Secondary Market Disclosure Information

December 31, 2016
### Assets

**Current assets:**
- Cash and cash equivalents: $36,136
- Investments: 65,937
- Assets limited or restricted as to use: 134,493
- Patient accounts receivable, net of allowance for doubtful accounts of $205,174: 498,379
- Other current assets: 159,829

**Total current assets:** 894,774

**Assets limited or restricted as to use, non-current portion:**
- Under bond indenture agreements: 59,957
- Externally designated or restricted: 204,223

**Total noncurrent assets limited or restricted as to use:** 264,180

**Investments:** 2,548,472
- Property, plant and equipment, net: 1,976,544
- Other assets, net: 124,382

**Total assets:** $5,808,352

### Liabilities and Net Assets

**Current liabilities:**
- Accounts payable: $272,651
- Accrued expenses and other current liabilities: 560,371
- Estimated amounts due to third-party payors, net: 9,446
- Long-term debt: 49,278
- Self-insurance liabilities: 65,041

**Total current liabilities:** 956,787

**Estimated amounts due to third-party payors, net of current portion:** 49,769
- Long-term debt, net of current portion: 1,830,316
- Self-insurance liabilities, net of current portion: 206,358
- Accrued pension liability: 115,173
- Other liabilities: 134,658

**Total liabilities:** 3,293,061

**Net assets:**
- Unrestricted: 2,368,045
- Temporarily restricted: 119,864
- Permanently restricted: 27,382

**Total net assets:** 2,515,291

**Total liabilities and net assets:** $5,808,352

See accompanying notes to condensed consolidated financial statements.
RWJBarnabas Health, Inc.
Condensed Consolidated Statement of Operations and Changes in Net Assets
Nine months ended December 31, 2016
(In thousands)
(Unaudited)

Revenue:
Patient service revenue (net of contractual allowances and discounts) $ 3,672,993
Provision for bad debts (171,411)
Net patient service revenue less provision for bad debts 3,501,582
Other revenue, net 376,137
Total revenue 3,877,719

Expenses:
Salaries and wages 1,389,304
Physician fees and salaries 366,581
Employee benefits 321,275
Supplies 696,381
Other 677,829
Interest 51,046
Depreciation and amortization 146,809
Total expenses 3,649,225

Income from operations 228,494

Nonoperating revenue (expenses):
Interest income 30,992
Realized gains on investments 56,705
Unrealized gains on trading investments 10,729
Loss on early extinguishment of debt (82,829)
Other, net (3,449)
Total nonoperating revenue, net 12,148

Excess of revenues over expenses 240,642

Other changes in net assets:
Net change in unrealized losses on investments (9,156)
Pension and postretirement changes other than net periodic benefit cost (57,050)
Net assets released from restriction for purchases of property and equipment 57,414
Other, net (38,184)

Increase in net assets $ 193,666

See accompanying notes to condensed consolidated financial statements.
RWJBarnabas Health, Inc.
Condensed Consolidated Statement of Changes in Net Assets
Nine months ended December 31, 2016
(In thousands)
(Unaudited)

<table>
<thead>
<tr>
<th>Net assets at April 1, 2016</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 2,154,898</td>
<td>141,286</td>
<td>25,441</td>
<td>2,321,625</td>
</tr>
</tbody>
</table>

Changes in net assets:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues over expenses</td>
<td>240,642</td>
<td>-</td>
<td>-</td>
<td>240,642</td>
</tr>
<tr>
<td>Net change unrealized losses</td>
<td>(9,156)</td>
<td>(1,874)</td>
<td>-</td>
<td>(11,030)</td>
</tr>
<tr>
<td>Pension related changes other than net periodic benefit cost</td>
<td>(57,050)</td>
<td>-</td>
<td>-</td>
<td>(57,050)</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>57,414</td>
<td>(45,501)</td>
<td>-</td>
<td>11,913</td>
</tr>
<tr>
<td>Restricted contributions</td>
<td>-</td>
<td>24,719</td>
<td>2,337</td>
<td>27,056</td>
</tr>
<tr>
<td>Investment income on restricted investments, net</td>
<td>-</td>
<td>2,081</td>
<td>-</td>
<td>2,081</td>
</tr>
<tr>
<td>Other</td>
<td>(18,703)</td>
<td>(847)</td>
<td>(396)</td>
<td>(19,946)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>213,147</td>
<td>(21,422)</td>
<td>1,941</td>
<td>193,666</td>
</tr>
</tbody>
</table>

Net assets at December 31, 2016

<table>
<thead>
<tr>
<th>Net assets at December 31, 2016</th>
<th>Unrestricted</th>
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<td>$ 2,368,045</td>
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<td>27,382</td>
<td></td>
<td>2,515,291</td>
</tr>
</tbody>
</table>

See accompanying notes to condensed consolidated financial statements.
Nine months ended December 31, 2016

Unrestricted Cash, Cash Equivalents and Investments, beginning of period $2,280,088
Unrestricted Cash, Cash Equivalents and Investments, end of period 2,650,545
Change in Unrestricted Cash, Cash Equivalents and Investments $370,457

Change in Unrestricted Cash, Cash Equivalents and Investments consists of:

Cash Flows from Operating Activities:
- Income from operations $228,494
- Depreciation and amortization 146,809
- Interest expense 51,046
  Earnings before interest, taxes, depreciation and amortization (EBITDA) 426,349

Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:
- Pension and postretirement changes other than net periodic benefit costs (57,050)
- Loss on extinguishment of debt (82,829)
- Amortization of bond financing costs, premiums and discounts (340)
- Interest expense on current interest bonds (44,314)
- Provision for bad debts 171,411
- Gain on sale of guaranteed investment contract 2,011
- Gain on sale of assets, net 369
- Equity in income of joint venture (18,865)
- Distributions received from investments in joint ventures 10,875
- Changes in operating assets and liabilities:
  - Patient accounts receivable (158,502)
  - Prepaid expenses and other assets 43,274
  - Accounts payable (42,479)
  - Accrued expenses and other current liabilities 122,259
  - Accrued interest payable 6,704
  - Estimated amounts due from and to third party payors (38,417)
  - Self-insured claims liabilities (8,454)
  - Accrued pension liability 54,668
  - Other liabilities (18,200)
  - Other changes in working capital (4,352)
  Net cash provided by operating activities 364,118

Cash Flows from Investing Activities:
- Purchases of property, plant and equipment, net (300,570)
- Investment income and realized gains, net 87,697
- Unrealized losses on investments 1,573
- Cash withdrawn from assets limited as to use 64,700
- Investment in joint venture (978)
  Net cash used in investing activities (147,578)

Cash Flows from Financing Activities:
- Principal payments and repayments of long-term debt (1,122,615)
- Proceeds from issuance of long-term debt 1,241,270
  Net cash provided by financing activities 118,655

Nonoperating revenue and other, net 35,262

Change in Unrestricted Cash, Cash Equivalents and Investments $370,457

Supplemental disclosure of cash flow information:
- Cash paid for interest $37,610