



Remarkable People. Remarkable Medicine.

FINANCIAL AND STATISTICAL REPORT
March 31, 2012

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2012 and 2011
2. Combining Balance Sheets as of March 31, 2012 and December 31, 2011
3. Statements of Operating Cash Flow for the three months ended March 31, 2012 and 2011
4. Combined Group Statistics for the three months ended March 31, 2012 and 2011

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	March 31, 2012				March 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Unrestricted revenues, gains, and other support								
Patient service revenues (net of contractual allowances and discounts)	\$ 659,794	\$ 183,079	\$ -	\$ 842,873	\$ 635,410	\$ 183,645	\$ -	\$ 819,055
Provision for bad debts	(26,310)	(17,949)	-	(44,259)	(23,910)	(23,080)	-	(46,990)
Net patient service revenues less provision for bad debts	633,484	165,130	-	798,614	611,500	160,565	-	772,065
Other revenue	32,059	6,091	(2,418)	35,732	29,413	4,302	(2,379)	31,336
Total unrestricted revenues, gains, and other support	665,543	171,221	(2,418)	834,346	640,913	164,867	(2,379)	803,401
Expenses								
Salaries and employee benefits	390,342	79,843	(285)	469,900	369,789	77,593	(270)	447,112
Supplies and other	215,773	73,373	(1,926)	287,220	201,226	70,385	(1,938)	269,673
Total expenses	606,115	153,216	(2,211)	757,120	571,015	147,978	(2,208)	716,785
Operating cash flow	59,428	18,005	(207)	77,226	69,898	16,889	(171)	86,616
Depreciation and amortization	34,015	13,232	-	47,247	29,808	14,752	-	44,560
Interest expense	12,687	8,556	-	21,243	10,760	8,215	-	18,975
Operating income (loss)	12,726	(3,783)	(207)	8,736	29,330	(6,078)	(171)	23,081
Other income (expense)								
Investment income	48,782	14,359	204	63,345	18,925	6,023	164	25,112
Income tax benefit (expense)	12	(1,013)	-	(1,001)	(13)	1,196	-	1,183
Other, net	-	64	-	64	-	176	-	176
Excess (deficit) of revenues over expenses	\$ 61,520	\$ 9,627	\$ (3)	\$ 71,144	\$ 48,242	\$ 1,317	\$ (7)	\$ 49,552

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

March 31, 2012

December 31, 2011

(in thousands of dollars)

Assets

	March 31, 2012				December 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Current assets								
Cash and cash equivalents	\$ 186,868	\$ 98,797	\$ -	\$ 285,665	\$ 195,102	\$ 106,606	\$ -	\$ 301,708
Accounts receivable, net	314,886	100,599	-	415,485	305,122	88,089	-	393,211
Short-term investments	167,554	7,241	-	174,795	178,221	7,229	-	185,450
Deferred tax asset	-	4,978	-	4,978	-	5,266	-	5,266
Assets held for sale	402	2,365	-	2,767	421	2,497	-	2,918
Other current assets	93,998	21,529	(2,400)	113,127	94,580	24,401	(2,400)	116,581
Total current assets	<u>763,708</u>	<u>235,509</u>	<u>(2,400)</u>	<u>996,817</u>	<u>773,446</u>	<u>234,088</u>	<u>(2,400)</u>	<u>1,005,134</u>
Assets limited as to use	61,358	85,438	-	146,796	62,794	89,775	-	152,569
Long-term investments	894,792	252,632	-	1,147,424	845,479	236,483	-	1,081,962
Property and equipment, net	1,191,297	369,059	-	1,560,356	1,186,200	372,186	-	1,558,386
Intangible assets and goodwill, net	47,093	409,472	-	456,565	50,324	411,686	-	462,010
Investments in affiliates	402,660	7,876	(244,554)	165,982	410,865	6,875	(244,551)	173,189
Deferred tax asset	-	4,379	-	4,379	-	5,714	-	5,714
Other assets	37,737	6,688	(2,500)	41,925	38,424	7,063	(2,500)	42,987
Total assets	<u>\$ 3,398,645</u>	<u>\$ 1,371,053</u>	<u>\$ (249,454)</u>	<u>\$ 4,520,244</u>	<u>\$ 3,367,532</u>	<u>\$ 1,363,870</u>	<u>\$ (249,451)</u>	<u>\$ 4,481,951</u>

Liabilities and Net Assets

Current liabilities								
Current portion of long-term debt	\$ 159,661	\$ 7,517	\$ -	\$ 167,178	\$ 159,645	\$ 7,978	\$ -	\$ 167,623
Short-term borrowings	80,687	-	-	80,687	80,876	-	-	80,876
Accounts payable	93,553	8,339	-	101,892	103,787	8,450	-	112,237
Accrued liabilities	225,393	70,929	(4,900)	291,422	231,088	68,034	(4,900)	294,222
Estimated third-party payor settlements	12,304	2,925	-	15,229	13,222	2,415	-	15,637
Due to related organizations	(518,785)	518,785	-	-	(489,532)	489,532	-	-
Total current liabilities	<u>52,813</u>	<u>608,495</u>	<u>(4,900)</u>	<u>656,408</u>	<u>99,086</u>	<u>576,409</u>	<u>(4,900)</u>	<u>670,595</u>
Long-term debt, net of current portion	1,344,721	184,825	-	1,529,546	1,345,152	186,824	-	1,531,976
Derivative financial instruments	63,760	966	-	64,726	70,790	1,020	-	71,810
Employee benefits and other liabilities	240,983	71,311	-	312,294	250,147	80,133	-	330,280
Total liabilities	<u>1,702,277</u>	<u>865,597</u>	<u>(4,900)</u>	<u>2,562,974</u>	<u>1,765,175</u>	<u>844,386</u>	<u>(4,900)</u>	<u>2,604,661</u>
Net assets								
Unrestricted	1,696,190	458,889	(244,554)	1,910,525	1,602,178	474,052	(244,551)	1,831,679
Unrestricted - non-controlling	-	10,532	-	10,532	-	10,972	-	10,972
Temporarily restricted	178	27,112	-	27,290	179	25,564	-	25,743
Permanently restricted	-	8,923	-	8,923	-	8,896	-	8,896
Total net assets	<u>1,696,368</u>	<u>505,456</u>	<u>(244,554)</u>	<u>1,957,270</u>	<u>1,602,357</u>	<u>519,484</u>	<u>(244,551)</u>	<u>1,877,290</u>
Total liabilities and net assets	<u>\$ 3,398,645</u>	<u>\$ 1,371,053</u>	<u>\$ (249,454)</u>	<u>\$ 4,520,244</u>	<u>\$ 3,367,532</u>	<u>\$ 1,363,870</u>	<u>\$ (249,451)</u>	<u>\$ 4,481,951</u>

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

<i>(in thousands of dollars)</i>	March 31, 2012	March 31, 2011
	<u> </u>	<u> </u>
Cash flows from operating activities		
Increase in net assets	\$ 79,980	\$ 54,147
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	47,461	44,880
Gain on sale of discontinued operations	-	(8,080)
Share of earnings in affiliates, net of distributions	7,206	(956)
Net gains on assets limited as to use and investments	(57,278)	(23,481)
Change in fair value of interest rate swap	(7,084)	2,221
Provision for bad debts	44,259	46,990
Changes in operating assets and liabilities		
Accounts receivable	(66,533)	(51,270)
Investments and assets limited as to use	6,896	(183,399)
Accounts payable and accrued liabilities	(31,062)	(24,618)
Other assets and liabilities, net	4,303	(6,172)
Net cash provided by (used in) operating activities	<u>28,148</u>	<u>(149,738)</u>
Cash flows from investing activities		
Capital expenditures	(44,497)	(43,573)
Proceeds from sale of affiliates	-	13,800
Proceeds from sale of property and equipment	822	201
Repayment of notes receivable and other, net	1,102	1,034
Net cash used in investing activities	<u>(42,573)</u>	<u>(28,538)</u>
Cash flows from financing activities		
Payments on line of credit	(189)	(8,329)
Bond proceeds received from trustee	1,349	16,178
Principal payments on long-term debt	(2,778)	(2,570)
Net cash provided by (used in) financing activities	<u>(1,618)</u>	<u>5,279</u>
Net decrease in cash and cash equivalents	(16,043)	(172,997)
Cash and cash equivalents		
Beginning of year	<u>301,708</u>	<u>507,879</u>
End of quarter	<u>\$ 285,665</u>	<u>\$ 334,882</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	Presbyterian	Presbyterian	Presbyterian	Forsyth	Medical Park	Thomasville	Brunswick	Kernersville	Novant	Three Months Ended		
	Hospital	Hospital	Hospital	Medical Center	Hospital	Medical Center	Novant Medical Center	Medical Center	Medical Group	March 31, 2012	March 31, 2011	
<u>INPATIENT STATISTICS</u>												
Average Daily Census	451	82	53	40	633	8	61	38	17	-	1,383	1,464
Discharges	7,498	1,977	1,442	913	9,905	183	1,082	944	481	-	24,425	24,297
Average Length of Stay	5.4	4.0	3.5	4.1	5.8	3.6	5.1	3.5	3.1	-	5.1	5.3
Patient Days	41,023	7,489	4,861	3,658	57,644	697	5,565	3,449	1,530	-	125,916	131,725
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	67,876	17,221	11,461	4,991	85,335	4,778	13,901	8,560	4,611	-	218,734	225,321
Adjusted Discharges	12,406	4,546	3,400	1,246	14,663	1,254	2,704	2,343	1,450	-	44,012	42,899
<u>OUTPATIENT STATISTICS</u>												
ED Visits	22,480	11,650	8,858	-	22,979	-	9,161	6,246	5,703	-	87,077	83,216
Encounters	-	-	-	-	-	-	-	-	-	924,526	924,526	962,673
Cases	37,301	21,809	14,864	2,514	31,617	3,122	14,986	12,788	5,747	-	144,748	140,469
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,404	256	325	763	2,899	133	216	255	73	-	6,324	6,547
OP Surgical Cases	<u>3,797</u>	<u>1,162</u>	<u>864</u>	<u>1,129</u>	<u>3,463</u>	<u>2,463</u>	<u>892</u>	<u>836</u>	<u>454</u>	<u>-</u>	<u>15,060</u>	<u>14,457</u>
Total Surgical Cases	5,201	1,418	1,189	1,892	6,362	2,596	1,108	1,091	527	-	21,384	21,004
<u>OTHER STATISTICS</u>												
Total Births	1,169	281	271	-	1,524	-	133	100	-	-	3,478	3,528
Cath Lab Patients	918	183	37	-	1,082	-	41	11	-	-	2,272	2,343
Open Heart Surgeries	106	-	-	-	147	-	-	-	-	-	253	254
Endoscopy Procedures	2,080	605	814	-	1,691	-	263	398	-	-	5,851	5,915
Radiology Procedures	42,788	24,256	14,085	3,981	62,815	1,057	9,094	11,726	6,887	-	176,689	169,982
Licensed Beds	607	114	60	156	921	22	146	74	50	-	2,150	2,074
Staffed Beds	607	114	60	80	662	22	101	60	25	-	1,731	1,785
Occupancy as % of Staffed Beds	74.3%	72.2%	89.0%	50.2%	95.7%	34.8%	60.6%	63.2%	67.3%	0.0%	79.9%	82.0%