



*Remarkable People. Remarkable Medicine.*

**FINANCIAL AND STATISTICAL REPORT**  
**June 30, 2012**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011**

	June 30, 2012				June 30, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Unrestricted revenues, gains, and other support</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 780,795	\$ 195,416	\$ -	\$ 976,211	\$ 642,449	\$ 184,981	\$ -	\$ 827,430
Provision for bad debts	(23,507)	(16,578)	-	(40,085)	(23,734)	(19,751)	-	(43,485)
Net patient service revenues less provision for bad debts	757,288	178,838	-	936,126	618,715	165,230	-	783,945
Other revenue	32,189	6,866	(2,823)	36,232	29,872	5,399	(2,403)	32,868
Total unrestricted revenues, gains, and other support	789,477	185,704	(2,823)	972,358	648,587	170,629	(2,403)	816,813
<b>Expenses</b>								
Salaries and employee benefits	382,211	77,061	(256)	459,016	369,711	76,110	(247)	445,574
Supplies and other	281,591	85,742	(2,254)	365,079	212,835	72,529	(1,891)	283,473
Total expenses	663,802	162,803	(2,510)	824,095	582,546	148,639	(2,138)	729,047
Operating cash flow	125,675	22,901	(313)	148,263	66,041	21,990	(265)	87,766
Depreciation and amortization	34,432	11,295	-	45,727	29,891	14,490	-	44,381
Interest expense	12,028	8,454	-	20,482	12,026	8,189	-	20,215
Operating income (loss)	79,215	3,152	(313)	82,054	24,124	(689)	(265)	23,170
<b>Other income (expense)</b>								
Investment income (loss)	(22,665)	(6,822)	181	(29,306)	15,530	5,008	259	20,797
Income tax benefit (expense)	(25)	680	-	655	(312)	(3,423)	-	(3,735)
Other, net	61	(111)	-	(50)	-	(163)	-	(163)
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 56,586</b>	<b>\$ (3,101)</b>	<b>\$ (132)</b>	<b>\$ 53,353</b>	<b>\$ 39,342</b>	<b>\$ 733</b>	<b>\$ (6)</b>	<b>\$ 40,069</b>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011**

	June 30, 2012				June 30, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Unrestricted revenues, gains, and other support</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,440,589	\$ 378,495	\$ -	\$ 1,819,084	\$ 1,277,859	\$ 368,626	\$ -	\$ 1,646,485
Provision for bad debts	(49,817)	(34,527)	-	(84,344)	(47,644)	(42,831)	-	(90,475)
Net patient service revenues less provision for bad debts	1,390,772	343,968	-	1,734,740	1,230,215	325,795	-	1,556,010
Other revenue	64,248	12,957	(5,241)	71,964	59,285	9,701	(4,782)	64,204
Total unrestricted revenues, gains, and other support	<u>1,455,020</u>	<u>356,925</u>	<u>(5,241)</u>	<u>1,806,704</u>	<u>1,289,500</u>	<u>335,496</u>	<u>(4,782)</u>	<u>1,620,214</u>
<b>Expenses</b>								
Salaries and employee benefits	772,553	156,904	(541)	928,916	739,500	153,703	(517)	892,686
Supplies and other	497,364	159,115	(4,180)	652,299	414,061	142,914	(3,829)	553,146
Total expenses	<u>1,269,917</u>	<u>316,019</u>	<u>(4,721)</u>	<u>1,581,215</u>	<u>1,153,561</u>	<u>296,617</u>	<u>(4,346)</u>	<u>1,445,832</u>
Operating cash flow	185,103	40,906	(520)	225,489	135,939	38,879	(436)	174,382
Depreciation and amortization	68,447	24,527	-	92,974	59,699	29,242	-	88,941
Interest expense	24,715	17,010	-	41,725	22,786	16,404	-	39,190
Operating income (loss)	91,941	(631)	(520)	90,790	53,454	(6,767)	(436)	46,251
<b>Other income (expense)</b>								
Investment income	26,117	7,537	385	34,039	34,455	11,031	423	45,909
Income tax benefit (expense)	(13)	(333)	-	(346)	(325)	(2,227)	-	(2,552)
Other, net	61	(47)	-	14	-	13	-	13
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 118,106</u>	<u>\$ 6,526</u>	<u>\$ (135)</u>	<u>\$ 124,497</u>	<u>\$ 87,584</u>	<u>\$ 2,050</u>	<u>\$ (13)</u>	<u>\$ 89,621</u>

**NOVANT HEALTH, INC.**  
**COMBINING BALANCE SHEETS**

June 30, 2012

December 31, 2011

(in thousands of dollars)

**Assets**

Current assets

	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Cash and cash equivalents	\$ 182,241	\$ 117,683	\$ -	\$ 299,924	\$ 195,102	\$ 106,606	\$ -	\$ 301,708
Accounts receivable, net	288,518	88,682	-	377,200	305,122	88,089	-	393,211
Short-term investments	305,101	1,420	-	306,521	178,221	7,229	-	185,450
Deferred tax asset	-	4,496	-	4,496	-	5,266	-	5,266
Assets held for sale	57	2,157	-	2,214	421	2,497	-	2,918
Other current assets	99,050	18,759	-	117,809	94,580	24,401	(2,400)	116,581
Total current assets	<u>874,967</u>	<u>233,197</u>	<u>-</u>	<u>1,108,164</u>	<u>773,446</u>	<u>234,088</u>	<u>(2,400)</u>	<u>1,005,134</u>

Assets limited as to use

Long-term investments	56,648	88,023	-	144,671	62,794	89,775	-	152,569
Property and equipment, net	871,520	244,401	-	1,115,921	845,479	236,483	-	1,081,962
Intangible assets and goodwill, net	1,198,864	363,502	-	1,562,366	1,186,200	372,186	-	1,558,386
Investments in affiliates	45,491	407,608	-	453,099	50,324	411,686	-	462,010
Deferred tax asset	402,888	8,385	(242,302)	168,971	410,865	6,875	(244,551)	173,189
Other assets	-	5,390	-	5,390	-	5,714	-	5,714
Total assets	<u>\$ 3,487,287</u>	<u>\$ 1,357,653</u>	<u>\$ (244,802)</u>	<u>\$ 4,600,138</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	\$ 159,751	\$ 7,462	\$ -	\$ 167,213	\$ 159,645	\$ 7,978	\$ -	\$ 167,623
Short-term borrowings	79,003	-	-	79,003	80,876	-	-	80,876
Accounts payable	101,819	8,906	-	110,725	103,787	8,450	-	112,237
Accrued liabilities	236,426	68,978	(2,500)	302,904	231,088	68,034	(4,900)	294,222
Estimated third-party payor settlements	23,594	3,609	-	27,203	13,222	2,415	-	15,637
Due to related organizations	(516,401)	516,401	-	-	(489,532)	489,532	-	-
Total current liabilities	<u>84,192</u>	<u>605,356</u>	<u>(2,500)</u>	<u>687,048</u>	<u>99,086</u>	<u>576,409</u>	<u>(4,900)</u>	<u>670,595</u>

Long-term debt, net of current portion

Derivative financial instruments	1,334,116	181,824	-	1,515,940	1,345,152	186,824	-	1,531,976
Employee benefits and other liabilities	76,189	939	-	77,128	70,790	1,020	-	71,810
Total liabilities	<u>249,324</u>	<u>73,536</u>	<u>-</u>	<u>322,860</u>	<u>250,147</u>	<u>80,133</u>	<u>-</u>	<u>330,280</u>
	<u>1,743,821</u>	<u>861,655</u>	<u>(2,500)</u>	<u>2,602,976</u>	<u>1,765,175</u>	<u>844,386</u>	<u>(4,900)</u>	<u>2,604,661</u>

Net assets

Unrestricted	1,743,288	449,759	(242,302)	1,950,745	1,602,178	474,052	(244,551)	1,831,679
Unrestricted - non-controlling	-	10,631	-	10,631	-	10,972	-	10,972
Temporarily restricted	178	26,670	-	26,848	179	25,564	-	25,743
Permanently restricted	-	8,938	-	8,938	-	8,896	-	8,896
Total net assets	<u>1,743,466</u>	<u>495,998</u>	<u>(242,302)</u>	<u>1,997,162</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>\$ 3,487,287</u>	<u>\$ 1,357,653</u>	<u>\$ (244,802)</u>	<u>\$ 4,600,138</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 SIX MONTHS ENDED JUNE 30, 2012 AND 2011**

<i>(in thousands of dollars)</i>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 119,871	\$ 97,204
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	93,167	89,432
Gain on sale of discontinued operations	(861)	(11,013)
Share of earnings in affiliates, net of distributions	4,176	4,824
Net gains on assets limited as to use and investments	(31,077)	(48,628)
Change in fair value of interest rate swap	5,318	2,328
Provision for bad debts	84,344	91,918
Changes in operating assets and liabilities		
Accounts receivable	(68,333)	(85,771)
Investments and assets limited as to use	(123,762)	(188,141)
Accounts payable and accrued liabilities	1,341	(13,191)
Deferred taxes, net	1,103	1,156
Other assets and liabilities, net	7,859	2,671
Net cash provided by (used in) operating activities	<u>93,146</u>	<u>(57,211)</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(91,961)	(100,087)
Proceeds from sale of affiliates	487	21,316
Proceeds from sale of property and equipment	2,401	3,788
Cash paid for acquisitions	(264)	(4,098)
Investment in unconsolidated affiliated entities	-	746
Repayment of notes receivable and other, net	1,803	16
Net cash used in investing activities	<u>(87,534)</u>	<u>(78,319)</u>
<b>Cash flows from financing activities</b>		
Payments on line of credit	(1,873)	(5,872)
Bond proceeds received from trustee	7,707	35,614
Principal payments on long-term debt	(13,230)	(12,039)
Net cash provided by (used in) financing activities	<u>(7,396)</u>	<u>17,703</u>
Net decrease in cash and cash equivalents	(1,784)	(117,827)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>301,708</u>	<u>507,879</u>
End of quarter	<u>\$ 299,924</u>	<u>\$ 390,052</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011

	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	Novant Medical Group	Three Months Ended	
											June 30, 2012	June 30, 2011
<b><u>INPATIENT STATISTICS</u></b>												
Average Daily Census	451	70	53	38	600	7	56	34	15	-	1,324	1,366
Discharges	7,270	1,977	1,387	910	10,135	192	985	904	445	-	24,205	23,649
Average Length of Stay	5.5	3.5	3.4	3.8	5.5	3.5	5.2	3.5	3.3	-	5.0	5.3
Patient Days	41,026	6,381	4,825	3,491	54,627	631	5,137	3,061	1,382	-	120,561	124,297
<b><u>ADJUSTED STATISTICS</u></b>												
Adjusted Patient Days	68,267	14,501	11,413	4,712	82,280	4,356	13,561	8,039	4,540	-	211,669	218,115
Adjusted Discharges	12,097	4,493	3,281	1,228	15,265	1,326	2,601	2,374	1,462	-	44,127	43,111
<b><u>OUTPATIENT STATISTICS</u></b>												
ED Visits	22,608	11,795	8,405	-	23,473	-	9,493	6,938	6,218	-	88,930	84,442
Encounters	-	-	-	-	-	-	-	-	-	873,268	873,268	926,645
Cases	37,793	20,970	14,098	2,603	32,564	2,967	15,025	13,581	6,292	-	145,893	143,168
<b><u>SURGERY STATISTICS</u></b>												
IP Surgical Cases	1,383	296	310	771	3,141	142	205	232	81	-	6,561	6,467
OP Surgical Cases	<u>3,829</u>	<u>1,060</u>	<u>837</u>	<u>1,047</u>	<u>2,968</u>	<u>2,350</u>	<u>857</u>	<u>802</u>	<u>416</u>	-	<u>14,166</u>	<u>14,752</u>
Total Surgical Cases	5,212	1,356	1,147	1,818	6,109	2,492	1,062	1,034	497	-	20,727	21,219
<b><u>OTHER STATISTICS</u></b>												
Total Births	1,287	272	240	-	1,520	-	132	89	-	-	3,540	3,708
Cath Lab Procedures	1,739	236	-	-	6,403	-	59	-	-	-	8,437	8,358
Open Heart Surgeries	124	-	-	-	131	-	-	-	-	-	255	264
Endoscopy Procedures	1,868	557	869	-	1,684	-	240	489	-	-	5,707	6,152
Radiology Procedures	40,835	23,496	13,371	4,107	61,455	1,469	8,734	12,244	6,912	-	172,623	169,945
Licensed Beds	622	114	60	80	921	22	146	74	50	-	2,089	1,990
Staffed Beds	558	114	60	80	662	22	101	60	25	-	1,682	1,755
Occupancy as % of Staffed Beds	80.8%	61.5%	88.4%	48.0%	90.7%	31.5%	55.9%	56.1%	60.7%	0.0%	78.7%	77.8%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	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	Novant Medical Group	Six Months Ended	
											June 30, 2012	June 30, 2011
<b><u>INPATIENT STATISTICS</u></b>												
Average Daily Census	451	76	53	39	617	7	59	36	16	-	1,354	1,414
Discharges	14,768	3,954	2,829	1,823	20,261	375	2,068	1,848	926	-	48,852	47,946
Average Length of Stay	5.5	3.7	3.4	3.9	5.6	3.5	5.2	3.5	3.2	-	5.1	5.3
Patient Days	82,049	13,870	9,686	7,149	112,271	1,328	10,702	6,510	2,912	-	246,477	256,022
<b><u>ADJUSTED STATISTICS</u></b>												
Adjusted Patient Days	136,138	31,709	22,874	9,703	167,606	9,135	27,452	16,616	9,156	-	430,389	443,476
Adjusted Discharges	24,504	9,039	6,681	2,474	30,247	2,580	5,304	4,717	2,912	-	88,458	86,001
<b><u>OUTPATIENT STATISTICS</u></b>												
ED Visits	45,088	23,445	17,263	-	46,452	-	18,654	13,184	11,921	-	176,007	167,658
Encounters	-	-	-	-	-	-	-	-	-	1,804,252	1,804,252	1,889,318
Cases	75,094	42,779	28,962	5,117	64,181	6,090	30,011	26,369	12,039	-	290,642	283,637
<b><u>SURGERY STATISTICS</u></b>												
IP Surgical Cases	2,787	582	635	1,534	6,141	275	421	487	154	-	13,016	13,024
OP Surgical Cases	<u>7,626</u>	<u>2,197</u>	<u>1,701</u>	<u>2,176</u>	<u>6,326</u>	<u>4,813</u>	<u>1,749</u>	<u>1,638</u>	<u>870</u>	-	<u>29,096</u>	<u>29,172</u>
Total Surgical Cases	10,413	2,779	2,336	3,710	12,467	5,088	2,170	2,125	1,024	-	42,112	42,196
<b><u>OTHER STATISTICS</u></b>												
Total Births	2,456	553	511	-	3,044	-	265	189	-	-	7,018	7,236
Cath Lab Procedures	3,690	491	-	-	12,565	-	117	-	-	-	16,863	19,285
Open Heart Surgeries	230	-	-	-	278	-	-	-	-	-	508	518
Endoscopy Procedures	3,948	1,149	1,683	-	3,375	-	503	887	-	-	11,545	12,067
Radiology Procedures	83,623	47,752	27,456	8,088	124,270	2,526	17,828	23,970	13,799	-	349,312	341,723
Licensed Beds	622	114	60	80	921	22	146	74	50	-	2,089	1,990
Staffed Beds	558	114	60	80	662	22	101	60	25	-	1,682	1,755
Occupancy as % of Staffed Beds	80.8%	66.9%	88.7%	49.1%	93.2%	33.2%	58.2%	59.6%	64.0%	0.0%	80.5%	80.6%