

This document is dated November 13, 2026

UNAUDITED QUARTERLY REPORT

For the Three-Month Periods Ended
September 30, 2026 and 2025

The information in this report
has been provided by
CommonSpirit Health

COMMONSPIRIT HEALTH
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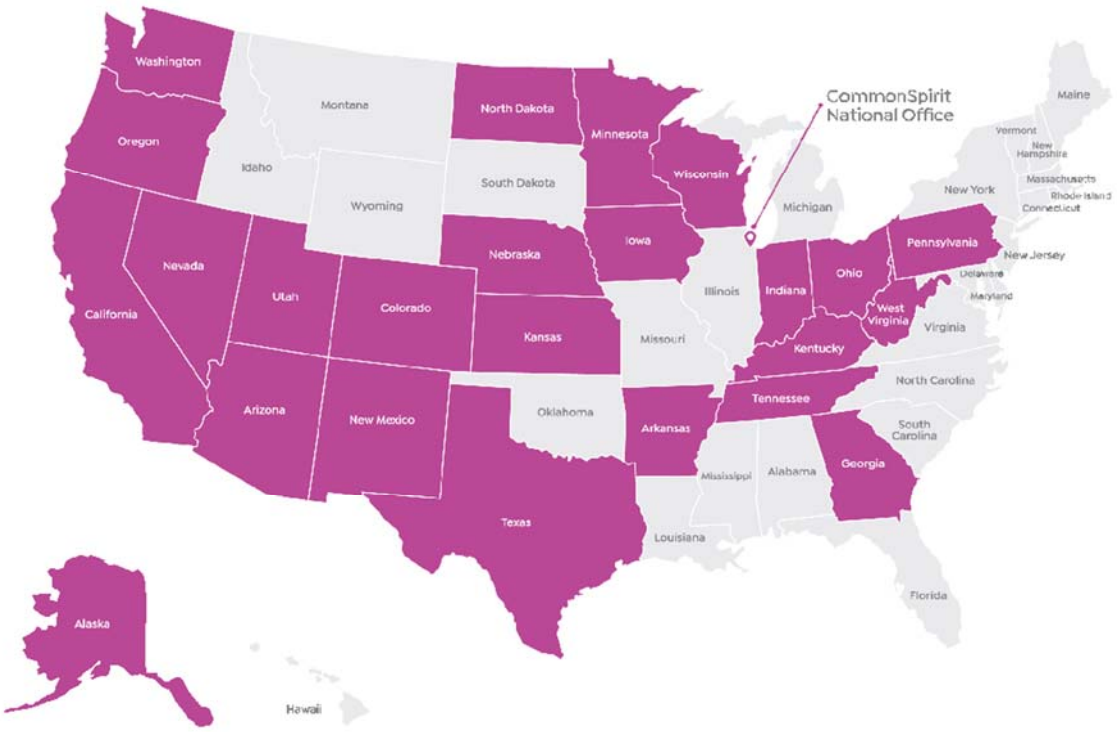
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Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

CommonSpirit Health is a Colorado nonprofit public benefit corporation exempt from federal and state income taxes. CommonSpirit Health is a Catholic health care system sponsored by the public juridic person, Catholic Health Care Federation ("CHCF").

CommonSpirit Health owns and operates health care facilities in 24 states and is the sole corporate member (parent corporation) of other primarily nonprofit corporations. CommonSpirit Health and substantially all of its direct affiliates and subsidiaries have been granted exemptions from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code. With its national office in Chicago, and a team of over 160,000 employees and over 30,000 physicians and advanced practice clinicians, as of November 13, 2026, CommonSpirit Health is comprised of approximately 2,600 care sites, consisting of 132 hospitals, including academic health centers, major teaching hospitals and critical access facilities; community health services organizations; accredited nursing colleges; home health agencies; living communities; a medical foundation and other affiliated medical groups; and other facilities and services that span the inpatient and outpatient continuum of care. An additional 20 hospitals are operated through unconsolidated joint ventures. The unaudited condensed consolidated financial statements in Exhibit I include CommonSpirit Health and its direct affiliates and subsidiaries (together, "CommonSpirit" or the "System").



Forward-Looking Statements

Certain of the discussions in this document may include "forward-looking statements" which involve known and unknown risks and uncertainties inherent in the operation of health care facilities. Actual actions or results may differ materially from those presented herein, and past or current trends may not continue. Specific factors that might cause such differences include competition from other health care facilities in the service areas of CommonSpirit, federal and state regulation of health care providers, the impact of policies such as those related to trade, including changes in, or the imposition of, tariffs and/or trade barriers, the impact of staffing shortages, organized labor initiatives, and reimbursement policies of state and federal governments and managed care organizations. In particular, statements that are preceded by, followed by or include the words "believes," "estimates," "expects," "anticipates," "plans," "intends," "scheduled," or other similar expressions are or may constitute forward-looking statements.

CommonSpirit's forward-looking statements are based on its current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, which could significantly affect current plans and expectations and our future financial position and results of operations.

These factors include, but are not limited to:

- Changes in or related to general economic or business conditions nationally and regionally in its markets, including inflation, the impact of trade policies, including changes in, or the imposition of, tariffs and/or trade barriers, and potential shutdowns of the federal government.
- The impact of current and future health care public policy developments and the implementation of new, and possible changes to existing, federal, state or local laws and regulations affecting the health care industry, including the effects of the House Resolution Act 1 (the "HR1"), signed in July 2025, which includes significant changes to U.S. health care policy, coverage and reimbursement systems. While the most substantial health care provisions are not scheduled to take effect until 2027 and thereafter, the HR1 introduces new limitations and eligibility requirements that are expected to materially impact Medicaid funding and enrollment, as well as the health insurance marketplace and provider fee programs. CommonSpirit is unable to predict at this time how states will implement various requirements of the law.
- The impact of the current and future Medicaid Disproportionate Share Hospital ("DSH") payments, since changes to this program could materially affect program payments to many hospitals and could negatively impact CommonSpirit's operating results. In February 2026, Congress passed a funding package that extended the delay of DSH payment cuts. These cuts, which total $8 billion annually, were eliminated for federal fiscal years 2026 and 2027 with only one year of the cuts remaining for federal fiscal year 2028.

CommonSpirit has presented its operating results for the three-month periods ended September 30, 2026 and 2025, in accordance with accounting principles generally accepted in the United States of America ("GAAP") and on a non-GAAP basis for EBITDA (earnings before interest, tax, depreciation and amortization, special charges, including contract termination and asset impairment, and nonoperating income). The non-GAAP financial measures are in addition to, not a substitute for, measures of financial performance prepared in accordance with GAAP.

Special charges, including contract termination, intangible asset impairments, and certain restructuring costs ("special charges") includes certain non-routine costs that are significant and unusual in nature such as impairment of long-lived assets, certain contract termination costs, and consulting and severance costs related to a system wide restructuring.

CommonSpirit believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. CommonSpirit uses certain non-GAAP financial measures to enhance an investor's overall understanding of the financial performance and prospects for the future of CommonSpirit's ongoing business activities by facilitating comparison of results of ongoing business operations among current, past and future periods.

Financial Highlights and Summary

CommonSpirit's operating loss before special charges was $544 million during the three-month period ended September 30, 2026, compared to an operating loss of $396 million during the same period in the prior year. Current year results include $165 million of net, California provider fee income compared to zero recorded during the same period in the prior year, and prior year results include $86 million in net Employee Retention Credits ("ERC").

CommonSpirit's EBITDA was $77 million during the three-month period ended September 30, 2026, compared to $129 million during the same period in the prior year. The EBITDA margin for the three-month period ended September 30, 2026, was 0.7%, a decrease from 1.3% in the prior year.

The decrease in financial performance is primarily due to continued revenue yield challenges resulting from case mix/acuity declines and deterioration in payor mix, higher expenses, primarily salaries and benefits, lower revenue from health-related activities, net and lower ERC revenue in the current year. Results were favorably impacted by strong volumes, length-of-stay improvements, higher productivity, and $165 million of net California provider fee income recorded this quarter, compared to zero in the same period of the prior year.

CommonSpirit has multiple efforts underway to improve operating performance, including, but not limited to:

- Volume growth with an emphasis on improving network integrity, expansion of ambulatory services, physician enterprise, emergency department, and capacity optimization for perioperative and imaging services.
- Continued efforts for revenue realization improvements through a focus on clinical denials prevention, escalation and resolution of disputes with payors, collaboration with the organization's revenue cycle vendor partners and ongoing managed care negotiations to reflect performance.
- Labor cost management via deployment of standard department staffing models across the organization as well as reduced contract labor utilization and spend.
- Other expense reduction efforts through the renegotiation of supply chain contracts, rationalization of purchased service contracts, insourcing of group purchasing contracts, length-of-stay improvements, and improved management of out of network expenses for at-risk contracts.
- Focused improvement efforts, including service rationalization, for those markets where performance is currently below requirements.

Key Indicators Financial Summary ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
EBITDA	$ 77	$ 129	$ (52)
Margin %	0.7%	1.3%	(0.6%)
Operating loss before special charges	$ (544)	$ (396)	$ (148)
Margin %	(5.3%)	(4.0%)	(1.3%)
Excess (deficit) of revenues over expenses	$ (494)	$ 356	$ (850)
Margin %	(4.7%)	3.4%	(8.1%)

California Provider Fee Program

In 2026, CommonSpirit reassessed its ability to recognize state provider fee programs. As such, CommonSpirit records the impact of the programs in the period to which the revenue and expense relate if probable of occurring, based on historical experience and other available information, and amounts are reasonably estimable. As such, during the three-month period ended September 30, 2026, CommonSpirit recorded $165 million in California provider fee net income, compared to zero recorded in the same period in the prior year.

Following is a summary of California provider fee net income:

California Provider Fee Program ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Net patient and premium revenues	$ 338	$ -	$ 338
Operating expenses	173	-	173
California provider fee net income	$ 165	$ -	$ 165

Significant Transactions

In January 2026, CommonSpirit entered into an agreement with a revenue cycle solutions vendor to terminate services effective December 31, 2026. The termination is a strategic decision to bring the revenue cycle operations in-house for the facilities served by this vendor. The transition was finalized on October 31, 2026. Severance costs and consulting fees related to the transition are reflected in Special charges, including contract termination, intangible asset impairment and certain restructuring costs on the unaudited condensed consolidated statements of operations and changes in net assets.

Results of Operations

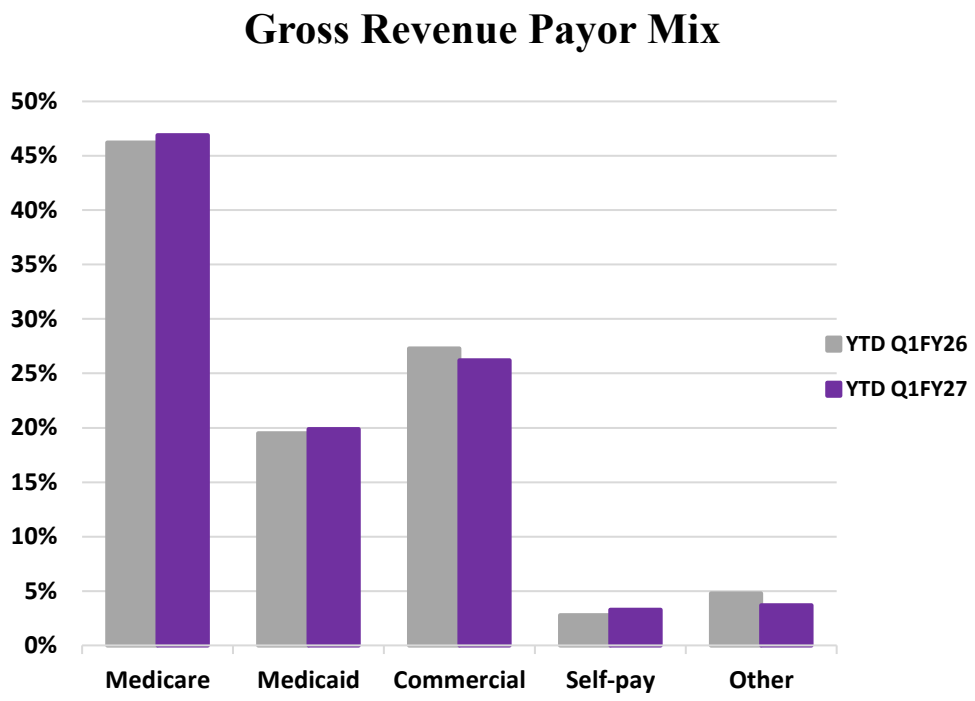
Operating Revenues and Volume Trends

Net patient and premium revenues increased $537 million, or 5.9%, over the same period in the prior year for the three-month period ended September 30, 2026. California provider fee revenues increased $338 million for the three-month period ended September 30, 2026 over the same period in the prior year. The remaining increase is primarily due to higher volume levels.

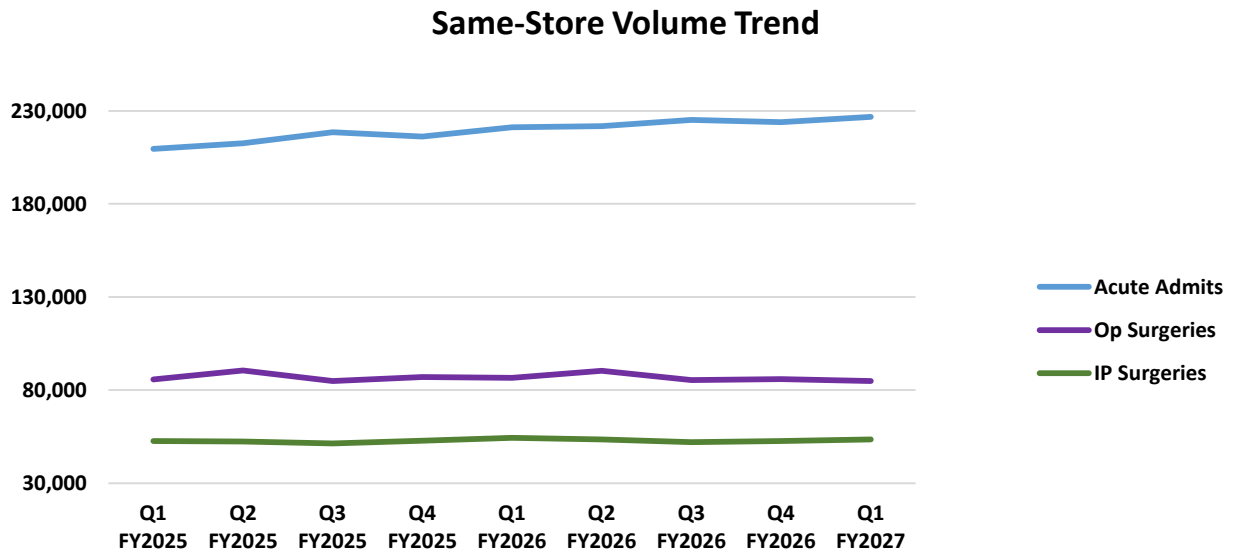
For the three-month period ended September 30, 2026, CommonSpirit's volumes on an adjusted admission basis were favorable to the same period in the prior year by 2.8%. The acute average length of stay ("ALOS") of 4.52 days for the three-month period ended September 30, 2026, was lower than the same period in the prior year of 4.54.

Volumes	Three-Month Periods Ended September 30,			
	2026	2025	Change	%
Acute admissions	226,638	221,067	5,571	2.5%
Adjusted admissions	478,036	465,066	12,970	2.8%
Acute inpatient days	1,025,346	1,004,545	20,801	2.1%
Adjusted patient days	2,248,952	2,201,575	47,377	2.2%
Acute average length of stay	4.52	4.54	(0.02)	(0.4%)
Outpatient visits	7,817,751	7,459,695	358,056	4.8%
ED visits	1,059,256	1,018,025	41,231	4.1%
Gross outpatient revenue as a % of total gross patient services revenue	52.4%	52.3%	0.1%	0.1%

Payor mix based on gross revenues for the three-month period ended September 30, 2026, declined when compared to the same period in the prior year. The following chart represents the gross revenue payor mix for consolidated operations for the three-month periods ended September 30, 2026 and 2025:



The following table is a summary of key volume metrics on a same-store basis (excluding surgical volumes in joint ventures with a minority interest):



All other operating revenues decreased $15 million, or 2.3%, from the same period in the prior year, for the three-month period ended September 30, 2026. The decrease is primarily due to lower grant revenues, primarily $86 million of net ERC revenue, and lower revenue from health-related activities, net, partially offset by higher gains on sale of assets and higher pharmaceutical revenue.

Operating Revenues ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Net patient and premium revenues	$ 9,700	$ 9,163	$ 537
All other operating revenues	637	652	(15)
Total operating revenues	$ 10,337	$ 9,815	$ 522

Operating Revenues by Region

The following table presents operating revenues by region for the three-month periods ended September 30, 2026 and 2025:

Operating Revenues By Region ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
California	$ 3,524	$ 3,070	$ 454
Central	2,255	2,113	142
South*	1,631	1,686	(55)
Northwest	1,435	1,371	64
Mountain	1,108	1,101	7
National Business Lines**	93	87	6
Others	288	263	25
Subtotal	10,334	9,691	643
Corporate Services	3	124	(121)
CommonSpirit Total	$ 10,337	$ 9,815	$ 522

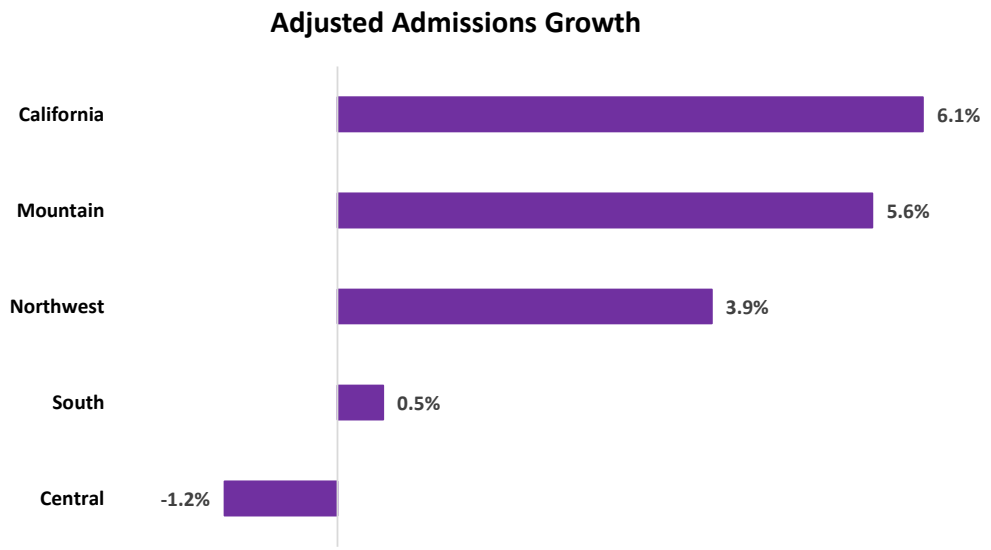
** South excludes TriHealth System which is reported in the section 'others'.*

*** Includes Home Care and Senior Living Business Lines.*

Following are the significant performance drivers related to operating revenues for the three-month period ended September 30, 2026, compared to the same period in the prior year:

- California – operating revenues increased $454 million from the same period in the prior year, primarily due to $338 million of California provider fee revenue recorded in the current year compared to zero in the prior year, a 6.1% increase in adjusted admissions and higher outpatient visits, partially offset by lower surgical volume, revenue yield challenges and an unfavorable shift in payor mix.
- Central – operating revenues increased $142 million from the same period in the prior year, primarily due to the Nebraska and Arizona provider fee programs, and higher surgical volumes, partially offset by an unfavorable shift in payor mix and lower inpatient volumes.
- South – operating revenues decreased $55 million from the prior year, primarily due to an unfavorable shift in payor mix, lower surgical and outpatient volumes, and continued revenue yield challenges, partially offset by adjusted admissions increasing by a slight 0.5%.
- Northwest – operating revenues increased $64 million from the prior year, primarily due to a 3.9% increase in adjusted admissions, and a gain on sale of assets, partially offset by continued revenue yield challenges.
- Corporate Services – operating revenues decreased by $121 million from the prior year, primarily due to lower revenue from health-related activities and lower net ERC funds.

The table below reflects the adjusted admissions growth reported for the three-month period ended September 30, 2026, compared to the same period in the prior year:



Uncompensated Care ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Uncompensated Care:			
Charity care, at customary charges	$ 840	$ 725	$ 115
Charity care, at cost, net	$ 193	$ 168	$ 25
Charity care, at cost, as a percentage of total expenses	1.8%	1.6%	0.2%

Operating Expenses

Salaries and benefits increased $265 million, or 5.1%, over the same period in the prior year, for the three-month period ended September 30, 2026. The increase is primarily due to an increase in volume and continued salary inflation costs, partially offset by improved labor productivity and reduced contract labor spend. Labor cost as a percentage of net patient and premium revenue was 55.9% for the three-month period ended September 30, 2026, compared to 56.2% for the same period in the prior year. Hospital FTEs per adjusted admission decreased 1.4% for the three-month period ended September 30, 2026, despite the inclusion of insourced revenue cycle FTEs in the total FTE count.

Supplies increased $52 million, or 3.1%, during the three-month period ended September 30, 2026, compared to the same period in the prior year. Supplies per adjusted admission increased 0.3% compared to the same period in the prior year. The slight increase on a volume adjusted basis is primarily due to continued inflationary impact on pharmaceuticals, and surgical and medical supplies.

Purchased services and other increased $257 million, or 9.0%, for the three-month period ended September 30, 2026, compared to the same period in the prior year. Purchased services and other per adjusted admission increased 6.3% compared to the same period in the prior year. The increase during the year is primarily due to higher provider fee expense, medical fees, insurance costs, and collection agency fees, partially offset by lower repairs and maintenance costs and lower out of network costs.

Operating Expenses ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Salaries and benefits	$ 5,418	$ 5,153	$ 265
Supplies	1,729	1,677	52
Purchased services and other	3,113	2,856	257
Depreciation and amortization	405	337	68
Interest expense, net	216	188	28
Total operating expenses	$ 10,881	$ 10,211	$ 670

Expense Management and Productivity	Three-Month Periods Ended September 30, 2026	2025	Change
Expense Management:			
Supply expense as a % of net patient and premium revenue	17.8%	18.3%	-0.5%
Purchased services and other as a % of net patient and premium revenue	32.1%	31.2%	0.9%
Capital expense as a % of net patient and premium revenue	6.4%	5.7%	0.7%
Non-capital cost per adjusted admission	$ 21,463	$ 20,828	$ 635
Productivity:			
Salaries, wages and benefits as a % of net patient and premium revenue	55.9%	56.2%	-0.3%
Total number of FTEs	141,420	139,113	2,307
Hospital FTEs per adjusted admission	21.1	21.4	(0.3)

Nonoperating Results

CommonSpirit recorded investment income, net, of $138 million during the three-month period ended September 30, 2026, compared to investment income of $727 million during the same period in the prior year, due to market fluctuations.

The change in market value and cash payments of interest rate swaps was an unfavorable result of $71 million during the three-month period ended September 30, 2026, primarily related to the new swap liability.

Net periodic postretirement credits amounted to $55 million during the three-month period ended September 30, 2026, compared to $39 million during the same period in the prior year.

Nonoperating Results ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Investment income, net	$ 138	$ 727	$ (589)
Income tax expense	(7)	(15)	8
Change in fair value and cash payments of interest rate swaps	(71)	-	(71)
Other components of net periodic postretirement credits	55	39	16
Other	-	1	(1)
Total nonoperating income, net	$ 115	$ 752	$ (637)

The detail of investment earnings is as follows:

Investment income, net ($ in millions)	Three-Month Periods Ended September 30, 2026	2025	Change
Net realized gains on sale of securities	$ 266	$ 355	$ (89)
Net unrealized gains (losses) on securities	(198)	298	(496)
Other, net of capitalized investment income	70	74	(4)
Total investment income, net	$ 138	$ 727	$ (589)

The presentation of realized and unrealized gains and losses is determined based on the cost basis at the original acquisition date of the securities.

Balance Sheet Metrics

The following table provides key balance sheet metrics for CommonSpirit:

Key Balance Sheet Metrics ($ in millions)	September 30, 2026	June 30, 2026	Change
Consolidated Balance Sheet Summary			
Total assets	$ 59,989	$ 59,666	$ 323
Total liabilities	$ 36,804	$ 36,011	$ 793
Total net assets	$ 23,185	$ 23,655	$ (470)
Financial Position Ratios			
Unrestricted cash and investments	$ 18,407	$ 18,030	$ 377
Days cash on hand	160	159	1
Total debt	$ 22,269	$ 21,824	$ 445
Debt to capitalization	51.8%	50.7%	1.1%

Liquidity

Unrestricted cash and investments were $18.4 billion at September 30, 2026, and $18.0 billion at June 30, 2026. CommonSpirit is actively monitoring liquidity given continued inflationary pressures, cash flow disruptions related to denials, and the timing of payments related to provider fee revenues and expenses.

Liquidity and Capital Resources ($ in millions)	September 30, 2026	June 30, 2026	Change
Cash	$ 2,359	$ 2,264	$ 95
Short-term investments	268	138	130
Long-term investments, excluding assets limited as to use	15,780	15,628	152
Total unrestricted cash and investments	$ 18,407	$ 18,030	$ 377

Capital Resources

Cash provided by operating activities totaled $153 million for the three-month period ended September 30, 2026, compared to $255 million during the same period in the prior year. Significant activity for the three-month period ended September 30, 2026, includes the following:

- Investments increased $395 million during the three-month period ended September 30, 2026, compared to $696 million during the same period in the prior year.
- Accrued salaries and benefits increased $409 million during the three-month period ended September 30, 2026, compared to an increase of $411 million during the same period in the prior year.
- Accounts receivable increased $156 million during the three-month period ended September 30, 2026, compared to a decrease of $12 million during the same period in the prior year.
- Accounts payable decreased $238 million during the three-month period ended September 30, 2026, compared to a decrease of $277 million during the same period in the prior year.
- Provider fee program assets over liabilities, net, increased $210 million during the three-month period ended September 30, 2026, compared to a net decrease of $219 million during the same period in the prior year.
- Prepaids and other current assets decreased $375 million during the three-month period ended September 30, 2026, compared to a decrease of $62 million during the same period in the prior year.
- Other accrued liabilities increased $180 million during the three-month period ended September 30, 2026, compared to an increase of $31 million during the same period in the prior year.

Cash used in investing activities totaled $483 million for the three-month period ended September 30, 2026, compared to $541 million during the same period in the prior year, primarily related to the following:

- Capital expenditures were $474 million during the three-month period ended September 30, 2026, compared to $592 million during the same period in the prior year. Such capital expenditures primarily relate to information technology projects, growth in ambulatory and inpatient services, equipment additions and replacements, and various other capital improvements.
- Investments in health-related activities were $22 million during the three-month period ended September 30, 2026, compared to $26 million during the same period in the prior year.
- Cash distributions from health-related activities were $28 million during the three-month period ended September 30, 2026, compared to $39 million during the same period in the prior year.

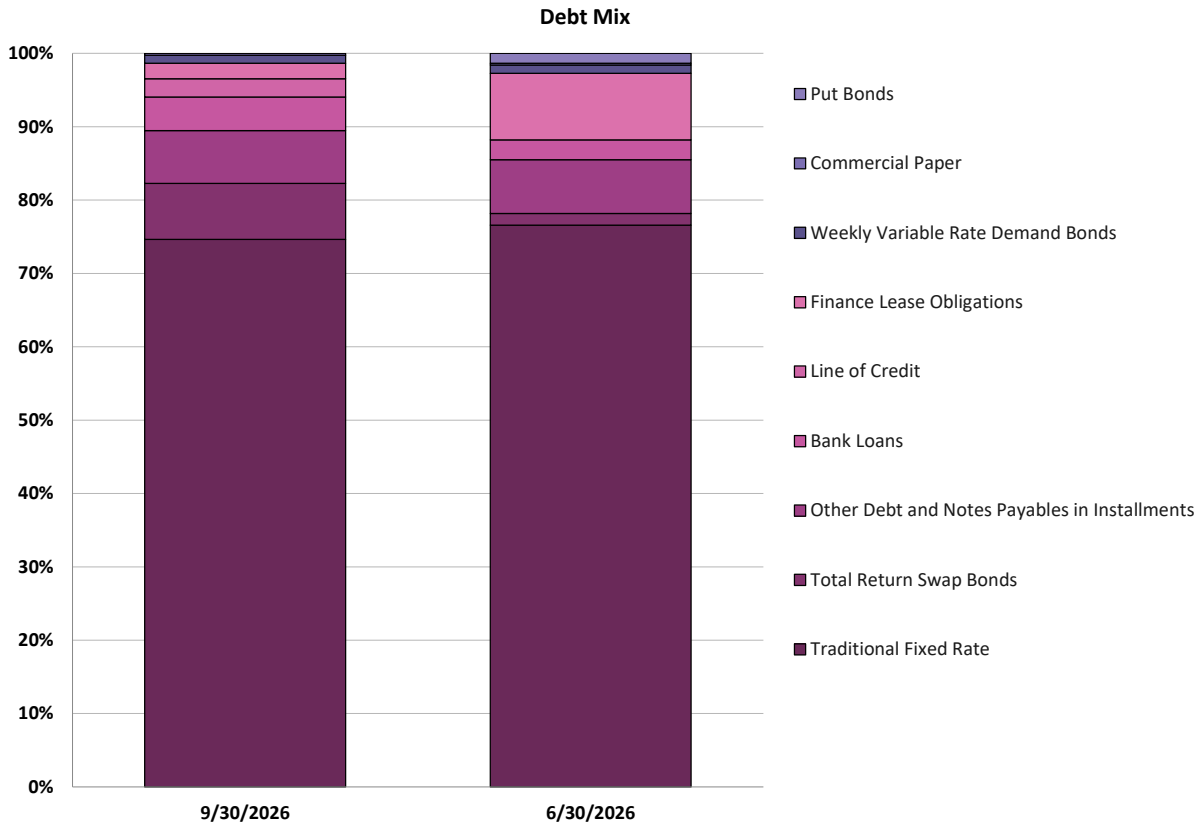
Cash provided by financing activities totaled $425 million for the three-month period ended September 30, 2026, compared to $318 million for the same period in the prior year, primarily due to the following:

- Net borrowings of debt were $445 million during the three-month period ended September 30, 2026, compared to $343 million during the same period in the prior year.
- Distributions to noncontrolling interests were $28 million for the three-month period ended September 30, 2026, compared to $33 million during the same period in the prior year.
- Contributions by noncontrolling interests were $9 million for the three-month period ended September 30, 2026, compared to $10 million during the same period in the prior year.

Debt Portfolio

The CommonSpirit Obligated Group represents approximately 90% of consolidated revenues of CommonSpirit as of September 30, 2026. The debt portfolio remains well diversified, with a high proportion of long-term fixed rate debt providing stability.

The chart below depicts CommonSpirit's debt mix as of September 30, 2026, as compared to June 30, 2026:



Strategic Focus and Priorities

Under the leadership of President and Chief Executive Officer ("CEO") Wright Lassiter III, CommonSpirit Health announced "CommonSpirit 2030: Advancing Humankindness" ("CommonSpirit 2030"), its first enterprise-wide strategic plan. The plan builds on CommonSpirit 2026, the ministry's initial strategic roadmap established shortly after Catholic Health Initiatives ("CHI") and Dignity Health came together in 2019, which laid the groundwork for unifying culture and operations, strengthening payor contracting and revenue cycle performance, diversifying the portfolio, expanding access points and launching a new digital consumer experience. Anchored by this foundational work, CommonSpirit 2030 operationalizes the ministry's next phase of strategic growth.

Grounded in its mission and core values of Compassion, Inclusion, Integrity, Excellence and Collaboration, CommonSpirit 2030 is guided by the vision of "A healthier future for all, inspired by faith, driven by innovation, and powered by our humanity." and its strategic positioning statement: "CommonSpirit is a unified and sustainable health organization, inspired by faith and committed to excellence, that delivers humankindness at every touchpoint, through integrated and holistic care experiences." The plan is organized around four quadrants ("Excellence," "Empowerment," "Experience" and "Equity") encompassing eight strategies and 23 strategic initiatives, each with a designated leader accountable for implementation and reporting quarterly internal key performance indicators ("KPIs") to the Executive Leadership Team. Leadership's priority areas for fiscal year 2027 and beyond are summarized below:

Excellence

Achieving Financial Viability Through Systemness, Clinical and Operational Rigor, and Market Performance to Secure Our Future:

1. Delivering on Project ImpACT: Launched in 2025, Project ImpACT is a systemwide transformation designed to reshape CommonSpirit's operating model across people, processes and tools, accelerate operating and financial improvement, and establish a more sustainable cost structure. Project ImpACT is expected to generate $6 billion in total value creation through fiscal year 2031, counterbalancing anticipated external industry pressure over the next four years. Implementation began in fiscal year 2026, focusing on near-term performance, continues through fiscal years 2027 and 2028, and enters a sustainability phase in fiscal year 2029 and beyond. Through revenue growth, expense reduction, operating model redesign and enterprise modernization, leadership is transforming operations to achieve an EBITDA margin goal of 4.6% by fiscal year-end 2027, 6.7% by fiscal year 2028 and 8%+ by fiscal year 2029. An essential component of Project ImpACT is Operating Model Realization. Following a structured design phase concluding in late November 2026, CommonSpirit will transition from five regions to three unified service areas, West, Central and East, effective January 2027. This transition addresses structural complexity, streamlines governance, and aligns leadership and span of control to better match expenses with revenue growth through centralized standards and disciplined local accountability.

2. Advancing Each Market Position and Essentiality: CommonSpirit evaluates each market based on competitive positioning and potential, implementing localized plans spanning diversified, organic and inorganic growth, clinician network development, and operational improvement, with a focus on return on investment ("ROI") on the "Critical Few" priorities. Recent examples include expanding freestanding emergency department and urgent care sites in Puget Sound with plans to extend similar models to additional markets; a payor partnership with Kaiser Permanente in metropolitan Denver; capacity expansion in Phoenix through the West Valley Women's Pavilion with Phoenix Children's Hospital; and opening a replacement hospital in North Georgia.

3. Ensuring CommonSpirit is Paid for the Care it Delivers: CommonSpirit seeks appropriate compensation for the care it delivers through a strengthened payor product portfolio and a higher-performing revenue cycle function. Leadership is focused on collaborative commercial contracting for fair, sustainable reimbursement reflecting the cost and complexity of care, supported by a contract modeling policy and management system that improves payment accuracy visibility. The ministry also focuses on selecting the right marketplace plans to stay in-network, reducing out-of-network costs, growing commercial revenue via direct employer contracts, and advocating for improved Medicare and Medicaid rates and terms.

4. Rebalancing, Growing and Diversifying the Ministry Portfolio: CommonSpirit continues to reshape its portfolio to achieve diversified growth and maximize the ROI of identified transactions through three core elements: diversifying care delivery beyond the hospital; market transitions where another health system can better serve a community, and strategically transitioning select assets to reinvest in core growth. Market transition decisions balance mission alignment, preservation of Catholic heritage, community impact, strategic trade-offs, geographic synergies, service and revenue mix, market potential, regulatory factors and financial stewardship. In October 2026, Trinity Health System in Steubenville, Ohio, transitioned to UPMC and CommonSpirit divested its ownership interest in Mercy Care Plan in Phoenix, Arizona. In November 2026, CommonSpirit signed a Definitive Agreement with Altru Health to transfer the ownership and corporate membership of CHI St. Alexius, North Dakota, CHI St. Alexius Turtle Lake, North Dakota, and CHI St. Alexius Garrison, North Dakota. The transaction is expected to close in early 2027 subject to customary closing conditions.

5. Unifying System Services to Operate at Scale: CommonSpirit is standardizing its technology stack and system services around four core deliverables: One Electronic Health Record ("EHR"), One Enterprise Resource Planning ("ERP") platform, a Unified Brand, and Enterprise Resilience to lower long-term costs, reduce complexity, strengthen resilience and improve outcomes. Insourcing revenue cycle operations accelerated CommonSpirit's expected transition to a single EHR by 2030; two of eight Epic waves are live, 69% of the system is on Epic, and the EHR portfolio has been reduced from 19 to 7 systems. The Workday ERP conversion, scheduled to go live on July 1, 2027, will consolidate procurement, people and financial systems onto a single platform, eliminating 12 disparate systems and 20 software platforms. In parallel, CommonSpirit is unifying local and facility brands under the CommonSpirit identity and a single digital platform to translate national scale into operating efficiency, systemwide connectivity and market visibility while reducing duplicative costs.

Scaling Innovation to Advance High-Quality Care, Enhance the Workforce and Improve Outcomes:

6. Delivering on Clinical Standardization and Growing Strategic Service Lines: Consistent clinical excellence and standardized best-practice enterprise quality and safety performance underpin CommonSpirit's mission, achieved by rapidly scaling internal and external innovations alongside strategic service line growth. In fiscal year 2026, CommonSpirit received strong external recognition for its acute care hospitals, hospital safety and quality of care.

7. Leading in the Adoption of AI and Clinical Breakthroughs: CommonSpirit invests in new technology and automation, including artificial intelligence ("AI") and robotic process automation, to support clinicians in advancing clinical breakthroughs (such as cancer screening) and deliver quantitatively verified benefits across the revenue cycle, administrative workflows and patient access. These efforts include expanding usage of CommonSpirit's internal AI platform, Insightli, backed by a five-stage governance model and third-party audited risk controls. Upholding financial and environmental stewardship, the ministry carefully tracks token expense and energy, water and carbon impact to maintain sustainable AI integration significantly below average industry resource use.

8. Strengthening Academic Partnerships and Aligning Clinical Research: CommonSpirit partners with two major academic medical schools, maintains three primary research institutes and supports a broad network of educational affiliations. The ministry focuses on retaining residents and fellows, growing graduate medical education residency programs, advancing clinical trial access across community facilities and using dissemination science to translate research discoveries into everyday clinical care.

9. Growing Destination Health: CommonSpirit strives to build upon its regional and national Centers of Excellence to retain and grow high-acuity patients across markets and attract destination care patients for complex, specialized care across oncology, cardiovascular medicine, neurosciences, orthopedics, novel care techniques and organ transplantation. Leadership expects aligning specialized institutes as unified enterprise service lines will strengthen regional market essentiality and long-term financial sustainability.

Empowerment

Investing in Top Talent Teams and People to Advance the Way the Ministry Works:

10. Scaling Tech-Enabled, Care Team Models: The ministry is scaling tech-enabled care team models that support bedside caregivers including remote patient monitoring, clinician guided decision support, virtual nursing and virtually integrated care, while investing in enterprise-wide technology platforms, operating discipline and standardized workflows for more efficient, coordinated care delivery.

11. Enhancing and Promoting Generative Learning Environments: CommonSpirit is deploying lessons learned from its nurse residency program to other disciplines as it builds unified, systemwide training and education platforms and curricula, and expands AI-supported asynchronous education to disseminate best practices, strengthen change adoption and prepare the workforce for evolving care models.

Energizing Future-Ready, High Performing Leaders to Drive Impact:

12. Fostering Leaders to Enhance Workforce Agility and Drive Results-Oriented Outcomes: Management is implementing a results-oriented leadership framework by growing a "Global Center for Leadership Excellence", establishing a change management framework, and driving leadership principle adherence governance alignment and formal accountability.

13. Adaptive Career Pathways for a Changing Health Care Environment: CommonSpirit is building an internal mobility and development ecosystem alongside an enterprise career and skills architecture. Standardizing service lines such as ambulatory surgery centers, pharmacy and revenue cycle at the enterprise level is expected to support internal mobility, skill development, talent retention and workforce engagement.

Experience

Diversifying Care Delivery Beyond the Hospital to Meet Changing Community and Population Health Needs:

14. Developing and Growing a Systemwide ASC Vertical: CommonSpirit is developing a scaled, high-performing ambulatory surgery center ("ASC") operating unit as a significant portion of its overall portfolio. With 78 ASCs in eight states (in partnership or wholly owned) and six surgical hospital partnerships, CommonSpirit established CommonSpirit Ambulatory Ventures to enhance its ASC capabilities, improve patient access, support procedural migration to lower-cost settings and drive growth.

15. Integrating and Expanding Health at Home and Senior Living in the Communities Served: CommonSpirit is expanding Health at Home and Senior Living to increase non-acute services, access and enterprise value. Its "Advance Care to Home" program is provided by Care Base, an Arizona virtual hospital and command center integrating virtual nurses and AI-powered monitoring to assist care teams with proactive interventions and care transitions. Implemented in four of five regions and linked to Patient Connection Centers via after-hours nurse triage, these models support care continuity and reduce unnecessary acute utilization.

16. Advancing Population Health Capabilities to Manage Total Cost and Outcomes of Care: CommonSpirit builds high-performing networks and risk contracts in value-based care markets to drive leading outcomes in the National Medicare Shared Savings Program Accountable Care Organization model, improve care coordination, strengthen network integrity and manage utilization and reimbursement. Supported by its system-led Population Health Services Organization, value-based agreements link reimbursement to quality, patient experience and cost measures. Additional actions include reducing out-of-network expenses under at-risk contracts, centralizing managed care strategy, improving throughput, and using digital and AI-enabled tools for preventive outreach and early intervention.

Bringing Humankindness to Life in Every Interaction to Achieve Frictionless Experiences:

17. Differentiating on Humankindness at Every Touchpoint: CommonSpirit strives to drive industry-leading experiences for team members, clinicians, patients, consumers and communities by reducing fragmented workflows and establishing consistent enterprise standards at each stage of care. Leadership expects actions such as the insourcing of select revenue cycle operations, previously handled by third-party vendors will materially enhance consumer interactions.

18. Driving Access, Service and Convenience Through a Leading Consumer-Friendly Digital Experience: The ministry is investing in a unified digital front door supported by enterprise branding, common infrastructure and a leading CommonSpirit app. The reimagined CommonSpirit.org features a single content engine, integrated digital and AI functionality for scheduling, access and health information, and ministry-wide Find a Doctor and Find a Location services. Over 25% of markets have implemented the CommonSpirit brand, most recently in Texas, with rollout occurring in waves alongside infrastructure unification.

19. Making Health Care Easier Through an Integrated Clinical Navigation Experience: CommonSpirit is delivering integrated care coordination and interoperable data and workflows by standardizing care pathways and strengthening transfer and access infrastructure. Network integrity tools and "Patient Connection Centers" are tracked quarterly across all markets to improve patient access and physician productivity. Centralizing more than nine transfer centers and bed placement operations into several locations provides systemwide capacity visibility while supporting a safe, seamless transition of patients back to CommonSpirit acute hospitals for connected, in-network care.

Equity

Integrating Catholic Social Teaching into Our Culture and Improving Health Equity in Our Communities:

20. Partnering With Communities to Advance Health Equity and Impact: The ministry partners with communities to achieve equitable care outcomes, advance economic security and mobility, strengthen social foundations for health and protect the natural environment through ambulatory expansion, care coordination, community-based delivery and environmental stewardship.

21. Enabling a Mission-Driven Culture Grounded in Catholic Social Teaching and Humankindness: CommonSpirit fosters a mission-driven culture through consistent cultural principle practice and expanded leadership formation. A proud provider of charity care, CommonSpirit reported $4.64 billion in community benefit in fiscal year 2026. Leadership views long-term financial sustainability as the foundation that preserves and expands the ministry's healing mission.

Elevating Our National Voice to Protect Access and Promote Flourishing Communities:

22. Being an Industry Thought Leader and Advancing Policy Influence: As one of the largest U.S. nonprofit healthcare providers, CommonSpirit engages actively with payors, policymakers, and industry stakeholders on healthcare delivery sustainability, supported by a communications plan to elevate national, state and local visibility and a coordinated advocacy framework.

23. Growing Philanthropic Partnerships in Service to Communities: By prioritizing capital and program priorities, coordinating leader-donor relationships, and advancing major gift fundraising and grateful patient programs, leadership expects philanthropy to remain a vital support source for mission-driven investments, community programs, strategic growth and capital initiatives.

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Exhibit I

Unaudited Condensed Consolidated Financial Statements

For the Three-Month Periods Ended September 30, 2026 and 2025

(Attached)

COMMONSPIRIT HEALTH

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Periods Ended September 30, 2026 and 2025

COMMONSPIRIT HEALTH

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COMMONSPIRIT HEALTH

CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2026 AND JUNE 30, 2026 (in millions)

Assets	As of September 30, 2026 (Unaudited)	As of June 30, 2026
Current assets:		
Cash and cash equivalents	$ 2,359	$ 2,264
Short-term investments	268	138
Patient accounts receivable	5,281	5,129
Provider fee receivable	2,426	2,344
Other current assets	3,929	4,417
Total current assets	14,263	14,292
Long-term investments	19,789	19,553
Property and equipment, net	18,821	18,765
Right-of-use operating lease assets	1,450	1,415
Ownership interests in health-related activities	2,464	2,432
Other long-term assets, net	3,202	3,209
Total assets	$ 59,989	$ 59,666

(Continued)

COMMONSPIRIT HEALTH

CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2026 AND JUNE 30, 2026 (in millions)

Liabilities and Net Assets	As of September 30, 2026 (Unaudited)	As of June 30, 2026
Current liabilities:		
Current portion of long-term debt	$ 979	$ 2,760
Demand bonds subject to short-term liquidity arrangements	247	247
Accounts payable	1,471	1,724
Accrued salaries and benefits	2,264	1,862
Provider fee payables	1,031	1,169
Other accrued liabilities - current	4,802	4,589
Total current liabilities	10,794	12,351
Other liabilities - long-term:		
Self-insured reserves and claims	1,260	1,259
Pension and other postretirement benefit liabilities	1,448	1,423
Derivative instruments, net	121	55
Operating lease liabilities	1,403	1,367
Other accrued liabilities - long-term	735	739
Total other liabilities - long-term	4,967	4,843
Long-term debt, net of current portion	21,043	18,817
Total liabilities	36,804	36,011
Net assets:		
Without donor restrictions - attributable to CommonSpirit Health	20,741	21,219
Without donor restrictions - noncontrolling interests	1,106	1,117
With donor restrictions	1,338	1,319
Total net assets	23,185	23,655
Total liabilities and net assets	$ 59,989	$ 59,666

See notes to unaudited condensed consolidated financial statements.

COMMONSPIRIT HEALTH

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(in millions)

	Three-Month Periods Ended September 30,	
	2026	**2025**
Operating revenues:		
Net patient revenue	$ 9,342	$ 8,753
Premium revenue	358	410
Revenue from health-related activities, net	38	67
Other operating revenue	586	574
Contributions	13	11
Total operating revenues	10,337	9,815
Operating expenses:		
Salaries and benefits	5,418	5,153
Supplies	1,729	1,677
Purchased services and other	3,113	2,856
Depreciation and amortization	405	337
Interest expense, net	216	188
Total operating expenses	10,881	10,211
Operating loss before special charges	(544)	(396)
Special charges, including contract termination, intangible asset impairment and certain restructuring costs	65	-
Operating loss	(609)	(396)
Nonoperating income:		
Investment income, net	138	727
Income tax expense	(7)	(15)
Change in fair value and cash payments of interest rate swaps	(71)	-
Other components of net periodic postretirement credits	55	39
Other	-	1
Total nonoperating income, net	115	752
Excess (deficit) of revenues over expenses	$ (494)	$ 356
Less excess of revenues over expenses attributable to noncontrolling interests	2	46
Excess (deficit) of revenues over expenses attributable to CommonSpirit Health	$ (496)	$ 310

(Continued)

COMMONSPIRIT HEALTH

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025
(in millions)

	Without Donor Restrictions		With Donor Restrictions	Total Net Assets
	Attributable to CommonSpirit Health	Noncontrolling Interests		
Balance, June 30, 2025	$ 21,363	$ 1,066	$ 1,144	$ 23,573
Excess of revenues over expenses	310	46	-	356
Contributions	-	-	39	39
Net assets released from restrictions for capital	8	-	(8)	-
and other	-	-	(4)	(4)
Other	(12)	(6)	34	16
Increase in net assets	306	40	61	407
Balance, September 30, 2025	$ 21,669	$ 1,106	$ 1,205	$ 23,980
Balance, June 30, 2026	$ 21,219	$ 1,117	$ 1,319	$ 23,655
Excess (deficit) of revenues over expenses	(496)	2	-	(494)
Contributions	-	-	61	61
Net assets released from restrictions for capital	26	-	(21)	5
Other	(8)	(13)	(21)	(42)
Increase (decrease) in net assets	(478)	(11)	19	(470)
Balance, September 30, 2026	$ 20,741	$ 1,106	$ 1,338	$ 23,185

See notes to unaudited condensed consolidated financial statements.

COMMONSPIRIT HEALTH

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025 (in millions)

	Three-Month Periods Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Change in net assets	$ (470)	$ 407
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	405	337
Changes in equity of health-related entities	8	(75)
Net gain on sales of assets and investments in unconsolidated organizations	(54)	(1)
Change in fair value of swaps	67	(1)
Noncash adjustments of pension and other postretirement benefit plans	24	1
Changes in certain assets and liabilities:		
Accounts receivable, net	(156)	12
Prepaid and other current assets	375	62
Broker receivables/payables for unsettled investment trades	154	(177)
Provider fee assets over liabilities, net	(210)	219
Accounts payable	(238)	(277)
Accrued salaries and benefits	409	411
Other accrued liabilities	180	31
Self-insured reserves and claims	52	1
Other, net	2	1
Cash provided by operating activities before net change in investments	548	951
Net increase in investments	(395)	(696)
Cash provided by operating activities	153	255

(Continued)

COMMONSPIRIT HEALTH

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2026 AND 2025 (in millions)

	Three-Month Periods Ended September 30,	
	2026	**2025**
Cash flows from investing activities:		
Purchases of property and equipment	(474)	(592)
Investments in health-related activities	(22)	(26)
Cash distributions from health-related activities	28	39
Other, net	(15)	38
Cash used in investing activities	(483)	(541)
Cash flows from financing activities:		
Borrowings	2,333	813
Repayments	(1,888)	(470)
Swaps cash collateral posted	(1)	(2)
Distributions to noncontrolling interests	(28)	(33)
Contributions by noncontrolling interests	9	10
Cash provided by financing activities	425	318
Net increase in cash and cash equivalents	95	32
Cash and cash equivalents at beginning of period	2,264	2,010
Cash and cash equivalents at end of period	$ 2,359	$ 2,042
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	$ 179	$ 121
Supplemental schedule of noncash investing and financing activities:		
Property and equipment acquired through finance lease or note payable	$ 2	$ 27
Investments in health-related activities	$ (2)	$ 26
Accrued purchases of property and equipment	$ 34	$ 74

See notes to unaudited condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

CommonSpirit Health is a Colorado nonprofit public benefit corporation exempt from federal and state income taxes. CommonSpirit Health is a Catholic health care system sponsored by the public juridic person, Catholic Health Care Federation.

CommonSpirit Health owns and operates health care facilities in 24 states and is the sole corporate member (parent corporation) of other primarily nonprofit corporations. CommonSpirit Health and substantially all of its direct affiliates and subsidiaries have been granted exemptions from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code. As of November 13, 2026, CommonSpirit Health is comprised of approximately 2,600 care sites, consisting of 132 hospitals, including academic health centers, major teaching hospitals, critical access facilities, community health services organizations, accredited nursing colleges, home health agencies, living communities, a medical foundation and other affiliated medical groups, and other facilities and services that span the inpatient and outpatient continuum of care. An additional 20 hospitals are operated through unconsolidated joint ventures. CommonSpirit Health also has offshore and onshore captive insurance companies. The accompanying unaudited condensed consolidated financial statements include CommonSpirit Health and its direct affiliates and subsidiaries (together, "CommonSpirit").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements of CommonSpirit were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of all wholly owned affiliates and affiliates over which CommonSpirit exercises control or has a controlling financial interest, after elimination of intercompany transactions and balances. These unaudited condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, refer to the audited consolidated financial statements as of and for the years ended June 30, 2026 and 2025. Operating results for the three-month period ended September 30, 2026, are not necessarily indicative of the results to be expected during the year ending June 30, 2027.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. CommonSpirit considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its unaudited condensed consolidated financial statements, including the following: recognition of net patient revenue, which includes supplemental program revenue, contractual discounts and adjustments; price concessions and charity care; other operating revenues; fair value of acquired assets and assumed liabilities in business combinations; recorded values of depreciable and amortizable assets, investments and goodwill; reserves for self-insured workers' compensation and professional and general liabilities; contingent liabilities; and assumptions for measurement of pension and other postretirement benefit liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular circumstances. Actual results could differ from those estimates.

Patient Accounts Receivable and Net Patient Revenue – Patient service revenue is reported at the amounts that reflect the consideration CommonSpirit expects to be paid in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and include consideration for retroactive revenue adjustments due to settlement of audits and reviews. Generally, performance obligations for patients receiving inpatient acute care services and outpatient services are recognized over time as services are provided. Net patient revenue is primarily comprised of hospital and physician services.

Performance obligations are generally satisfied over a period of less than one year. As such, CommonSpirit has elected to apply the optional exemption provided in Financial Accounting Standards Board Accounting Standards Codification, *Revenue from Contracts with Customers*, and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

CommonSpirit determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with CommonSpirit's financial assistance policy, and implicit price concessions provided to uninsured and underinsured patients. CommonSpirit determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy and historical experience. CommonSpirit determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. CommonSpirit relies on the results of detailed reviews of historical write-offs and collections in estimating the collectability of accounts receivable. Updates to the hindsight analysis are performed at least quarterly using primarily a rolling 18-month collection history and write-off data. Subsequent changes to estimates of the transaction price are generally recorded as adjustments to net patient revenue in the period of the change.

Subsequent changes that are determined to be the result of an adverse change in a third-party payor's ability to pay are recorded as bad debt expense in purchased services and other in the accompanying unaudited condensed consolidated statements of operations and changes in net assets. Bad debt expense for the three-month periods ended September 30, 2026 and 2025 was not significant.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements included in net patient revenue follows:

Medicare: Payments for inpatient services are generally made on a prospectively determined rate based on clinical diagnosis. Certain facilities receive cost-based reimbursement. Hospital outpatient services are generally paid based on prospectively determined rates. Physician services are paid based upon established fee schedules.

Medicaid: Payments for inpatient services are generally made on a prospectively determined rate based on clinical diagnosis or on a per case or per diem basis. Hospital outpatient services and physician services are paid based upon established fee schedules, a cost basis reimbursement methodology or discounts from established charges.

Commercial: Payments for inpatient and outpatient services provided to patients covered under commercial insurance policies are paid using a variety of payment methodologies, including per diem and case rates.

Self-Pay and Other: Payment agreements with uninsured or underinsured patients, along with other responsible entities, including institutions, other hospitals and other government payors, are based on a variety of payment methodologies.

Net patient revenue includes estimated settlements under payment agreements with third-party payors. Settlements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. These settlements are estimated and evaluated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity.

Medicaid reimbursement includes supplemental revenues under various state Medicaid programs, including, but not limited to, Disproportionate Share Hospital payments, Graduate Medical Education payments, and state provider fee programs. Amounts are recognized for these programs, if the applicable program by state and by year, is probable and reasonably estimable, and are recorded within net patient revenue in the unaudited condensed consolidated statement of operations and changes in net assets. Amounts are estimated using historical and current program data, payment models, and other factors specified by the applicable state and CMS and are adjusted in future periods as final settlements and approvals become known.

Subsequent Events – CommonSpirit has evaluated subsequent events occurring between the end of the most recent fiscal quarter and November 13, 2026, the date the unaudited condensed consolidated financial statements were issued. See Note 10.

3. SIGNIFICANT TRANSACTIONS

Vendor Termination – In January 2026, CommonSpirit entered into an agreement with a revenue cycle solutions vendor to terminate services effective December 31, 2026. Terms of the agreement included a January 2026 redemption of the equity interest that CommonSpirit held in the same vendor for $540 million. As part of the agreement, CommonSpirit will pay an aggregate amount of $1.9 billion, of which $540 million was applied in the year ended June 30, 2026, through the redemption of the equity interest, with the remaining balance payable in equal installments over the next three years. The termination of services agreement and loss on sale of the equity interest total a charge of $2.2 billion, recognized in the last two quarters of the prior year, and are included in special charges, including contract termination, intangible asset impairment and certain restructuring costs ("special charges") in the unaudited condensed consolidated statements of operations and changes in net assets. As of September 30, 2026, $453 million and $814 million are recorded to the current portion of long-term debt and long-term debt, respectively, in the unaudited condensed consolidated balance sheets.

4. OTHER OPERATING REVENUE

ERC of $0 million and $86 million, net, were recorded for the three-month periods ended September 30, 2026 and 2025, respectively. These payroll tax credits relate to qualified wages paid during the COVID-19 pandemic from March 13, 2020 through September 30, 2021.

All grants and tax credits recorded are subject to subsequent audits by the applicable regulatory agencies providing the funds.

5. NET PATIENT REVENUE

Patient revenue, net of contractual discounts and adjustments and implicit price concessions, is comprised of the following (in millions):

	Three-Month Periods Ended September 30,	
	2026	**2025**
Government	$ 4,716	$ 4,484
Contracted	3,842	3,592
Self-pay and other	784	677
	$ 9,342	$ 8,753

Government payor type includes Medicare fee for service, Medicare capitated, Medicare managed care fee for service, Medicaid fee for service, Medicaid capitated and Medicaid managed care fee for service patient accounts. Contracted payor type includes contracted rate payors and commercial capitated patient accounts.

Net patient revenue from the supplemental Medicaid programs amounts to $787 million, or 8%, and $417 million, or 5%, for the three-month periods ended September 30, 2026 and 2025, respectively.

6. OTHER CURRENT ASSETS

Other current assets consist of the following (in millions):

	As of September 30, 2026	As of June 30, 2026
Inventories	$ 932	$ 930
Receivables, other than patient accounts receivable	669	1,179
Broker receivables for unsettled investment trades	1,410	1,517
Assets held for sale	190	218
Prepaid expenses	611	460
Other	117	113
Total other current assets	$ 3,929	$ 4,417

7. CASH AND INVESTMENTS

CommonSpirit's cash and investments include consolidated membership interests in the CommonSpirit Health Operating Investment Pool, LLC as of September 30, 2026 and June 30, 2026. Short-term and long-term investments also include assets limited as to use set aside by CommonSpirit for future long-term purposes as outlined below as of (in millions):

	As of September 30, 2026	As of June 30, 2026
Cash and cash equivalents	$ 2,359	$ 2,264
Short-term investments	268	138
Long-term investments	19,789	19,553
Total cash and investments	22,416	21,955
Less:		
Held for self-insured claims	2,057	2,089
Under bond indenture agreements for debt service	201	145
Donor-restricted	613	600
Other	1,138	1,091
Total assets limited as to use	4,009	3,925
Unrestricted cash and investments	$ 18,407	$ 18,030

8. FAIR VALUE MEASUREMENTS

CommonSpirit accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation inputs categorizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level of input that is significant to the fair value measurement in its entirety. These levels are:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets in this category include money market funds, U.S. Treasury securities and listed equities.

Level 2: Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds and derivative instruments.

Level 3: Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The following represents assets and liabilities measured at fair value or at the NAV practical expedient on a recurring basis (in millions):

	September 30, 2026			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and short-term investments	$ 2,912	$ 188		$ 3,100
U.S. government securities	821	526	-	1,347
U.S. corporate bonds	133	572	-	705
U.S. equity securities	1,252	1	-	1,253
Foreign government securities	-	225	-	225
Foreign corporate bonds	4	189	-	193
Foreign equity securities	1,168	1	-	1,169
Structured debt	-	795	-	795
Private equity	-	-	280	280
Multi-strategy hedge funds	50	-	-	50
Real estate	32	25	-	57
Community Investment Program	-	-	246	246
Other investments	375	14	-	389
Assets measured at fair value	$ 6,748	$ 2,537	$ 526	9,810
Assets at NAV				12,606
Total assets				$ 22,416
Liabilities				
Derivative instruments	$ -	$ 143	$ -	$ 143
Other	-	-	93	93
Total liabilities	$ -	$ 143	$ 93	$ 236

	June 30, 2026			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and short-term investments	$ 2,508	$ 175	$ -	$ 2,683
U.S. government securities	891	479	-	1,370
U.S. corporate bonds	131	588	-	719
U.S. equity securities	1,238	1	-	1,239
Foreign government securities	-	244	-	244
Foreign corporate bonds	4	212	-	216
Foreign equity securities	1,248	1	-	1,249
Structured debt	-	866	-	866
Private equity	-	-	284	284
Real estate	33	16	-	49
Community Investment Program	-	-	246	246
Other investments	330	12	-	342
Assets measured at fair value	$ 6,383	$ 2,594	$ 530	9,507
Assets at NAV				12,448
Total assets				$ 21,955
Liabilities				
Derivative instruments	$ -	$ 76	$ -	$ 76
Other	-	-	91	91
Total liabilities	$ -	$ 76	$ 91	$ 167

Assets and liabilities measured at fair value on a recurring basis reflected in the table above are reported in short-term investments, long-term investments, current liabilities and other liabilities – long-term in the accompanying unaudited condensed consolidated balance sheets.

The Level 2 and 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

For marketable securities, such as U.S. and foreign government securities, U.S. and foreign corporate bonds, U.S. and foreign equity securities, mortgage and asset-backed securities, and structured debt, in the instances where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, discounted cash flow models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques, such as the income or market approach. CommonSpirit classifies all such investments as Level 2.

For private equity investments where no fair value is readily available, the fair value is determined using models that take into account relevant information considered material. Due to the significant unobservable inputs present in these valuations, CommonSpirit classifies all such investments as Level 3.

The fair value of collateral held under securities lending program is classified as Level 2. The collateral held under this program is placed in commingled funds whose underlying investments are valued using techniques similar to those used for the marketable securities noted above. Amounts reported do not include noncash collateral of $752 million and $708 million as of September 30, 2026 and June 30, 2026, respectively.

The fair value of assets and liabilities for derivative instruments, such as interest rate swaps classified as Level 2, is determined using an industry standard valuation model, which is based on a market approach. A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model. Each leg is discounted and the difference between the present value of each leg's cash flows equals the fair value of the swap.

Related to investments valued using the NAV per share practical expedient, management also performs, on a regular basis when information is available, various validations and testing of NAV provided and determines that the investment managers' valuation techniques are compliant with fair value measurement accounting standards.

The following table and explanations identify attributes relating to the nature and risk of investments for which fair value is determined using a calculated NAV as of September 30, 2026 (in millions):

		NAV Practical Expedient	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity	(1)	$ 2,411	$ 2,558	-	-
Multi-strategy hedge funds	(2)	2,738	-	Weekly, Monthly, Quarterly, Semi-Annually, Annually	3 - 90 days
Real estate	(3)	959	1,594	Quarterly	45 - 90 days
Commingled funds - debt securities	(4)	1,124	79	Daily, Monthly, Quarterly	1 - 90 days
Commingled funds - equity securities	(5)	5,374	-	Daily, Weekly, Bi-Weekly, Monthly, Quarterly	1 - 90 days
Total		$ 12,606	$ 4,231		

(1) This category includes private equity funds that specialize in providing capital to a variety of investment groups, including, but not limited to, venture capital, leveraged buyout, mezzanine debt, distressed debt and other situations. There are no provisions for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated as of September 30, 2026, to be over the next 12 years.

(2) This category includes investments in hedge funds that pursue diversification of both domestic and foreign fixed income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term, risk-adjusted absolute returns. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted.

The following table reflects the various redemption frequencies, notice periods and any applicable lock-up periods or gates to redemption as of September 30, 2026:

Percentage of the Value of Category (2)		Redemption Frequency	Redemption Notice Period	Redemption Locked Up Until (if applicable)	Redemption Gate % of Account (if applicable)
Total	**Subtotal**				
7.7%	7.7%	Annually	60 days	up to 2 years	up to 50.0%
5.1%	5.1%	Semi-Annually	75 - 90 days	-	up to 25.0%
38.7%	0.4%	Quarterly	45 days	up to 2 years	up to 20.0%
	24.4%	Quarterly	55 - 65 days	up to 1 year	up to 10.0% - 25.0%
	14.0%	Quarterly	90 days		up to 12.5% - 25.0%
46.9%	7.0%	Monthly	5 days	-	up to 20.0%
	29.2%	Monthly	15 - 50 days		up to 16.7% - 20.0%
	10.7%	Monthly	60-90 days	-	up to 20.0%
1.5%	1.5%	Weekly	3 days	-	-

(3) This category includes investments in real estate funds that invest primarily in institutional-quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts. Investments representing 35% of the value of investments in this category do not have provisions for redemptions during the life of these funds. Distributions will be received as the underlying investments of the funds are liquidated, estimated as of September 30, 2026, to be over the next 11 years.

(4) This category includes investments in commingled funds that invest primarily in domestic and foreign debt and fixed income securities, the majority of which are traded in over-the-counter markets. Also included in this category are commingled fixed income funds that provide capital in a variety of mezzanine debt, distressed debt and other special debt securities situations. Investments representing approximately 2% of the value of investments in this category do not have provisions for redemptions during the life of these funds. Distributions will be received as the underlying investments of the funds are liquidated, estimated as of September 30, 2026, to be over the next three years.

(5) This category includes investments in commingled funds that invest primarily in domestic or foreign equity securities with multiple investment strategies. A majority of the funds attempt to match or exceed the returns of specific equity indices. Investments representing approximately 77% of the value of investments in this category do not have provisions for redemptions during the life of these funds.

9. OTHER LONG-TERM ASSETS, NET

Other long-term assets, net, consist of the following (in millions):

	As of September 30, 2026	As of June 30, 2026
Notes receivable, primarily secured	$ 46	$ 56
Provider fee receivable, long-term	675	675
Goodwill	997	1,000
Intangible assets - definite-lived, net	210	230
Intangible assets - indefinite-lived	290	282
Donor-restricted assets	626	622
Other	358	344
Total other long-term assets, net	$ 3,202	$ 3,209

Goodwill is measured as of the effective date of a business combination as the excess of the aggregate of the fair value of consideration transferred over the fair value of the tangible and intangible assets acquired and liabilities assumed. Goodwill is amortized over a 10 year period.

Intangible assets consist primarily of trademarks, trademark agreements, noncompete agreements, certificates of need, and other contracts, and are recorded at fair value using various methods based on the nature of the asset. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

Intangible assets whose lives are indefinite are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist.

The aggregate amortization expense related to intangible and goodwill assets is $37 million and $3 million for the three-month periods ended September 30, 2026 and 2025, respectively, and is recorded in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets. Life to date goodwill amortization expense under the accounting alternative is $135 million.

10. DEBT

Debt activity for the three-month periods ended September 30, 2026, and 2025 consists of the following.

2027 Financing Activity – In July 2026, CommonSpirit entered into a $293 million term loan to redeem in full the Colorado Health Facilities Authority Revenue Bonds, Series 2019B-2 and the Washington Health Care Facilities Authority Revenue Bonds, Series 2019B-3. The term loan is scheduled to mature in March 2028.

In August 2026, CommonSpirit issued $1.3 billion of tax-exempt fixed rate bonds in a private placement. Proceeds were used to pay and reimburse a portion of the capital costs of previously leased assets. The bonds mature in August 2056.

In August 2026, CommonSpirit entered into a $137 million term taxable loan to pay and reimburse a portion of the capital costs of previously leased assets. The term loan is scheduled to mature in August 2029.

In August 2026, CommonSpirit drew $400 million on its syndicated line of credit for working capital purposes.

In September 2026, CommonSpirit drew $150 million on its syndicated line of credit for working capital purposes.

In October 2026, CommonSpirit issued $555 million of taxable commercial paper notes. Proceeds were used to repay outstanding balances on its syndicated line of credit.

2026 Financing Activity – In July 2025, CommonSpirit entered into a $136 million term loan to repay outstanding balances on the syndicated line of credit. The term loan matured in October 2025.

In July 2025, CommonSpirit entered into a $225 million term loan to redeem in full the Colorado Health Facilities Authority Revenue Bonds, Series 2019B-1 and the Washington Health Care Facilities Authority Revenue Bonds, Series 2019B-2. The term loan matured in July 2026.

In September 2025, CommonSpirit entered into $450 million of bridge loans with three banks to refund $450 million of taxable fixed rate bonds.

11. DERIVATIVE INSTRUMENTS

The following table shows the outstanding notional amount of derivative instruments measured at fair value, net of credit value adjustments, as reported in the accompanying unaudited condensed consolidated balance sheets (in millions):

	Maturity Date of Derivatives	Interest Rate	Notional Amount Outstanding	Fair Value
			As of September 30, 2026	
Derivatives not designated as hedges				
Interest rate swaps	2028 - 2047	3.2% - 4.0%	$ 1,389	$ (26)
Total return swaps	2028 - 2031	spread	1,697	(117)
Total derivative instruments			3,086	(143)
Cash collateral			-	22
Derivative instruments, net			$ 3,086	$ (121)
			As of June 30, 2026	
Derivatives not designated as hedges				
Interest rate swaps	2028 - 2047	3.2% - 4.0%	$ 1,409	$ (77)
Total return swaps	2028 - 2031	spread	350	1
Total derivative instruments			1,759	(76)
Cash collateral			-	21
Derivative instruments, net			$ 1,759	$ (55)

CommonSpirit's interest rate swaps mature between 2028 and 2047. CommonSpirit has the right to terminate the swaps prior to maturity for any reason. The termination value would be the fair value or the replacement cost of the swaps, depending on circumstances. The derivative agreements have certain early termination triggers caused by an event of default or a termination event. The events of default include failure to make payment when due, failure to give notice of a termination event, cash on hand dropping below a specified number of days and defaults under other agreements (cross-default provision). Termination events can include credit ratings dropping below a defined minimum credit rating threshold by either party.

CommonSpirit has $160 million notional of interest rate swaps that are insured and have a negative fair value of $3 million as of September 30, 2026. In the event the insurer is downgraded below a specified minimum credit rating, the counterparties have the right to terminate the swaps if CommonSpirit Health does not provide alternative credit support acceptable to them within 30 days of being notified of the downgrade. If both the insurer

and CommonSpirit Health are downgraded below a specified minimum credit rating, the counterparties have the right to terminate the swaps.

CommonSpirit has $1.2 billion notional amount of interest rate swaps that are not insured, of which the counterparties have various rights to terminate $233 million notional. These include the outstanding notional amounts of $100 million and $73 million at each five-year anniversary date commencing in March 2028 and September 2028, respectively. Swaps in the outstanding notional amounts of $60 million have a mandatory put in March 2028. The termination value would be the fair value or the replacement cost of the swaps, depending on the circumstances. These interest rate swaps with the optional and mandatory put options have a negative fair value of $3 million as of September 30, 2026. The remaining uninsured swaps in the notional amount of $1.0 billion have a negative fair value of $20 million as of September 30, 2026.

In August 2026, CommonSpirit entered into three total return swaps in the notional amount of $1.3 billion to reduce interest expense associated with fixed rate debt. CommonSpirit receives a fixed rate and pays a variable rate of SIFMA, plus a spread. CommonSpirit has the right to terminate the total return swap for any reason after February 2027, prior to its expiration in August 2029.

12. LEASES

CommonSpirit enters into operating and finance leases primarily for buildings and equipment and determines whether an arrangement is a lease at inception of the contract. For leases with terms greater than 12 months, CommonSpirit records the related right-of-use ("ROU") asset and lease liability at the present value of lease payments over the contract term using a risk-free interest rate, subject to certain adjustments. CommonSpirit does not separate contract lease and non-lease components except for a class of underlying assets related to supply agreements, which include associated equipment. Certain building lease agreements require CommonSpirit to pay maintenance, repairs, property taxes and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Lease costs also include escalating rent payments that are not fixed at commencement but are based on the Consumer Price Index or other measure of cost inflation. Future changes in the indices are included within variable lease costs. Certain leases include one or more options to renew the lease at the end of the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain leases also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at CommonSpirit's discretion and are evaluated at the commencement of the lease, with only those that are reasonably certain of exercise included in determining the appropriate lease term and lease type.

In August 2026, CommonSpirit completed the purchase of $1.5 billion of previously leased assets. These were recorded as finance leases as of June 30, 2026, and subsequently recorded as owned assets within property and equipment, net in the unaudited condensed consolidated balance sheet as of September 30, 2026.

Following is supplemental unaudited condensed consolidated balance sheet information related to leases (in millions):

Lease Type	Balance Sheet Classification	As of September 30, 2026	As of June 30, 2026
Operating Leases:			
Operating lease ROU assets	Right-of-use operating lease assets	$ 1,450	$ 1,415
Operating lease obligations - current	Other accrued liabilities - current	237	232
Operating lease obligations - long-term	Other liabilities: Operating lease liabilities	1,403	1,367
Finance Leases:			
Finance lease ROU assets	Property and equipment, net	$ 436	$ 1,826
Current finance lease liabilities	Current portion of long-term debt	73	1,562
Long-term finance lease liabilities	Long-term debt, net of current portion	398	418

13. SPECIAL CHARGES

The components of special charges include the following for the three-month period ended September 30, 2026 (in millions):

Revenue cycle vendor termination and associated costs	$ 10
Consulting and severance related to certain restructuring	55
Total special charges	$ 65

Charges related to vendor termination primarily include the costs to bring revenue cycle services in-house. The termination of the vendor contract was finalized on October 31, 2026. Restructuring costs were incurred to implement reorganization efforts within specific operations, consisting of consulting and severance costs.

14. INTEREST EXPENSE, NET

The components of interest expense, net, include the following (in millions):

	Three-Month Periods Ended September 30,	
	2026	**2025**
Interest and fees on debt	$ 234	$ 206
Capitalized interest expense	(18)	(18)
Interest expense, net	$ 216	$ 188

15. RETIREMENT PROGRAMS

Total expense for all CommonSpirit retirement and post retirement plans includes service cost components and other nonservice net benefit credits. Service costs are recorded in salaries and benefits on the accompanying unaudited condensed consolidated statements of operations and changes in net assets. Other nonservice net periodic benefit credits are recorded in nonoperating income (loss) in the unaudited condensed consolidated statements of operations and changes in net assets.

Total retirement and post retirement plans expense includes the following (in millions):

	Three-Month Periods Ended September 30,	
	2026	**2025**
Service cost	$ 216	$ 193
Other nonservice net benefit credits	(55)	(39)
Retirement and postretirement plans expense	$ 161	$ 154

16. COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND OTHER

The following summary encompasses matters related to litigation, regulatory and compliance matters, and developments thereto.

General – The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, the rules governing licensure, accreditation, controlled substances, privacy, government program participation, government reimbursement, antitrust, anti-kickback, prohibited referrals by physicians, false claims, and in the case of tax-exempt organizations, the requirements of tax exemption. Management believes CommonSpirit is materially in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CommonSpirit entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. Additionally, certain CommonSpirit entities have identified and self-disclosed potential instances of noncompliance with applicable regulations. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CommonSpirit's unaudited condensed consolidated financial statements.

In recent years, government activity has increased with respect to investigations and allegations of wrongdoing. In addition, during the course of business, CommonSpirit becomes involved in civil litigation. Management assesses the probable outcome of unresolved litigation and investigations and records contingent liabilities reflecting estimated liability exposure.

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