



*Remarkable People. Remarkable Medicine.*

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

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

	September 30, 2012				September 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)	\$ 681,003	\$ 179,947	\$ -	\$ 860,950	\$ 640,309	\$ 186,174	\$ -	\$ 826,483
Provision for bad debts	(31,363)	(17,435)	-	(48,798)	(28,509)	(21,005)	-	(49,514)
Net patient service revenues less provision for bad debts	649,640	162,512	-	812,152	611,800	165,169	-	776,969
Other revenue	32,325	7,329	(2,995)	36,659	30,964	5,433	(1,937)	34,460
Total unrestricted revenues, gains, and other support	681,965	169,841	(2,995)	848,811	642,764	170,602	(1,937)	811,429
<b>Expenses</b>								
Salaries and employee benefits	373,911	76,565	(257)	450,219	371,741	78,899	(241)	450,399
Supplies and other	232,482	74,408	(2,563)	304,327	215,253	72,813	(1,543)	286,523
Total expenses	606,393	150,973	(2,820)	754,546	586,994	151,712	(1,784)	736,922
Operating cash flow	75,572	18,868	(175)	94,265	55,770	18,890	(153)	74,507
Depreciation and amortization	36,099	12,249	-	48,348	39,332	13,527	-	52,859
Interest expense	12,243	7,675	-	19,918	10,180	8,389	-	18,569
Operating income (loss)	27,230	(1,056)	(175)	25,999	6,258	(3,026)	(153)	3,079
<b>Other income (expense)</b>								
Investment income (loss)	28,637	8,370	174	37,181	(53,515)	(14,101)	148	(67,468)
Income tax benefit	13	333	-	346	325	2,227	-	2,552
Other, net	(93)	160	-	67	-	(99)	-	(99)
Excess (deficit) of revenues over expenses, before loss on defeasance of bonds	55,754	8,273	(1)	64,026	(46,953)	(17,304)	(5)	(64,262)
Loss on defeasance of bonds	-	(7,962)	-	(7,962)	-	-	-	-
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 55,754</b>	<b>\$ 311</b>	<b>\$ (1)</b>	<b>\$ 56,064</b>	<b>\$ (46,953)</b>	<b>\$ (17,304)</b>	<b>\$ (5)</b>	<b>\$ (64,262)</b>

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

	September 30, 2012				September 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)	\$ 2,121,592	\$ 558,442	\$ -	\$ 2,680,034	\$ 1,918,168	\$ 554,800	\$ -	\$ 2,472,968
Provision for bad debts	(81,180)	(51,962)	-	(133,142)	(76,153)	(63,836)	-	(139,989)
Net patient service revenues less provision for bad debts	2,040,412	506,480	-	2,546,892	1,842,015	490,964	-	2,332,979
Other revenue	96,573	20,286	(8,236)	108,623	90,249	15,134	(6,719)	98,664
Total unrestricted revenues, gains, and other support	<u>2,136,985</u>	<u>526,766</u>	<u>(8,236)</u>	<u>2,655,515</u>	<u>1,932,264</u>	<u>506,098</u>	<u>(6,719)</u>	<u>2,431,643</u>
<b>Expenses</b>								
Salaries and employee benefits	1,146,464	233,469	(798)	1,379,135	1,111,241	232,602	(758)	1,343,085
Supplies and other	729,846	233,523	(6,743)	956,626	629,314	215,727	(5,372)	839,669
Total expenses	<u>1,876,310</u>	<u>466,992</u>	<u>(7,541)</u>	<u>2,335,761</u>	<u>1,740,555</u>	<u>448,329</u>	<u>(6,130)</u>	<u>2,182,754</u>
Operating cash flow	260,675	59,774	(695)	319,754	191,709	57,769	(589)	248,889
Depreciation and amortization	104,546	36,776	-	141,322	99,031	42,769	-	141,800
Interest expense	36,958	24,685	-	61,643	32,966	24,793	-	57,759
				-				-
Operating income (loss)	119,171	(1,687)	(695)	116,789	59,712	(9,793)	(589)	49,330
<b>Other income (expense)</b>								
Investment income (loss)	54,754	15,907	559	71,220	(19,060)	(3,070)	571	(21,559)
Income tax benefit (expense)	(33)	466	-	433	(21)	(2,305)	-	(2,326)
Other, net	(32)	113	-	81	-	(86)	-	(86)
Excess (deficit) of revenues over expenses, before loss on defeasance of bonds	<u>173,860</u>	<u>14,799</u>	<u>(136)</u>	<u>188,523</u>	<u>40,631</u>	<u>(15,254)</u>	<u>(18)</u>	<u>25,359</u>
Loss on defeasance of bonds	-	(7,962)	-	(7,962)	-	-	-	-
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 173,860</u>	<u>\$ 6,837</u>	<u>\$ (136)</u>	<u>\$ 180,561</u>	<u>\$ 40,631</u>	<u>\$ (15,254)</u>	<u>\$ (18)</u>	<u>\$ 25,359</u>

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

	September 30, 2012				December 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 134,773	\$ 93,568	\$ -	\$ 228,341	\$ 195,102	\$ 106,606	\$ -	\$ 301,708
Accounts receivable, net	293,636	87,624	-	381,260	305,122	88,089	-	393,211
Short-term investments	293,176	1,422	-	294,598	178,221	7,229	-	185,450
Deferred tax asset	-	4,469	-	4,469	-	5,266	-	5,266
Assets held for sale	54	788	-	842	421	2,497	-	2,918
Other current assets	132,455	23,467	-	155,922	94,580	24,401	(2,400)	116,581
Total current assets	<u>854,094</u>	<u>211,338</u>	<u>-</u>	<u>1,065,432</u>	<u>773,446</u>	<u>234,088</u>	<u>(2,400)</u>	<u>1,005,134</u>
Assets limited as to use	56,094	66,118	-	122,212	62,794	89,775	-	152,569
Long-term investments	915,242	238,159	-	1,153,401	845,479	236,483	-	1,081,962
Property and equipment, net	1,197,856	373,467	-	1,571,323	1,186,200	372,186	-	1,558,386
Intangible assets and goodwill, net	54,399	405,448	-	459,847	50,324	411,686	-	462,010
Investments in affiliates	404,390	9,271	(242,369)	171,292	410,865	6,875	(244,551)	173,189
Deferred tax asset	-	6,150	-	6,150	-	5,714	-	5,714
Other assets	37,229	4,886	(2,500)	39,615	38,424	7,063	(2,500)	42,987
Total assets	<u>\$ 3,519,304</u>	<u>\$ 1,314,837</u>	<u>\$ (244,869)</u>	<u>\$ 4,589,272</u>	<u>\$ 3,367,532</u>	<u>\$ 1,363,870</u>	<u>\$ (249,451)</u>	<u>\$ 4,481,951</u>
<b>Liabilities and Net Assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 159,771	\$ 5,078	\$ -	\$ 164,849	\$ 159,645	\$ 7,978	\$ -	\$ 167,623
Short-term borrowings	69,833	-	-	69,833	80,876	-	-	80,876
Accounts payable	103,680	8,170	-	111,850	103,787	8,450	-	112,237
Accrued liabilities	246,819	74,654	(2,500)	318,973	231,088	68,034	(4,900)	294,222
Estimated third-party payor settlements	29,671	5,614	-	35,285	13,222	2,415	-	15,637
Due to related organizations	(545,239)	545,239	-	-	(489,532)	489,532	-	-
Total current liabilities	<u>64,535</u>	<u>638,755</u>	<u>(2,500)</u>	<u>700,790</u>	<u>99,086</u>	<u>576,409</u>	<u>(4,900)</u>	<u>670,595</u>
Long-term debt, net of current portion	1,333,855	106,555	-	1,440,410	1,345,152	186,824	-	1,531,976
Derivative financial instruments	75,535	894	-	76,429	70,790	1,020	-	71,810
Employee benefits and other liabilities	242,137	73,289	-	315,426	250,147	80,133	-	330,280
Total liabilities	<u>1,716,062</u>	<u>819,493</u>	<u>(2,500)</u>	<u>2,533,055</u>	<u>1,765,175</u>	<u>844,386</u>	<u>(4,900)</u>	<u>2,604,661</u>
Net assets								
Unrestricted	1,803,063	450,403	(242,369)	2,011,097	1,602,178	474,052	(244,551)	1,831,679
Unrestricted - non-controlling	-	7,886	-	7,886	-	10,972	-	10,972
Temporarily restricted	179	27,232	-	27,411	179	25,564	-	25,743
Permanently restricted	-	9,823	-	9,823	-	8,896	-	8,896
Total net assets	<u>1,803,242</u>	<u>495,344</u>	<u>(242,369)</u>	<u>2,056,217</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>\$ 3,519,304</u>	<u>\$ 1,314,837</u>	<u>\$ (244,869)</u>	<u>\$ 4,589,272</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 NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**

<i>(in thousands of dollars)</i>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 178,927	\$ 3,663
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	145,469	142,639
(Gain) loss on sale of real estate	(3,175)	3
Loss on defeasance	7,962	-
Gain on sale of discontinued operations	(2,473)	(14,894)
Share of earnings in affiliates, net of distributions	1,854	3,024
Net (gains) losses on assets limited as to use and investments	(58,072)	28,580
Change in fair value of interest rate swap	4,619	30,870
Provision for bad debts	133,142	139,989
Changes in operating assets and liabilities		
Accounts receivable	(121,191)	(125,642)
Investments and assets limited as to use	(126,940)	(233,999)
Accounts payable and accrued liabilities	21,095	(1,460)
Accrued pension liability	7,636	-
Deferred taxes, net	361	1,121
Other assets and liabilities, net	(35,858)	15,216
Net cash provided by (used in) operating activities	<u>153,356</u>	<u>(10,890)</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(160,336)	(142,358)
Proceeds from sale of affiliates	3,324	23,051
Proceeds from sale of property and equipment	2,610	9,459
Cash paid for acquisitions	(264)	(4,098)
Investment in unconsolidated affiliated entities	-	746
Repayment of notes receivable and other, net	1,410	2,129
Net cash used in investing activities	<u>(153,256)</u>	<u>(111,071)</u>
<b>Cash flows from financing activities</b>		
Payments on line of credit	(14,381)	(13,067)
Bond proceeds received from trustee	7,707	50,003
Defeasance of bonds	(55,750)	-
Principal payments on long-term debt	(11,043)	(139,924)
Net cash provided by (used in) financing activities	<u>(73,467)</u>	<u>(102,988)</u>
Net decrease in cash and cash equivalents	(73,367)	(224,949)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>301,708</u>	<u>507,879</u>
End of quarter	<u>\$ 228,341</u>	<u>\$ 282,930</u>

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 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 Community Hospital	Kernersville Medical Center	Novant Medical Group	Three Months Ended	
											September 30, 2012	September 30, 2011
<b><u>INPATIENT STATISTICS</u></b>												
Average Daily Census	449	82	56	38	602	6	67	37	16	-	1,353	1,316
Discharges	7,446	1,975	1,387	890	9,985	160	1,101	976	471	-	24,391	23,614
Average Length of Stay	5.7	3.8	3.8	3.9	5.5	3.7	5.4	3.4	3.1	-	5.1	5.1
Patient Days	41,331	7,531	5,127	3,452	55,362	589	6,180	3,381	1,486	-	124,439	121,061
<b><u>ADJUSTED STATISTICS</u></b>												
Adjusted Patient Days	69,195	17,265	11,866	4,700	83,134	4,157	14,801	8,793	4,494	-	218,405	215,396
Adjusted Discharges	12,466	4,528	3,210	1,212	14,994	1,129	2,636	2,538	1,425	-	44,138	43,386
<b><u>OUTPATIENT STATISTICS</u></b>												
ED Visits	22,488	11,912	8,169	-	23,561	-	9,322	7,717	6,340	-	89,509	85,509
Encounters	-	-	-	-	-	-	-	-	-	852,021	852,021	892,481
Cases	38,643	21,225	14,001	2,434	32,714	2,886	14,667	14,379	6,440	-	147,389	143,487
<b><u>SURGERY STATISTICS</u></b>												
IP Surgical Cases	1,330	247	296	728	3,118	134	209	230	109	-	6,401	6,485
OP Surgical Cases	<u>3,904</u>	<u>1,022</u>	<u>823</u>	<u>1,010</u>	<u>2,921</u>	<u>2,248</u>	<u>773</u>	<u>880</u>	<u>359</u>	-	<u>13,940</u>	<u>14,389</u>
Total Surgical Cases	5,234	1,269	1,119	1,738	6,039	2,382	982	1,110	468	-	20,341	20,874
<b><u>OTHER STATISTICS</u></b>												
Total Births	1,391	321	264	-	1,687	-	152	111	-	-	3,926	3,755
Cath Lab Procedures	1,741	203	-	-	6,216	-	46	-	-	-	8,206	7,667
Open Heart Surgeries	108	-	-	-	124	-	-	-	-	-	232	243
Endoscopy Procedures	1,989	569	733	-	1,589	-	225	447	-	-	5,552	5,908
Radiology Procedures	41,473	23,579	13,651	3,812	61,819	1,525	8,983	12,884	7,263	-	174,989	167,404
Licensed Beds	622	117	75	80	921	22	146	74	50	-	2,107	1,990
Staffed Beds	607	117	75	80	662	22	101	60	25	-	1,749	1,755
Occupancy as % of Staffed Beds	74.0%	70.0%	74.3%	46.9%	90.9%	29.1%	66.5%	61.3%	64.6%	-	77.4%	75.0%

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 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 Community Hospital	Kernersville Medical Center	Novant Medical Group	Nine Months Ended	
											September 30, 2012	September 30, 2011
<b><u>INPATIENT STATISTICS</u></b>												
Average Daily Census	454	83	54	39	616	7	62	36	16	-	1,367	1,381
Discharges	22,214	5,929	4,216	2,713	30,246	535	3,168	2,824	1,397	-	73,242	71,560
Average Length of Stay	5.5	3.8	3.5	3.9	5.6	3.6	5.2	3.5	3.2	-	5.1	5.2
Patient Days	123,380	22,526	14,813	10,601	167,633	1,917	16,882	9,891	4,398	-	372,041	377,083
<b><u>ADJUSTED STATISTICS</u></b>												
Adjusted Patient Days	205,324	51,544	34,747	14,403	250,739	13,295	42,302	25,411	13,642	-	651,407	658,895
Adjusted Discharges	36,968	13,567	9,889	3,686	45,241	3,710	7,938	7,255	4,333	-	132,587	129,354
<b><u>OUTPATIENT STATISTICS</u></b>												
ED Visits	67,576	35,357	25,432	-	70,013	-	27,976	20,901	18,261	-	265,516	253,167
Encounters	-	-	-	-	-	-	-	-	-	2,656,273	2,656,273	2,781,799
Cases	113,737	64,004	42,963	7,551	96,895	8,976	44,677	40,748	18,479	-	438,030	427,124
<b><u>SURGERY STATISTICS</u></b>												
IP Surgical Cases	4,117	829	931	2,262	9,259	409	630	717	263	-	19,417	19,509
OP Surgical Cases	<u>11,530</u>	<u>3,219</u>	<u>2,524</u>	<u>3,186</u>	<u>9,247</u>	<u>7,061</u>	<u>2,522</u>	<u>2,518</u>	<u>1,229</u>	-	<u>43,036</u>	<u>43,561</u>
Total Surgical Cases	15,647	4,048	3,455	5,448	18,506	7,470	3,152	3,235	1,492	-	62,453	63,070
<b><u>OTHER STATISTICS</u></b>												
Total Births	3,847	874	775	-	4,731	-	417	300	-	-	10,944	10,991
Cath Lab Procedures	5,431	694	-	-	18,781	-	163	-	-	-	25,069	26,952
Open Heart Surgeries	338	-	-	-	402	-	-	-	-	-	740	761
Endoscopy Procedures	5,937	1,718	2,416	-	4,964	-	728	1,334	-	-	17,097	17,975
Radiology Procedures	125,096	71,331	41,107	11,900	186,089	4,051	26,811	36,854	21,062	-	524,301	509,127
Licensed Beds	622	117	75	80	921	22	146	74	50	-	2,107	1,990
Staffed Beds	607	117	75	80	662	22	101	60	25	-	1,749	1,755
Occupancy as % of Staffed Beds	74.7%	70.8%	72.6%	48.7%	93.1%	32.0%	61.5%	60.6%	64.7%	-	78.2%	78.7%