



Remarkable People. Remarkable Medicine.

FINANCIAL AND STATISTICAL REPORT
March 31, 2011

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2011 and 2010
2. Combining Balance Sheets as of March 31, 2011 and December 31, 2010
3. Statements of Operating Cash Flow for the three months ended March 31, 2011 and 2010
4. Combined Group Statistics for the three months ended March 31, 2011 and 2010

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	March 31, 2011				March 31, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 628,031	\$ 194,309	\$ -	\$ 822,340	\$ 622,706	\$ 192,213	\$ -	\$ 814,919
Premium revenue	-	230	-	230	-	306	-	306
Other revenue	29,414	4,073	(2,379)	31,108	28,756	4,235	(2,725)	30,266
Total unrestricted revenues, gains, and other support	<u>657,445</u>	<u>198,612</u>	<u>(2,379)</u>	<u>853,678</u>	<u>651,462</u>	<u>196,754</u>	<u>(2,725)</u>	<u>845,491</u>
Expenses								
Salaries and employee benefits	369,665	79,694	(270)	449,089	366,752	83,541	(299)	449,994
Supplies and other	199,652	73,273	(1,938)	270,987	199,663	72,402	(2,335)	269,730
Provision for bad debts	23,102	24,034	-	47,136	25,804	22,117	-	47,921
Total expenses	<u>592,419</u>	<u>177,001</u>	<u>(2,208)</u>	<u>767,212</u>	<u>592,219</u>	<u>178,060</u>	<u>(2,634)</u>	<u>767,645</u>
Operating cash flow	65,026	21,611	(171)	86,466	59,243	18,694	(91)	77,846
Depreciation and amortization	30,531	15,682	-	46,213	31,480	16,167	-	47,647
(Gain) loss on sale of property	(1,575)	20	-	(1,555)	(1,482)	89	-	(1,393)
Interest expense	10,765	8,220	-	18,985	9,673	8,402	-	18,075
	-	-	-	-	-	-	-	-
Operating income (loss)	25,305	(2,311)	(171)	22,823	19,572	(5,964)	(91)	13,517
Other income (expense)								
Investment income	18,925	6,023	164	25,112	10,776	3,495	75	14,346
Income tax benefit (expense)	(13)	1,196	-	1,183	(59)	(651)	-	(710)
Other, net	-	177	-	177	-	(115)	-	(115)
Excess (deficit) of revenues over expenses	<u>\$ 44,217</u>	<u>\$ 5,085</u>	<u>\$ (7)</u>	<u>\$ 49,295</u>	<u>\$ 30,289</u>	<u>\$ (3,235)</u>	<u>\$ (16)</u>	<u>\$ 27,038</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

March 31, 2011

December 31, 2010

(in thousands of dollars)

	March 31, 2011				December 31, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 224,028	\$ 110,854	\$ -	\$ 334,882	\$ 417,512	\$ 90,367	\$ -	\$ 507,879
Accounts receivable, net	308,590	88,018	-	396,608	305,844	86,484	-	392,328
Short-term investments	181,806	5,205	-	187,011	44,262	826	-	45,088
Deferred tax asset	153	6,023	-	6,176	153	5,965	-	6,118
Assets held for sale	571	8,629	-	9,200	1,670	13,410	-	15,080
Other current assets	99,298	23,821	-	123,119	93,633	28,334	-	121,967
Total current assets	814,446	242,550	-	1,056,996	863,074	225,386	-	1,088,460
Assets limited as to use	111,380	83,404	-	194,784	127,538	78,390	-	205,928
Long-term investments	842,039	245,926	-	1,087,965	788,015	239,254	-	1,027,269
Property and equipment, net	1,262,573	386,619	-	1,649,192	1,230,996	395,422	-	1,626,418
Intangible assets and goodwill, net	30,150	425,152	-	455,302	30,151	426,144	-	456,295
Investments in affiliates	411,014	3,359	(240,354)	174,019	409,681	3,729	(240,348)	173,062
Deferred tax asset	543	3,951	-	4,494	543	2,782	-	3,325
Other assets	31,861	6,923	(2,500)	36,284	32,942	7,888	(2,500)	38,330
Total assets	\$ 3,504,006	\$ 1,397,884	\$ (242,854)	\$ 4,659,036	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 146,864	\$ 7,580	\$ -	\$ 154,444	\$ 146,824	\$ 8,597	\$ -	\$ 155,421
Short-term borrowings	86,632	775	-	87,407	94,962	850	-	95,812
Accounts payable	118,179	10,221	-	128,400	104,981	11,889	-	116,870
Accrued liabilities	199,662	60,305	(2,500)	257,467	204,720	71,105	(2,500)	273,325
Estimated third-party payor settlements	4,220	(163)	-	4,057	5,636	(580)	-	5,056
Due to related organizations	(454,675)	454,675	-	-	(420,776)	420,776	-	-
Total current liabilities	100,882	533,393	(2,500)	631,775	136,347	512,637	(2,500)	646,484
Long-term debt, net of current portion	1,505,954	194,663	-	1,700,617	1,506,002	196,152	-	1,702,154
Derivative financial instruments	42,130	843	-	42,973	39,800	952	-	40,752
Employee benefits and other liabilities	216,540	61,182	-	277,722	214,521	63,374	-	277,895
Total liabilities	1,865,506	790,081	(2,500)	2,653,087	1,896,670	773,115	(2,500)	2,667,285
Net assets								
Unrestricted	1,638,259	565,855	(240,354)	1,963,760	1,586,028	564,238	(240,348)	1,909,918
Unrestricted - non-controlling	-	7,771	-	7,771	-	7,503	-	7,503
Temporarily restricted	241	25,445	-	25,686	242	25,430	-	25,672
Permanently restricted	-	8,732	-	8,732	-	8,709	-	8,709
Total net assets	1,638,500	607,803	(240,354)	2,005,949	1,586,270	605,880	(240,348)	1,951,802
Total liabilities and net assets	\$ 3,504,006	\$ 1,397,884	\$ (242,854)	\$ 4,659,036	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

<i>(in thousands of dollars)</i>	March 31, 2011	March 31, 2010
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 54,147	\$ (3,161)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	46,435	48,703
Gain on sale of real estate	(1,555)	(1,393)
Gain on sale of discontinued operations	(8,080)	-
Cumulative effect of change in accounting principle	-	24,312
Provision for bad debts	47,606	49,503
Share of earnings in affiliates, net of distributions	(956)	3,064
Net gains on assets limited as to use and investments	(23,481)	(19,130)
Change in fair value of interest rate swap	2,221	3,848
Changes in operating assets and liabilities		
Accounts receivable	(51,886)	(60,327)
Investments and assets limited as to use	(183,399)	3,704
Accounts payable and accrued liabilities	(24,618)	(16,688)
Other assets and liabilities, net	(6,172)	4,196
Net cash provided by (used in) operating activities	(149,738)	36,631
Cash flows from investing activities		
Purchases of property and equipment	(43,573)	(55,134)
Proceeds from sale of property and equipment	201	-
Proceeds from sale of affiliates	13,800	1,053
Repayment of notes receivable and other, net	1,034	1,111
Net cash used in investing activities	(28,538)	(52,970)
Cash flows from financing activities		
Bond proceeds received from trustee	16,178	15,687
Principal payments on long-term debt	(2,570)	(451,581)
Proceeds from (payments on) line of credit and other financing	(8,329)	9,083
Net cash provided by (used in) financing activities	5,279	(426,811)
Net decrease in cash and cash equivalents	(172,997)	(443,150)
Cash and cash equivalents		
Beginning of quarter	507,879	768,805
End of quarter	\$ 334,882	\$ 325,655

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	Presbyterian Hospital	Presbyterian Hospital Matthews	Presbyterian Hospital Huntersville	Presbyterian Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Co. Community Hospital	Kernersville Medical Center	Other ¹	Three Months Ended	
											March 31, 2011	March 31, 2010
<u>INPATIENT STATISTICS</u>												
Average Daily Census	493	94	58	41	685	8	57	35	2	165	1,638	1,654
Discharges	7,580	2,038	1,419	887	10,206	198	1,076	841	52	68	24,365	24,798
Average Length of Stay	5.6	4.1	3.8	4.1	5.9	3.7	4.7	3.7	2.8	-	5.3	5.4
Patient Days	44,411	8,490	5,223	3,686	61,609	755	5,140	3,113	182	14,849	147,458	148,892
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	72,922	18,241	11,703	5,063	91,029	4,880	13,936	8,319	533	14,849	241,475	239,913
Adjusted Discharges	12,446	4,378	3,180	1,218	15,080	1,280	2,918	2,247	152	68	42,967	43,252
<u>OUTPATIENT STATISTICS</u>												
ED Visits	21,595	12,274	8,567	-	25,415	-	9,235	5,553	577	-	83,216	77,996
Encounters	-	-	-	-	-	-	-	-	-	948,881	948,881	917,091
Cases	37,071	21,280	14,175	2,874	33,709	3,113	14,620	12,986	641	-	140,469	134,910
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,581	265	345	749	3,003	121	256	218	9	-	6,547	7,018
OP Surgical Cases	<u>3,754</u>	<u>1,150</u>	<u>791</u>	<u>1,078</u>	<u>3,563</u>	<u>2,488</u>	<u>789</u>	<u>809</u>	<u>49</u>	-	<u>14,471</u>	<u>14,774</u>
Total Surgical Cases	5,335	1,415	1,136	1,827	6,566	2,609	1,045	1,027	58	-	21,018	21,792
<u>OTHER STATISTICS</u>												
Total Births	1,221	306	253	-	1,515	-	140	93	-	-	3,528	3,606
Cath Lab Procedures	3,587	307	-	-	6,952	-	78	-	-	-	10,924	13,032
Open Heart Surgeries	113	-	-	-	141	-	-	-	-	-	254	268
Endoscopy Procedures	2,150	509	740	-	1,800	-	235	481	-	-	5,915	6,363
Radiology Procedures	41,650	22,965	13,353	4,240	66,843	999	8,781	9,354	835	-	169,020	174,954
Licensed Beds	531	114	60	156	921	22	149	60	50	200	2,263	2,224
Staffed Beds	531	114	60	80	766	22	94	60	25	180	1,932	1,903
Occupancy as % of Staffed Beds	92.9%	82.7%	96.7%	51.2%	89.4%	38.1%	60.8%	57.6%	8.1%	91.7%	84.8%	86.9%

¹ "Other" includes the following: Novant Medical Group and Springwood (Novant's long-term care facility).