



NEWS RELEASE

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CATHOLIC HEALTHCARE WEST RELEASES FISCAL YEAR 2009 RESULTS

Community contributions increase to \$672 million, strong credit ratings affirmed.

SAN FRANCISCO – October 9, 2009 – Catholic Healthcare West (CHW), the eighth largest health system in the nation and the largest not-for-profit hospital provider in California, today announced the results of its 2009 fiscal year, posting operating income of \$261 million for the year ended June 30, compared to \$160 million in the 2008 fiscal year.

Like many health care organizations, CHW felt the effects of the global economic downturn. Investment losses of \$387 million resulted in a net loss for the hospital system of \$126 million. CHW was able to prevent further losses through efficient cost controls, postponing some capital projects, and increasing productivity. Revenues for FY09 increased to nearly \$9 billion, compared to \$8.4 billion in FY08. Across the 41-hospital system, adjusted admissions increased by two percent during the fiscal year, bringing its three-year increase to 12 percent. Results were released following a standard audit of financial statements.

Over the course of the year all three major bond rating agencies affirmed the ratings on CHW's bonds – Fitch Ratings (A+), Standard & Poor's (A), and Moody's Investor Services (A2) – with a revised outlook to Stable in April 2009, reflecting confidence by bondholders in the organization's present operations and its future.

Lloyd H. Dean, CHW's president/chief executive officer, said CHW will continue to focus on the core of its healing ministry: delivering quality, compassionate patient care and improving the health and wellbeing of the communities it serves.

"CHW remains fundamentally strong in these challenging times," Dean said. "Though we are not immune to the impacts of the global downturn, we remain committed to our mission of care. Many of the communities we serve are among the hardest hit by the recession, and too many in those communities are without jobs and insurance and are postponing necessary health care."

CHW believes that comprehensive health care reform is vital for the growth and stability of the nation. In the three states where CHW operates, there are nearly eight million people without health care insurance. Meaningful health care reform must include universal access, a viable and stable financing system, increased attention to the quality of care, and across-the-board accountability. Over the past year, CHW has taken a leading role in the health care reform debate. To learn more about CHW's position on health care reform visit www.chwreform.org

"As we look ahead to 2010, we see continuing challenges," said Michael Blaszyk, CHW's executive vice president/chief financial officer. "While we are weathering the present storm with our prudent investment

decisions and strong internal stewardship of our resources, the increasingly fragmented system in which we operate is a serious issue.”

As a not-for-profit system, CHW reinvests its operating and investment income in hospital improvements, technology enhancements, charity care and community health programs, and employee wages and benefits (including a fully employer-paid health insurance plan). CHW’s on-going investments in its ministry also include building upgrades, new medical equipment, and clinical information systems. And, like other health care organizations, CHW still faces mandated seismic retrofits for its hospitals in California.

During FY09, CHW provided \$672 million in community benefits and free care for the poor, including charity care, community grants, and free primary care, up from \$508 million in FY08. Based on guidance from the Catholic Health Association, CHW does not count its Medicare shortfall as part of community benefits. The Medicare shortfall to CHW in FY09 was \$511 million, bringing the total FY09 unreimbursed expense to nearly \$1.2 billion for both patient care and proactive health improvement efforts.

About Catholic Healthcare West

Catholic Healthcare West (CHW), headquartered in San Francisco, CA, is a system of 41 hospitals and medical centers in California, Arizona, and Nevada. Founded in 1986, it is one of the nation’s largest not-for-profit health care systems and the largest private hospital system in California. CHW is committed to delivering compassionate, high-quality, affordable health care services with special attention to the poor and underserved. The CHW network of nearly 10,000 physicians and approximately 54,000 employees provides health care services to more than five million people annually. In 2009, CHW provided nearly \$1.2 billion in charity care, community benefit, and unreimbursed patient care. For more information, please visit our website at www.chwHEALTH.org.