



Remarkable People. Remarkable Medicine.

***FINANCIAL AND STATISTICAL REPORT
December 31, 2011***

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

	<i>December 31, 2011</i>				<i>December 31, 2010</i>			
	<i>Combined Group</i>	<i>Unrestricted Affiliates</i>	<i>Eliminations</i>	<i>Total</i>	<i>Combined Group</i>	<i>Unrestricted Affiliates</i>	<i>Eliminations</i>	<i>Total</i>
<i>Unrestricted revenues, gains, and other support</i>								
Net patient service revenue	\$ 686,618	\$ 148,790	\$ -	\$ 835,408	\$ 659,741	\$ 121,565	\$ -	\$ 781,306
Premium revenue	-	1,509	-	1,509	-	3,578	-	3,578
Other revenue	34,370	8,002	(2,318)	40,054	32,524	5,976	(2,161)	36,339
Total unrestricted revenues, gains, and other support	<u>720,988</u>	<u>158,301</u>	<u>(2,318)</u>	<u>876,971</u>	<u>692,265</u>	<u>131,119</u>	<u>(2,161)</u>	<u>821,223</u>
<i>Expenses</i>								
Salaries and employee benefits	383,503	71,498	(249)	454,752	368,675	71,065	(275)	439,465
Supplies and other	222,213	72,863	(1,925)	293,151	220,956	70,931	(1,867)	290,020
Provision for bad debts	28,532	16,529	-	45,061	29,897	(3,173)	-	26,724
Total expenses	<u>634,248</u>	<u>160,890</u>	<u>(2,174)</u>	<u>792,964</u>	<u>619,528</u>	<u>138,823</u>	<u>(2,142)</u>	<u>756,209</u>
Operating cash flow	86,740	(2,589)	(144)	84,007	72,737	(7,704)	(19)	65,014
Depreciation and amortization	38,029	10,323	-	48,352	35,627	14,014	-	49,641
Loss on impairment	-	44,100	-	44,100	-	16,041	-	16,041
(Gain) loss on sale of property	399	485	-	884	(1,801)	384	-	(1,417)
Interest expense	11,259	7,681	-	18,940	9,114	8,248	-	17,362
Operating income (loss)	37,053	(65,178)	(144)	(28,269)	29,797	(46,391)	(19)	(16,613)
<i>Other income (expense)</i>								
Investment income (loss)	1,841	(237)	138	1,742	41,472	12,811	41	54,324
Income tax benefit (expense)	(768)	3,582	-	2,814	597	1,086	-	1,683
Other, net	-	82	-	82	5	269	-	274
<i>Excess (deficit) of revenues over expenses</i>	<u>\$ 38,126</u>	<u>\$ (61,751)</u>	<u>\$ (6)</u>	<u>\$ (23,631)</u>	<u>\$ 71,871</u>	<u>\$ (32,225)</u>	<u>\$ 22</u>	<u>\$ 39,668</u>

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

	<i>December 31, 2011</i>				<i>December 31, 2010</i>			
	<i>Combined Group</i>	<i>Unrestricted Affiliates</i>	<i>Eliminations</i>	<i>Total</i>	<i>Combined Group</i>	<i>Unrestricted Affiliates</i>	<i>Eliminations</i>	<i>Total</i>
<i>Unrestricted revenues, gains, and other support</i>								
Net patient service revenue	\$ 2,580,043	\$ 735,353	\$ -	\$ 3,315,396	\$ 2,525,642	\$ 708,747	\$ -	\$ 3,234,389
Premium revenue	-	2,948	-	2,948	-	4,694	-	4,694
Other revenue	124,644	21,698	(9,036)	137,306	122,890	25,734	(9,517)	139,107
Total unrestricted revenues, gains, and other support	<u>2,704,687</u>	<u>759,999</u>	<u>(9,036)</u>	<u>3,455,650</u>	<u>2,648,532</u>	<u>739,175</u>	<u>(9,517)</u>	<u>3,378,190</u>
<i>Expenses</i>								
Salaries and employee benefits	1,490,951	310,177	(1,007)	1,800,121	1,447,505	316,519	(1,103)	1,762,921
Supplies and other	848,195	297,294	(7,297)	1,138,192	807,608	293,602	(7,949)	1,093,261
Provision for bad debts	102,615	82,964	-	185,579	104,953	71,916	-	176,869
Total expenses	<u>2,441,761</u>	<u>690,435</u>	<u>(8,304)</u>	<u>3,123,892</u>	<u>2,360,066</u>	<u>682,037</u>	<u>(9,052)</u>	<u>3,033,051</u>
Operating cash flow	262,926	69,564	(732)	331,758	288,466	57,138	(465)	345,139
Depreciation and amortization	134,418	55,795	-	190,213	128,293	67,164	-	195,457
Loss on impairment	-	44,100	-	44,100	-	16,041	-	16,041
(Gain) loss on sale of property	664	223	-	887	(8,710)	585	-	(8,125)
Interest expense	44,224	32,490	-	76,714	37,489	33,769	-	71,258
Operating income (loss)	83,620	(63,044)	(732)	19,844	131,394	(60,421)	(465)	70,508
<i>Other income (expense)</i>								
Investment income (loss)	(17,219)	(3,307)	709	(19,817)	68,488	21,702	447	90,637
Income tax benefit (expense)	(789)	1,277	-	488	428	941	-	1,369
Other, net	-	(4)	-	(4)	(265)	(108)	-	(373)
<i>Excess (deficit) of revenues over expenses</i>	<u>\$ 65,612</u>	<u>\$ (65,078)</u>	<u>\$ (23)</u>	<u>\$ 511</u>	<u>\$ 200,045</u>	<u>\$ (37,886)</u>	<u>\$ (18)</u>	<u>\$ 162,141</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

December 31, 2011

December 31, 2010

(in thousands of dollars)

Assets

Current assets

	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Cash and cash equivalents	\$ 162,230	\$ 106,606	\$ -	\$ 268,836	\$ 417,512	\$ 90,367	\$ -	\$ 507,879
Accounts receivable, net	305,122	88,089	-	393,211	305,844	86,484	-	392,328
Short-term investments	178,221	7,229	-	185,450	44,262	826	-	45,088
Deferred tax asset	-	5,283	-	5,283	153	5,965	-	6,118
Assets held for sale	421	8,581	-	9,002	1,670	14,170	-	15,840
Other current assets	94,580	24,401	(2,400)	116,581	93,633	28,334	-	121,967
Total current assets	740,574	240,189	(2,400)	978,363	863,074	226,146	-	1,089,220
Assets limited as to use	62,794	89,775	-	152,569	127,538	78,390	-	205,928
Long-term investments	845,479	236,483	-	1,081,962	788,015	239,254	-	1,027,269
Property and equipment, net	1,186,200	372,186	-	1,558,386	1,187,880	393,900	-	1,581,780
Intangible assets and goodwill, net	50,324	405,602	-	455,926	73,267	426,906	-	500,173
Investments in affiliates	410,865	6,875	(244,551)	173,189	409,681	3,729	(240,348)	173,062
Deferred tax asset	-	5,565	-	5,565	543	2,782	-	3,325
Other assets	33,450	7,063	(2,500)	38,013	32,942	7,888	(2,500)	38,330
Total assets	\$ 3,329,686	\$ 1,363,738	\$ (249,451)	\$ 4,443,973	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087

Liabilities and Net Assets

Current liabilities

Current portion of long-term debt	\$ 159,645	\$ 7,759	\$ -	\$ 167,404	\$ 146,824	\$ 8,597	\$ -	\$ 155,421
Short-term borrowings	80,876	219	-	81,095	94,962	850	-	95,812
Accounts payable	103,787	8,450	-	112,237	104,981	11,889	-	116,870
Accrued liabilities	201,116	68,051	(4,900)	264,267	204,720	71,105	(2,500)	273,325
Estimated third-party payor settlements	13,222	2,415	-	15,637	5,636	(580)	-	5,056
Due to related organizations	(489,532)	489,532	-	-	(420,776)	420,776	-	-
Total current liabilities	69,114	576,426	(4,900)	640,640	136,347	512,637	(2,500)	646,484
Long-term debt, net of current portion	1,345,152	186,824	-	1,531,976	1,506,002	196,152	-	1,702,154
Deferred tax liability	-	-	-	-	-	-	-	-
Derivative financial instruments	73,587	1,020	-	74,607	39,800	952	-	40,752
Employee benefits and other liabilities	242,652	79,984	-	322,636	214,521	63,374	-	277,895
Total liabilities	1,730,505	844,254	(4,900)	2,569,859	1,896,670	773,115	(2,500)	2,667,285

Net assets

Unrestricted	1,599,002	474,052	(244,551)	1,828,503	1,586,028	564,238	(240,348)	1,909,918
Unrestricted - non-controlling	-	10,972	-	10,972	-	7,503	-	7,503
Temporarily restricted	179	25,564	-	25,743	242	25,430	-	25,672
Permanently restricted	-	8,896	-	8,896	-	8,709	-	8,709
Total net assets	1,599,181	519,484	(244,551)	1,874,114	1,586,270	605,880	(240,348)	1,951,802
Total liabilities and net assets	\$ 3,329,686	\$ 1,363,738	\$ (249,451)	\$ 4,443,973	\$ 3,482,940	\$ 1,378,995	\$ (242,848)	\$ 4,619,087

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

<i>(in thousands of dollars)</i>	<u><i>December 31,</i></u> <u><i>2011</i></u>	<u><i>December 31,</i></u> <u><i>2010</i></u>
<i>Cash flows from operating activities</i>		
Increase (decrease) in net assets	\$ (77,688)	\$ 131,745
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	190,479	198,407
Gain (loss) on sale of real estate	887	(6,118)
Loss on impairment	44,100	16,041
Gain on sale of discontinued operations	(14,893)	(12,245)
Cumulative effect of change in accounting principle	-	24,312
Share of earnings in affiliates, net of distributions	1,502	(4,253)
Net gains (losses) on assets limited as to use and investments	23,804	(70,681)
Change in fair value of interest rate swap	33,855	13,016
Provision for bad debts	185,579	182,021
Changes in operating assets and liabilities		
Accounts receivable	(186,462)	(148,311)
Investments and assets limited as to use	(225,081)	(152,056)
Accounts payable and accrued liabilities	(10,629)	25,417
Accrued pension liability	49,106	(725)
Deferred taxes, net	(1,405)	1,015
Other assets and liabilities, net	15,359	(1,024)
Net cash provided by operating activities	<u>28,513</u>	<u>196,561</u>
<i>Cash flows from investing activities</i>		
Capital expenditures	(188,040)	(208,282)
Net cash proceeds from sale of affiliates	24,051	6,250
Proceeds from sale of property and equipment	10,632	5,467
Cash paid for acquisitions	(4,616)	-
Proceeds from the liquidation of short-term investments	-	6,763
Repayment of notes receivable and other, net	865	3,653
Net cash used in investing activities	<u>(157,108)</u>	<u>(186,149)</u>
<i>Cash flows from financing activities</i>		
Proceeds from line of credit and other financing	1,198	-
Payments on line of credit	(14,086)	(8,955)
Proceeds from issuance of bonds	-	256,915
Bond proceeds received from (deposited with) trustee	59,581	(51,336)
Principal payments on long-term debt	(157,141)	(487,363)
Net cash used in financing activities	<u>(110,448)</u>	<u>(290,739)</u>
Net decrease in cash and cash equivalents	(239,043)	(280,327)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>507,879</u>	<u>788,206</u>
End of quarter	<u>\$ 268,836</u>	<u>\$ 507,879</u>

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

	<i>Presbyterian Hospital</i>	<i>Presbyterian Hospital Matthews</i>	<i>Presbyterian Hospital Huntersville</i>	<i>Presbyterian Orthopaedic Hospital</i>	<i>Forsyth Medical Center</i>	<i>Medical Park Hospital</i>	<i>Thomasville Medical Center</i>	<i>Brunswick Co. Community Hospital</i>	<i>Kernersville Medical Center</i>	<i>Other¹</i>	<i>Three Months Ended</i>	
											<i>December 31, 2011</i>	<i>December 31, 2010</i>
<u>INPATIENT STATISTICS</u>												
Average Daily Census	431	86	52	37	613	8	57	32	16	-	1,332	1,370
Discharges	7,120	2,053	1,412	886	9,723	194	1,028	824	475	-	23,715	24,450
Average Length of Stay	5.5	3.9	3.7	3.8	5.8	3.5	5.1	3.7	3.1	-	5.2	5.2
Patient Days	39,665	7,956	4,819	3,362	56,383	702	5,243	2,981	1,493	-	122,604	126,068
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	67,388	17,647	10,868	4,777	83,254	4,585	13,484	7,870	4,355	-	214,228	216,702
Adjusted Discharges	12,096	4,554	3,184	1,259	14,357	1,267	2,643	2,175	1,385	-	42,920	43,385
<u>OUTPATIENT STATISTICS</u>												
ED Visits	20,644	11,511	8,595	-	22,386	-	8,788	5,781	5,094	-	82,799	78,938
Encounters	-	-	-	-	-	-	-	-	-	866,437	866,437	896,127
Cases	37,408	21,451	14,693	2,782	31,607	3,088	14,845	12,215	5,397	-	143,486	138,646
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,363	264	338	733	2,992	133	238	234	85	-	6,380	6,783
OP Surgical Cases	4,066	1,198	840	1,233	3,398	2,478	795	781	458	-	15,247	14,907
Total Surgical Cases	5,429	1,462	1,178	1,966	6,390	2,611	1,033	1,015	543	-	21,627	21,690
<u>OTHER STATISTICS</u>												
Total Births	1,186	372	286	-	1,584	-	159	110	-	-	3,697	3,843
Cath Lab Procedures	1,781	240	-	-	6,275	-	37	-	-	-	8,333	11,185
Open Heart Surgeries	87	-	-	-	144	-	-	-	-	-	231	237
Endoscopy Procedures	2,136	544	839	-	1,623	-	271	404	-	-	5,817	5,727
Radiology Procedures	40,895	24,088	13,990	4,166	61,076	621	8,765	9,208	6,160	-	168,969	173,026
Licensed Beds	531	114	60	156	920	22	149	60	50	-	2,062	2,024
Staffed Beds	531	114	60	80	741	22	94	60	25	-	1,727	1,723
Occupancy as % of Staffed Beds	81.2%	75.9%	87.3%	45.7%	82.7%	34.7%	60.6%	54.0%	64.9%	0.0%	77.1%	79.5%

¹ "Other" includes the following: Novant Medical Group

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

	<i>Presbyterian Hospital</i>	<i>Presbyterian Hospital Matthews</i>	<i>Presbyterian Hospital Huntersville</i>	<i>Presbyterian Orthopaedic Hospital</i>	<i>Forsyth Medical Center</i>	<i>Medical Park Hospital</i>	<i>Thomasville Medical Center</i>	<i>Brunswick Co. Community Hospital</i>	<i>Kernersville Medical Center</i>	<i>Other¹</i>	<i>Twelve Months Ended</i>	
											<i>December 31, 2011</i>	<i>December 31, 2010</i>
<u>INPATIENT STATISTICS</u>												
Average Daily Census	453	89	54	39	627	8	56	33	14	-	1,373	1,402
Discharges	29,082	7,957	5,598	3,506	39,629	773	4,137	3,284	1,309	-	95,275	97,655
Average Length of Stay	5.6	4.0	3.6	4.0	5.8	3.7	4.9	3.6	3.2	-	5.2	5.2
Patient Days	165,173	32,372	19,652	14,084	228,862	2,853	20,597	11,920	4,175	-	499,688	511,623
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	277,652	72,336	45,189	19,632	339,137	18,691	55,006	32,779	12,646	-	873,068	877,409
Adjusted Discharges	48,886	17,780	12,872	4,887	58,724	5,064	11,047	9,030	3,965	-	172,255	173,517
<u>OUTPATIENT STATISTICS</u>												
ED Visits	83,433	47,096	34,611	-	95,146	-	35,958	24,829	14,893	-	335,966	322,257
Encounters	-	-	-	-	-	-	-	-	-	3,644,173	3,644,173	3,580,191
Cases	148,236	85,500	58,018	11,146	129,769	12,297	58,378	51,731	15,535	-	570,610	555,467
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	6,020	967	1,298	2,908	11,887	493	1,025	919	212	-	25,729	27,619
OP Surgical Cases	15,646	4,650	3,382	4,490	13,592	9,791	3,111	3,138	1,217	-	59,017	59,225
Total Surgical Cases	21,666	5,617	4,680	7,398	25,479	10,284	4,136	4,057	1,429	-	84,746	86,844
<u>OTHER STATISTICS</u>												
Total Births	4,946	1,346	1,092	-	6,283	-	612	409	-	-	14,688	15,126
Cath Lab Procedures	8,881	1,043	-	-	25,145	-	216	-	-	-	35,285	48,943
Open Heart Surgeries	409	-	-	-	583	-	-	-	-	-	992	1,035
Endoscopy Procedures	8,683	2,144	3,132	-	7,060	-	1,067	1,706	-	-	23,792	24,225
Radiology Procedures	164,735	93,882	54,135	16,953	248,346	3,633	34,431	38,673	17,807	-	672,595	696,770
Licensed Beds	531	114	60	156	920	22	149	60	50	-	2,062	2,024
Staffed Beds	531	114	60	80	741	22	94	60	25	-	1,727	1,723
Occupancy as % of Staffed Bed:	85.2%	77.8%	89.7%	48.2%	84.6%	35.5%	60.0%	54.4%	57.4%	0.0%	79.5%	81.4%

¹ "Other" includes the following: Novant Medical Group