



Remarkable People. Remarkable Medicine.

FINANCIAL AND STATISTICAL REPORT
March 31, 2010

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	March 31, 2010				March 31, 2009			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 612,429	\$ 220,371	\$ -	\$ 832,800	\$ 603,615	\$ 195,746	\$ -	\$ 799,361
Premium revenue	-	306	-	306	-	147	-	147
Other revenue	28,880	4,045	(2,725)	30,200	30,467	4,437	(1,762)	33,142
Total unrestricted revenues, gains, and other support	<u>641,309</u>	<u>224,722</u>	<u>(2,725)</u>	<u>863,306</u>	<u>634,082</u>	<u>200,330</u>	<u>(1,762)</u>	<u>832,650</u>
Expenses								
Salaries and employee benefits	362,878	94,835	(299)	457,414	350,177	82,032	(266)	431,943
Supplies and other	193,597	88,378	(2,335)	279,640	186,216	77,263	(1,412)	262,067
Provision for bad debts	25,149	24,353	-	49,502	15,082	14,895	-	29,977
Total expenses	<u>581,624</u>	<u>207,566</u>	<u>(2,634)</u>	<u>786,556</u>	<u>551,475</u>	<u>174,190</u>	<u>(1,678)</u>	<u>723,987</u>
Operating cash flow	59,685	17,156	(91)	76,750	82,607	26,140	(84)	108,663
Depreciation and amortization	30,107	18,817	-	48,924	33,403	19,520	-	52,923
(Gain) loss on sale of property	(1,482)	89	-	(1,393)	(2,631)	512	-	(2,119)
Interest expense	9,324	8,871	-	18,195	6,955	5,724	-	12,679
Operating income (loss)	<u>21,736</u>	<u>(10,621)</u>	<u>(91)</u>	<u>11,024</u>	<u>44,880</u>	<u>384</u>	<u>(84)</u>	<u>45,180</u>
Other income (expense)								
Investment income (loss)	10,776	3,495	75	14,346	(22,877)	(8,289)	75	(31,091)
Income tax benefit (expense)	(59)	(399)	-	(458)	(42)	178	-	136
Other, net	-	(117)	-	(117)	-	-	-	-
Excess (deficit) of revenues over expenses, before loss on defeasance of bonds	<u>32,453</u>	<u>(7,642)</u>	<u>(16)</u>	<u>24,795</u>	<u>21,961</u>	<u>(7,727)</u>	<u>(9)</u>	<u>14,225</u>
Loss on defeasance of bonds	-	-	-	-	-	(303)	-	(303)
Excess (deficit) of revenues over expenses	<u>\$ 32,453</u>	<u>\$ (7,642)</u>	<u>\$ (16)</u>	<u>\$ 24,795</u>	<u>\$ 21,961</u>	<u>\$ (8,388)</u>	<u>\$ (9)</u>	<u>\$ 13,922</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	March 31, 2010				December 31, 2009			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
Assets								
Current assets								
Cash and cash equivalents	\$ 245,082	\$ 80,571	\$ -	\$ 325,653	\$ 683,191	\$ 85,614	\$ -	\$ 768,805
Accounts receivable, net of allowance for doubtful accounts	325,783	111,079	-	436,862	314,945	111,093	-	426,038
Short-term investments	38,454	20,731	-	59,185	44,207	26,702	-	70,909
Deferred tax asset	3	10,784	-	10,787	3	10,763	-	10,766
Other current assets	103,953	26,683	-	130,636	99,524	26,490	-	126,014
Total current assets	713,275	249,848	-	963,123	1,141,870	260,662	-	1,402,532
Assets limited as to use	48,611	65,790	-	114,401	64,306	64,440	-	128,746
Long-term investments	659,696	197,288	-	856,984	638,224	192,952	-	831,176
Property and equipment, net	1,130,597	496,906	-	1,627,503	1,134,639	490,658	-	1,625,297
Intangible assets and goodwill, net	48,929	447,869	-	496,798	48,928	449,036	-	497,964
Investments in affiliates	394,969	2,200	(232,127)	165,042	400,467	1,855	(234,217)	168,105
Other assets	32,267	8,079	(2,500)	37,846	33,090	8,541	(2,500)	39,131
Total assets	\$ 3,028,344	\$ 1,467,980	\$ (234,627)	\$ 4,261,697	\$ 3,461,524	\$ 1,468,144	\$ (236,717)	\$ 4,692,951
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 16,591	\$ 30,238	\$ -	\$ 46,829	\$ 466,821	\$ 30,269	\$ -	\$ 497,090
Short-term borrowings	112,621	1,000	-	113,621	103,606	1,000	-	104,606
Accounts payable	98,144	22,378	-	120,522	91,369	27,478	-	118,847
Accrued liabilities	174,962	54,906	(2,500)	227,368	189,466	63,891	(2,500)	250,857
Estimated third-party payor settlements	4,339	1,022	-	5,361	5,237	(2,040)	-	3,197
Due to related organizations	(529,660)	529,660	-	-	(510,666)	510,666	-	-
Total current liabilities	(123,003)	639,204	(2,500)	513,701	345,833	631,264	(2,500)	974,597
Long-term debt, net of current portion	1,407,609	193,302	-	1,600,911	1,407,868	195,050	-	1,602,918
Deferred tax liability	(386)	743	-	357	(386)	694	-	308
Derivative financial instruments	30,734	850	-	31,584	27,037	699	-	27,736
Employee benefits and other liabilities	208,161	65,705	-	273,866	204,917	62,348	-	267,265
Total liabilities	1,523,115	899,804	(2,500)	2,420,419	1,985,269	890,055	(2,500)	2,872,824
Net assets								
Unrestricted	1,504,801	523,577	(232,127)	1,796,251	1,475,787	533,972	(234,217)	1,775,542
Unrestricted - non-controlling	-	9,546	-	9,546	-	9,422	-	9,422
Temporarily restricted	428	26,493	-	26,921	468	26,201	-	26,669
Permanently restricted	-	8,560	-	8,560	-	8,494	-	8,494
Total net assets	1,505,229	568,176	(232,127)	1,841,278	1,476,255	578,089	(234,217)	1,820,127
Total liabilities and net assets	\$ 3,028,344	\$ 1,467,980	\$ (234,627)	\$ 4,261,697	\$ 3,461,524	\$ 1,468,144	\$ (236,717)	\$ 4,692,951

NOVANT HEALTH, INC.
STATEMENTS OF OPERATING CASH FLOW
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

<i>(in thousands of dollars)</i>	March 31, 2010	March 31, 2009
Operating Cash Flow	\$ 76,750	\$ 108,663
Capital Spending	(52,285)	(79,772)
Bond Issuance Drawdowns	15,687	550
Working Capital Changes	(37,049)	(44,066)
Draws on Line of Credit	8,916	87,059
Repayment of Revolving Credit Facility	(450,000)	-
Debt Service	(5,433)	(13,752)
Debt Proceeds	-	442
Investment Income (Loss)	14,346	(31,091)
Increase/(Decrease) in Cash and Investments	\$ (429,068)	\$ 28,033
Cash and Investments Balance, Beginning of Period	\$ 1,670,890	\$ 781,935
Cash and Investments Balance, End of Period	1,241,822	809,968
	\$ (429,068)	\$ 28,033

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009

	Presbyterian Hospital	Presbyterian Hospital Matthews	Presbyterian Hospital Huntersville	Presbyterian Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Other	Three Months Ended	
									March 31, 2010	March 31, 2009
<u>INPATIENT STATISTICS</u>										
Average Daily Census	502	96	58	50	685	9	53	315	1,768	1,738
Discharges	7,696	2,221	1,385	1,016	10,210	222	1,090	180	24,020	24,004
Average Length of Stay	5.7	3.9	3.7	4.4	6.0	3.7	4.4	-	5.4	5.3
Patient Days	45,200	8,624	5,253	4,525	61,639	833	4,761	28,391	159,226	156,390
<u>ADJUSTED STATISTICS</u>										
Adjusted Patient Days	71,812	19,099	12,826	6,038	90,913	4,780	11,963	28,391	245,822	238,543
Adjusted Discharges	12,226	4,918	3,382	1,356	15,059	1,274	2,739	180	41,134	40,710
<u>OUTPATIENT STATISTICS</u>										
ED Visits	19,936	11,681	8,105	-	24,726	-	8,060	-	72,508	74,664
Encounters	-	-	-	-	-	-	-	916,351	916,351	941,737
Cases	33,178	20,779	13,880	2,860	34,117	3,193	13,966	-	121,973	125,895
<u>SURGERY STATISTICS</u>										
IP Surgical Cases	1,610	259	331	876	3,244	156	290	-	6,766	6,507
OP Surgical Cases	3,945	1,229	1,092	1,127	3,241	2,701	716	-	14,051	13,961
Total Surgical Cases	5,555	1,488	1,423	2,003	6,485	2,857	1,006	-	20,817	20,468
<u>OTHER STATISTICS</u>										
Total Births	1,230	337	273	-	1,534	-	130	-	3,504	3,735
Cath Lab Procedures	5,050	249	-	-	7,614	-	119	-	13,032	13,070
Open Heart Surgeries	112	-	-	-	156	-	-	-	268	272
Endoscopy Procedures	2,317	582	556	-	2,043	-	278	-	5,776	5,918
Radiology Procedures	42,481	24,769	16,375	5,471	68,140	1,143	7,390	-	165,769	175,217
Licensed Beds	531	114	60	156	919	22	149	351	2,302	2,290
Staffed Beds	531	114	60	80	762	22	94	331	1,994	2,002
Occupancy as % of Staffed Beds	94.6%	84.1%	97.3%	62.8%	89.9%	42.1%	56.3%	95.3%	88.7%	86.8%

¹ "Other" includes the following: Presbyterian Regional Healthcare Corporation, Forsyth Medical Group, Triangle Medical Group, Novant Medical Group Carolinas, NMG Rowan Medical Group, Brunswick Medical Group, Springwood and the Oaks (Novant's two long-term care facilities).