

<b>Form 5500</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b>  This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).  <p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	OMB Nos. 1210-0110 1210-0089  <b>2012</b>  <b>This Form is Open to Public Inspection</b>
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<b>Part I</b>	<b>Annual Report Identification Information</b>
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
B This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
D Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

<b>Part II</b>	<b>Basic Plan Information</b> —enter all requested information		
<b>1a</b> Name of plan SEATTLE CHILDREN'S HEALTHCARE SYSTEM EMPLOYEES RETIREMENT PLAN	<b>1b</b> Three-digit plan number (PN) ▶ <u>003</u>	<b>1c</b> Effective date of plan <u>01/01/1989</u>	
<b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)  SEATTLE CHILDRENS HEALTHCARE SYSTEM   4800 SAND POINT WAY NE SEATTLE, WA 98105	<b>2b</b> Employer Identification Number (EIN) <u>91-1250116</u>	<b>2c</b> Sponsor's telephone number <u>206-987-2111</u>	<b>2d</b> Business code (see instructions) <u>622000</u>

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	07/26/2013	STEVEN HURWITZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	07/26/2013	WARREN HEWITT
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

<b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address  SEATTLE CHILDRENS HEALTHCARE SYSTEM 4800 SAND POINT WAY NE SEATTLE, WA 98105		<b>3b</b> Administrator's EIN 91-1250116 <b>3c</b> Administrator's telephone number 206-987-2111
<b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: <b>a</b> Sponsor's name		<b>4b</b> EIN  <b>4c</b> PN
<b>5</b> Total number of participants at the beginning of the plan year		<b>5</b> 6294
<b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).		
<b>a</b> Active participants.....	<b>6a</b>	5217
<b>b</b> Retired or separated participants receiving benefits.....	<b>6b</b>	17
<b>c</b> Other retired or separated participants entitled to future benefits.....	<b>6c</b>	1427
<b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....	<b>6d</b>	6661
<b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	<b>6e</b>	7
<b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....	<b>6f</b>	6668
<b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	<b>6g</b>	6492
<b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6h</b>	440
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....		<b>7</b>
<b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 2F 2G 2J 2K 2S 2T 2R		
<b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
<b>9a</b> Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor		<b>9b</b> Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
<b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
<b>a Pension Schedules</b> (1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information) (2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		<b>b General Schedules</b> (1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information) (2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan) (3) <input type="checkbox"/> <b>A</b> (Insurance Information) (4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information) (5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information) (6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)

<b>SCHEDULE C</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Service Provider Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  <b>▶ File as an attachment to Form 5500.</b>	OMB No. 1210-0110
		<b>2012</b>
		<b>This Form is Open to Public Inspection.</b>

For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

<b>A</b> Name of plan <b>SEATTLE CHILDREN'S HEALTHCARE SYSTEM EMPLOYEES RETIREMENT PLAN</b>	<b>B</b> Three-digit plan number (PN) <b>▶</b>	<b>003</b>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <b>SEATTLE CHILDRENS HEALTHCARE SYSTEM</b>	<b>D</b> Employer Identification Number (EIN) <b>91-1250116</b>	

**Part I Service Provider Information (see instructions)**

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation  
**FIDELITY INVESTMENTS INST. OPS. CO.**

**04-2647786**

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 71 60	RECORDKEEPER	24196	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<p><b>(d)</b> Enter name and EIN (address) of source of indirect compensation</p> <p>ALZGI NFJ DIV VL ADM - BOSTON FINAN      330 W. 9TH STREET KANSAS CITY, MO 64105-1514</p> <p>52-2269240</p>		
<p><b>(e)</b> Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.35%</p>		
<p><b>(a)</b> Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p><b>(b)</b> Service Codes (see instructions)</p> <p>60</p>		
<p><b>(c)</b> Enter amount of indirect compensation</p> <p>0</p>		
<p><b>(d)</b> Enter name and EIN (address) of source of indirect compensation</p> <p>CALVERT EQUITY A - BOSTON FINANCIAL      P.O. BOX 8480 BOSTON, MA 02266</p>		
<p><b>(e)</b> Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.35%</p>		
<p><b>(a)</b> Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p><b>(b)</b> Service Codes (see instructions)</p> <p>60</p>		
<p><b>(c)</b> Enter amount of indirect compensation</p> <p>0</p>		
<p><b>(d)</b> Enter name and EIN (address) of source of indirect compensation</p> <p>DODGE &amp; COX INTL STK - BOSTON FINAN      P.O. BOX 8480 BOSTON, MA 02266</p>		
<p><b>(e)</b> Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.10%</p>		

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
DOMINI SOCIAL EQ INV - BNY MELLON A 101 SABIN STREET PAWTUCKET, RI 02860	0.40%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
LZRD EMRG MKTS EQ O - BOSTON FINANC P.O. BOX 8480 BOSTON, MA 02266	0.45%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.27%	



**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP SMALL-CAP VALUE - T. ROWE PRICE  52-2269240	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

**Part III** **Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
(complete as many entries as needed)

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

Department of the Treasury  
Internal Revenue Service

Department of Labor  
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

► **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

**This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** Name of plan  
SEATTLE CHILDREN'S HEALTHCARE SYSTEM EMPLOYEES RETIREMENT PLAN

<b>B</b> Three-digit plan number (PN)	003
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**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500  
SEATTLE CHILDRENS HEALTHCARE SYSTEM

<b>D</b>	Employer Identification Number (EIN)
	91-1250116

<b>Part I</b>	<b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b> (Complete as many entries as needed to report all interests in DFEs)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE: **FID MGD INC PORT**

**b** Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

<b>c</b> EIN-PN <a href="#">04-3022712-024</a>	<b>d</b> Entity code <a href="#">C</a>	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">15759899</a>
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).  <b>► File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div>  <b>This Form is Open to Public Inspection</b>
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For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
<b>A</b> Name of plan <u>SEATTLE CHILDREN'S HEALTHCARE SYSTEM EMPLOYEES RETIREMENT PLAN</u>	<b>B</b> Three-digit plan number (PN) ►	<u>003</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>SEATTLE CHILDRENS HEALTHCARE SYSTEM</u>	<b>D</b> Employer Identification Number (EIN)  <u>91-1250116</u>	

<b>Part I</b>	<b>Asset and Liability Statement</b>
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**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>	918	0
<b>b</b> Receivables (less allowance for doubtful accounts):			
(1) Employer contributions .....	<b>1b(1)</b>		
(2) Participant contributions .....	<b>1b(2)</b>		
(3) Other.....	<b>1b(3)</b>		
<b>c</b> General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>	92365	400642
(2) U.S. Government securities.....	<b>1c(2)</b>		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred .....	<b>1c(3)(A)</b>		
(B) All other.....	<b>1c(3)(B)</b>		
(4) Corporate stocks (other than employer securities):			
(A) Preferred .....	<b>1c(4)(A)</b>		
(B) Common .....	<b>1c(4)(B)</b>	229102	571112
(5) Partnership/joint venture interests .....	<b>1c(5)</b>		
(6) Real estate (other than employer real property) .....	<b>1c(6)</b>		
(7) Loans (other than to participants) .....	<b>1c(7)</b>		
(8) Participant loans .....	<b>1c(8)</b>	1850044	3482490
(9) Value of interest in common/collective trusts.....	<b>1c(9)</b>	15673282	15759899
(10) Value of interest in pooled separate accounts.....	<b>1c(10)</b>		
(11) Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
(12) Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b>	188878384	239725576
(14) Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b>		
(15) Other .....	<b>1c(15)</b>	-1345	-1495

**1d** Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	<b>1d(1)</b>		
(2) Employer real property .....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation .....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	206722750	259938224

**Liabilities**

<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		
<b>i</b> Acquisition indebtedness .....	<b>1i</b>		
<b>j</b> Other liabilities .....	<b>1j</b>		
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>	0	0

**Net Assets**

<b>l</b> Net assets (subtract line 1k from line 1f) .....	<b>1l</b>	206722750	259938224
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**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income****a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: <b>(A)</b> Employers .....	<b>2a(1)(A)</b>	17725351	
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>	17313304	
<b>(C)</b> Others (including rollovers) .....	<b>2a(1)(C)</b>	1044831	
(2) Noncash contributions .....	<b>2a(2)</b>		
(3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		36083486

**b Earnings on investments:****(1) Interest:**

<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....	<b>2b(1)(A)</b>	16	
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans .....	<b>2b(1)(E)</b>	113383	
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		113399

(2) Dividends: <b>(A)</b> Preferred stock .....	<b>2b(2)(A)</b>		
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>	5422	
<b>(C)</b> Registered investment company shares (e.g. mutual funds) .....	<b>2b(2)(C)</b>	6571869	
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		6577291

(3) Rents .....	<b>2b(3)</b>		
(4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....	<b>2b(4)(A)</b>	194429	
<b>(B)</b> Aggregate carrying amount (see instructions) .....	<b>2b(4)(B)</b>	183307	
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		11122

(5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....	<b>2b(5)(A)</b>		
<b>(B)</b> Other .....	<b>2b(5)(B)</b>	-28711	
<b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		-28711



		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts .....	2b(6)		256341
(7) Net investment gain (loss) from pooled separate accounts .....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts .....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities .....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		20854420
c Other income.....	2c		
d Total income. Add all <b>income</b> amounts in column (b) and enter total.....	2d		63867348

**Expenses**

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	2e(1)	10596580	
(2) To insurance carriers for the provision of benefits .....	2e(2)		
(3) Other .....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		10596580
f Corrective distributions (see instructions) .....	2f		1445
g Certain deemed distributions of participant loans (see instructions).....	2g		29866
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees .....	2i(1)		
(2) Contract administrator fees .....	2i(2)		
(3) Investment advisory and management fees .....	2i(3)		
(4) Other .....	2i(4)	23983	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		23983
j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	2j		10651874

**Net Income and Reconciliation**

k Net income (loss). Subtract line 2j from line 2d.....	2k		53215474
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan .....	2l(2)		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **KPMG LLP**

(2) EIN: **13-5565207**

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

**b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
<b>e</b> Was this plan covered by a fidelity bond?.....	X		10000000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
<b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....		X	

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

**5b(1)** Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

## Part V Trust Information (optional)

**6a** Name of trust

**6b** Trust's EIN

<b>SCHEDULE R</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Retirement Plan Information</b>  This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2012</b>  <b>This Form is Open to Public Inspection.</b>
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

<b>A</b> Name of plan <u>SEATTLE CHILDREN'S HEALTHCARE SYSTEM EMPLOYEES RETIREMENT PLAN</u>	<b>B</b> Three-digit plan number (PN) ▶ <u>003</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>SEATTLE CHILDRENS HEALTHCARE SYSTEM</u>	<b>D</b> Employer Identification Number (EIN) <u>91-1250116</u>

<b>Part I</b>	<b>Distributions</b>
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All references to distributions relate only to payments of benefits during the plan year.

<b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<b>1</b>	<u>0</u>
<b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):  EIN(s): <u>04-6568107</u>		
<b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>		
<b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<b>3</b>	

<b>Part II</b>	<b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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<b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>If the plan is a defined benefit plan, go to line 8.</b>			
<b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. <b>Date:</b> Month _____ Day _____ Year _____			
<b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b>			
<b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....	<b>6a</b>		
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>		
<b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<b>6c</b>		
<b>If you completed line 6c, skip lines 8 and 9.</b>			
<b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

<b>Part III</b>	<b>Amendments</b>
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<b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> No
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<b>Part IV</b>	<b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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<b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>11 a</b> Does the ESOP hold any preferred stock? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

<b>a</b> The current year .....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year .....	<b>14b</b>	
<b>c</b> The second preceding plan year .....	<b>14c</b>	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year .....	<b>15b</b>	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

<b>a</b> Enter the number of employers who withdrew during the preceding plan year .....	<b>16a</b>	
<b>b</b> If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers .....	<b>16b</b>	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**b** Provide the average duration of the combined investment-grade and high-yield debt:  
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_



**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Financial Statements and Supplemental Schedule

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

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KPMG LLP  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## **Independent Auditors' Report**

Administrative Committee  
Seattle Children's Healthcare System  
Employees' Retirement Plan:

### **Report on Financial Statements**

We were engaged to audit the accompanying financial statements of Seattle Children's Healthcare System Employees' Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years ended December 31, 2012 and 2011, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 6, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2012 and 2011, and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.





***Other Matter***

The supplemental schedule *Schedule H, Line 4i – Schedule of Assets (Held at End of Year)* as of December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

**Report on Form and Content in Compliance with DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

**KPMG LLP**

July 25, 2013

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Participant directed investments, at fair value:		
Fidelity Balanced Fund	\$ 66,931,364	58,730,582
Fidelity Low-Priced Stock Fund	5,452,196	4,447,154
Fidelity International Discovery Fund	725,178	475,624
Fidelity Growth Discovery Fund	13,764,355	11,909,841
Fidelity Freedom Income	186,939	103,087
Fidelity Emerging Market Fund	220,079	125,582
Fidelity Freedom 2000 Fund	93,584	78,503
Fidelity Freedom 2005 Fund	267,833	222,604
Fidelity Freedom 2010 Fund	2,118,825	2,048,283
Fidelity Freedom 2015 Fund	4,226,074	3,472,394
Fidelity Freedom 2020 Fund	13,843,335	10,986,630
Fidelity Freedom 2025 Fund	7,485,465	5,034,065
Fidelity Freedom 2030 Fund	16,366,036	12,330,997
Fidelity Freedom 2035 Fund	7,299,477	4,966,382
Fidelity Freedom 2040 Fund	15,678,708	11,238,417
Fidelity Freedom 2045 Fund	12,073,903	7,758,760
Fidelity Freedom 2050 Fund	11,357,786	6,996,499
Fidelity Freedom 2055 Fund	490,320	—
Fidelity Spartan U.S. Equity Index Fund	20,422,646	16,901,414
Domini Social Equity Fund	414,461	293,715
PIMCO Total Return Fund	14,156,744	11,736,196
Calvert Social Investment Equity Fund	1,648,755	1,480,660
T. Rowe Price Small Cap Value Fund	6,413,407	5,460,603
Dodge & Cox International Stock Fund	6,663,318	5,555,303
Alliance NFJ Dividend Value Fund	4,112,936	3,451,861
Vanguard Energy Fund	1,048,456	812,900
Lazard Emerging Markets Portfolio	699,862	449,851
Fidelity Managed Income Portfolio	15,759,899	15,673,282
Brokeragelink	6,533,793	2,131,517
Total investments	256,455,734	204,872,706
Notes receivable from participants	3,482,490	1,850,044
Net assets reflecting all investments at fair value	259,938,224	206,722,750
Adjustment from fair value to contract value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	(451,006)	(386,564)
Net assets available for benefits	\$ <u>259,487,218</u>	<u>206,336,186</u>

See accompanying notes to financial statements.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2012 and 2011

	<u><b>2012</b></u>	<u><b>2011</b></u>
Investment income (loss):		
Dividend and interest income	\$ 6,568,278	5,150,358
Net appreciation (depreciation) in fair value of investments:		
Registered investment company funds	21,037,759	(6,724,256)
Other	—	(6,353)
Net investment (loss) income	<u>27,606,037</u>	<u>(1,580,251)</u>
Interest on notes receivable from participants	113,383	70,257
Contributions:		
Employer contributions	17,725,351	16,324,146
Employee contributions including rollovers	<u>18,358,135</u>	<u>16,586,671</u>
Total contributions	36,083,486	32,910,817
Benefit payments	(10,627,891)	(7,509,816)
Administrative expenses	<u>(23,983)</u>	<u>(20,627)</u>
Net increase in net assets available for benefits	53,151,032	23,870,380
Net assets available for benefits, beginning of year	<u>206,336,186</u>	<u>182,465,806</u>
Net assets available for benefits, end of year	<u><u>\$ 259,487,218</u></u>	<u><u>206,336,186</u></u>

See accompanying notes to financial statements.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(1) Plan Description**

The following description of the Seattle Children's Healthcare System Employees' Retirement Plan (the Plan) is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the Plan document.

**(a) General**

The Plan is a defined contribution plan established by Seattle Children's Healthcare System (the Company) under the provisions of Section 401(a) of the Internal Revenue Code (the IRC). Eligible employees of the Company and certain affiliates may participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**(b) Eligibility**

Each employee is eligible to participate in the discretionary employer contribution portion of the Plan after completion of 12 consecutive months of employment in which he or she worked at least 1,000 hours. Each employee is eligible to participate in the employee and employer matching contributions portions of the Plan after completion of 45 days of employment. Employees hired on or after January 1, 2005 are automatically enrolled in the Plan at a contribution rate of 4% of eligible compensation unless the employees elect otherwise.

**(c) Contributions**

The Plan allows participants to contribute up to 75% (4% for highly compensated employees) of eligible compensation as pretax employee deferrals subject to certain limitations under the IRC. Employee deferrals are matched by the Company at 25% of the first 4% of eligible compensation contributed by the participant to the Plan.

Each year, the Company contributes a discretionary amount to the Plan. For the years ending December 31, 2012 and 2011, the discretionary employer contribution based on participants' years of vested service was 4.0% for less than 5 years and 6.0% for more than 5 years. Participants must have 1,000 hours of service during the plan year to receive the discretionary contributions. Contributions are subject to certain limitations under the IRC.

The Plan also allows eligible participants to make rollover contributions into the Plan from other qualified plans, excluding after-tax contributions.

**(d) Vesting and Forfeitures**

A year of vested service is granted for each plan year during which an employee works at least 1,000 hours. Upon accumulating three years of vested service, an employee becomes fully vested in the employer matching contributions and earnings thereon with no partial vesting prior to three years of vested service. Participants who have at least one hour of service on or after January 1, 2007 are vested in the discretionary employer contributions and earnings thereon upon accumulating three years of vested service with no partial vesting prior to three years of vested service. For participants who do not have at least one hour of service on or after January 1, 2007, upon

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

accumulating five years of vested service, the participants became fully vested in the discretionary employer contributions and earnings thereon with no partial vesting prior to five years of vested service. Employees are always 100% vested in their contributions and earnings thereon.

Forfeitures are used to reduce future Company contributions or to pay administrative expenses. Unallocated forfeitures as of December 31, 2012 and 2011 were approximately \$215,000 and \$175,000, respectively. Forfeitures used to reduce 2012 and 2011 employer contributions were approximately \$500,000 and \$420,000, respectively.

**(e) Plan Administration**

The Plan is administered by the Administrative Committee of the Company. Fidelity Management Trust Company (Fidelity) and Fidelity Investments are the trustee and recordkeeper of the Plan, respectively.

**(f) Participant Accounts**

Participant accounts are maintained for each participant. Each participant's account is credited with the participant's contributions, an allocation of Company contributions, proportionate to his or her qualified earnings, the participant's proportionate share of the Plan's income or losses and administrative expenses. Participant accounts are valued daily based on quoted market prices. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**(g) Benefits**

Upon retirement or termination, participants may receive their vested benefits in a lump sum. For termination of service with vested benefits of \$1,000 or less, a participant or beneficiary will automatically receive the value of the vested interest in his or her account as a lump sum distribution.

In the event of a financial hardship, the Plan allows participants to take hardship withdrawals of their employee deferral accounts without earnings, subject to limitations under the IRC. A participant's right to make deferrals to the Plan will be suspended for six months after the receipt of a hardship withdrawal.

The Plan allows participants who have attained age 59½ to take in-service withdrawals of all or a portion of their vested account balance.

**(h) Notes Receivable from Participants**

Active participants may borrow from the employee deferral portion of their account. Active participants who have incurred a financial hardship as defined in the Plan document may borrow from the employee deferral or the vested employer contribution portion of their accounts. A participant's loan may not exceed a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. The minimum loan amount is \$1,000. Loans are repayable through payroll deductions over periods ranging up to five years unless the loan is used to acquire a principal residence in which case the loan term may not exceed ten years. Loans are secured by the

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
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Notes to Financial Statements

December 31, 2012 and 2011

vested balance of the participants' accounts. The interest rate is determined by the plan administrator based on the Federal Reserve Board prime rate for the calendar quarter plus 1% and is fixed over the life of the note. As of December 31, 2012, the interest rates on outstanding loans were between 4.00% and 9.25% and the loans mature through November 2022.

**(i) Administrative Expenses**

Administrative expenses paid by the Plan represent loan processing fees. Other administrative expenses, including trustee fees, are paid by the Company and its affiliates based on their participation in the Plan.

**(j) Investment Options**

The Plan participants may direct contributions into the registered investment company and common collective trust fund options in the Plan. During 2011, the Fidelity BrokerageLink was added and the Templeton Growth Fund was eliminated as an investment option. Through the broker link option, participants may invest in any publicly traded security. Participants may change their investment election or make transfers between the investment options on a daily basis.

**(k) Risks and Uncertainties**

The Plan provides for various investment fund options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting and Use of Estimates**

The accompanying financial statements are prepared using the accrual basis of accounting. Benefits are recorded when paid. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**(b) Income Recognition**

Dividend income is recorded on the ex dividend date. Interest income is recorded when earned. Purchases and sales of securities are recorded on a trade date basis.

**(c) Investment Valuation**

The Plan's investments in shares of registered investment company funds and securities held in the Brokeragelink are stated at fair value as determined by quoted market prices.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan invests in benefit-responsive investment contracts issued by insurance companies and other financial institutions and in fixed income securities through a common collective trust fund, the Fidelity Managed Income Portfolio. The statements of net assets available for benefits present the fair value of the investments in the common collective trust fund as well as the adjustment of the investments in the common collective trust fund from fair value to contract value relating to the fully benefit-responsive investment contracts. The statements of changes in net assets available for benefits are prepared on a contract value basis.

The contract value of the Fidelity Managed Income Portfolio is determined based on the cost, plus accumulated interest. The fair value of the Fidelity Managed Income Portfolio is determined by the fair values of the underlying securities including the value of investment contracts from discounting the related cash flows and of the wrapper contracts using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, discount rate and the duration of the underlying portfolio securities. The average yield of the fund was 1.70% and 1.92% for 2012 and 2011, respectively. The crediting interest rate to participants was 1.05% and 1.39% for 2012 and 2011, respectively. The crediting interest rate is based on an agreed upon formula with the issuer.

Certain events may limit the ability of the Plan to transact at contract value with the issuer. Such events may include the following: substantive modification to the Fidelity Managed Income Portfolio or the administration of the Fidelity Managed Income Portfolio, change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on cash flow, transfer to a competing investment option, and failure of the Plan to qualify under the applicable sections of the IRC. The Plan does not believe that the occurrence of any of these events, which could limit the Plan's ability to transact at contract value with participants, is probable.

**(d) *Net Appreciation (Depreciation) in Fair Value of Investments***

Net appreciation (depreciation) in fair value of investments represents the change in unrealized appreciation from one period to the next and realized gains and losses.

**(e) *Notes Receivable from Participants***

Participant loans are classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(3) Fair Value Measurements**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2012 and 2011:

*Registered investment company funds and securities held in the Brokeragelink:* Valued at fair value based on the quoted net asset value of shares.

*Common collective trust fund:* Valued at fair value based on the fair values of the underlying securities and by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012 and 2011:

	<b>Level 1</b>	<b>Investments at estimated fair value</b>		<b>2012 Total</b>
		<b>Level 2</b>	<b>Level 3</b>	
Registered investment company funds:				
Equity funds	\$ 19,790,073	—	—	19,790,073
Equity – growth funds	13,764,355	—	—	13,764,355
Equity – index funds	20,422,646	—	—	20,422,646
Equity – international funds	7,388,496	—	—	7,388,496
Fixed income funds	14,376,823	—	—	14,376,823
Balanced funds	66,931,364	—	—	66,931,364
Lifecycle funds with less than 65% equity exposure	20,736,590	—	—	20,736,590
Lifecycle funds with greater than 70% equity exposure	70,751,695	—	—	70,751,695
Total registered investment company funds	234,162,042	—	—	234,162,042
Self-directed accounts	6,533,793	—	—	6,533,793
Common collective fund	—	15,759,899	—	15,759,899
Total investments	\$ 240,695,835	15,759,899	—	256,455,734

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

		Investments at estimated fair value		2011
	Level 1	Level 2	Level 3	Total
Registered investment company funds:				
Equity funds	\$ 16,396,744	—	—	16,396,744
Equity – growth funds	11,909,841	—	—	11,909,841
Equity – index funds	16,901,414	—	—	16,901,414
Equity – international funds	6,030,927	—	—	6,030,927
Fixed income funds	11,861,778	—	—	11,861,778
Balanced funds	58,730,582	—	—	58,730,582
Lifecycle funds with less than 65% equity exposure	16,911,501	—	—	16,911,501
Lifecycle funds with greater than 70% equity exposure	48,325,120	—	—	48,325,120
Total registered investment company funds	187,067,907	—	—	187,067,907
Self-directed accounts	2,131,517	—	—	2,131,517
Common collective fund	—	15,673,282	—	15,673,282
Total investments	\$ 189,199,424	15,673,282	—	204,872,706

**(4) Tax Status**

The Internal Revenue Service has determined and informed the Company by a letter dated July 8, 2010 that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

**(5) Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(6) Information Certified by Trustee**

The following information included in the financial statements and supplemental schedule was provided and certified by the trustee, Fidelity, as complete and accurate:

- Participant directed investments, at fair value
- Notes receivable from participants
- Adjustment from fair value to contract value for interest in common collective trust fund relating to fully benefit-responsive investment contracts
- Dividend and interest income
- Interest on notes receivable from participants
- Net appreciation (depreciation) in fair value of investments
- Information on investments in note 3 (excluding level designations)
- Schedule of assets (held at end of year)

**(7) Party-in-Interest Transactions**

Certain Plan investments are shares of common collective trust and registered investment company funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions.

**(8) Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	<u>2012</u>	<u>2011</u>
Net assets available for benefits per the financial statements	\$ 259,487,218	206,336,186
Adjustments from contract value to fair value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	<u>451,006</u>	<u>386,564</u>
Net assets available for benefits per the Form 5500	<u>\$ 259,938,224</u>	<u>206,722,750</u>

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

The following is a reconciliation of investment income per the financial statements to the Form 5500:

	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Net investment income (loss) per the financial statements	\$ 27,606,037	(1,580,251)
Net change in the adjustment from contract value to fair value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	64,442	270,188
Net investment income per the Form 5500	\$ <u>27,670,479</u>	<u>(1,310,063)</u>

In addition, the schedule of assets (held at end of year) reports all investments at fair value consistent with the Form 5500.

**(9) Subsequent Events**

Subsequent events have been evaluated through July 25, 2013, the date the financial statements were available to be issued. On April 16, 2013, the Administrative Committee amended the Plan effective August 19, 2013 extending the autoenrollment provisions to eligible employees hired prior to January 1, 2005.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2012

Identity of issuer, borrower, lessor, or similar party	Description of investment	Current value
* Fidelity	Fidelity Balanced Fund	\$ 66,931,364
* Fidelity	Fidelity Low-Priced Stock Fund	5,452,196
* Fidelity	Fidelity International Discovery Fund	725,178
* Fidelity	Fidelity Growth Discovery Fund	13,764,355
* Fidelity	Fidelity Freedom Income	186,939
* Fidelity	Fidelity Emerging Market Fund	220,079
* Fidelity	Fidelity Freedom 2000 Fund	93,584
* Fidelity	Fidelity Freedom 2005 Fund	267,833
* Fidelity	Fidelity Freedom 2010 Fund	2,118,825
* Fidelity	Fidelity Freedom 2015 Fund	4,226,074
* Fidelity	Fidelity Freedom 2020 Fund	13,843,335
* Fidelity	Fidelity Freedom 2025 Fund	7,485,465
* Fidelity	Fidelity Freedom 2030 Fund	16,366,036
* Fidelity	Fidelity Freedom 2035 Fund	7,299,477
* Fidelity	Fidelity Freedom 2040 Fund	15,678,708
* Fidelity	Fidelity Freedom 2045 Fund	12,073,903
* Fidelity	Fidelity Freedom 2050 Fund	11,357,786
* Fidelity	Fidelity Freedom 2055 Fund	490,320
* Fidelity	Fidelity Spartan U.S. Equity Index Fund	20,422,646
Domini Social Investments	Domini Social Equity Fund	414,461
Pacific Investment Management Co.	PIMCO Total Return Fund	14,156,744
Calvert	Calvert Social Investment Equity Fund	1,648,755
T. Rowe Price	T. Rowe Price Small Cap Value Fund	6,413,407
Dodge & Cox	Dodge & Cox International Stock Fund	6,663,318
Alliance NFJ	Alliance NFJ Dividend Value Fund	4,112,936
Vanguard Energy	Vanguard Energy Fund	1,048,456
Lazard Emerging Market	Lazard Emerging Markets Portfolio	699,862
* Fidelity	Fidelity Managed Income Portfolio	15,759,899
* Fidelity	Fidelity BrokerageLink	6,533,793
* Participant loans	Participant loans (interest rates of 4.00% to 9.25% and maturities through 2022)	3,482,490
Total assets held at end of year		<u>\$ 259,938,224</u>

\* Represents a party-in-interest.

See accompanying independent auditors' report.



**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Financial Statements and Supplemental Schedule

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

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KPMG LLP  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## **Independent Auditors' Report**

Administrative Committee  
Seattle Children's Healthcare System  
Employees' Retirement Plan:

### **Report on Financial Statements**

We were engaged to audit the accompanying financial statements of Seattle Children's Healthcare System Employees' Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years ended December 31, 2012 and 2011, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 6, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2012 and 2011, and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.





***Other Matter***

The supplemental schedule *Schedule H, Line 4i – Schedule of Assets (Held at End of Year)* as of December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

**Report on Form and Content in Compliance with DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*KPMG LLP*

July 25, 2013

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Participant directed investments, at fair value:		
Fidelity Balanced Fund	\$ 66,931,364	58,730,582
Fidelity Low-Priced Stock Fund	5,452,196	4,447,154
Fidelity International Discovery Fund	725,178	475,624
Fidelity Growth Discovery Fund	13,764,355	11,909,841
Fidelity Freedom Income	186,939	103,087
Fidelity Emerging Market Fund	220,079	125,582
Fidelity Freedom 2000 Fund	93,584	78,503
Fidelity Freedom 2005 Fund	267,833	222,604
Fidelity Freedom 2010 Fund	2,118,825	2,048,283
Fidelity Freedom 2015 Fund	4,226,074	3,472,394
Fidelity Freedom 2020 Fund	13,843,335	10,986,630
Fidelity Freedom 2025 Fund	7,485,465	5,034,065
Fidelity Freedom 2030 Fund	16,366,036	12,330,997
Fidelity Freedom 2035 Fund	7,299,477	4,966,382
Fidelity Freedom 2040 Fund	15,678,708	11,238,417
Fidelity Freedom 2045 Fund	12,073,903	7,758,760
Fidelity Freedom 2050 Fund	11,357,786	6,996,499
Fidelity Freedom 2055 Fund	490,320	—
Fidelity Spartan U.S. Equity Index Fund	20,422,646	16,901,414
Domini Social Equity Fund	414,461	293,715
PIMCO Total Return Fund	14,156,744	11,736,196
Calvert Social Investment Equity Fund	1,648,755	1,480,660
T. Rowe Price Small Cap Value Fund	6,413,407	5,460,603
Dodge & Cox International Stock Fund	6,663,318	5,555,303
Alliance NFJ Dividend Value Fund	4,112,936	3,451,861
Vanguard Energy Fund	1,048,456	812,900
Lazard Emerging Markets Portfolio	699,862	449,851
Fidelity Managed Income Portfolio	15,759,899	15,673,282
Brokeragelink	6,533,793	2,131,517
Total investments	256,455,734	204,872,706
Notes receivable from participants	3,482,490	1,850,044
Net assets reflecting all investments at fair value	259,938,224	206,722,750
Adjustment from fair value to contract value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	(451,006)	(386,564)
Net assets available for benefits	\$ <u>259,487,218</u>	<u>206,336,186</u>

See accompanying notes to financial statements.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2012 and 2011

	<u><b>2012</b></u>	<u><b>2011</b></u>
Investment income (loss):		
Dividend and interest income	\$ 6,568,278	5,150,358
Net appreciation (depreciation) in fair value of investments:		
Registered investment company funds	21,037,759	(6,724,256)
Other	—	(6,353)
Net investment (loss) income	<u>27,606,037</u>	<u>(1,580,251)</u>
Interest on notes receivable from participants	113,383	70,257
Contributions:		
Employer contributions	17,725,351	16,324,146
Employee contributions including rollovers	<u>18,358,135</u>	<u>16,586,671</u>
Total contributions	36,083,486	32,910,817
Benefit payments	(10,627,891)	(7,509,816)
Administrative expenses	<u>(23,983)</u>	<u>(20,627)</u>
Net increase in net assets available for benefits	53,151,032	23,870,380
Net assets available for benefits, beginning of year	<u>206,336,186</u>	<u>182,465,806</u>
Net assets available for benefits, end of year	<u><u>\$ 259,487,218</u></u>	<u><u>206,336,186</u></u>

See accompanying notes to financial statements.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(1) Plan Description**

The following description of the Seattle Children's Healthcare System Employees' Retirement Plan (the Plan) is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the Plan document.

**(a) General**

The Plan is a defined contribution plan established by Seattle Children's Healthcare System (the Company) under the provisions of Section 401(a) of the Internal Revenue Code (the IRC). Eligible employees of the Company and certain affiliates may participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**(b) Eligibility**

Each employee is eligible to participate in the discretionary employer contribution portion of the Plan after completion of 12 consecutive months of employment in which he or she worked at least 1,000 hours. Each employee is eligible to participate in the employee and employer matching contributions portions of the Plan after completion of 45 days of employment. Employees hired on or after January 1, 2005 are automatically enrolled in the Plan at a contribution rate of 4% of eligible compensation unless the employees elect otherwise.

**(c) Contributions**

The Plan allows participants to contribute up to 75% (4% for highly compensated employees) of eligible compensation as pretax employee deferrals subject to certain limitations under the IRC. Employee deferrals are matched by the Company at 25% of the first 4% of eligible compensation contributed by the participant to the Plan.

Each year, the Company contributes a discretionary amount to the Plan. For the years ending December 31, 2012 and 2011, the discretionary employer contribution based on participants' years of vested service was 4.0% for less than 5 years and 6.0% for more than 5 years. Participants must have 1,000 hours of service during the plan year to receive the discretionary contributions. Contributions are subject to certain limitations under the IRC.

The Plan also allows eligible participants to make rollover contributions into the Plan from other qualified plans, excluding after-tax contributions.

**(d) Vesting and Forfeitures**

A year of vested service is granted for each plan year during which an employee works at least 1,000 hours. Upon accumulating three years of vested service, an employee becomes fully vested in the employer matching contributions and earnings thereon with no partial vesting prior to three years of vested service. Participants who have at least one hour of service on or after January 1, 2007 are vested in the discretionary employer contributions and earnings thereon upon accumulating three years of vested service with no partial vesting prior to three years of vested service. For participants who do not have at least one hour of service on or after January 1, 2007, upon

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

accumulating five years of vested service, the participants became fully vested in the discretionary employer contributions and earnings thereon with no partial vesting prior to five years of vested service. Employees are always 100% vested in their contributions and earnings thereon.

Forfeitures are used to reduce future Company contributions or to pay administrative expenses. Unallocated forfeitures as of December 31, 2012 and 2011 were approximately \$215,000 and \$175,000, respectively. Forfeitures used to reduce 2012 and 2011 employer contributions were approximately \$500,000 and \$420,000, respectively.

**(e) Plan Administration**

The Plan is administered by the Administrative Committee of the Company. Fidelity Management Trust Company (Fidelity) and Fidelity Investments are the trustee and recordkeeper of the Plan, respectively.

**(f) Participant Accounts**

Participant accounts are maintained for each participant. Each participant's account is credited with the participant's contributions, an allocation of Company contributions, proportionate to his or her qualified earnings, the participant's proportionate share of the Plan's income or losses and administrative expenses. Participant accounts are valued daily based on quoted market prices. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**(g) Benefits**

Upon retirement or termination, participants may receive their vested benefits in a lump sum. For termination of service with vested benefits of \$1,000 or less, a participant or beneficiary will automatically receive the value of the vested interest in his or her account as a lump sum distribution.

In the event of a financial hardship, the Plan allows participants to take hardship withdrawals of their employee deferral accounts without earnings, subject to limitations under the IRC. A participant's right to make deferrals to the Plan will be suspended for six months after the receipt of a hardship withdrawal.

The Plan allows participants who have attained age 59½ to take in-service withdrawals of all or a portion of their vested account balance.

**(h) Notes Receivable from Participants**

Active participants may borrow from the employee deferral portion of their account. Active participants who have incurred a financial hardship as defined in the Plan document may borrow from the employee deferral or the vested employer contribution portion of their accounts. A participant's loan may not exceed a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. The minimum loan amount is \$1,000. Loans are repayable through payroll deductions over periods ranging up to five years unless the loan is used to acquire a principal residence in which case the loan term may not exceed ten years. Loans are secured by the

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
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Notes to Financial Statements

December 31, 2012 and 2011

vested balance of the participants' accounts. The interest rate is determined by the plan administrator based on the Federal Reserve Board prime rate for the calendar quarter plus 1% and is fixed over the life of the note. As of December 31, 2012, the interest rates on outstanding loans were between 4.00% and 9.25% and the loans mature through November 2022.

**(i) Administrative Expenses**

Administrative expenses paid by the Plan represent loan processing fees. Other administrative expenses, including trustee fees, are paid by the Company and its affiliates based on their participation in the Plan.

**(j) Investment Options**

The Plan participants may direct contributions into the registered investment company and common collective trust fund options in the Plan. During 2011, the Fidelity BrokerageLink was added and the Templeton Growth Fund was eliminated as an investment option. Through the broker link option, participants may invest in any publicly traded security. Participants may change their investment election or make transfers between the investment options on a daily basis.

**(k) Risks and Uncertainties**

The Plan provides for various investment fund options which in turn invest in a combination of stocks, bonds, and other investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting and Use of Estimates**

The accompanying financial statements are prepared using the accrual basis of accounting. Benefits are recorded when paid. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**(b) Income Recognition**

Dividend income is recorded on the ex dividend date. Interest income is recorded when earned. Purchases and sales of securities are recorded on a trade date basis.

**(c) Investment Valuation**

The Plan's investments in shares of registered investment company funds and securities held in the Brokeragelink are stated at fair value as determined by quoted market prices.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan invests in benefit-responsive investment contracts issued by insurance companies and other financial institutions and in fixed income securities through a common collective trust fund, the Fidelity Managed Income Portfolio. The statements of net assets available for benefits present the fair value of the investments in the common collective trust fund as well as the adjustment of the investments in the common collective trust fund from fair value to contract value relating to the fully benefit-responsive investment contracts. The statements of changes in net assets available for benefits are prepared on a contract value basis.

The contract value of the Fidelity Managed Income Portfolio is determined based on the cost, plus accumulated interest. The fair value of the Fidelity Managed Income Portfolio is determined by the fair values of the underlying securities including the value of investment contracts from discounting the related cash flows and of the wrapper contracts using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, discount rate and the duration of the underlying portfolio securities. The average yield of the fund was 1.70% and 1.92% for 2012 and 2011, respectively. The crediting interest rate to participants was 1.05% and 1.39% for 2012 and 2011, respectively. The crediting interest rate is based on an agreed upon formula with the issuer.

Certain events may limit the ability of the Plan to transact at contract value with the issuer. Such events may include the following: substantive modification to the Fidelity Managed Income Portfolio or the administration of the Fidelity Managed Income Portfolio, change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on cash flow, transfer to a competing investment option, and failure of the Plan to qualify under the applicable sections of the IRC. The Plan does not believe that the occurrence of any of these events, which could limit the Plan's ability to transact at contract value with participants, is probable.

**(d) *Net Appreciation (Depreciation) in Fair Value of Investments***

Net appreciation (depreciation) in fair value of investments represents the change in unrealized appreciation from one period to the next and realized gains and losses.

**(e) *Notes Receivable from Participants***

Participant loans are classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(3) Fair Value Measurements**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2012 and 2011:

*Registered investment company funds and securities held in the Brokeragelink:* Valued at fair value based on the quoted net asset value of shares.

*Common collective trust fund:* Valued at fair value based on the fair values of the underlying securities and by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012 and 2011:

	<b>Level 1</b>	<b>Investments at estimated fair value</b>		<b>2012 Total</b>
		<b>Level 2</b>	<b>Level 3</b>	
Registered investment company funds:				
Equity funds	\$ 19,790,073	—	—	19,790,073
Equity – growth funds	13,764,355	—	—	13,764,355
Equity – index funds	20,422,646	—	—	20,422,646
Equity – international funds	7,388,496	—	—	7,388,496
Fixed income funds	14,376,823	—	—	14,376,823
Balanced funds	66,931,364	—	—	66,931,364
Lifecycle funds with less than 65% equity exposure	20,736,590	—	—	20,736,590
Lifecycle funds with greater than 70% equity exposure	70,751,695	—	—	70,751,695
Total registered investment company funds	234,162,042	—	—	234,162,042
Self-directed accounts	6,533,793	—	—	6,533,793
Common collective fund	—	15,759,899	—	15,759,899
Total investments	\$ 240,695,835	15,759,899	—	256,455,734

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

		Investments at estimated fair value		2011
	Level 1	Level 2	Level 3	Total
Registered investment company funds:				
Equity funds	\$ 16,396,744	—	—	16,396,744
Equity – growth funds	11,909,841	—	—	11,909,841
Equity – index funds	16,901,414	—	—	16,901,414
Equity – international funds	6,030,927	—	—	6,030,927
Fixed income funds	11,861,778	—	—	11,861,778
Balanced funds	58,730,582	—	—	58,730,582
Lifecycle funds with less than 65% equity exposure	16,911,501	—	—	16,911,501
Lifecycle funds with greater than 70% equity exposure	48,325,120	—	—	48,325,120
Total registered investment company funds	187,067,907	—	—	187,067,907
Self-directed accounts	2,131,517	—	—	2,131,517
Common collective fund	—	15,673,282	—	15,673,282
Total investments	\$ 189,199,424	15,673,282	—	204,872,706

**(4) Tax Status**

The Internal Revenue Service has determined and informed the Company by a letter dated July 8, 2010 that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

**(5) Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their account balances.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

**(6) Information Certified by Trustee**

The following information included in the financial statements and supplemental schedule was provided and certified by the trustee, Fidelity, as complete and accurate:

- Participant directed investments, at fair value
- Notes receivable from participants
- Adjustment from fair value to contract value for interest in common collective trust fund relating to fully benefit-responsive investment contracts
- Dividend and interest income
- Interest on notes receivable from participants
- Net appreciation (depreciation) in fair value of investments
- Information on investments in note 3 (excluding level designations)
- Schedule of assets (held at end of year)

**(7) Party-in-Interest Transactions**

Certain Plan investments are shares of common collective trust and registered investment company funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions.

**(8) Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	<u>2012</u>	<u>2011</u>
Net assets available for benefits per the financial statements	\$ 259,487,218	206,336,186
Adjustments from contract value to fair value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	<u>451,006</u>	<u>386,564</u>
Net assets available for benefits per the Form 5500	<u>\$ 259,938,224</u>	<u>206,722,750</u>

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Notes to Financial Statements

December 31, 2012 and 2011

The following is a reconciliation of investment income per the financial statements to the Form 5500:

	<b>Year ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Net investment income (loss) per the financial statements	\$ 27,606,037	(1,580,251)
Net change in the adjustment from contract value to fair value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	64,442	270,188
Net investment income per the Form 5500	<u>\$ 27,670,479</u>	<u>(1,310,063)</u>

In addition, the schedule of assets (held at end of year) reports all investments at fair value consistent with the Form 5500.

**(9) Subsequent Events**

Subsequent events have been evaluated through July 25, 2013, the date the financial statements were available to be issued. On April 16, 2013, the Administrative Committee amended the Plan effective August 19, 2013 extending the autoenrollment provisions to eligible employees hired prior to January 1, 2005.

**SEATTLE CHILDREN'S HEALTHCARE SYSTEM  
EMPLOYEES' RETIREMENT PLAN**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2012

Identity of issuer, borrower, lessor, or similar party	Description of investment	Current value
* Fidelity	Fidelity Balanced Fund	\$ 66,931,364
* Fidelity	Fidelity Low-Priced Stock Fund	5,452,196
* Fidelity	Fidelity International Discovery Fund	725,178
* Fidelity	Fidelity Growth Discovery Fund	13,764,355
* Fidelity	Fidelity Freedom Income	186,939
* Fidelity	Fidelity Emerging Market Fund	220,079
* Fidelity	Fidelity Freedom 2000 Fund	93,584
* Fidelity	Fidelity Freedom 2005 Fund	267,833
* Fidelity	Fidelity Freedom 2010 Fund	2,118,825
* Fidelity	Fidelity Freedom 2015 Fund	4,226,074
* Fidelity	Fidelity Freedom 2020 Fund	13,843,335
* Fidelity	Fidelity Freedom 2025 Fund	7,485,465
* Fidelity	Fidelity Freedom 2030 Fund	16,366,036
* Fidelity	Fidelity Freedom 2035 Fund	7,299,477
* Fidelity	Fidelity Freedom 2040 Fund	15,678,708
* Fidelity	Fidelity Freedom 2045 Fund	12,073,903
* Fidelity	Fidelity Freedom 2050 Fund	11,357,786
* Fidelity	Fidelity Freedom 2055 Fund	490,320
* Fidelity	Fidelity Spartan U.S. Equity Index Fund	20,422,646
Domini Social Investments	Domini Social Equity Fund	414,461
Pacific Investment Management Co.	PIMCO Total Return Fund	14,156,744
Calvert	Calvert Social Investment Equity Fund	1,648,755
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Lazard Emerging Market	Lazard Emerging Markets Portfolio	699,862
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* Fidelity	Fidelity BrokerageLink	6,533,793
* Participant loans	Participant loans (interest rates of 4.00% to 9.25% and maturities through 2022)	3,482,490
Total assets held at end of year		\$ <u>259,938,224</u>

\* Represents a party-in-interest.

See accompanying independent auditors' report.