FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL
AND MASSACHUSETTS GENERAL HOSPITAL

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Partners HealthCare Reports 2012 Financial Results

Fourth Quarter Operating Loss Driven by $42 Million Hospital Tax Included in Health Care Law

BOSTON, MA – Partners HealthCare today reported an operating loss of $2 million for the three months ended September 30, 2012. For the same period in 2011, Partners reported income from operations of $55 million. The fourth quarter 2012 results reflect a charge of $42 million for the assessment that was levied upon Partners as part of the recently enacted health care cost containment law (Ch. 224).

Partners recorded an overall gain of $33 million in the 2012 fourth quarter, including non-operating gains of $35 million. In the 2011 fourth quarter, Partners recorded an overall loss of $122 million, including non-operating losses of $177 million. Non-operating activity includes gains and losses on investments and interest rate swaps, which can vary significantly from year to year, as well as philanthropy.

Year-end Results

Partners reported income from operations of $191 million (2.1% operating margin) for the fiscal year ended September 30, 2012 compared with income from operations of $233 million (2.7% operating margin) in 2011.

"Throughout 2012, operating performance was reasonably strong, reflecting continued progress in our efforts to improve the quality of the care we deliver and to make it more affordable for our patients," said **Peter K. Markell**, Chief Financial Officer and Treasurer at Partners HealthCare. "Partners, like many other health care providers, is taking on more financial risk in our contracts with health insurance companies. In order to be successful in this environment we must continue to focus on managing the health of our patient populations -- particularly those patients with complex medical conditions. Our organization, with the recent addition of Neighborhood Health Plan into the Partners family, is well positioned to develop and implement new and innovative models of care aimed at achieving this level of success for our patients."

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Revenue

Total operating revenue increased $500 million (6%) to $9.0 billion in 2012. Net patient service revenue increased $486 million (8%) to $6.8 billion, reflecting increases in patient activity, acuity and rates, as well as favorable revenue adjustments. Inpatient activity, measured by system-wide discharges and observation cases, grew 2.4% in 2012, and outpatient volume increased in several service areas including day surgery (2.1%), routine visits (3.8%), significant procedures (5.7%), therapies (11.6%) and home health visits (5.1%). Research revenue was flat at $1.5 billion as Partners experienced the impact of diminished federal stimulus funding for research activity. Other operating revenue, excluding patient care and research revenue, increased $7 million (1%) to $615 million.

Expenses

Total operating expenses increased $542 million (7%) to $8.8 billion in 2012, inclusive of a one-time charge of $114 million related to a shift in strategic direction for Partners clinical information systems. Employee compensation and benefits increased $235 million (5%) to $4.9 billion, primarily due to wage increases and increases in the cost of pension and health benefits. Supplies and other expenses increased $150 million (8%) to $2.1 billion, inclusive of the $42 million assessment levied upon Partners as part of the recently enacted health care cost containment law (Ch. 224). Cost increases associated with volume growth and investments that will position Partners to perform efficiently under new risk-based agreements also contributed to the growth in supplies and other expenses. Depreciation increased $21 million (5%) to $418 million. Interest expense increased $21 million to $103 million (26%) reflecting costs for new debt.

Government Shortfall

During 2012, Partners HealthCare hospitals, physicians, and community health centers absorbed $986 million in Medicare, Medicaid, and Health Safety Net shortfalls due to government reimbursements that failed to pay the full cost of providing care to Medicare, low-income, and uninsured patients – a $78 million (9%) increase over the same period in fiscal 2011. Government payers represent approximately 40% of Partners HealthCare net patient service revenues.

Non-operating and Net Gains

Partners overall gain for fiscal 2012 was $352 million, including non-operating gains of $161 million. In 2011, Partners reported an overall gain of $264 million, including non-operating gains of $31 million.

Supporting Our Communities

Partners is deeply committed to supporting the communities it serves by promoting access to health care, workforce development and prevention efforts. Two recent examples:

Supporting Community Health Centers Across the State

This fall, Partners and Neighborhood Health Plan launched a new $90 million initiative that will bring new significant resources to all of the state's Community Health Centers (CHCs) to assist with their continued efforts to reduce barriers to access, promote health equity, and provide care to patients. The *Partnership for Community Health* will distribute these grants over the next 15 years and will help CHCs prepare for the transition to patient centered medical homes as well as changes under state and federal health reform requirements.

Youth Violence Prevention

Additionally, Partners recently announced a $1 million investment in Boston Public Schools to help Boston students learn to manage emotions and solve conflicts. The initiative, coordinated by the Boston Public Health Commission's Division of Youth Violence Prevention will benefit 7,000 students in 23 Boston public schools.

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Forward-Looking Statements

This press release contains certain "forward-looking statements" concerning financial and operating plans and results which involve known and unknown risks and uncertainties. In particular, statements preceded or followed by, or that include the words, "believes," "expects," "estimates," "anticipates," "plans," "intends," "scheduled," or similar expressions are forward-looking statements. Various factors could cause Partners' actual results to differ materially including, but not limited to, federal and state regulation of healthcare providers, changes in reimbursement policies of state and federal government and managed care organizations, competition in the healthcare industry in our market, general economic and capital market conditions, and changes in our labor and supply costs and in our ability to retain personnel. For more information on these and other risk factors, please refer to our most recent bond official statement or annual disclosure statement filed on the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board. We undertake no responsibility to update any such forward-looking statements except as expressly required by law.

Partners HealthCare *is an integrated health system founded by Brigham and Women's Hospital and Massachusetts General Hospital. In addition to its two academic medical centers, the Partners system includes community and specialty hospitals, a managed care organization, community health centers, a physician network, home health and long-term care services, and other health-related entities. Partners is one of the nation's leading biomedical research organizations and a principal teaching affiliate of Harvard Medical School. Partners HealthCare is a non-profit organization.*

Partners HealthCare System, Inc. and Affiliates
Consolidated Balance Sheets
(In Thousands)

	September 30, 2012 (audited)	September 30, 2011 (audited)
ASSETS		
Current assets		
Cash and equivalents	$ 486,932	$ 439,537
Investments	1,256,984	1,256,257
Collateral held under securities lending arrangements	105,985	157,872
Current portion of investments limited as to use	1,735,373	1,309,628
Patient accounts receivable, net	775,918	729,076
Research grants receivable	121,758	127,210
Other current assets	273,668	276,449
Receivable for settlements with third-party payers	48,265	33,379
Total current assets	4,804,883	4,329,408
Investments limited as to use, less current portion	2,325,279	2,077,403
Long-term investments	890,097	833,815
Pledges receivable, net and contributions receivable from trusts, less current portion	168,096	209,257
Property and equipment, net	3,885,858	3,944,757
Other assets	548,768	110,503
Total assets	$ 12,622,981	$ 11,505,143
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term obligations	$ 293,322	$ 294,829
Accounts payable and accrued expenses	603,013	548,829
Accrued compensation and benefits	612,607	555,536
Collateral due under securities lending arrangements	105,985	157,872
Current portion of accrual for settlements with third-party payers	44,759	93,990
Unexpended funds on research grants	171,136	161,777
Total current liabilities	1,830,822	1,812,833
Other liabilities		
Accrual for settlements with third-party payers, less current portion	7,861	6,382
Accrued professional liability	441,404	80,908
Accrued employee benefits	1,625,024	1,241,562
Interest rate swaps liability	398,340	375,202
Accrued other	196,911	195,881
	2,669,540	1,899,935
Long-term obligations, less current portion	2,839,940	2,338,788
Total liabilities	7,340,302	6,051,556
Net assets		
Unrestricted	4,131,437	4,331,876
Temporarily restricted	777,012	783,798
Permanently restricted	374,230	337,913
Total net assets	5,282,679	5,453,587
Total liabilities and net assets	$ 12,622,981	$ 11,505,143

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Operations
(In Thousands)

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Operating revenue				
Net patient service revenue, net of provision for bad debts	$ 1,705,795	$ 1,628,584	$ 6,828,189	$ 6,342,273
Direct academic and research revenue	275,653	298,822	1,176,002	1,175,548
Indirect academic and research revenue	88,991	88,749	362,595	355,953
Other revenue	150,382	161,139	614,551	607,338
Total operating revenue	2,220,821	2,177,294	8,981,337	8,481,112
Operating expenses				
Employee compensation and benefits	1,232,814	1,179,529	4,864,713	4,629,275
Supplies and other expenses	587,501	516,764	2,113,614	1,964,080
Direct academic and research expenses	275,653	298,822	1,176,002	1,175,548
Depreciation and amortization	101,271	103,575	418,330	397,199
Interest	26,010	23,737	103,413	82,193
Asset impairment charge	(2)	-	114,356	-
Total operating expenses	2,223,247	2,122,427	8,790,428	8,248,295
Income (loss) from operations	(2,426)	54,867	190,909	232,817
Nonoperating gains (expenses)				
Income (loss) from investments	44,145	(83,711)	136,875	33,512
Change in fair value of nonhedging interest rate swaps	6,375	(86,847)	(11,881)	(35,868)
Gifts and other, net of fundraising and other expenses	(15,153)	(18,159)	(44,352)	(39,545)
Academic and research gifts, net of expenses	438	11,686	80,784	72,872
Total nonoperating gains (expenses), net	35,805	(177,031)	161,426	30,971
Excess (deficit) of revenues over expenses	33,379	(122,164)	352,335	263,788
Other changes in net assets				
Change in net unrealized appreciation on marketable investments	85,684	(127,758)	95,701	(115,943)
Change in fair value of hedging interest rate swaps	9,658	(121,503)	(11,258)	(67,932)
Funds utilized for property and equipment	32,751	78,084	62,679	104,648
Change in funded status of defined benefit plans	(700,088)	(244,139)	(700,088)	(244,139)
Other	(91)	(908)	192	263
Decrease in unrestricted net assets	$ (538,707)	$ (538,388)	$ (200,439)	$ (59,315)

Partners HealthCare System, Inc. and Affiliates
Consolidated Statements of Cash Flows
(In Thousands)

	Twelve Months Ended September 30, 2012	Twelve Months Ended September 30, 2011
Cash flows from operating activities:		
Change in net assets	$ (170,908)	(72,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in funded status of defined benefit plans	700,088	244,139
Loss on refunding of debt	54	2,613
Change in fair value of interest rate swaps	23,139	103,800
Asset impairment charge	112,379	-
Depreciation and amortization	418,330	397,199
Provision for bad debts	123,725	101,118
Receipt of contributed securities	(23,707)	(28,790)
Loss on disposal of property	1,489	1,627
Net realized and change in unrealized appreciation on investments	(326,822)	44,668
Restricted contributions and investment income	(103,153)	(85,670)
Cash premium received upon issuance of bonds	22,181	12,854
Increase (decrease) in cash resulting from a change in		
Patient accounts receivable	(170,567)	(131,814)
Research grants receivable	5,452	5,302
Other current assets	18,350	(22,668)
Pledges receivable and contributions receivable from trusts	25,592	(47,579)
Other assets	(84,983)	2,926
Accounts payable and accrued expenses	54,184	(48,087)
Accrued compensation and benefits	55,269	26,173
Settlements with third-party payers	(62,638)	56,868
Unexpended funds on research grants	9,359	9,264
Accrued employee benefits and other	(304,956)	6,305
Net cash provided by operating activities	321,857	577,327
Cash flows from investing activities:		
Purchase of property and equipment	(471,082)	(590,281)
Proceeds from sale of property	913	3,393
Net purchases of investments	(380,101)	(412,419)
Net cash used for investing activities	(850,270)	(999,307)
Cash flows from financing activities:		
Payments on long-term obligations	(44,366)	(39,644)
Proceeds from long-term obligations, net of financing costs	576,632	419,642
Decrease in auction rate securities holdings	30,000	-
Deposits into refunding trusts	(89,611)	(231,070)
Restricted contributions and investment income	103,153	85,670
Net cash provided by financing activities	575,808	234,598
Net increase (decrease) in cash and equivalents	47,395	(187,382)
Cash and equivalents at beginning of period	439,537	626,919
Cash and equivalents at end of period	$ 486,932	$ 439,537

Notes to Consolidated Financial Statements
(In Thousands)

1. The accompanying consolidated quarterly financial statements have been prepared on the accrual basis of accounting and include the accounts of Partners HealthCare System, Inc. ("PHS") and its affiliates. PHS, together with all of its affiliates, is referred to as "Partners HealthCare." The financial statements do not include all the information and footnote disclosures required by generally accepted accounting principles. These statements should be read in conjunction with Partners HealthCare's audited consolidated financial statements for the fiscal year ended September 30, 2012.

   The consolidated quarterly financial statements are unaudited. These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Income from investments (including realized gains and losses, change in value of equity method investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.

   A write-down in the cost basis of investments is recorded when the decline in fair value of investments below cost has been judged to be other-than-temporary. Depending on any donor-imposed restrictions on the underlying investments, the amount of the write-down is reported as a realized loss in either temporarily restricted net assets or in excess of revenues over expenses as a component of income from investments, with no adjustment in the cost basis for subsequent recoveries in fair value.

   For the quarters ended September 30, 2012 and 2011, included in excess of revenues over expenses are realized losses of $3,418 and $49,832, respectively, related to other-than-temporary declines in fair value of investments. In addition, temporarily restricted net assets were reduced by $625 and $11,352 respectively, for impairment adjustments. For the twelve months ended September 30, 2012 and 2011, included in excess of revenues over expenses are realized losses of $41,099 and $84,887, respectively, related to other-than-temporary declines in fair value of investments. In addition, temporarily restricted net assets were reduced by $6,710 and $17,753, respectively, for impairment adjustments.

   Including the impairment charges noted above, for the quarters ended September 30, 2012 and 2011, included in excess of revenues over expenses are net realized gains of $29,872 and net realized losses of $41,599, respectively. For the twelve months ended September 30, 2012 and 2011, included in excess of revenues over expenses are net realized gains of $117,461 and $117,676, respectively.

3. Changes in third party payer settlement and other estimates are recorded in the year of the change in estimate. For the quarters ended September 30, 2012 and 2011, adjustments to prior year estimates resulted in an increase in income from operations of $24,954 and $10,333, respectively. For the twelve months ended September 30, 2012 and 2011, adjustments to prior year estimates resulted in an increase in income from operations of $111,169 and $7,377, respectively.

4. In March 2012, Partners HealthCare made a strategic decision related to a change in scope and direction for its clinical information systems. In making that decision, management reassessed information system projects currently underway, including a system-wide patient administrative system, and concluded that certain costs that had been capitalized no longer had future value. Accordingly, a non-cash impairment charge of $109,500, which relates to amounts incurred and capitalized in previous periods, was recorded in the quarter ended March 31, 2012. Additional restructuring charges of $4,856, including severance, have been recorded in the third and fourth quarters of 2012, resulting in a total charge of $114,356.

5. Effective October 1, 2007, the Centers for Medicare and Medicaid Services (CMS) adopted the MS-DRG patient classification system (MS-DRGs) for inpatient services to better recognize severity of illness in Medicare payment rates for acute care hospitals. The adoption of MS-DRGs resulted in the expansion of the number of diagnosis related groups (DRGs), a system of classifying patients for purposes of inpatient reimbursement. By increasing the number of DRGs and more fully taking into account patients' severity of illness in Medicare payment rates for acute care hospitals, the use of MS-DRGs encourages hospitals to improve their documentation and coding of patient diagnoses. CMS has determined that the adoption of the MS-DRGs has increased aggregate payments to hospitals due to additional documentation and coding without a corresponding increase in actual patient severity of illness.

   CMS is required by its enabling statute to maintain budget neutrality by prospectively adjusting the Medicare payment rate to eliminate the effect of changes in DRG classification that do not reflect real changes in case-mix. Congress mandated that CMS recoup any overpayments made to hospitals in 2008 and 2009 resulting from increased coding and documentation. CMS has calculated the overpayments, net of rate reductions already assessed against hospitals, to be 1.9% in 2008 and an additional 2% in 2009. CMS is recouping these overpayments through equal rate reductions in 2011 and 2012.

   Partners HealthCare has recorded the estimated overpayment amounts received of $38,509 as deferred revenue, to be amortized into net patient service revenue in 2011 and 2012 to offset the rate reductions. Management believes this accounting treatment better reflects the financial impact of this rate methodology and more accurately presents the recognition of revenue. For the twelve months ended September 30, 2012 and 2011, amortization amounted to $19,255 and $19,254, respectively.

6. In December 2010, Partners HealthCare made a formal commitment to the Commonwealth of Massachusetts Division of Insurance to provide $40,000 in supplemental funding for the purpose of providing refunds to individuals and groups insured in the small group market. This funding was to be made eiether in calendar year 2011 or, preferably, by reopening the terms of payer contracts for 2012 to include bundled payments and possibly global payments. Accordingly, Partners HealthCare recorded a charge, as a reduction in net patient service revenue, in the quarter ended December 31, 2010.

   In September 2011, one of the payer contracts was renegotiated, resulting in lower rate increases for fiscal year 2012 compared to the rates Partners HealthCare was entitled to under the original contract. As the value of the rate reductions have exceeded the original commitment, no payment will be made. In fiscal year 2012, the liability was amortized into income (increase to net patient service revenue) on a monthly basis to partially offset the lower rates contained in the new contract.

7. The current portion of long-term obligations includes payments scheduled to be made over the next twelve months of $51,662 along with variable rate bonds supported by Partners HealthCare liquidity of $241,660 and variable rate demand bonds (VRDB's) supported by standby bond purchase agreements with financial institutions that expire prior to September 30, 2013 of $50,000. The variable rate bonds supported by self liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. The VRDB's supported by standby bond purchase agreements provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by standby purchase agreements expiring within one year of the balance sheet date to be classified as a current liability.

8. In January 2012, PHS issued Partners HealthCare System Series L Revenue Bonds of $331,320, plus bond premium of $22,181. The bond proceeds, net of issuance costs of $3,056, were used to refund a portion of Series B ($73,205), Series C ($5,279) and Series E ($11,127) Revenue Bonds and to finance certain capital projects ($260,834).

   In December 2011, PHS issued Partners HealthCare System Taxable Bonds Series 2011 of $250,000. The bond proceeds, net of issuance costs of $1,632, were used to make a voluntary contribution to Partners HealthCare's defined benefit pension plans.

   In January 2011, PHS issued Partners HealthCare System Series K Revenue Bonds of $423,165, plus bond premium of $12,854. The bond proceeds, net of issuance costs of $3,523, were used to refund a portion of Series C ($32,467) and Series D ($198,698) Revenue Bonds and to finance certain capital projects ($201,331).

9. Partners HealthCare has a $150,000 Credit Agreement (the "Agreement") with several banks that provides access to same day funds. Advances under the Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). There were no amounts outstanding under the Agreement as of September 30, 2012. The Agreement expires in June 2017.

10. Beginning with the quarter ended December 31, 2008, Partners HealthCare began to repurchase a portion of its auction rate securities (ARS). As of September 30, 2012 and 2011, Partners HealthCare was holding $0 and $30,000, respectively, of the Series F and Series G Revenue Bonds issued as ARS. Although not legally extinguished, the bonds have been reflected as extinguished in accordance with generally accepted accounting principles. The net change (if any) in the amount of ARS repurchased and held as of the balance sheet date is presented separately in the consolidated statements of cash flows.

11. In August 2010, the FASB issued Accounting Standards Update 2010-24 (ASU 2010-24), *Presentation of Insurance Claims and Related Insurance Recoveries* , as an amendment to ASC Topic 954. ASU 2010-24 requires that medical malpractice claims, which include costs associated with litigating or settling claims, shall be accrued when the incidents that give rise to the claims occur and that companies should not net insurance recoveries against the related claim liability. Partners HealthCare adopted ASU 2010-24 as of October 1, 2011. As of September 30, 2012, Partners HealthCare has reported an accrued professional liability of $441,405 in the consolidated balance sheet and an asset of $351,382 in other assets, reflecting the estimated recoveries, with a net exposure of $90,023. Adoption of ASU 2010-24 had no impact on excess of revenues over expenses.

PARTNERS HEALTHCARE SYSTEM, INC.: ACUTE CARE SECTOR [1]
UTILIZATION STATISTICS

	Fourth Quarter Ended September 30, 2012	Fourth Quarter Ended September 30, 2011	Twelve Months Ended September 30, 2012	Twelve Months Ended September 30, 2011
INPATIENT:				
Discharges	38,521	39,236	153,565	155,120
% Change	-1.8%		-1.0%	
Discharge Days	195,952	196,819	779,722	787,080
% Change	-0.4%		-0.9%	
Average Length of Stay (Days)	5.09	5.02	5.08	5.07
% Change	1.4%		0.2%	
Patient Days	184,422	182,965	730,820	735,618
% Change	0.8%		-0.7%	
Births	4,556	4,546	17,090	17,262
% Change	0.2%		-1.0%	
OUTPATIENT:				
Observations [2]	8,957	7,515	32,556	26,484
% Change	19.2%		22.9%	
Day Surgery	15,175	15,227	63,738	62,446
% Change	-0.3%		2.1%	
Routine Visits	286,504	283,585	1,167,220	1,125,271
% Change	1.0%		3.7%	
ER Visits	90,490	88,659	331,695	323,479
% Change	2.1%		2.5%	
Significant Procedures	26,050	25,659	105,245	99,550
% Change	1.5%		5.7%	
Major Imaging	68,968	66,282	272,211	271,152
% Change	4.1%		0.4%	
Minor Imaging	263,747	265,867	1,061,140	1,052,320
% Change	-0.8%		0.8%	
Treatments	134,459	130,570	517,425	514,568
% Change	3.0%		0.6%	
Minor Procedures	140,758	150,687	589,148	612,020
% Change	-6.6%		-3.7%	
Therapies	157,313	138,105	619,252	546,550
% Change	13.9%		13.3%	
Psychiatric Services	57,914	67,260	246,089	286,116
% Change	-13.9%		-14.0%	
Lab Services	2,492,361	2,500,777	10,124,182	9,995,833
% Change	-0.3%		1.3%	
CASE MIX INDEX (CMI)[3]:				
Combined Academic (The General & BWH)	2.55	2.57	2.57	2.56
	-0.8%		0.4%	
Combined Community (Faulkner, NSMC & NWH)	1.63	1.61	1.68	1.66
	1.2%		1.2%	

[1] Includes data from The General, BWH, Faulkner, NSMC, NWH, Nantucket and Martha's Vineyard.
[2] Includes ED observations.
[3] CMI based on NY AP 21 Grouper (a grouper is a software system used to categorize patients for purposes of calculating case mix index).

PARTNERS HEALTHCARE SYSTEM, INC.: REHABILITATION & PSYCHIATRIC CARE SECTORS
UTILIZATION STATISTICS

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
REHABILITATION				
Inpatient:				
Discharges	1,719	1,697	7,086	6,961
% Change	1.3%		1.8%	
Discharge Days	39,166	41,015	153,958	161,731
% Change	-4.5%		-4.8%	
Average Length of Stay (Days)	22.78	24.17	21.73	23.23
% Change	-5.8%		-6.5%	
Patient Days	39,294	38,610	158,482	159,468
% Change	1.8%		-0.6%	
Outpatient:				
Routine Visits	8,911	8,266	35,504	32,987
% Change	7.8%		7.6%	
Home Health	210,800	212,591	868,921	827,132
% Change	-0.8%		5.1%	
Therapies	70,262	66,732	278,731	257,802
% Change	5.3%		8.1%	

Note: Rehabilitation sector includes Spaulding Boston, Spaulding Cambridge, Spaulding North Shore, Spaulding Cape Cod and Partners HealthCare at Home

	Fourth Quarter Ended September 30,		Twelve Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
PSYCHIATRIC				
Inpatient:				
Discharges	1,506	1,579	6,050	6,081
% Change	-4.6%		-0.5%	
Discharge Days	14,652	14,775	57,717	57,615
% Change	-0.8%		0.2%	
Average Length of Stay (Days)	9.73	9.36	9.54	9.47
% Change	4.0%		0.7%	
Patient Days	14,576	14,429	57,996	57,428
% Change	1.0%		1.0%	
Outpatient:				
Psychiatric Visits	71,008	75,033	298,409	303,583
% Change	-5.4%		-1.7%	

Statistic	Definition
Discharges	The total number of patients discharged from a hospital bed in a given time period
Discharge Days	The total number of days each discharged patient occupied a bed during the duration of their hospital stay
Average Length of Stay	Patient days divided by the number of patient discharges
Patient Days	Total number of days a patient occupied a hospital bed in a given time period
Observations	Patients admitted under observation status and generally discharged within 24 hours
Day Surgery	Surgical procedures performed on an outpatient basis
Routine Visits	Includes office/outpatient services, office consults, confirmatory consults, preventive medicine and prolonged visit - clinic O/P
ER Visits	Emergency room visits
Significant Procedures	Includes pacemaker/defibrillators/EP, ablations, coronary stents, angioplasty, percutaneous valvuloplasty, atherectomy, cardiac cath, endovascular repair of abdominal aortic aneurysm and GI
Major Imaging	Includes MRI, CT Scan, nuclear medicine and PET Scan
Minor Imaging	Includes radiology diagnostic, ultrasound and mammography
Treatments	Includes chemotherapy, radiation therapy, non chemo infusions, dialysis and electroconvulsive therapy
Minor Procedures	Includes procedures performed in physician offices and hospital clinics
Therapies	Includes respiratory therapy, physical therapy, occupational therapy speech language pathology, cardiac rehabilitation and nutrition
Psychiatric Services	Includes rehabilitation, partial hospitalizations, individual therapy, group therapy, family therapy, residential days, night care and other therapies
Lab Services	Lab services
Case Mix Index	The average diagnosis-related-group weight for all of a hospital's inpatient volume
Home Health	Nurse visits, aide visits, physical therapy, occupational therapy, speech-language pathology, registered dietician, medical social work and private duty converted hours

PARTNERS HEALTHCARE

INVESTMENT LIQUIDITY[1]
as of September 30, 2012

Funds Available (in thousands)

Investment Pool	Same Day	1 Week	1 Month	3 Months	1 Year	>1 Year	Total
Money Market[2]	$343,404	$217,969	$0	$0	$0	$0	$561,373
Short Term[2]	357,366	354,435	0	0	0	0	711,801
Intermediate Term	313,608	472,443	0	59,038	104,252	0	949,341
Long Term	208,252	1,450,941	622,413	657,624	646,134	1,137,753	4,723,116
Total	$1,222,629	$2,495,788	$622,413	$716,662	$750,386	$1,137,753	$6,945,632
Cumulative Total	$1,222,629	$3,718,418	$4,340,831	$5,057,493	$5,807,879	$6,945,632	

[1] Excludes ERISA.
[2] The Money Market and Short Term Pools do not participate in the securities lending program.

Money Market Pool

as of 9/30/12

Portfolio Manager	**Gildas Quinquis**	since April 2004
Benchmark	iMoneyNet Money Market Fund Average/All Taxable	

		Portfolio	Benchmark
Market Value ($000)	$	561,373	n/a
Avg Rating		A1/P1	A1/P1
Avg Maturity (Days)		76.9	n/a
Avg Life (Days)		97.5	n/a
Avg Yield		0.43%	n/a

Net Asset Value	1.0

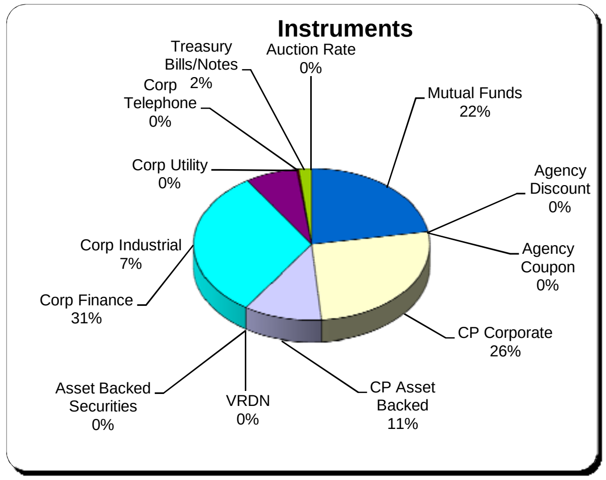
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.04%	0.00%	+ 0.03%
Quarter	0.10%	0.01%	+ 0.10%
FYTD	0.39%	0.03%	+ 0.36%
CYTD	0.31%	0.02%	+ 0.29%
1 Year	0.39%	0.03%	+ 0.36%
2 Year	0.39%	0.03%	+ 0.36%
3 Year	0.42%	0.03%	+ 0.39%
5 Year	1.21%	0.67%	+ 0.54%
Inception (12/31/94)	3.42%	2.88%	+ 0.54%

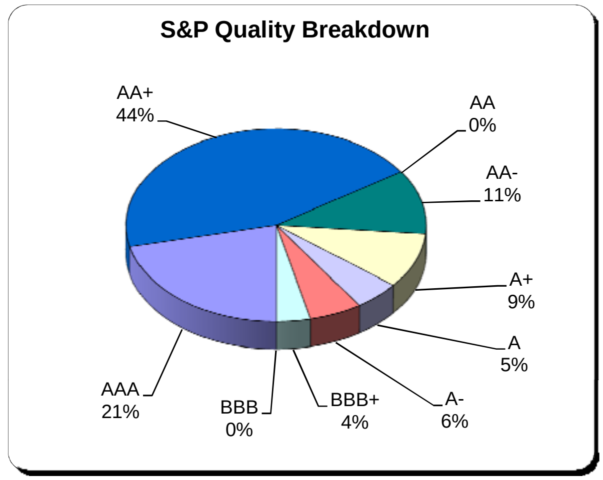
Annualized Performance Measures since Inception (01/05)			
StDev	0.61%	0.61%	-
Sharpe Ratio	0.58	(0.30)	+
Tracking Error	0.06%	n/a	
Info Ratio	6.03	n/a	
Monthly Alpha	0.05%	0.00%	+
Beta	1.17	1.00	-
BM Correl	0.99	1.00	

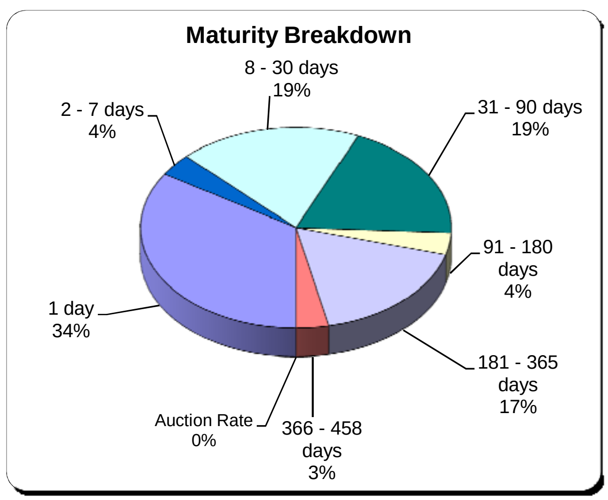
Relative Performance		# Months	Average
Up Months	Above BM	213	0.044%
	Below BM	0	
Down Months	Above BM	0	
	Below BM	0	

* computed outperformance may not match portfolio/benchmark returns due to rounding.

Stress Tests		P&L ($000)	% Ret.	Result
Int. Rates Up 100bps	$	(1,051)	-0.19%	Pass
Cred. Sprds up 100 bps	$	(1,051)	-0.19%	Pass







The Money Market Fund outperformed the benchmark by 3 basis points (bps) in September. Members of the FOMC left the Federal Funds Target Rate unchanged in a range of 0% to 0.25% during the month and reiterated their commitment to providing stimulus until economic conditions improve materially. The money market yield curve moved slightly lower. Overnight LIBOR held at 0.15%, six-month LIBOR rates fell 7 bps to 0.64%, and one-year LIBOR rates fell 6 bps to 0.97%. The pool's average maturity excluding auction rate securities was 77 days, up 3 days from the prior month, as the pool's assets decreased slightly.

Management continued to maintain a barbelled position, with a focus on providing daily liquidity through continued investment in U.S. Treasuries, overnight and short-dated commercial paper, and money funds. During the month management added exposure to select financials (ANZNZ, CS, NDASS) and sold MS and HPQ to realize gains.

Trading activity in the short end increasingly slowed throughout the month heading into the quarter end. The majority of issuers had already placed their term paper and most activity stayed in the overnight market. However, any issuer still wanting to place term paper had no problems doing so as investor demand continued to outpace supply. Despite the re-emergence of Euro-jitters, many European names saw improved demand largely due to lack of supply in non-European alternatives. New supply coming from Aussie and Canadian banks has been extremely limited despite massive maturities in their paper. This has resulted in continued re-approval of programs, and extensions in allowable tenors as investors struggle to put money to work. Management believes that spreads may tighten further following positive developments in the Eurozone and the announcement of QE-3 by the Federal Reserve. As such management expects to continue to pursue opportunities to add yield where available, while maintaining a relatively high degree of same-day liquidity.

Congress Short Term Fixed Income Pool

as of 9/30/12

Portfolio Manager	**Jeff Porter**	since July 1997
Benchmark	LB US Govt/Credit 1-5 yr AAA	

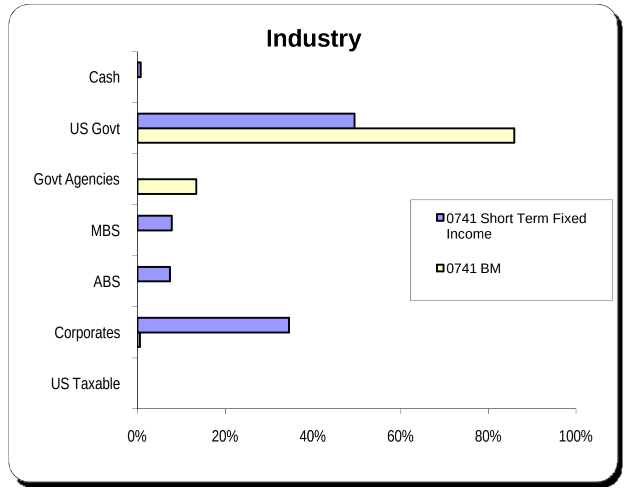
	Portfolio	Benchmark
Market Value ($000)	$ 711,801	n/a
# Issues	42	2,602
Avg Coupon	1.85%	2.40%
Avg Rating	AA	AAA/AA+
Avg Maturity	2.82	2.89
Avg Yield	0.59%	0.63%
Avg Mod. Duration	2.65	2.69
Avg. Convexity	0.11	0.06

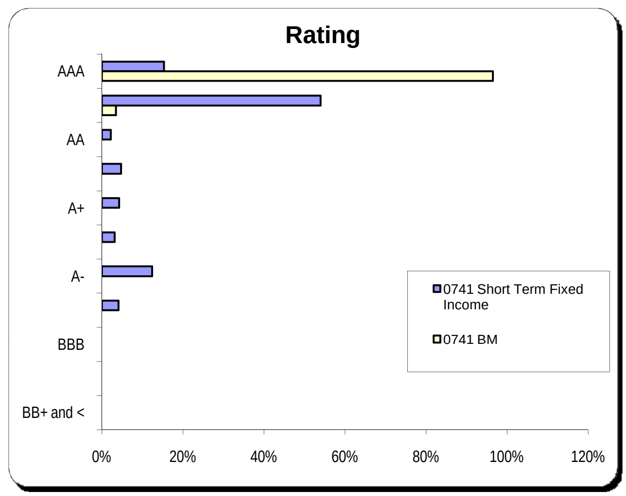
Annualized Returns	Portfolio	Benchmark	Outperform. *
Month	0.08%	0.02%	+ 0.06%
Quarter	0.84%	0.46%	+ 0.38%
FYTD	2.29%	1.34%	+ 0.95%
CYTD	1.69%	0.92%	+ 0.77%
1 Year	2.29%	1.34%	+ 0.95%
2 Year	1.84%	1.75%	+ 0.09%
3 Year	2.87%	2.55%	+ 0.31%
5 Year	4.72%	3.95%	+ 0.77%
Inception (9/30/94)	5.56%	5.11%	+ 0.45%

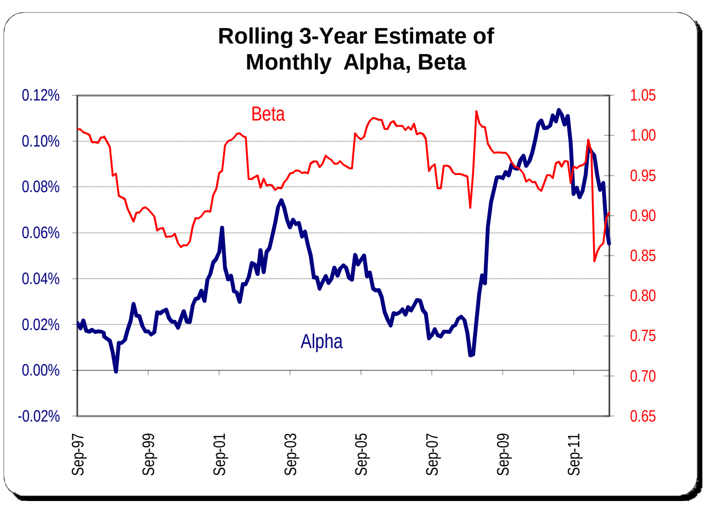
Annualized Performance Measures since Inception (10/94)			
StDev	2.18%	2.18%	+
Sharpe Ratio	1.13	0.92	+
Tracking Error	0.54%	n/a	
Info Ratio	4.56	n/a	
Monthly Alpha	0.04%	0.00%	+
Beta	0.97	1.00	+
BM Correl	0.97	1.00	

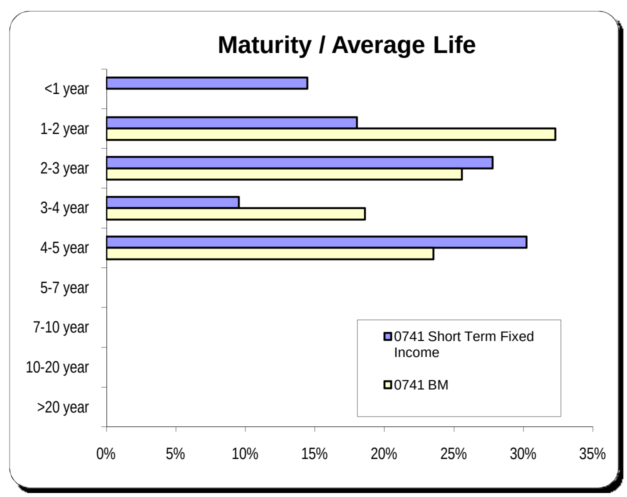
Relative Performance		# Months	Average
Up Months	Above BM	109	0.09%
	Below BM	57	-0.10%
Down Months	Above BM	36	0.13%
	Below BM	14	-0.07%

Stress Tests	P&L ($000)	% Ret.
Int. Rates Up 100bps	$ (17,706)	-2.49%
Cred. Sprds up 100 bp	$ (4,442)	-0.62%









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