



Remarkable People. Remarkable Medicine.

FINANCIAL AND STATISTICAL REPORT
September 30, 2011

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

	September 30, 2011				September 30, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 631,688	\$ 197,224	\$ -	\$ 828,912	\$ 607,542	\$ 196,047	\$ -	\$ 803,589
Premium revenue	-	478	-	478	-	563	-	563
Other revenue	30,986	4,955	(1,936)	34,005	30,221	4,962	(2,398)	32,785
Total unrestricted revenues, gains, and other support	<u>662,674</u>	<u>202,657</u>	<u>(1,936)</u>	<u>863,395</u>	<u>637,763</u>	<u>201,572</u>	<u>(2,398)</u>	<u>836,937</u>
Expenses								
Salaries and employee benefits	369,767	80,882	(241)	450,408	357,244	80,535	(257)	437,522
Supplies and other	215,239	75,545	(1,543)	289,241	192,398	76,071	(1,875)	266,594
Provision for bad debts	27,811	21,802	-	49,613	25,603	27,625	-	53,228
Total expenses	<u>612,817</u>	<u>178,229</u>	<u>(1,784)</u>	<u>789,262</u>	<u>575,245</u>	<u>184,231</u>	<u>(2,132)</u>	<u>757,344</u>
Operating cash flow	49,857	24,428	(152)	74,133	62,518	17,341	(266)	79,593
Depreciation and amortization	34,020	14,603	-	48,623	30,429	19,363	-	49,792
(Gain) loss on sale of property	4,557	(299)	-	4,258	(2,800)	118	-	(2,682)
Interest expense	10,184	8,391	-	18,575	8,149	8,603	-	16,752
Operating income (loss)	1,096	1,733	(152)	2,677	26,740	(10,743)	(266)	15,731
Other income (expense)								
Investment income (loss)	(53,515)	(14,101)	148	(67,468)	36,452	13,306	256	50,014
Income tax benefit (expense)	304	(78)	-	226	(59)	124	-	65
Other, net	-	(98)	-	(98)	-	(95)	-	(95)
Excess (deficit) of revenues over expenses	<u>\$ (52,115)</u>	<u>\$ (12,544)</u>	<u>\$ (4)</u>	<u>\$ (64,663)</u>	<u>\$ 63,133</u>	<u>\$ 2,592</u>	<u>\$ (10)</u>	<u>\$ 65,715</u>

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

	September 30, 2011				September 30, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Net patient service revenue	\$ 1,893,425	\$ 586,563	\$ -	\$ 2,479,988	\$ 1,865,901	\$ 587,182	\$ -	\$ 2,453,083
Premium revenue	-	1,439	-	1,439	-	1,116	-	1,116
Other revenue	90,274	13,696	(6,718)	97,252	90,366	19,758	(7,356)	102,768
Total unrestricted revenues, gains, and other support	<u>1,983,699</u>	<u>601,698</u>	<u>(6,718)</u>	<u>2,578,679</u>	<u>1,956,267</u>	<u>608,056</u>	<u>(7,356)</u>	<u>2,556,967</u>
Expenses								
Salaries and employee benefits	1,107,448	238,679	(758)	1,345,369	1,078,830	245,454	(828)	1,323,456
Supplies and other	625,982	224,431	(5,372)	845,041	586,652	222,671	(6,082)	803,241
Provision for bad debts	74,083	66,435	-	140,518	75,056	75,089	-	150,145
Total expenses	<u>1,807,513</u>	<u>529,545</u>	<u>(6,130)</u>	<u>2,330,928</u>	<u>1,740,538</u>	<u>543,214</u>	<u>(6,910)</u>	<u>2,276,842</u>
Operating cash flow	176,186	72,153	(588)	247,751	215,729	64,842	(446)	280,125
Depreciation and amortization	96,389	45,472	-	141,861	92,666	53,150	-	145,816
(Gain) loss on sale of property	265	(262)	-	3	(6,909)	201	-	(6,708)
Interest expense	32,965	24,809	-	57,774	28,375	25,521	-	53,896
Operating income (loss)	46,567	2,134	(588)	48,113	101,597	(14,030)	(446)	87,121
Other income (expense)								
Investment income (loss)	(19,060)	(3,070)	571	(21,559)	27,016	8,891	406	36,313
Income tax expense	(21)	(2,305)	-	(2,326)	(169)	(145)	-	(314)
Other, net	-	(86)	-	(86)	(270)	(377)	-	(647)
Excess (deficit) of revenues over expenses	<u>\$ 27,486</u>	<u>\$ (3,327)</u>	<u>\$ (17)</u>	<u>\$ 24,142</u>	<u>\$ 128,174</u>	<u>\$ (5,661)</u>	<u>\$ (40)</u>	<u>\$ 122,473</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

September 30, 2011

December 31, 2010

(in thousands of dollars)

	September 30, 2011				December 31, 2010			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 178,258	\$ 104,672	\$ -	\$ 282,930	\$ 417,512	\$ 90,367	\$ -	\$ 507,879
Accounts receivable, net	288,130	89,850	-	377,980	305,844	86,484	-	392,328
Short-term investments	185,311	7,213	-	192,524	44,262	826	-	45,088
Deferred tax asset	-	8,471	-	8,471	153	5,965	-	6,118
Assets held for sale	-	6,187	-	6,187	1,670	14,170	-	15,840
Other current assets	106,396	21,854	-	128,250	93,633	28,334	-	121,967
Total current assets	758,095	238,247	-	996,342	863,074	226,146	-	1,089,220
Assets limited as to use	75,976	85,479	-	161,455	127,538	78,390	-	205,928
Long-term investments	843,479	235,468	-	1,078,947	788,015	239,254	-	1,027,269
Property and equipment, net	1,210,296	412,292	-	1,622,588	1,230,996	394,862	-	1,625,858
Intangible assets and goodwill, net	31,709	423,286	-	454,995	30,151	425,944	-	456,095
Investments in affiliates	405,922	4,301	(240,931)	169,292	409,681	3,729	(240,348)	173,062
Deferred tax asset	-	-	-	-	543	2,782	-	3,325
Other assets	30,683	7,119	(2,500)	35,302	32,942	7,888	(2,500)	38,330
Total assets	\$ 3,356,160	\$ 1,406,192	\$ (243,431)	\$ 4,518,921	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 23,893	\$ 7,715	\$ -	\$ 31,608	\$ 146,824	\$ 8,597	\$ -	\$ 155,421
Short-term borrowings	81,895	399	-	82,294	94,962	850	-	95,812
Accounts payable	100,285	8,632	-	108,917	104,981	11,889	-	116,870
Accrued liabilities	218,222	69,898	(2,500)	285,620	204,720	71,105	(2,500)	273,325
Estimated third-party payor settlements	29,607	2,925	-	32,532	5,636	(580)	-	5,056
Due to related organizations	(479,162)	479,162	-	-	(420,776)	420,776	-	-
Total current liabilities	(25,260)	568,731	(2,500)	540,971	136,347	512,637	(2,500)	646,484
Long-term debt, net of current portion	1,497,109	188,497	-	1,685,606	1,506,002	196,152	-	1,702,154
Deferred tax liability	(890)	1,037	-	147	-	-	-	-
Derivative financial instruments	70,544	1,078	-	71,622	39,800	952	-	40,752
Employee benefits and other liabilities	205,550	59,560	-	265,110	214,521	63,374	-	277,895
Total liabilities	1,747,053	818,903	(2,500)	2,563,456	1,896,670	773,115	(2,500)	2,667,285
Net assets								
Unrestricted	1,608,866	545,717	(240,931)	1,913,652	1,586,028	564,238	(240,348)	1,909,918
Unrestricted - non-controlling	-	7,451	-	7,451	-	7,503	-	7,503
Temporarily restricted	241	25,295	-	25,536	242	25,430	-	25,672
Permanently restricted	-	8,826	-	8,826	-	8,709	-	8,709
Total net assets	1,609,107	587,289	(240,931)	1,955,465	1,586,270	605,880	(240,348)	1,951,802
Total liabilities and net assets	\$ 3,356,160	\$ 1,406,192	\$ (243,431)	\$ 4,518,921	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087

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

<i>(in thousands of dollars)</i>	<u>September 30, 2011</u>	<u>September 30, 2010</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 3,663	\$ 86,159
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	142,639	145,024
Loss (gain) on sale of real estate	3	(6,708)
Loss on impairment	-	3,404
Gain on sale of discontinued operations	(14,894)	(1,961)
Provision for bad debts	141,809	153,396
Share of earnings in affiliates, net of distributions	3,024	(2,871)
Net (gains) losses on assets limited as to use and investments	28,580	(22,479)
Change in fair value of interest rate swap	30,870	34,155
Changes in operating assets and liabilities		
Accounts receivable	(127,462)	(147,141)
Investments and assets limited as to use	(233,999)	(42,845)
Accounts payable and accrued liabilities	(1,460)	10,923
Accrued pension liability	-	2,444
Deferred taxes, net	1,121	(1,718)
Other assets and liabilities, net	15,216	25,894
Net cash provided by (used in) operating activities	<u>(10,890)</u>	<u>235,676</u>
Cash flows from investing activities		
Purchases of property and equipment	(142,358)	(150,592)
Proceeds from sale of property and equipment	9,459	1,900
Cash paid for acquisitions	(4,098)	(9,524)
Proceeds from sale of affiliates	23,051	3,500
Investment in unconsolidated affiliated entities	746	-
Repayment of notes receivable and other, net	2,129	3,202
Net cash used in investing activities	<u>(111,071)</u>	<u>(151,514)</u>
Cash flows from financing activities		
Bond proceeds deposited with trustee	50,003	19,494
Principal payments on long-term debt	(139,924)	(471,381)
Proceeds from line of credit and other financing	-	14,149
Payments on line of credit and other financing	(13,067)	-
Net cash used in financing activities	<u>(102,988)</u>	<u>(437,738)</u>
Net decrease in cash and cash equivalents	(224,949)	(353,576)
Cash and cash equivalents		
Beginning of year	<u>507,879</u>	<u>788,206</u>
End of quarter	<u>\$ 282,930</u>	<u>\$ 434,630</u>

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED SEPTEMBER 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	
											September 30, 2011	September 30, 2010
<u>INPATIENT STATISTICS</u>												
Average Daily Census	429	86	53	40	597	7	58	34	12	160	1,476	1,523
Discharges	7,096	1,918	1,419	901	9,902	186	1,031	795	366	83	23,697	23,977
Average Length of Stay	5.5	3.9	3.5	3.9	5.6	3.7	5.1	3.7	3.0	-	5.1	5.2
Patient Days	39,479	7,891	4,918	3,678	54,924	677	5,327	3,083	1,084	14,731	135,792	140,110
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	67,555	18,268	11,393	4,988	82,146	4,549	13,931	8,804	3,762	14,731	230,127	231,514
Adjusted Discharges	12,142	4,440	3,287	1,222	14,810	1,250	2,695	2,270	1,270	83	43,469	42,923
<u>OUTPATIENT STATISTICS</u>												
ED Visits	20,401	11,543	8,967	-	23,678	-	8,707	7,305	4,908	-	85,509	81,847
Encounters	-	-	-	-	-	-	-	-	-	903,936	903,936	882,370
Cases	36,537	21,520	14,711	2,634	32,251	3,124	14,159	13,371	5,180	-	143,487	140,184
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,473	221	314	741	2,907	107	282	244	59	-	6,348	6,753
OP Surgical Cases	<u>3,945</u>	<u>1,147</u>	<u>853</u>	<u>1,059</u>	<u>3,262</u>	<u>2,413</u>	<u>746</u>	<u>754</u>	<u>368</u>	-	<u>14,547</u>	<u>14,427</u>
Total Surgical Cases	5,418	1,368	1,167	1,800	6,169	2,520	1,028	998	427	-	20,895	21,180
<u>OTHER STATISTICS</u>												
Total Births	1,296	313	284	-	1,585	-	163	115	-	-	3,756	3,930
Cath Lab Procedures	830	185	27	-	987	-	26	14	-	-	2,069	2,373
Open Heart Surgeries	99	-	-	-	144	-	-	-	-	-	243	264
Endoscopy Procedures	2,146	537	763	-	1,791	-	292	379	-	-	5,908	6,134
Radiology Procedures	40,052	23,565	13,552	4,242	59,834	1,018	8,205	9,932	5,434	-	165,834	173,527
Licensed Beds	531	114	60	156	920	22	149	60	50	200	2,262	2,224
Staffed Beds	531	114	60	80	741	22	94	60	25	180	1,907	1,903
Occupancy as % of Staffed Beds	80.8%	75.2%	89.1%	50.0%	80.6%	33.4%	61.6%	55.9%	47.1%	89.0%	77.4%	80.0%

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

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	Nine Months Ended	
											September 30, 2011	September 30, 2010
<u>INPATIENT STATISTICS</u>												
Average Daily Census	460	89	54	39	632	8	56	33	15	198	1,584	1,583
Discharges	21,962	5,904	4,186	2,620	29,906	579	3,109	2,460	834	251	71,811	73,464
Average Length of Stay	5.6	4.0	3.6	4.1	5.8	3.7	4.9	3.6	3.2	-	5.2	5.3
Patient Days	125,508	24,416	14,833	10,722	172,479	2,151	15,353	8,939	2,682	54,073	431,156	432,098
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	210,247	54,698	34,341	14,846	255,888	14,106	41,530	24,936	8,303	54,073	712,968	707,270
Adjusted Discharges	36,790	13,227	9,691	3,628	44,368	3,797	8,409	6,862	2,582	251	129,605	130,411
<u>OUTPATIENT STATISTICS</u>												
ED Visits	62,789	35,585	26,016	-	72,760	-	27,170	19,048	9,799	-	253,167	243,319
Encounters	-	-	-	-	-	-	-	-	-	2,824,112	2,824,112	2,684,064
Cases	110,828	64,049	43,325	8,364	98,162	9,209	43,533	39,516	10,138	-	427,124	416,821
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	4,657	703	960	2,175	8,895	360	787	685	127	-	19,349	20,836
OP Surgical Cases	<u>11,580</u>	<u>3,452</u>	<u>2,542</u>	<u>3,257</u>	<u>10,194</u>	<u>7,313</u>	<u>2,316</u>	<u>2,357</u>	<u>759</u>	-	<u>43,770</u>	<u>44,318</u>
Total Surgical Cases	16,237	4,155	3,502	5,432	19,089	7,673	3,103	3,042	886	-	63,119	65,154
<u>OTHER STATISTICS</u>												
Total Births	3,760	974	806	-	4,699	-	453	299	-	-	10,991	11,283
Cath Lab Procedures	2,512	597	83	-	3,282	-	87	48	-	-	6,609	7,361
Open Heart Surgeries	322	-	-	-	439	-	-	-	-	-	761	798
Endoscopy Procedures	6,547	1,600	2,293	-	5,437	-	796	1,302	-	-	17,975	18,704
Radiology Procedures	123,840	69,794	40,145	12,787	187,270	3,012	25,666	29,465	11,647	-	503,626	523,744
Licensed Beds	531	114	60	156	920	22	149	60	50	200	2,262	2,224
Staffed Beds	531	114	60	80	741	22	94	60	25	200	1,927	1,903
Occupancy as % of Staffed Bed:	86.6%	78.5%	90.6%	49.1%	85.3%	35.8%	59.8%	54.6%	58.6%	99.0%	82.2%	83.2%

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