STANDARD &POOR'S

Standard & Poor's Research

Ohio Higher Educational Facility Commission
Cleveland Clinic Health System; Hospital; System

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Table Of Contents

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Ohio Higher Educational Facility Commission Cleveland Clinic Health System; Hospital; System

Credit Profile		
US$75.0 mil hosp rev bnds (Cleveland Clinic Health System Obligated Group) ser 2013B-2 due 12/31/2043		
Long Term Rating	AA-/A-1+/Positive	New
US$75.0 mil hosp rev bnds (Cleveland Clinic Health System Obligated Group) ser 2013B-1 due 12/31/2043		
Long Term Rating	AA-/A-1+/Positive	New
US$50.0 mil hosp rev bnds (Cleveland Clinic Health System Obligated Group) ser 2013B-3 due 12/31/2043		
Long Term Rating	AA-/A-1+/Positive	New
US$48.0 mil hosp rev bnds (Cleveland Clinic Health System Obligated Group) ser 2013A-2 due 12/31/2038		
Long Term Rating	AA-/Positive	New
US$48.0 mil hosp rev bnds (Cleveland Clinic Health System Obligated Group) ser 2013A-1 due 12/31/2038		
Long Term Rating	AA-/Positive	New
Ohio Hgr Ed Fac Com, Ohio Cleveland Clinic Hlth Sys, Ohio		
Series 2008B		
Long Term Rating	AA-/A-1+/Positive	Outlook Revised

Rationale

Standard & Poor's Ratings Services revised its outlook on Cleveland Clinic Health System (CCHS), Ohio to positive from stable, reflecting our belief that, in approximately two years or possibly less, we could raise the rating one notch if the current overall growth in patient utilization continues and financial performance remains very strong, while CCHS makes further progress in strengthening liquidity relative to debt. Management recognizes that the implementation of national health reform beginning in 2014 through 2018 could depress the compound annual growth rate of net operating revenue over this time horizon, but remains committed to adjusting expenses and capital spending if necessary, such that present operating cash flow margins of approximately 11.9% anticipated for the current year remain at a minimum of 11.2% through 2018, thereby enabling cash to debt to grow from its current 163% (on a historical basis at March 31, 2013) to a level approaching or exceeding 170%.

In addition, Standard & Poor's assigned its 'AA-' long-term rating to CCHS' series 2013A $96 million hospital revenue bonds issued on behalf of the CCHS' obligated group. We also assigned our 'AA-/A-1+' rating to each of the following issues: $75 million CCHS series 2013B-1 hospital revenue refunding bonds, $75 million CCHS series 2013B-2 hospital revenue refunding bonds, and $50 million CCHS series 2013B-3 hospital revenue refunding bonds.

Furthermore, Standard & Poor's affirmed its 'AA-' rating on the Ohio Higher Educational Facility Commission's and Cuyahoga County, Ohio's various bonds previously issued on behalf of CCHS and its 'AA-/A-1+' dual rating on the commission's series 2008B hospital variable-rate demand bonds (VRDBs), various Cuyahoga County bonds, and

Collier County Health Facilities Authority, Fla.'s series 2003C-1 VRDBs, all issued on behalf of CCHS. The long-term rating reflects CCHS' credit quality and the short-term component of the dual rating on these bonds reflects our view of CCHS' own liquidity.

Also, we affirmed our 'AA-/A-1+' dual ratings on Cuyahoga County's series 2004B-1 and 2004B-3 VRDBs and 'A-1' short-term rating on the series 2004B-2 bonds issued for CCHS with the long-term rating component, where applicable, reflecting our view of CCHS' credit quality and the short-term rating component reflecting our view of the liquidity facilities from Wells Fargo Bank N.A. (series 2004B-1) and U.S. Bank N.A.(series 2004B-3) and J.P. Morgan Chase (series (2004B-2). It is our understanding that the series 2013B-1, 2013B-2, and 2013B-3 bonds will current refund the series 2004B-1, 2004B-2, and 2004B-3 bonds and on closing of the new bond sale, we will withdraw our ratings associated with these issues as the bonds are redeemed. In addition, Standard & Poor's affirmed its 'A+' long-term rating on Lakewood, Ohio's series 2003 bonds, issued for a CCHS affiliate, the 250-available-bed Lakewood Hospital Association; however, Lakewood is not a member of the CCHS obligated group.

It is our understanding that post debt issuance, CCHS' total outstanding debt (including capitalized leases and notes) will be approximately $2.91 billion. Also, we understand that CCHS may issue approximately $300 million of additional debt within the next two years for its physical facilities and other needs. Furthermore, of the $2.91billion of post-issuance debt, $731.61 million, or approximately 26% of total debt, is variable-rate demand debt, some of which is subject to put risk and $412 million of which is debt supported by CCHS' self-liquidity. After giving effect to various swaps in place related to the variable-rate debt, the synthetic fixed-variable rate ratio is 96.2% to 3.8%, according to an analysis by the underwriters and additional details provided by management.

The long-term components of the ratings on the series 2013B-1, B-2, and B-3 bonds reflect the credit quality of the Cleveland Clinic. The short-term components of the ratings reflect a liquidity facility in the form of a standby bond purchase agreement (SBPA) provided by Wells Fargo Bank N.A. (A-1+) for the series 2013B-1 bonds, Bank of New York Mellon (A-1+) for the series 2013B-2 bonds, and U.S. Bank N.A. (A-1+) for the series 2013B-3 bonds.

The SBPA provides coverage for all principal and 34 days of interest at a maximum annual rate of 12% for the purchase price of bonds that are not successfully remarketed. The series 2013B-1, B-2, and B-3 bonds will initially bear interest in a daily-rate interest rate mode, but on mandatory tender, all series may be converted to bear interest in other modes. The SBPA enhances bonds in the daily mode. Bondholders may tender their bonds during the daily mode on appropriate notice. The expected date of expiration is May 29, 2017 for the series 2013B-1 bonds, May 29, 2018 for the series 2013B-2 bonds, and May 29, 2016 for the series 2013 B-3 bonds unless extended or earlier terminated pursuant to its terms.

The SBPA providers' obligations to purchase unremarketed tendered bonds will automatically terminate on certain events of default as set forth in the SBPA, including, but not limited to, a lowering of Cleveland Clinic's long-term rating below 'BBB-'. We have reviewed the automatic termination and suspension events and they are consistent with our published criteria.

The 'AA-' rating continues to reflect Standard & Poor's favorable view of CCHS' worldwide reputation for clinical excellence, unique national and global business position, very strong management, and adequate financial profile for

the rating, somewhat offset by high debt leverage for the rating and the need to support a robust capital spending program to maintain its pre-eminent business position and reputation in an era of constrained reimbursement due to health reform. Other challenges the health system faces include an increase in uncollectible accounts and uncompensated care due to economic pressure and loss of employer-sponsored insurance plans; also, the regional demographic trend is not favorable. CCHS' liquidity, in our view, is adequate relative to its debt for the rating category with pro forma cash to debt of 140.9% for the quarter ended March 31, 2013 and 136.4% for the fiscal year-end 2012, inclusive of a planned $300 million additional debt borrowing in mid-2014. We anticipate that expected improvement in this key metric will depend on CCHS' revenue enhancement and cost-reduction initiatives and monies from successful philanthropic endeavors as cash flow from operations will likely be needed to support annual capital expenditures likely to exceed $500 million annually. Cash flow may also have to support the health system's underfunded pension (69% funded ratio) and other postemployment benefit (OPEB) liabilities. We also believe CCHS has strong fundraising capabilities, having raised $1.4 billion in its last major campaign in 2010 and is currently in the planning stages for its next campaign.

The 'AA-' rating on CCHS' bonds further reflects our assessment of the health system's:

- Worldwide reputation for clinical and business excellence and innovation, robust research and delivery of high-quality health care services to not only patients from northeastern Ohio, but also increasingly from other states and abroad;
- Widespread brand recognition of its heart and other select tertiary and quaternary care service programs with a national advertising and marketing campaign focused on select major metropolitan markets and an increasing number of clinical affiliations with other hospitals and health systems outside of its traditional northeastern Ohio service area;
- Leading regional market share that is approximately 45%of the discharges originating from northeast Ohio, while its nearest major competitors, University Hospitals Health System, Ohio, and other area hospitals combined, each capture slightly less than 30% of the market;
- Unique business opportunities, including: the development and management of a new hospital under construction in Abu Dhabi (opening in late 2013), ownership and management of the relatively new $85 million Cleveland Clinic Lou Ruvo Center for Brain Health in Las Vegas designed by the internationally acclaimed architect Frank Gehry, and further advancement of a national direct contracting business with leading employers known as the Program for Advanced Medical Care (PAMC) that began in April 2010;
- Advanced facilities for the delivery of patient care on both an inpatient and outpatient basis, including a significant investment in a common electronic medical record platform throughout the organization with the result that the average age of plant is very favorable and stood at 8.7 years at fiscal year-end 2012, reflecting capital spending over the past five years that totaled $2.5 billion, including two large construction projects on the main campus in 2008 that cost $600 million and included a heart and vascular center, a new patient bed tower, and the Urological & Kidney Institute;
- Adequate financial performance and position for the rating for fiscal years 2012 and 2011 with a 3.7% and 4.9% operating margin, respectively, in each year and a 7.5% and 7.0% excess margin for the same years, while operating lease-adjusted maximum annual debt service (MADS) coverage for the same years was 3.6x and 3.3x, respectively, and unrestricted cash and investments as of fiscal year-end Dec. 31, 2012 totaled $4.6 billion or 298 days' cash on hand, equating to a pro forma 136% cash-to-debt ratio (including the anticipated $300 million of additional debt in 2014), and moderate historical pension-adjusted long-term debt to capitalization ratio of 44.3%; and
- Very strong philanthropic support with gifts and pledges averaging $146 million annually over the past 10 years, and

more than $147 million in commitments and $114 million in assets received in 2012.

CCHS' obligated group's gross receipts pledge secures the bonds. Members of the obligated group include Cleveland Clinic, CCHS East Region, Fairview, Lutheran, Marymount, Medina, and Cleveland Clinic Florida and, with the series 2013 issuance, Florida Hospital. The obligated group constitutes approximately 93% of the total system's unrestricted revenues and almost the same amount of the health care system's total assets and liabilities and net assets. The numbers reported in this analysis reflect the results of the entire health system, i.e., obligated and nonobligated entities. We understand CCHS is using the series 2013 A-1 and 2013A-2 bond proceeds to refund the Cuyahoga County remaining $85 million series 2003A bonds and provide approximately $20 million of new money financing for various projects. In addition, the series 2013 B-1, B-2, and B-3 series bonds are being issued to current refund Cuyahoga County series 2004 B-1, B-2, and B-3 variable-rate demand bonds.

CCHS has 15 floating- to fixed-rate swaps that we believe are of minimal credit risk, with a total notional amount of $637.3 million at fiscal year-end Dec. 31, 2012, with recognized losses in 2012 of approximately $25.0 million, requiring the health care system to post $119.0 million in collateral with counterparties. However, if the health care system chose to unwind -- that is, to terminate these swap contracts -- it would be exposed to termination payment risk, although management has indicated it has no intention of doing so over the next several years and uses financial modeling programs to continuously monitor and evaluate this risk.

Outlook

The positive outlook reflects our view that CCHS' worldwide reputation for clinical quality and high patient satisfaction, coupled with ongoing initiatives to expand its brand and market position domestically and internationally, will enable it to grow its revenue base further, produce favorable financial results and build its liquid reserves while moderating future debt issuance despite constrained reimbursement from national health reform. A future upgrade in approximately two years, or less if significant progress is made, would depend on maintaining or improving a positive patient volume trend and very strong financial performance while demonstrating that it can come closer to achieving a cash to debt ratio that approximates the median for the higher rating, currently 207.6% for rated health systems versus its current pro forma level at March 31, 2013 of 140.9% (including an anticipated $300 million additional debt issue in 2014). In addition, an upgrade would be predicated on the ability of the health system to improve its pro forma debt leverage from its current 42.3% as of March 31, 2013 toward the lower median ratio for the higher rating, currently 28.9% for health systems. Furthermore, we would expect additional progress in addressing pension and OPEB funding liabilities.

While unlikely, a lower rating could result from a decline in patient utilization or key financial performance or unexpected weakening of key balance-sheet metrics. For example, if key patient utilization measures decline 5% or more or if operating lease-adjusted debt service coverage falls to less than 2.5x or cash to debt falls to less than 120%, a lower rating is possible.

Enterprise Profile

Market position

The heart of CCHS is its tertiary flagship, the Cleveland Clinic Foundation (CCF), a world-renowned health care provider made up of the flagship hospital; a large medical group practice, which includes more than 2,600 employed practicing physicians; 18 family health outpatient centers; more than 300 full-time research faculty who work at the clinic's Lerner Research Institute or perform clinical research within CCF that saw less than a 2% decline in their research funding to $251.43 million in 2012 from $255.16 million in 2011; and a relatively new, small, medical college affiliated with Case Western Reserve University that annually selects an incoming class of approximately 32 students from an overwhelming number of applicants. The breadth and depth of CCHS' service offerings, coupled with its excellent reputation for clinical quality, in our opinion, should enable it to meet the challenges of health care reform head on and thrive from a patient utilization and financial perspective, although management is anticipating there will likely be a downward pressure on revenue during the initial transition period as systems are fine-tuned to respond to changing incentives. Top government leaders and business officials frequently cite CCHS as being one of the best medical systems in the country and the world.

CCHS, as of fiscal year-end Dec. 31, 2012, is composed of 11 hospitals (although only eight are in CCHS' obligated group) that staff just under 3,600 beds and recorded 144,536 inpatient admissions (acute care), 456,613 emergency room visits, and 144,432 outpatient surgeries. While the absolute level of inpatient admissions actually decreased 1.9% from the level recorded in 2011, this largely reflected the closure of Huron Hospital in the third quarter of 2011 and the migration of services associated with that hospital to a new community health center and other system hospitals. Management reports that admissions in 2012 increased by 0.5% compared with 2011, excluding Huron Hospital. Outpatient surgeries increased 9.8% in fiscal 2012 compared with the previous year's results. Reflecting the tertiary nature of many of its admissions, CCF has a very high 2.44 Medicare case mix index. While it is clear CCHS experienced a slight dampening in its inpatient utilization measures in 2012 and 2011 owing to the Huron Hospital closure and from competitors' new facilities, overall CCHS patient demand demonstrates stability over a longer time horizon with an upward bias benefiting from the introduction of new or expanded program offerings and improvements in service delivery, e.g., cardiac rehabilitation.

Aside from the static growth of its eight-county northeastern Ohio service area, other challenges CCHS faces include increasing competition from its main local competitor, University Hospitals Health System, which continues to expand and improve its facilities both at its main University Circle campus and in Cleveland's growing suburbs, and other larger regional hospitals and health systems located throughout the state and in neighboring states also attempting to expand their market reach and upgrade their services. While CCHS draws patient referrals from states throughout the country and abroad, the bulk of its business still derives from northeastern Ohio, home of 10 of its 11 hospitals. It also owns and operates a 156-staffed bed hospital and clinic in southeast Florida and has a more limited presence in Nevada through its relatively recently acquired Cleveland Clinic Lou Ruvo Center for Brain Health.

Governance and management

In our view, CCHS has a governance and management structure and staff that we consider best in class. It has strong board leadership from local and national health and business leaders and a dynamic management team known for

clinical and business innovation led by Dr. Delos "Toby" Cosgrove, who became president of CCHS in 2004. Dr. Cosgrove continues to make his mark on the institution, introducing an organizational structure several years ago centered around patient-oriented institutes and, more recently, completing a transition to hospitals being led by physician CEOs. He also and played an instrumental role in forging a new strategic alliance in March of this year with Community Health Systems, one of the nation's largest for-profit health systems headquartered in Franklin, Tenn., with 135 hospitals in 29 states. Also, Dr. Cosgrove has stated his desire to see the health care system grow. Recent acquisitions have included Medina Hospital in 2009 and North Coast Cancer Center in Sandusky in 2011.

We believe another key accomplishment of Dr. Cosgrove and other talented members of the senior management team is CCHS' sustained financial growth and stronger fiscal discipline compared to our view of a somewhat rocky period the health care system went through a few short years prior to Dr. Cosgrove' s appointment as president. CCHS' management demonstrates that it executes favorably on its strategic plan and realizes significant savings from clinical improvement and cost-control measures, thereby not only allowing the health system to grow but also making it more financially secure. Management has demonstrated that when it needs to, as revenue growth has become somewhat constrained, it can design and achieve annual expense savings in excess of $100 million annually that approximates to slightly in excess of 2% of its annual operating revenue base of $6.2 billion.

Financial Profile

Change in accounting for bad debt

In accordance with our article, "New Bad Debt Accounting Rules Will Alter Some U.S. Not-for-Profit Health Care Ratios But Won't Affect Ratings," published Jan. 19, 2012, on RatingsDirect, we recorded CCHS' 2012 audit, including the adoption of Financial Accounting Standards Board Accounting Standards Update 2011-07 in 2012, but not in prior periods. The new accounting treatment means that CCHS' fiscal 2012 and subsequent financial statistics are not directly comparable with the 2011 and prior-year results and are also not directly comparable with the 2011 median ratios. For an explanation of how the change in accounting for bad debt, including the direction and size of the change, affects each financial measure, please see the previously cited article.

Financial performance

We continue to view CCHS' business position as its most important credit strength while its financial performance and position has strengthened considerably in recent years, thereby supporting the rating and revised positive outlook. Nevertheless, we believe management will be constantly challenged by the dynamics of its market, health care reform, and other pressures such as sequestration and building financially successful strategic affiliations.

In fiscal 2012, CCHS generated total operating revenue of $6.22 billion, a 0.6% increase over the $6.18 billion generated in 2011, itself a 4.9% increase over the level attained in 2010. Over the past five years, CCHS has produced an average annual operating and excess margin of 4.8% and 6.1%, respectively. In fiscal 2012, CCHS produced an operating and excess margin of 3.7% and 7.5%, respectively. This fairly strong profitability enabled CCHS in 2012 to post pro forma MADS coverage of 4.2x (inclusive of debt service on the $300 million of additional debt anticipated in 2014) and operating lease-adjusted MADS coverage on a historical basis of 3.6x. We view these coverage levels as sufficient for the current rating, but below our median benchmark ratio for the next highest rating of 6.1x for rated

health systems.

Management continues to position the health system to prosper under health care reform by pursuing a number of initiatives, including migrating to a value-based operations (VBO) model or platform as the market gradually moves from the more traditional fee for service-based model of health care delivery and reimbursement. Management also indicated it continues to have some concern about rising bad debt levels as its provision for uncollectible accounts rose $28.0 million or 8% in 2012 compared to 2011, and increased $64.7 million or 22.6% in 2011 compared to 2010, citing high unemployment, loss of employer-sponsored insurance plans and the shifting of employees to managed health plans with higher co-pay and deductible requirements as contributing factors to the higher bad debt levels.

CCHS' balance sheet reflects the growth and strength of the enterprise and its limited financial flexibility at the current rating level. Over the past five years, CCHS' total assets have grown by slightly more than half to $10.2 billion at fiscal year-end 2012. Over the same time frame, the health care system's net fixed assets grew 27% to $3.5 billion as it completed a number of new specialty facilities. This favorable growth trend has been supported by strong cash flow, characterized by an operating EBIDA margin of 11.3% in 2012 and adequate financial margins for the rating in recent years, supplemented by very strong philanthropic support averaging $146 million annually over the past 10 years. Debt leverage has remained moderate over the past five years, remaining in the low- to mid-40% range and on a pro forma basis for fiscal 2012, inclusive of $300 million additional debt anticipated for 2014, was 43.7%.

CCHS has had high capital spending with five-year annual average expenditures of $488 million or slightly more than 150% of its average annual depreciation over the same period. The current year's budget anticipates capital spending of $600 million. While, in our opinion, CCHS' management pursued a deliberate strategy of investing significantly in its physical facilities when the cost of capital was generally low on a historic basis, it nevertheless has also focused on improving balance-sheet strength by promoting internally a cash accumulation strategy. Unrestricted cash and investments at fiscal year-end 2012 totaled $4.59 billion, equating to 298 days' cash on hand up, 110.8% from the $2.18 billion or 173 days recorded four years earlier at the end of fiscal year-end 2008. Over the same five-year time horizon, while long-term debt increased 46.9% to $2.95 billion at the end of fiscal 2012 from $2 billion at fiscal year-end 2008, cash to debt increased to 155.5% from 108.3%. On a monthly basis, Standard & Poor's monitors CCHS' self-liquidity capacity and related identified assets held in its investment pool to support its ability to meet tenders on its demand obligations and redemptions of its commercial paper.

CCHS maintains, in our view, a somewhat high unfunded pension liability of $500.9 million and OPEB liability of $136.2 million, both as of fiscal year-end 2012. Our view remains that CCHS' balance sheet would need to show continued improvement to justify consideration of a higher rating given that health care reform may reduce reimbursement by greater than $700 million or more over the next five years (by management's estimate, based on conservative assumptions, in our view) while capital expenditures could total $3 billion over the same period, although management is committed to maintaining double-digit cash flow margins and has indicated, if necessary, it would trim capital spending if other cost-saving measures fell short.

CCHS' overall investment allocation of its $4.9 billion portfolio is relatively conservative, in our opinion, for portfolios of comparable size and as of February 2013, consisted of 28% cash and fixed income, 39% in marketable equity securities (domestic and international), and 33% in alternative investments. The largest component of the allocation in

alternative investments is in hedge funds, representing slightly more than half of the total allocation to alternative investments.

CCHS outsourced its investment management in May 2009 to the Strategic Investment Group and added internal resources to the management and oversight of the investment portfolios in January 2010. Funding commitments for alternative investments total $335.6 million as of Dec. 31, 2012, with payouts expected over the next several years.

Lakewood Hospital

The affirmed 'A+' long-term rating and revised positive outlook on Lakewood Hospital Association's series 2003 bonds ($10.6 million outstanding as of Dec. 31, 2012, with a final maturity of 2015) reflects our view of its operational integration into CCHS' management structure, even though it remains outside of the obligated group because it is a government-owned facility tied to CCHS through a long-term lease. While Lakewood had incurred losses in recent years on an operating and excess income basis and did not meet its debt service ratio requirement in 2009 and 2010, it did improve its financial performance in 2011, generating a modest operating loss and a positive bottom line, resulting in its meeting its debt service ratio requirement with MADS coverage of 1.3x.

Lakewood's 2012 audit is expected to be released later this month. Aside from the comfort CCF derives from the short remaining maturity on the rated bonds, a contract with Lakewood requires CCF to fund any cash shortfall should one occur: Lakewood's cash to debt must always equal to at least a 1:1 ratio as of the end of its fiscal year. Should losses continue or liquidity decline such that either impedes timely payment of remaining debt service, we could lower the rating. CCHS is actively working with Lakewood to reposition its services in light of demographic and economic changes occurring in its market.

We consider Lakewood's overall financial profile adequate for the rating because it maintains ample liquidity to support its debt obligations with $47.0 million of unrestricted cash and investments on hand at Sept. 30, 2012 (fiscal year-end Dec. 31, 2012) compared with long-term debt of $19.5 million, cash to debt of 241.5%, and 13.8% debt leverage.

Cleveland Clinic Health System -- Selected Financial Statistics

	Fiscal year ended Dec. 31			Medians -- Health care systems 2011	
	2012	2011	2010	'AA-' rated	'AA' rated
Financial Performance					
Net patient revenue ($000s)	5,609,926	5,562,977	5,335,907	1,933,034	2,285,957
Total operating revenue ($000s)	6,215,152	6,177,020	5,885,738	MNR	MNR
Total operating expenses ($000s)	5,986,861	5,875,825	5,635,186	MNR	MNR
Operating Income ($000s)	228,291	301,195	250,552	MNR	MNR
Operating margin (%)	3.67	4.88	4.26	4.36	4.70
Net non-operating income ($000s)	258,148	35,295	369,131	MNR	MNR
Excess Income ($000s)	486,439	336,490	619,683	MNR	MNR
Excess margin (%)	7.51	5.42	9.91	5.42	7.35
Operating EBIDA margin (%)	11.29	11.81	11.04	10.15	10.66
EBIDA margin (%)	14.83	12.31	16.29	10.98	12.53
Net available for debt service ($000s)	959,832	780,452	1,018,901	245,469	414,337

Cleveland Clinic Health System -- Selected Financial Statistics (cont.)					
Maximum annual debt service ($000s)	217,258	217,258	220,719	MNR	MNR
Maximum annual debt service coverage (x)	4.42	3.59	4.62	4.90	6.10
Operating lease-adjusted coverage (x)	3.56	2.91	4.61	3.50	4.20
Liquidity and Financial Flexibility					
Unrestricted cash and investments ($000s)	4,586,711	3,626,909	3,386,296	1,264,323	2,029,010
Unrestricted days' cash on hand	298.0	238.9	232.1	215.30	265.40
Unrestricted cash/total long-term debt (%)	155.5	140.9	132.4	164.10	207.60
Average age of plant (years)	8.7	9.4	9.2	9.80	9.50
Capital expenditures/Depreciation and amortization (%)	119.0	167.4	158.8	151.70	147.90
Debt and Liabilities					
Total long-term debt ($000s)	2,949,991	2,574,750	2,557,197	MNR	MNR
Long-term debt/capitalization (%)	40.5	40.9	41.2	33.10	28.90
Debt burden (%)	3.35	3.50	3.53	2.30	2.00
Defined benefit plan funded status (%)	68.84	63.66	69.58	74.30	77.70
Pro forma Ratios (*)					
Unrestricted days' cash on hand	297.99	257.46	N.A.		
Unrestricted cash/total long-term debt (%)	136.41	132.29	N.A.		
Long-term debt/capitalization (%)	43.70	44.24	N.A.		

(*) Assumes additional debt of $300 million in 2014. MNR--Medain not reported. N.A.--Not available.

Related Criteria And Research

- USPF Criteria: Commercial Paper, VRDO, And Self-Liquidity, July 3, 2007
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007
- USPF Criteria: Standby Bond Purchase Agreement Automatic Termination Events, April 11, 2008

Ratings Detail (As Of May 9, 2013)

Series 2011A&C

Long Term Rating	AA-/Positive	Affirmed

Collier Cnty Hlth Fac Auth, Florida

Cleveland Clinic Hlth Sys, Ohio

US$93.2 mil hosp rev bnds (Cleveland Clinic Hlth Sys Oblig Grp) ser 2003C-1 dtd 04/16/2003 due 01/01/2035

Unenhanced Rating	NR(SPUR)	
Long Term Rating	AA-/A-1+/Positive	Outlook Revised

Cuyahoga Cnty, Ohio

Cleveland Clinic Hlth Sys, Ohio

US$50mil var rev bnds (Cleveland Clinic Hlth Sys Oblig grp) ser 2004B-3 dtd 12/22/2004 due 01/01/2039

Ratings Detail (As Of May 9, 2013) (cont.)		
Long Term Rating	AA-/A-1+/Positive	Outlook Revised
US$513.97 mil hlth fac rev bnds (Cleveland Clinic Hlth Sys) ser 2003A dtd 04/01/2003 due 01/01/2011-2025 2029 2032		
Long Term Rating	AA-/Positive	Affirmed
US$75. mil rev bnds (Cleveland Clinic Hlth Sys Oblig Grp) ser 2004B-2		
Short Term Rating	A-1	Affirmed
US$75. mil var rate rev bnds (Cleveland Clinic Hlth Sys Oblig Grp) ser 2004B-1 dtd 12/22/2004 due 01/01/2039		
Long Term Rating	AA-/A-1+/Positive	Outlook Revised
Lakewood, Ohio		
Lakewood Hosp Association, Ohio		
Series 2003		
Long Term Rating	A+/Positive	Affirmed
Ohio		
Cleveland Clinic Hlth Sys, Ohio		
Ohio (Cleveland Clinic Hlth Sys) hosp rev rfdg bnds (Cleveland Clinic Hlth Sys) ser 2012A due 12/01/2038		
Long Term Rating	AA-/Positive	Affirmed
Ohio Hgr Ed Fac Com, Ohio		
Cleveland Clinic Hlth Sys, Ohio		
Series 2008A, 2009A&B		
Long Term Rating	AA-/Positive	Affirmed