



*Remarkable People. Remarkable Medicine.*

**FINANCIAL AND STATISTICAL REPORT**  
**June 30, 2010**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009**

	June 30, 2010				June 30, 2009			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Unrestricted revenues, gains, and other support</b>								
Net patient service revenue	\$ 638,772	\$ 214,105	\$ -	\$ 852,877	\$ 609,640	\$ 189,220	\$ -	\$ 798,860
Premium revenue	-	247	-	247	-	265	-	265
Other revenue	42,428	10,250	(12,990)	39,688	36,055	4,343	(6,612)	33,786
Total unrestricted revenues, gains, and other support	<u>681,200</u>	<u>224,602</u>	<u>(12,990)</u>	<u>892,812</u>	<u>645,695</u>	<u>193,828</u>	<u>(6,612)</u>	<u>832,911</u>
<b>Expenses</b>								
Salaries and employee benefits	357,289	86,549	(272)	443,566	360,493	76,185	(249)	436,429
Supplies and other	195,373	84,284	(1,913)	277,744	191,920	77,358	(1,850)	267,428
Provision for bad debts	24,020	26,324	-	50,344	19,014	14,273	-	33,287
Total expenses	<u>576,682</u>	<u>197,157</u>	<u>(2,185)</u>	<u>771,654</u>	<u>571,427</u>	<u>167,816</u>	<u>(2,099)</u>	<u>737,144</u>
Operating cash flow	104,518	27,445	(10,805)	121,158	74,268	26,012	(4,513)	95,767
Depreciation and amortization	30,787	18,753	-	49,540	35,798	17,856	-	53,654
(Gain) loss on sale of property	(2,627)	(6)	-	(2,633)	(2,154)	(381)	-	(2,535)
Interest expense	21,285	8,511	(10,716)	19,080	13,353	4,954	(4,578)	13,729
Operating income (loss)	<u>55,073</u>	<u>187</u>	<u>(89)</u>	<u>55,171</u>	<u>27,271</u>	<u>3,583</u>	<u>65</u>	<u>30,919</u>
<b>Other income (expense)</b>								
Investment income (loss)	(20,212)	(7,910)	75	(28,047)	45,910	16,089	(75)	61,924
Income tax benefit (expense)	(51)	597	-	546	(161)	360	-	199
Other, net	(270)	(164)	-	(434)	-	-	-	-
Excess (deficit) of revenues over expenses, before loss on defeasance of bonds	<u>34,540</u>	<u>(7,290)</u>	<u>(14)</u>	<u>27,236</u>	<u>73,020</u>	<u>20,032</u>	<u>(10)</u>	<u>93,042</u>
Loss on defeasance of bonds	-	-	-	-	-	38	-	38
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 34,540</u>	<u>\$ (7,290)</u>	<u>\$ (14)</u>	<u>\$ 27,236</u>	<u>\$ 73,020</u>	<u>\$ 20,070</u>	<u>\$ (10)</u>	<u>\$ 93,080</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

	June 30, 2010				June 30, 2009			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Unrestricted revenues, gains, and other support</b>								
Net patient service revenue	\$ 1,264,399	\$ 421,278	\$ -	\$ 1,685,677	\$ 1,225,470	\$ 372,751	\$ -	\$ 1,598,221
Premium revenue	-	553	-	553	-	412	-	412
Other revenue	71,430	14,174	(15,715)	69,889	66,622	8,679	(8,374)	66,927
Total unrestricted revenues, gains, and other support	<u>1,335,829</u>	<u>436,005</u>	<u>(15,715)</u>	<u>1,756,119</u>	<u>1,292,092</u>	<u>381,842</u>	<u>(8,374)</u>	<u>1,665,560</u>
<b>Expenses</b>								
Salaries and employee benefits	726,543	175,008	(571)	900,980	717,087	151,801	(515)	868,373
Supplies and other	395,630	166,002	(4,248)	557,384	383,603	149,154	(3,262)	529,495
Provision for bad debts	50,185	49,662	-	99,847	34,351	28,913	-	63,264
Total expenses	<u>1,172,358</u>	<u>390,672</u>	<u>(4,819)</u>	<u>1,558,211</u>	<u>1,135,041</u>	<u>329,868</u>	<u>(3,777)</u>	<u>1,461,132</u>
Operating cash flow	163,471	45,333	(10,896)	197,908	157,051	51,974	(4,597)	204,428
Depreciation and amortization	62,340	36,125	-	98,465	70,777	35,801	-	106,578
(Gain) loss on sale of property	(4,109)	83	-	(4,026)	(4,785)	131	-	(4,654)
Interest expense	30,972	17,018	(10,716)	37,274	20,469	10,516	(4,578)	26,407
Operating income (loss)	<u>74,268</u>	<u>(7,893)</u>	<u>(180)</u>	<u>66,195</u>	<u>70,590</u>	<u>5,526</u>	<u>(19)</u>	<u>76,097</u>
<b>Other income (expense)</b>								
Investment income (loss)	(9,436)	(4,415)	150	(13,701)	23,033	7,800	-	30,833
Income tax benefit (expense)	(110)	198	-	88	(203)	538	-	335
Other, net	(270)	(281)	-	(551)	-	-	-	-
Excess (deficit) of revenues over expenses, before loss on defeasance of bonds	<u>64,452</u>	<u>(12,391)</u>	<u>(30)</u>	<u>52,031</u>	<u>93,420</u>	<u>13,864</u>	<u>(19)</u>	<u>107,265</u>
Loss on defeasance of bonds	-	-	-	-	-	(265)	-	(265)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 64,452</u>	<u>\$ (12,391)</u>	<u>\$ (30)</u>	<u>\$ 52,031</u>	<u>\$ 93,420</u>	<u>\$ 13,599</u>	<u>\$ (19)</u>	<u>\$ 107,000</u>

**NOVANT HEALTH, INC.**  
**COMBINING BALANCE SHEETS**

<i>(in thousands of dollars)</i>	June 30, 2010				December 31, 2009			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 278,413	\$ 68,209	\$ -	\$ 346,622	\$ 683,242	\$ 85,563	\$ -	\$ 768,805
Accounts receivable, net of allowance for doubtful accounts	321,310	105,006	-	426,316	320,255	105,783	-	426,038
Short-term investments	28,393	19,244	-	47,637	44,207	26,702	-	70,909
Deferred tax asset	3	10,845	-	10,848	3	10,763	-	10,766
Other current assets	116,297	24,681	21	140,999	100,965	25,049	-	126,014
Total current assets	744,416	227,985	21	972,422	1,148,672	253,860	-	1,402,532
Assets limited as to use	46,201	60,575	-	106,776	64,306	64,440	-	128,746
Long-term investments	645,747	211,528	-	857,275	638,224	192,952	-	831,176
Property and equipment, net	1,209,818	411,430	-	1,621,248	1,196,195	429,102	-	1,625,297
Intangible assets and goodwill, net	30,294	448,863	-	479,157	53,506	444,458	-	497,964
Investments in affiliates	405,934	2,621	(240,264)	168,291	400,467	1,855	(234,217)	168,105
Other assets	32,612	8,185	(2,500)	38,297	33,090	8,541	(2,500)	39,131
Total assets	\$ 3,115,022	\$ 1,371,187	\$ (242,743)	\$ 4,243,466	\$ 3,534,460	\$ 1,395,208	\$ (236,717)	\$ 4,692,951
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 16,023	\$ 30,591	\$ -	\$ 46,614	\$ 466,821	\$ 30,269	\$ -	\$ 497,090
Short-term borrowings	113,117	1,000	-	114,117	103,606	1,000	-	104,606
Accounts payable	91,671	13,454	-	105,125	101,920	16,927	-	118,847
Accrued liabilities	175,636	55,937	(2,500)	229,073	192,197	61,160	(2,500)	250,857
Estimated third-party payor settlements	2,159	2,194	-	4,353	5,437	(2,240)	-	3,197
Due to related organizations	(416,296)	416,275	21	-	(429,317)	429,317	-	-
Total current liabilities	(17,690)	519,451	(2,479)	499,282	440,664	536,433	(2,500)	974,597
Long-term debt, net of current portion	1,402,988	188,024	-	1,591,012	1,408,888	194,030	-	1,602,918
Deferred tax liability	(386)	486	-	100	(386)	694	-	308
Derivative financial instruments	49,952	1,034	-	50,986	27,037	699	-	27,736
Employee benefits and other liabilities	208,278	65,716	-	273,994	204,917	62,348	-	267,265
Total liabilities	1,643,142	774,711	(2,479)	2,415,374	2,081,120	794,204	(2,500)	2,872,824
<b>Net assets</b>								
Unrestricted	1,471,452	552,100	(240,264)	1,783,288	1,452,872	556,887	(234,217)	1,775,542
Unrestricted - non-controlling	-	9,643	-	9,643	-	9,422	-	9,422
Temporarily restricted	428	26,113	-	26,541	468	26,201	-	26,669
Permanently restricted	-	8,620	-	8,620	-	8,494	-	8,494
Total net assets	1,471,880	596,476	(240,264)	1,828,092	1,453,340	601,004	(234,217)	1,820,127
Total liabilities and net assets	\$ 3,115,022	\$ 1,371,187	\$ (242,743)	\$ 4,243,466	\$ 3,534,460	\$ 1,395,208	\$ (236,717)	\$ 4,692,951

**NOVANT HEALTH, INC.**  
**STATEMENTS OF OPERATING CASH FLOW**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

<i>(in thousands of dollars)</i>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Operating Cash Flow	\$ 197,908	\$ 204,428
Capital Spending	(100,289)	(146,526)
Bond Issuance Drawdowns	18,526	25,009
Cash Received from Sale of Real Estate	-	120,276
Working Capital Changes	(27,578)	3,659
Repayment of Revolving Credit Facility	(450,000)	-
Debt Service	(44,222)	(16,455)
Debt Proceeds	-	1,442
Investment Income (Loss)	(13,701)	30,833
Increase/(Decrease) in Cash and Investments	\$ (419,356)	\$ 222,666
Cash and Investments Balance, Beginning of Period	\$ 1,670,890	\$ 882,084
Cash and Investments Balance, End of Period	1,251,534	1,104,750
	\$ (419,356)	\$ 222,666

**NOVANT HEALTH, INC.  
COMBINED STATISTICS  
FOR THE THREE MONTHS ENDED JUNE 30, 2010**

	<b>Presbyterian Hospital</b>	<b>Presbyterian Hospital Matthews</b>	<b>Presbyterian Hospital Huntersville</b>	<b>Presbyterian Orthopedic Hospital</b>	<b>Forsyth Medical Center</b>	<b>Medical Park Hospital</b>	<b>Thomasville Medical Center</b>	<b>Brunswick Community Hospital</b>	<b>Other</b>	<b>Three Months Ended</b>	
										<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b><u>INPATIENT STATISTICS</u></b>											
Average Daily Census	488	98	55	44	643	9	52	31	320	1,740	1,753
Discharges	7,741	2,236	1,441	924	10,162	225	1,043	852	143	24,767	24,462
Average Length of Stay	5.8	3.7	3.5	4.4	5.7	3.5	4.5	3.3	-	5.2	5.4
Patient Days	43,905	8,812	4,986	4,000	57,843	791	4,655	2,798	28,755	156,545	157,809
<b><u>ADJUSTED STATISTICS</u></b>											
Adjusted Patient Days	71,098	19,431	12,540	5,541	88,017	4,764	11,879	7,703	28,755	249,728	249,744
Adjusted Discharges	12,536	4,930	3,624	1,280	15,463	1,355	2,662	2,345	143	44,338	43,361
<b><u>OUTPATIENT STATISTICS</u></b>											
ED Visits	20,889	12,219	8,682	-	26,345	-	8,835	6,327	-	83,297	82,729
Encounters	-	-	-	-	-	-	-	-	884,603	884,603	959,267
Cases	34,426	21,551	14,522	2,737	36,214	3,335	15,069	13,938	-	141,792	144,056
<b><u>SURGERY STATISTICS</u></b>											
IP Surgical Cases	1,682	332	298	730	3,289	161	305	268	-	7,065	6,612
OP Surgical Cases	4,025	1,296	1,164	1,076	3,416	2,676	712	752	-	15,117	14,962
Total Surgical Cases	5,707	1,628	1,462	1,806	6,705	2,837	1,017	1,020	-	22,182	21,574
<b><u>OTHER STATISTICS</u></b>											
Total Births	1,225	371	306	-	1,609	-	137	99	-	3,747	3,630
Cath Lab Procedures	4,844	296	-	-	7,453	-	70	-	-	12,663	12,938
Open Heart Surgeries	125	-	-	-	141	-	-	-	-	266	267
Endoscopy Procedures	2,346	527	621	-	1,936	-	277	441	-	6,148	7,229
Radiology Procedures	43,498	24,671	15,895	5,064	66,956	1,200	7,674	10,924	-	175,882	183,200
Licensed Beds	531	114	60	156	932	22	149	60	351	2,375	2,350
Staffed Beds	531	114	60	80	762	22	94	60	331	2,054	2,062
Occupancy as % of Staffed Beds	91.9%	85.9%	92.3%	55.6%	84.3%	39.9%	55.0%	51.8%	96.5%	84.7%	85.0%

<sup>1</sup> "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).

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 and 2009**

	Presbyterian Hospital	Presbyterian Hospital Matthews	Presbyterian Hospital Huntersville	Presbyterian Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Community Hospital	Other	Six Months Ended	
										June 30, 2010	June 30, 2009
<b><u>INPATIENT STATISTICS</u></b>											
Average Daily Census	492	99	57	47	660	9	52	32	316	1,764	1,755
Discharges	15,437	4,456	2,826	1,940	20,372	447	2,133	1,711	323	49,645	49,276
Average Length of Stay	5.8	4.0	3.6	4.4	5.9	3.6	4.4	3.3	-	5.3	5.4
Patient Days	89,106	17,960	10,239	8,525	119,482	1,624	9,416	5,726	57,146	319,224	317,726
<b><u>ADJUSTED STATISTICS</u></b>											
Adjusted Patient Days	142,927	39,683	25,372	11,582	178,959	9,543	23,844	15,200	57,146	504,256	496,928
Adjusted Discharges	24,761	9,846	7,003	2,636	30,513	2,627	5,401	4,542	323	87,651	86,066
<b><u>OUTPATIENT STATISTICS</u></b>											
ED Visits	40,825	23,900	16,787	-	51,071	-	16,895	11,725	-	161,203	163,428
Encounters	-	-	-	-	-	-	-	-	1,858,723	1,858,723	1,931,792
Cases	67,604	42,330	28,402	5,597	70,331	6,465	29,035	26,873	-	276,637	282,828
<b><u>SURGERY STATISTICS</u></b>											
IP Surgical Cases	3,292	591	629	1,606	6,533	317	595	520	-	14,083	15,959
OP Surgical Cases	<u>7,970</u>	<u>2,525</u>	<u>2,256</u>	<u>2,203</u>	<u>6,657</u>	<u>5,377</u>	<u>1,428</u>	<u>1,475</u>	-	<u>29,891</u>	<u>26,931</u>
Total Surgical Cases	11,262	3,116	2,885	3,809	13,190	5,694	2,023	1,995	-	43,974	42,890
<b><u>OTHER STATISTICS</u></b>											
Total Births	2,455	708	579	-	3,143	-	267	201	-	7,353	7,475
Cath Lab Procedures	9,894	545	-	-	15,067	-	189	-	-	25,695	26,008
Open Heart Surgeries	237	-	-	-	297	-	-	-	-	534	539
Endoscopy Procedures	4,663	1,109	1,177	-	3,979	-	555	881	-	12,364	14,455
Radiology Procedures	86,602	49,112	31,172	9,197	135,096	2,343	15,064	21,631	-	350,217	367,661
Licensed Beds	531	114	60	156	932	22	149	60	351	2,375	2,350
Staffed Beds	531	114	60	80	762	22	94	60	331	2,039	2,025
Occupancy as % of Staffed Bed:	92.7%	86.8%	95.0%	58.8%	86.6%	40.9%	55.3%	53.3%	95.5%	86.5%	86.7%

<sup>1</sup> "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).