous obligation to offer CHS' membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS - 57 percent; LMHS - 43 percent.

Other Information

Outstanding Master Trust Indenture Obligations

As of September 30, 2020, the System had Obligations outstanding under the Master Indenture totaling \$6,354,000,000. This excludes Obligations that secure interest rate or other swap transactions, bank liquidity or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the “*Direct Placement Bonds*”) that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the “*Taxable Loans*”) from one or more commercial banks or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to bank liquidity or letter of credit facilities (the “*Credit Facilities*”) issued by credit banks to secure the payment of principal of, interest on and purchase price for certain tax-exempt and taxable bonds issued for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans and the Credit Facilities include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities containing these financial covenants and events of default are available for review on EMMA (<http://emma.msrb.org>).

Interest Rate Swap Arrangements

The System and/or certain of its affiliates may enter into interest rate swap contracts from time to time to increase or decrease variable rate debt exposure, to achieve a targeted mix of fixed and floating rate indebtedness and for other purposes.

At September 30, 2020, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately \$424 million and with varying expiration dates. The swap agreements require SJHS to make fixed rate payments in exchange for variable rate payments made by the counterparties. SJHS’s payment obligations under such swap agreements are secured by Obligations issued under the Master Indenture.

Below is a summary of those swap agreements, including the fair value of the swaps as of September 30, 2020. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty’s forward London Interbank Offered Rate curve, which is the input used in the valuation, also taking into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within non-operating gains and losses. See also the discussion under “Other Information - Interest Rate Swap Agreements” and Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019.

DESCRIPTION	NOTIONAL	TERM	COUNTERPARTY	RECEIVE	PAY	FAIR VALUE
Fixed Payor	\$6,900,000	Jul-21	Morgan Stanley	68% of 3 Month LIBOR	3.305%	(\$164,000)
Fixed Payor	\$170,635,000	Jul-47	MUFG Union	68% of 3 Month LIBOR	3.529%	(\$80,518,000)
Fixed Payor	\$45,305,000	Jul-47	Wells Fargo	68% of 3 Month LIBOR	3.520%	(\$20,717,000)
Fixed Payor	\$64,700,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$17,679,000)
Fixed Payor	\$64,750,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$17,656,000)
Fixed Payor	\$71,510,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	(\$19,537,000)

Entering into derivative agreements including those described above creates a variety of risks to the System. Pursuant to certain of these agreements, both SJHS and the counterparty are required to deliver

collateral in certain circumstances in order to secure their respective obligations under the agreements. As of September 30, 2020, SJHS posted collateral in the amount of approximately \$59,861,000. The amount of collateral delivered by SJHS over the term of the agreements could increase or decrease based upon SJHS' credit ratings and movements of United States dollar swap rates and could be substantial. Under certain circumstances, the derivative agreements are subject to termination prior to their scheduled termination date and prior to the maturity of the related revenue bonds. Payments due upon early termination may be substantial. In the event of an early termination of an agreement, there can be no assurance that (i) SJHS or any other Obligated Group Member will receive any termination payment payable to it by the provider, (ii) SJHS or any other Obligated Group Member will have sufficient amounts to pay a termination payment payable by it to the provider, or (iii) SJHS or the other Obligated Group Members will be able to obtain a replacement agreement with comparable terms. For financial reporting purposes, the System has generally not treated its swap agreements as effective hedges against the interest cost of underlying debt. To the extent that swaps are not treated as effective hedges, the System must recognize any changes in the fair market value of the swaps agreements and the related debt as non-operating gains or losses. See Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019.

Litigation

Certain material litigation may result in an adverse outcome to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations.

In 2019, the U.S. Department of Justice served Swedish Health Services with a Civil Investigative Demand requesting documents pertaining to certain arrangements and joint ventures and physician organizations. Swedish is cooperating with the Department and compiling the responsive documents.

Several civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of the System.

In early May 2020, the Hoag Family Foundation and APM, two of the three corporate members of Hoag Hospital, filed a complaint under a California Corporations Code statute seeking to involuntarily dissolve CHN, the third corporate member. The complaint seeks to remove Hoag Hospital as an Obligated Group Member. There has been no allegation that the Affiliation Agreement creating CHN has been breached, and there is no provision in the agreement for its termination or dissolution. The System believes that the complaint is without merit and believes the legal process will vindicate this position. Hoag accounts for less than 6 percent of the Obligated Group's unaudited total operating revenues for the nine months ended September 30, 2020 and less than 6 percent of the System's unaudited total operating revenues for the nine months ended September 30, 2020.

Employees

As of September 30, 2020, the System included approximately 116,000 employed caregivers (excluding Hoag), representing 102,363 FTEs. Of the total employees in the System, approximately 33 percent are represented by 19 different labor unions.

Providence management strives to provide market-competitive salaries and benefits to all employees in all markets. Management of Providence believes the salary levels and benefits packages for its employees are competitive in all the respective markets. At the same time, management understands that the health care industry is rapidly evolving. The leadership of each of the separate employers within the System is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations at the various employers within the System throughout 2020. In the past two years, the System has experienced strikes at different facilities, as a result of contract negotiations. In each situation, the facility operated with qualified replacement employees and experienced limited disruption to hospital operations or patient service. Management is also aware of ongoing organizing efforts by labor unions within the health care industry, including in markets where the separate employers within the System operate.

The 2020 wildfire season has negatively affected many caregivers throughout Washington, Oregon and California. To support the caregivers and their families who were displaced or lost their homes, the separate employers in these geographies provided housing resources and other benefit exemptions for impacted caregivers. In places where fire threatened our patient care facilities, caregivers mobilized and transported patients to safety.

The separate employers across the System have implemented new programs and procedures for all employees, including temporary supplemental pay programs, accelerated hiring processes and procedures that support employee redeployment to ensure continued patient care during the COVID-19 pandemic, and will revisit as appropriate.

Earlier this year, Providence management established a social responsibility platform that includes a stronger commitment to diversity, equity and inclusion, and has begun accelerating this important work. One critical step includes updating the integrated strategic financial plan to more clearly express our commitment to addressing racial disparities in health care and the social determinants of health. In addition, Providence in July 2020 announced a commitment of \$50 million over five years to address racial disparities in health care. Providence management recognizes that diversity, equity and inclusion are basic human rights that are in alignment with our Mission and values. These rights extend to everyone in Providence workplaces, patient-care settings and other ministries.

Community Benefit

Informed by our community health needs assessments, we make strategic proactive investments in community-focused health and social service programs, health professions education, and research directly responding to unmet needs. In addition, we provide free and discounted care for the uninsured and underinsured to ensure vital access. We also cover the unpaid cost of Medicaid in the communities we serve.

Building on our commitment to care for those who are poor and vulnerable, we have invested \$1.2 billion in community benefit in the nine months ended September 30, 2020, compared with \$1.1 billion in the same period in 2019. This includes an increase in the unpaid costs of Medicaid, which was \$765 million for the nine months ended September 30, 2020, compared with \$707 million for the same period in 2019.

Insurance

Providence has developed insurance programs that provide coverage for various insurable risks. The program uses benchmarking and insurance analytics to guide its decisions regarding both the type of coverage it purchases and the limits of that insurance. The analytics use claims and historical data to estimate the cost and likelihood of certain events occurring such as an earthquake. The premium for an additional limit can then be compared to the probability of the event to pinpoint when the purchase of an additional insurance limit no longer provides a value to the System. The insurance team and brokers negotiate all types of insurance to obtain the most favorable terms of coverage possible. Policies are also renewed to ensure there are no coverage gaps. Insurers must have an A rating or better from A.M. Best to be on the System program. Management meets with its key underwriters at least once a year to obtain updates on any changes in business strategy or capacity. Providence currently self-insures a portion of its professional and general liability. Such claims are paid either through a trust arrangement or captive insurance company funded to a 75 percent confidence level based on projections from outside independent actuaries. The major lines of insurance that are renewed yearly include property, directors and officers, employment practices, auto, fiduciary, cyber liability/information security, workers' compensation, crime, and reinsurance for professional and general liability.

Accreditation and Memberships

The System's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, Providence Valdez Medical Center and Swedish Issaquah) accredited by The Joint Commission. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

Glossary of Terms

<i>Credit Group:</i>	Obligated Group Members, Designated Affiliates, and Limited Credit Group Participants and Unlimited Credit Group Participants, collectively.																																
<i>Obligated Group or Obligated Group Members:</i>	Obligated Group Members under the Master Indenture and currently: <table> <tr> <td>Providence</td> <td>St. Joseph Orange</td> </tr> <tr> <td>PH&S</td> <td>St. Jude</td> </tr> <tr> <td>Providence - Washington</td> <td>Mission Hospital</td> </tr> <tr> <td>Providence - Southern California</td> <td>St. Mary</td> </tr> <tr> <td>LCMASC</td> <td>Hoag Hospital</td> </tr> <tr> <td>Providence - Saint John's</td> <td>SJHNC</td> </tr> <tr> <td>Providence - SJMC Montana</td> <td>Queen of the Valley</td> </tr> <tr> <td>Providence - Montana</td> <td>Santa Rosa Memorial</td> </tr> <tr> <td>Providence - Oregon</td> <td>St. Joseph Eureka</td> </tr> <tr> <td>Providence - Western Washington</td> <td>Redwood Memorial</td> </tr> <tr> <td>Swedish</td> <td>CHS</td> </tr> <tr> <td>Swedish Edmonds</td> <td>CMC</td> </tr> <tr> <td>PacMed</td> <td>Covenant Children's</td> </tr> <tr> <td>Western HealthConnect</td> <td>Covenant Levelland</td> </tr> <tr> <td>Kadlec</td> <td>Covenant Plainview</td> </tr> <tr> <td>SJHS</td> <td></td> </tr> </table>	Providence	St. Joseph Orange	PH&S	St. Jude	Providence - Washington	Mission Hospital	Providence - Southern California	St. Mary	LCMASC	Hoag Hospital	Providence - Saint John's	SJHNC	Providence - SJMC Montana	Queen of the Valley	Providence - Montana	Santa Rosa Memorial	Providence - Oregon	St. Joseph Eureka	Providence - Western Washington	Redwood Memorial	Swedish	CHS	Swedish Edmonds	CMC	PacMed	Covenant Children's	Western HealthConnect	Covenant Levelland	Kadlec	Covenant Plainview	SJHS	
Providence	St. Joseph Orange																																
PH&S	St. Jude																																
Providence - Washington	Mission Hospital																																
Providence - Southern California	St. Mary																																
LCMASC	Hoag Hospital																																
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Providence - Montana	Santa Rosa Memorial																																
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Swedish	CHS																																
Swedish Edmonds	CMC																																
PacMed	Covenant Children's																																
Western HealthConnect	Covenant Levelland																																
Kadlec	Covenant Plainview																																
SJHS																																	
<i>Designated Affiliates:</i>	Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.																																
<i>Limited Credit Group Participants:</i>	Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.																																
<i>Unlimited Credit Group Participants:</i>	Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.																																

<i>CHS:</i>	Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.
<i>CMC:</i>	Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.
<i>Covenant Children's:</i>	Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.
<i>Covenant Levelland:</i>	Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Lovelland Hospital.
<i>Covenant Plainview:</i>	Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.
<i>Hoag Hospital:</i>	Hoag Memorial Hospital Presbyterian, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Kadlec:</i>	Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>LCMASC:</i>	Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Mission Hospital:</i>	Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>PacMed:</i>	PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>PH&S:</i>	Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Montana:</i>	Providence Health & Services - Montana, a Montana nonprofit corporation and currently an Obligated Group Member.

<i>Providence - Oregon:</i>	Providence Health & Services - Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Saint John's:</i>	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.
<i>Providence - SJMC Montana:</i>	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Southern California:</i>	Providence Health System - Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
<i>Providence - Washington:</i>	Providence Health & Services - Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Providence - Western Washington:</i>	Providence Health & Services - Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Providence St. Joseph Health, Providence, we, us, our:</i>	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
<i>Queen of the Valley:</i>	Queen of the Valley Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Redwood Memorial:</i>	Redwood Memorial Hospital of Fortuna, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Santa Rosa Memorial:</i>	Santa Rosa Memorial Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>SJHNC:</i>	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
<i>SJHS:</i>	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Joseph Eureka:</i>	St. Joseph Hospital of Eureka, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Joseph Orange:</i>	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>St. Jude:</i>	St. Jude Hospital, Inc., a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
<i>St. Mary:</i>	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
<i>Swedish:</i>	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>Swedish Edmonds:</i>	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
<i>System:</i>	Providence and all entities that are included within the combined financial statements of Providence.
<i>Western HealthConnect:</i>	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

Exhibit 5 - Obligated Group Facilities

Exhibit 5.1 Acute Care Facilities by Region

A list of the System's acute care facilities in each region as of September 30, 2020, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*	
Alaska	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401	
		Providence Kodiak Island Medical Center ⁽¹⁾	Kodiak	25	
		Providence Seward Medical and Care Center ⁽²⁾	Seward	6	
		Providence Valdez Medical Center ⁽²⁾	Valdez	11	
Swedish	Swedish Edmonds	Swedish Edmonds ⁽¹⁾ Swedish Medical Center Campuses ⁽³⁾ :	Edmonds	217	
	Swedish Health Services	Swedish Ballard	Ballard	133	
		Swedish Issaquah	Issaquah	175	
		Swedish Cherry Hill Swedish First Hill	Seattle Seattle	349 697	
Washington and Montana	Providence Health & Services-Washington	Providence Centralia Hospital	Centralia	128	
		Providence Regional Medical Center Everett	Everett	571	
		Providence St. Peter Hospital ⁽⁴⁾	Olympia	372	
	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	65	
		Providence Mount Carmel Hospital	Colville	55	
	Kadlec Regional Medical Center	Providence Health & Services-Montana Providence St. Joseph Medical Center	Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691
			Providence Holy Family Hospital	Spokane	197
			Providence St. Mary Medical Center	Walla Walla	142
			Kadlec Regional Medical Center	Richland	337
			St. Patrick Hospital	Missoula (MT)	253
Oregon	Providence Health & Services-Oregon	Providence St. Joseph Medical Center	Polson (MT)	22	
		Providence Hood River Memorial Hospital	Hood River	25	
		Providence Medford Medical Center	Medford	168	
		Providence Milwaukie Hospital	Milwaukie	77	
		Providence Newberg Medical Center	Newberg	40	
		Providence Willamette Falls Medical Center	Oregon City	143	
		Providence St. Vincent Medical Center	Portland	523	
		Providence Portland Medical Center	Portland	483	
		Providence Seaside Hospital ⁽¹⁾	Seaside	25	

Northern California

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*	
Southern California	St. Joseph Health Northern California, LLC.	St. Joseph Hospital	Eureka	153	
		Redwood Memorial Hospital	Fortuna	35	
		Queen of the Valley Medical Center	Napa	208	
		Santa Rosa Memorial Hospital	Santa Rosa	298	
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Providence St. Joseph Medical Center	Burbank	392
			Providence Holy Cross Medical Center	Mission Hills	329
		Providence Little Company of Mary Medical Center San Pedro	Providence Little Company of Mary Medical Center San Pedro	San Pedro	183
			Providence Tarzana Medical Center	Tarzana	249
		Providence Little Company of Mary Medical Center Torrance	Providence Little Company of Mary Medical Center Torrance	Torrance	327
			Providence Saint John's Health Center	Santa Monica	266
		St. Mary Medical Center St. Jude Medical Hospital, Inc.	St. Mary Medical Center	Apple Valley	213
			St. Jude Medical Center Mission Hospital Regional Medical Center Campuses ⁽⁵⁾ :	Fullerton	320
		Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center	Mission Viejo	523
			Mission Hospital Laguna Beach Hoag Memorial Hospital Presbyterian Campuses ⁽⁶⁾ :	Laguna Beach	518
Hoag Memorial Hospital Presbyterian	Hoag Memorial Hospital Presbyterian	Newport Beach			
	Hoag Hospital Irvine	Irvine			
St. Joseph Hospital of Orange	St. Joseph Hospital of Orange ⁽⁷⁾	Orange	463		
	Methodist Hospital Levelland	Covenant Hospital Levelland	Levelland	48	
Covenant Health System	Covenant Medical Center	CHS Campuses:		381	
		Covenant Medical Center - Lakeside	Lubbock		
	Grace Medical Center	Lubbock	123		
Methodist Children's Hospital Methodist Hospital Plainview	Covenant Children's Hospital	Lubbock	275		
	Covenant Hospital Plainview	Plainview	68		
TOTAL				11,703	

* Includes all acute care licensure categories except for normal newborn bassinets and partial hospitalization psychiatric beds

(1) Leased by an obligated group member

(2) Managed by an obligated group member, however not a member of the obligated group

(3) Four campuses with three licenses

(4) Includes a 50-bed chemical dependency center

(5) Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach

(6) Two campuses on one license

(7) Includes 37 acute care psychiatric beds

Exhibit 5.2
Long-Term Care Facilities by Region

The System's principal owned or leased long-term care facilities as of September 30, 2020, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
Alaska				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center ⁽¹⁾	Kodiak	22
		Providence Seward Medical and Care Center ⁽¹⁾	Seward	40
		Providence Valdez Medical Center ⁽²⁾	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
Washington and Montana				
	Providence Health & Services-Washington	Providence Marionwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
Oregon				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	St. Joseph Health Northern California, LLC.	Santa Rosa Memorial Hospital	Santa Rosa	31
Southern California				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance	115
		Providence St. Elizabeth Care Center	North Hollywood	52
Texas				
	Covenant Health System	Covenant Long-term Acute Care ⁽²⁾	Lubbock	56
TOTAL				1,398

⁽¹⁾ Lease by an obligated group member

⁽²⁾ Managed or owned by an obligated group member, however not a member of the obligated group

Exhibit 6 - Supplementary Information

[ATTACHED]



EXHIBIT 6.1 - SUMMARY UNAUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended September 30, 2020		Ended September 30, 2019	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenues:				
Net Patient Service Revenues	\$ 13,946,384	13,304,945	14,876,392	14,210,814
Premium Revenues	1,753,265	199,978	1,793,848	160,892
Capitation Revenues	1,316,522	574,671	1,137,762	511,785
Other Revenues	1,833,567	1,509,458	879,857	813,400
Total Operating Revenues	18,849,738	15,589,052	18,687,859	15,696,891
Operating Expenses:				
Salaries and Benefits	9,352,529	8,239,848	9,089,225	8,124,819
Supplies	2,765,968	2,579,627	2,751,205	2,553,160
Purchased Healthcare Services	1,507,746	300,260	1,559,739	300,350
Interest, Depreciation, and Amortization	1,004,983	931,104	1,013,273	947,529
Purchased Services, Professional Fees, and Other	4,432,359	3,294,482	4,005,899	3,033,356
Total Operating Expenses Before Restructuring Costs	19,063,585	15,345,321	18,419,341	14,959,214
(Deficit) Excess of Revenues Over Expenses from Operations Before Restructuring Costs	(213,847)	243,731	268,518	737,677
Restructuring Costs	-	-	70,896	70,896
(Deficit) Excess of Revenues Over Expenses From Operations	(213,847)	243,731	197,622	666,781
Total Net Non-Operating Gains	262,534	175,455	772,129	639,504
Excess of Revenues Over Expenses	\$ 48,687	419,186	969,751	1,306,285

EXHIBIT 6.2 - SUMMARY UNAUDITED AND AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended September 30, 2020		Ended December 31, 2019	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided by Operating Activities	\$ 2,773,780	2,876,759	963,361	2,457,092
Net Cash Used in Investing Activities	(1,111,987)	(629,382)	(1,474,810)	(2,325,152)
Net Cash Provided by (Used in) Financing Activities	484,141	(495,346)	230,261	(525,550)
Increase (Decrease) in Cash and Cash Equivalents	2,145,934	1,752,031	(281,188)	(393,610)
Cash and Cash Equivalents, Beginning of Period	1,316,209	633,478	1,597,397	1,027,088
Cash and Cash Equivalents, End of Period	\$ 3,462,143	2,385,509	1,316,209	633,478

EXHIBIT 6.3 - SUMMARY UNAUDITED NET PATIENT REVENUE PAYOR MIX

	Ended September 30, 2020		Ended September 30, 2019	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	49%	48%	50%	49%
Medicare	32%	32%	32%	32%
Medicaid	17%	17%	16%	16%
Self-pay and Other	2%	3%	2%	3%



EXHIBIT 6.4 - SUMMARY UNAUDITED AND AUDITED COMBINED BALANCE SHEETS

	As of September 30, 2020		As of December 31, 2019	
	(in 000's of dollars)		(in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 3,462,143	2,385,509	1,316,209	633,478
Accounts Receivable, Net	2,385,312	2,255,024	2,400,037	2,255,555
Supplies Inventory	365,630	351,932	283,256	271,513
Other Current Assets	1,442,805	1,286,511	1,232,738	1,168,026
Current Portion of Assets Whose Use is Limited	542,315	180,956	701,720	341,065
Total Current Assets	8,198,205	6,459,932	5,933,960	4,669,637
Assets Whose Use is Limited	11,425,200	8,557,276	10,854,956	8,183,847
Property, Plant, and Equipment, Net	11,093,013	10,486,636	10,977,989	10,435,875
Other Assets	2,994,201	3,105,549	2,785,088	3,177,694
Total Assets	\$ 33,710,619	28,609,393	30,551,993	26,467,053
<u>Current Liabilities:</u>				
Current Portion of Long-Term Debt	\$ 80,880	69,445	85,111	80,924
Master Trust Debt Classified as Short-Term	455,240	455,240	205,240	205,240
Accounts Payable	1,309,996	1,176,649	1,034,992	909,251
Accrued Compensation	1,592,672	1,467,641	1,145,308	1,057,534
Other Current Liabilities	4,288,747	3,371,966	2,427,583	1,780,475
Total Current Liabilities	7,727,535	6,540,941	4,898,234	4,033,424
Long-Term Debt, Net of Current Portion	6,488,677	6,318,860	6,393,194	6,280,796
Pension Benefit Obligation	1,067,855	1,067,855	1,093,830	1,093,830
Other Liabilities	2,354,465	1,188,125	2,291,687	1,223,193
Total Liabilities	17,638,532	15,115,781	14,676,945	12,631,243
<u>Net Assets:</u>				
Controlling Interests	14,440,031	12,508,467	14,344,233	12,911,678
Noncontrolling Interests	195,703	(476)	149,783	(475)
Net Assets Without Donor Restrictions	14,635,734	12,507,991	14,494,016	12,911,203
Net Assets With Donor Restrictions	1,436,353	985,621	1,381,032	924,607
Total Net Assets	16,072,087	13,493,612	15,875,048	13,835,810
Total Liabilities and Net Assets	\$ 33,710,619	28,609,393	30,551,993	26,467,053



EXHIBIT 6.5 - KEY PERFORMANCE METRICS

	Ended September 30, 2020		Ended September 30, 2019	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	334,304	329,008	381,474	374,270
Acute Patient Days	1,719,995	1,685,213	1,858,554	1,820,673
Acute Outpatient Visits	8,616,991	8,170,962	9,604,880	9,030,775
Primary Care Visits	8,947,530	5,529,388	9,683,346	6,187,728
Inpatient Surgeries	140,968	138,214	164,581	160,202
Outpatient Surgeries	288,333	211,932	355,408	262,589
Long-Term Care Admissions	4,453	4,156	6,213	5,910
Long-Term Care Patient Days	262,807	255,232	304,828	296,957
Long-Term Care Average Daily Census	229	201	242	213
Home Health Visits	869,094	556,542	1,022,826	658,720
Hospice Days	810,572	468,178	763,306	452,413
Housing and Assisted Living Days	453,645	169,234	462,946	181,598
Health Plan Members	697,049	n/a	654,370	n/a
Acute Average Daily Census	6,277	6,150	6,808	6,669
Acute Licensed Beds	11,892	11,563	11,907	11,575
FTEs	102,363	89,915	104,612	93,339



EXHIBIT 6.6 - SUMMARY UNAUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended September 30, 2020 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Operating Revenues:									
Net Patient Service Revenues	\$ 613,072	1,725,612	3,230,729	1,633,430	966,032	4,194,447	770,414	812,648	13,946,384
Premium Revenues	-	-	-	1,553,441	-	45	-	199,779	1,753,265
Capitation Revenues	-	-	122,565	10,386	62,734	1,119,912	-	925	1,316,522
Other Revenues	59,512	230,807	349,470	402,785	81,339	396,578	78,769	234,307	1,833,567
Total Operating Revenues	672,584	1,956,419	3,702,764	3,600,042	1,110,105	5,710,982	849,183	1,247,659	18,849,738
Operating Expenses:									
Salaries and Benefits	269,880	996,984	1,695,231	1,209,964	445,739	2,074,197	349,708	2,310,826	9,352,529
Supplies	83,010	311,332	577,354	332,260	153,377	811,866	161,229	335,540	2,765,968
Purchased Healthcare Services	-	852	73,722	910,316	33,578	408,459	-	80,819	1,507,746
Interest, Depreciation, and Amortization	42,085	101,247	129,285	89,766	47,367	269,306	51,242	274,685	1,004,983
Purchased Services, Professional Fees, and Other	216,073	670,535	1,217,601	919,165	453,626	2,307,303	273,376	(1,625,320)	4,432,359
Total Operating Expenses Before Restructuring Costs	611,048	2,080,950	3,693,193	3,461,471	1,133,687	5,871,131	835,555	1,376,550	19,063,585
(Deficit) Excess of Revenues Over Expenses from Operations Before Restructuring Costs	61,536	(124,531)	9,571	138,571	(23,582)	(160,149)	13,628	(128,891)	(213,847)
Restructuring Costs	-	-	-	-	-	-	-	-	-
(Deficit) Excess of Revenues Over Expenses From Operations	61,536	(124,531)	9,571	138,571	(23,582)	(160,149)	13,628	(128,891)	(213,847)
Total Net Non-Operating Gains	33,467	15,027	33,961	70,825	8,330	104,353	5,793	(9,222)	262,534
(Deficit) Excess of Revenues Over Expenses	\$ 95,003	(109,504)	43,532	209,396	(15,252)	(55,796)	19,421	(138,113)	48,687



EXHIBIT 6.7 - SUMMARY UNAUDITED COMBINING BALANCE SHEETS BY REGION

	As of September 30, 2020								
	(in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Current Assets:									
Cash and Cash Equivalents	\$ 609,190	195,148	280,741	1,350,254	159,859	(342,051)	304,317	904,685	3,462,143
Accounts Receivable, Net	138,562	339,704	530,891	223,186	148,870	759,522	164,641	79,936	2,385,312
Supplies Inventory	16,081	43,335	62,681	46,821	22,456	80,443	17,220	76,593	365,630
Other Current Assets	29,142	417,171	126,841	307,011	107,788	464,676	(7,828)	(1,996)	1,442,805
Current Portion of Assets Whose Use is Limited	-	-	-	-	477	19,031	-	522,807	542,315
Total Current Assets	792,975	995,358	1,001,154	1,927,272	439,450	981,621	478,350	1,582,025	8,198,205
Assets Whose Use is Limited	1,003,586	608,436	972,138	2,216,132	440,235	3,457,943	265,574	2,461,156	11,425,200
Property, Plant, and Equipment, Net	412,405	1,255,778	1,594,298	1,051,975	706,930	4,148,461	563,630	1,359,536	11,093,013
Other Assets	119,930	338,400	317,695	144,854	26,814	1,245,793	106,856	693,859	2,994,201
Total Assets	\$ 2,328,896	3,197,972	3,885,285	5,340,233	1,613,429	9,833,818	1,414,410	6,096,576	33,710,619
Current Liabilities:									
Current Portion of Long-Term Debt	(5)	7,846	1,247	156	42,639	52,150	7,750	(30,903)	80,880
Master Trust Debt Classified as Short-Term	-	-	-	-	-	84,662	-	370,578	455,240
Accounts Payable	21,573	83,213	127,019	82,901	41,825	552,921	29,991	370,553	1,309,996
Accrued Compensation	47,421	123,390	229,174	200,291	59,703	374,043	62,952	495,698	1,592,672
Other Current Liabilities	106,557	680,675	802,204	835,094	264,241	1,206,342	202,834	190,800	4,288,747
Total Current Liabilities	175,546	895,124	1,159,644	1,118,442	408,408	2,270,118	303,527	1,396,726	7,727,535
Long-Term Debt, Net of Current Portion	225,646	1,011,570	1,132,386	139,119	307,475	1,959,444	325,035	1,388,002	6,488,677
Pension Benefit Obligation	-	361,828	-	9,239	-	-	-	696,788	1,067,855
Other Liabilities	91,863	252,124	94,337	112,149	19,965	643,009	61,323	1,079,695	2,354,465
Total Liabilities	\$ 493,055	2,520,646	2,386,367	1,378,949	735,848	4,872,571	689,885	4,561,211	17,638,532
Net Assets:									
Controlling Interests	1,811,677	562,433	1,420,777	3,721,770	803,857	4,027,189	659,878	1,432,450	14,440,031
Noncontrolling Interests	371	2,088	-	295	-	144,836	23,084	25,029	195,703
Net Assets Without Donor Restrictions	1,812,048	564,521	1,420,777	3,722,065	803,857	4,172,025	682,962	1,457,479	14,635,734
Net Assets With Donor Restrictions	23,793	112,805	78,141	239,219	73,724	789,222	41,563	77,886	1,436,353
Total Net Assets	1,835,841	677,326	1,498,918	3,961,284	877,581	4,961,247	724,525	1,535,365	16,072,087
Total Liabilities and Net Assets	\$ 2,328,896	3,197,972	3,885,285	5,340,233	1,613,429	9,833,818	1,414,410	6,096,576	33,710,619



EXHIBIT 6.8 - KEY PERFORMANCE METRICS BY REGION

As of September 30, 2020

	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	11,178	37,127	86,333	42,264	19,153	121,672	16,577	334,304
Acute Patient Days	82,002	202,059	474,288	223,745	101,538	547,718	88,645	1,719,995
Acute Outpatient Visits	293,261	747,364	2,149,663	2,296,213	467,849	2,190,271	472,370	8,616,991
Primary Care Visits	62,657	1,040,542	2,687,103	1,649,709	464,615	2,455,522	404,995	8,947,530
Inpatient Surgeries	5,885	17,147	40,543	19,495	5,570	47,213	5,115	140,968
Outpatient Surgeries	7,561	32,780	76,214	78,370	9,920	67,282	16,207	288,333
Long-Term Care Admissions	170	n/a	n/a	60	n/a	2,005	297	4,453
Long-Term Care Patient Days	41,881	n/a	n/a	7,748	n/a	55,382	7,575	262,807
Long-Term Care Average Daily Census	117	n/a	n/a	28	n/a	n/a	28	229
Home Health Visits	11,809	n/a	4,152	n/a	47,132	n/a	n/a	869,094
Hospice Days	17,144	n/a	n/a	n/a	93,701	349	50,669	810,572
Housing and Assisted Living Days	21,980	n/a	8,894	34,625	n/a	n/a	n/a	453,645
Health Plan Members	n/a	n/a	n/a	697,049	n/a	n/a	n/a	697,049
Average Daily Census	299	737	1,731	817	371	1,999	324	6,277
Acute Licensed Beds	482	1,571	2,833	1,484	774	3,853	895	11,892
FTEs	3,631	10,260	21,233	15,018	4,808	25,313	5,255	102,363