



Remarkable People. Remarkable Medicine.

FINANCIAL AND STATISTICAL REPORT
June 30, 2011

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended June 30, 2011 and 2010
2. Combined Statements of Revenues and Expenses for the six months ended June 30, 2011 and 2010
3. Combining Balance Sheets as of June 30, 2011 and December 31, 2010
4. Statements of Operating Cash Flow for the six months ended June 30, 2011 and 2010
5. Combined Group Statistics for the three months ended June 30, 2011 and 2010
6. Combined Group Statistics for the six months ended June 30, 2011 and 2010

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011				June 30, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 633,706	\$ 195,030	\$ -	\$ 828,736	\$ 635,653	\$ 198,922	\$ -	\$ 834,575
Premium revenue	-	731	-	731	-	247	-	247
Other revenue	29,874	4,668	(2,403)	32,139	31,389	10,561	(2,233)	39,717
Total unrestricted revenues, gains, and other support	<u>663,580</u>	<u>200,429</u>	<u>(2,403)</u>	<u>861,606</u>	<u>667,042</u>	<u>209,730</u>	<u>(2,233)</u>	<u>874,539</u>
Expenses								
Salaries and employee benefits	368,016	78,103	(247)	445,872	354,834	81,378	(272)	435,940
Supplies and other	211,091	75,613	(1,891)	284,813	194,591	74,198	(1,872)	266,917
Provision for bad debts	23,170	20,599	-	43,769	23,649	25,347	-	48,996
Total expenses	<u>602,277</u>	<u>174,315</u>	<u>(2,138)</u>	<u>774,454</u>	<u>573,074</u>	<u>180,923</u>	<u>(2,144)</u>	<u>751,853</u>
Operating cash flow	61,303	26,114	(265)	87,152	93,968	28,807	(89)	122,686
Depreciation and amortization	31,838	15,187	-	47,025	30,757	17,620	-	48,377
(Gain) loss on sale of property	(2,717)	17	-	(2,700)	(2,627)	(6)	-	(2,633)
Interest expense	12,016	8,198	-	20,214	10,553	8,516	-	19,069
Operating income (loss)	20,166	2,712	(265)	22,613	55,285	2,677	(89)	57,873
Other income (expense)								
Investment income (loss)	15,530	5,008	259	20,797	(20,212)	(7,910)	75	(28,047)
Income tax benefit (expense)	(312)	(3,423)	-	(3,735)	(51)	382	-	331
Other, net	-	(165)	-	(165)	(270)	(167)	-	(437)
Excess (deficit) of revenues over expenses	<u>\$ 35,384</u>	<u>\$ 4,132</u>	<u>\$ (6)</u>	<u>\$ 39,510</u>	<u>\$ 34,752</u>	<u>\$ (5,018)</u>	<u>\$ (14)</u>	<u>\$ 29,720</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011				June 30, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 1,261,737	\$ 389,339	\$ -	\$ 1,651,076	\$ 1,258,359	\$ 391,135	\$ -	\$ 1,649,494
Premium revenue	-	961	-	961	-	553	-	553
Other revenue	59,288	8,741	(4,782)	63,247	60,145	14,796	(4,958)	69,983
Total unrestricted revenues, gains, and other support	<u>1,321,025</u>	<u>399,041</u>	<u>(4,782)</u>	<u>1,715,284</u>	<u>1,318,504</u>	<u>406,484</u>	<u>(4,958)</u>	<u>1,720,030</u>
Expenses								
Salaries and employee benefits	737,681	157,797	(517)	894,961	721,586	164,919	(571)	885,934
Supplies and other	410,743	148,886	(3,829)	555,800	394,254	146,600	(4,207)	536,647
Provision for bad debts	46,272	44,633	-	90,905	49,453	47,464	-	96,917
Total expenses	<u>1,194,696</u>	<u>351,316</u>	<u>(4,346)</u>	<u>1,541,666</u>	<u>1,165,293</u>	<u>358,983</u>	<u>(4,778)</u>	<u>1,519,498</u>
Operating cash flow	126,329	47,725	(436)	173,618	153,211	47,501	(180)	200,532
Depreciation and amortization	62,369	30,869	-	93,238	62,237	33,787	-	96,024
(Gain) loss on sale of property	(4,292)	37	-	(4,255)	(4,109)	83	-	(4,026)
Interest expense	22,781	16,418	-	39,199	20,226	16,918	-	37,144
Operating income (loss)	45,471	401	(436)	45,436	74,857	(3,287)	(180)	71,390
Other income (expense)								
Investment income (loss)	34,455	11,031	423	45,909	(9,436)	(4,415)	150	(13,701)
Income tax benefit (expense)	(325)	(2,227)	-	(2,552)	(110)	(269)	-	(379)
Other, net	-	12	-	12	(270)	(282)	-	(552)
Excess (deficit) of revenues over expenses	<u>\$ 79,601</u>	<u>\$ 9,217</u>	<u>\$ (13)</u>	<u>\$ 88,805</u>	<u>\$ 65,041</u>	<u>\$ (8,253)</u>	<u>\$ (30)</u>	<u>\$ 56,758</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

<i>(in thousands of dollars)</i>	June 30, 2011				December 31, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 288,315	\$ 101,737	\$ -	\$ 390,052	\$ 417,512	\$ 90,367	\$ -	\$ 507,879
Accounts receivable, net	297,761	88,420	-	386,181	305,844	86,484	-	392,328
Short-term investments	172,053	4,984	-	177,037	44,262	826	-	45,088
Deferred tax asset	153	7,172	-	7,325	153	5,965	-	6,118
Assets held for sale	-	5,167	-	5,167	1,670	14,170	-	15,840
Other current assets	109,157	23,674	-	132,831	93,633	28,334	-	121,967
Total current assets	867,439	231,154	-	1,098,593	863,074	226,146	-	1,089,220
Assets limited as to use	88,106	80,508	-	168,614	127,538	78,390	-	205,928
Long-term investments	881,898	251,890	-	1,133,788	788,015	239,254	-	1,027,269
Property and equipment, net	1,267,772	378,720	-	1,646,492	1,230,996	394,862	-	1,625,858
Intangible assets and goodwill, net	31,709	422,179	-	453,888	30,151	425,944	-	456,095
Investments in affiliates	404,300	4,119	(240,927)	167,492	409,681	3,729	(240,348)	173,062
Deferred tax asset	543	421	-	964	543	2,782	-	3,325
Other assets	32,476	7,767	(2,500)	37,743	32,942	7,888	(2,500)	38,330
Total assets	\$ 3,574,243	\$ 1,376,758	\$ (243,427)	\$ 4,707,574	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 148,873	\$ 7,451	\$ -	\$ 156,324	\$ 146,824	\$ 8,597	\$ -	\$ 155,421
Short-term borrowings	89,090	550	-	89,640	94,962	850	-	95,812
Accounts payable	110,818	9,431	-	120,249	104,981	11,889	-	116,870
Accrued liabilities	204,214	69,037	(2,500)	270,751	204,720	71,105	(2,500)	273,325
Estimated third-party payor settlements	20,420	883	-	21,303	5,636	(580)	-	5,056
Due to related organizations	(431,245)	431,245	-	-	(420,776)	420,776	-	-
Total current liabilities	142,170	518,597	(2,500)	658,267	136,347	512,637	(2,500)	646,484
Long-term debt, net of current portion	1,496,566	190,774	-	1,687,340	1,506,002	196,152	-	1,702,154
Derivative financial instruments	42,134	946	-	43,080	39,800	952	-	40,752
Employee benefits and other liabilities	209,717	60,164	-	269,881	214,521	63,374	-	277,895
Total liabilities	1,890,587	770,481	(2,500)	2,658,568	1,896,670	773,115	(2,500)	2,667,285
Net assets								
Unrestricted	1,683,415	563,754	(240,927)	2,006,242	1,586,028	564,238	(240,348)	1,909,918
Unrestricted - non-controlling	-	7,530	-	7,530	-	7,503	-	7,503
Temporarily restricted	241	26,294	-	26,535	242	25,430	-	25,672
Permanently restricted	-	8,699	-	8,699	-	8,709	-	8,709
Total net assets	1,683,656	606,277	(240,927)	2,049,006	1,586,270	605,880	(240,348)	1,951,802
Total liabilities and net assets	\$ 3,574,243	\$ 1,376,758	\$ (243,427)	\$ 4,707,574	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010

<i>(in thousands of dollars)</i>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 97,204	\$ 17,380
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	93,688	98,028
Gain on sale of real estate	(4,256)	(4,027)
Gain on sale of discontinued operations	(11,013)	-
Cumulative effect of change in accounting principle	-	23,213
Provision for bad debts	91,918	99,284
Share of earnings in affiliates, net of distributions	4,824	(186)
Net (gains) losses on assets limited as to use and investments	(48,628)	15,971
Change in fair value of interest rate swap	2,328	23,250
Changes in operating assets and liabilities		
Accounts receivable	(85,771)	(99,562)
Investments and assets limited as to use	(188,141)	-
Accounts payable and accrued liabilities	(13,191)	(25,898)
Accrued pension liability	(961)	2,642
Deferred taxes, net	1,156	(290)
Investments and assets limited as to use classified as trading securities, net	-	(15,353)
Other assets and liabilities, net	3,632	(14,946)
Net cash provided by (used in) operating activities	<u>(57,211)</u>	<u>119,506</u>
Cash flows from investing activities		
Purchases of property and equipment	(100,087)	(104,211)
Proceeds from sale of property and equipment	3,788	3,767
Proceeds from sale of affiliates	21,316	-
Repayment of notes receivable and other, net	(3,336)	(6,220)
Net cash used in investing activities	<u>(78,319)</u>	<u>(106,664)</u>
Cash flows from financing activities		
Bond proceeds received from trustee	35,614	18,526
Principal payments on long-term debt	(12,039)	(463,128)
Proceeds from (payments on) line of credit and other financing	(5,872)	9,578
Net cash provided by (used in) financing activities	<u>17,703</u>	<u>(435,024)</u>
Net decrease in cash and cash equivalents	(117,827)	(422,182)
Cash and cash equivalents		
Beginning of year	<u>507,879</u>	<u>768,805</u>
End of quarter	<u>\$ 390,052</u>	<u>\$ 346,623</u>

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010**

	Presbyterian Hospital	Presbyterian Hospital Matthews	Presbyterian Hospital Huntersville	Presbyterian Orthopaedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Co. Community Hospital	Kernersville Medical Center	Other ¹	Three Months Ended	
											June 30, 2011	June 30, 2010
<u>INPATIENT STATISTICS</u>												
Average Daily Census	457	88	52	37	625	8	54	30	15	159	1,525	1,572
Discharges	7,286	1,948	1,348	832	9,798	195	1,002	824	416	100	23,749	24,690
Average Length of Stay	5.7	4.1	3.5	4.2	5.9	3.7	4.9	3.4	2.5	-	5.3	5.2
Patient Days	41,618	8,035	4,692	3,358	56,831	719	4,886	2,743	1,390	14,468	138,740	143,095
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	69,744	18,207	11,232	4,797	84,017	4,671	13,650	7,805	3,921	14,468	232,512	235,783
Adjusted Discharges	12,210	4,415	3,227	1,189	14,485	1,267	2,799	2,345	1,174	100	43,211	44,256
<u>OUTPATIENT STATISTICS</u>												
ED Visits	20,793	11,768	8,482	-	23,667	-	9,228	6,190	4,314	-	84,442	83,476
Encounters	-	-	-	-	-	-	-	-	-	926,645	926,645	884,603
Cases	37,220	21,249	14,439	2,857	32,202	2,972	14,754	13,159	4,317	-	143,169	141,727
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,603	217	301	685	2,985	132	249	223	59	-	6,454	7,065
OP Surgical Cases	3,881	1,155	898	1,120	3,383	2,412	781	794	342	-	14,766	15,117
Total Surgical Cases	5,484	1,372	1,199	1,805	6,368	2,544	1,030	1,017	401	-	21,220	22,182
<u>OTHER STATISTICS</u>												
Total Births	1,244	355	269	-	1,599	-	150	91	-	-	3,708	3,747
Cath Lab Procedures	1,736	256	-	-	6,312	-	54	-	-	-	8,358	12,663
Open Heart Surgeries	110	-	-	-	154	-	-	-	-	-	264	266
Endoscopy Procedures	2,251	554	790	-	1,846	-	269	442	-	-	6,152	6,139
Radiology Procedures	41,458	23,264	13,240	4,248	60,593	995	8,680	9,865	5,507	-	167,850	175,263
Licensed Beds	531	117	60	156	921	22	149	60	50	200	2,266	2,224
Staffed Beds	531	117	60	80	766	22	94	60	25	180	1,935	1,903
Occupancy as % of Staffed Beds	86.1%	75.5%	85.9%	46.1%	81.5%	35.9%	57.1%	50.2%	61.1%	88.3%	78.8%	82.6%

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

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**

	Presbyterian Hospital	Presbyterian Hospital Matthews	Presbyterian Hospital Huntersville	Presbyterian Orthopaedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Co. Community Hospital	Kernersville Medical Center	Other ¹	Six Months Ended	
											June 30, 2011	June 30, 2010
<u>INPATIENT STATISTICS</u>												
Average Daily Census	475	91	55	39	649	8	55	32	18	162	1,584	1,613
Discharges	14,866	3,986	2,767	1,719	20,004	393	2,078	1,665	468	168	48,114	49,487
Average Length of Stay	5.7	4.1	3.7	4.1	5.9	3.7	4.8	3.5	3.4	-	5.3	5.3
Patient Days	86,029	16,525	9,915	7,044	117,436	1,474	10,026	5,856	1,598	29,317	285,220	291,988
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	142,684	36,440	22,948	9,860	173,563	9,552	27,586	16,139	4,528	29,317	472,617	475,735
Adjusted Discharges	24,656	8,790	6,404	2,406	29,565	2,547	5,718	4,589	1,326	168	86,169	87,490
<u>OUTPATIENT STATISTICS</u>												
ED Visits	42,388	24,042	17,049	-	49,082	-	18,463	11,743	4,891	-	167,658	161,472
Encounters	-	-	-	-	-	-	-	-	-	1,889,318	1,889,318	1,801,694
Cases	74,291	42,529	28,614	5,730	65,911	6,085	29,374	26,145	4,958	-	283,637	276,637
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	3,184	482	646	1,434	5,988	253	505	441	68	-	13,001	14,083
OP Surgical Cases	7,635	2,305	1,689	2,198	6,932	4,900	1,570	1,603	391	-	29,223	29,891
Total Surgical Cases	10,819	2,787	2,335	3,632	12,920	5,153	2,075	2,044	459	-	42,224	43,974
<u>OTHER STATISTICS</u>												
Total Births	2,465	661	522	-	3,114	-	290	184	-	-	7,236	7,353
Cath Lab Procedures	5,323	563	-	-	13,264	-	135	-	-	-	19,285	25,695
Open Heart Surgeries	223	-	-	-	295	-	-	-	-	-	518	534
Endoscopy Procedures	4,401	1,063	1,530	-	3,646	-	504	923	-	-	12,067	12,364
Radiology Procedures	83,108	46,229	26,593	8,545	127,436	1,994	17,461	19,533	6,272	-	337,171	350,217
Licensed Beds	531	117	60	156	921	22	149	60	50	200	2,266	2,224
Staffed Beds	531	117	60	80	766	22	94	60	25	180	1,935	1,903
Occupancy as % of Staffed Beds	89.5%	78.0%	91.3%	48.6%	84.7%	37.0%	58.9%	53.9%	70.2%	90.0%	81.9%	84.8%

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