



Remarkable People. Remarkable Medicine.

**FINANCIAL AND STATISTICAL REPORT
December 31, 2012**

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

	December 31, 2012				December 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 710,444	\$ 186,501	\$ -	\$ 896,945	\$ 661,873	\$ 181,997	\$ -	\$ 843,870
Provision for bad debts	(28,383)	(17,999)	-	(46,382)	(26,465)	(19,216)	-	(45,681)
Net patient service revenues less provision for bad debts	682,061	168,502	-	850,563	635,408	162,781	-	798,189
Other revenue	42,065	11,620	(4,490)	49,195	31,874	9,512	(2,317)	39,069
Total operating revenues	724,126	180,122	(4,490)	899,758	667,282	172,293	(2,317)	837,258
Operating expenses								
Salaries and employee benefits	377,884	76,016	(259)	453,641	376,810	77,973	(249)	454,534
Supplies and other	228,622	67,675	(4,062)	292,235	219,269	82,751	(1,925)	300,095
Total operating expenses	606,506	143,691	(4,321)	745,876	596,079	160,724	(2,174)	754,629
Operating cash flow	117,620	36,431	(169)	153,882	71,203	11,569	(143)	82,629
Depreciation and amortization	33,832	14,753	-	48,585	35,672	12,984	-	48,656
Impairment charge	-	18,388	-	18,388	-	44,118	-	44,118
Interest	11,380	7,390	-	18,770	11,259	7,696	-	18,955
Operating income (loss)	72,408	(4,100)	(169)	68,139	24,272	(53,229)	(143)	(29,100)
Non-operating income (expense)								
Investment income (loss)	30,235	7,215	168	37,618	1,839	(235)	138	1,742
Income tax benefit (expense)	(1,626)	(7,774)	-	(9,400)	(768)	3,972	-	3,204
Unrealized gains on non-hedged derivative financial instruments	-	81	-	81	-	58	-	58
Gain (loss) on extinguishment of bonds	(710)	736	-	26	-	-	-	-
Other, net	(3,167)	(68)	-	(3,235)	-	24	-	24
Excess (deficit) of revenues over expenses	\$ 97,140	\$ (3,910)	\$ (1)	\$ 93,229	\$ 25,343	\$ (49,410)	\$ (5)	\$ (24,072)

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

	December 31, 2012				December 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 2,832,036	\$ 744,943	\$ -	\$ 3,576,979	\$ 2,580,041	\$ 736,797	\$ -	\$ 3,316,838
Provision for bad debts	(109,563)	(69,961)	-	(179,524)	(102,618)	(83,052)	-	(185,670)
Net patient service revenues less provision for bad debts	2,722,473	674,982	-	3,397,455	2,477,423	653,745	-	3,131,168
Other revenue	138,638	31,906	(12,726)	157,818	122,123	24,646	(9,036)	137,733
Total operating revenues	<u>2,861,111</u>	<u>706,888</u>	<u>(12,726)</u>	<u>3,555,273</u>	<u>2,599,546</u>	<u>678,391</u>	<u>(9,036)</u>	<u>3,268,901</u>
Operating expenses								
Salaries and employee benefits	1,524,348	309,485	(1,057)	1,832,776	1,488,051	310,575	(1,007)	1,797,619
Supplies and other	955,308	301,183	(10,805)	1,245,686	848,848	298,216	(7,297)	1,139,767
Total operating expenses	<u>2,479,656</u>	<u>610,668</u>	<u>(11,862)</u>	<u>3,078,462</u>	<u>2,336,899</u>	<u>608,791</u>	<u>(8,304)</u>	<u>2,937,386</u>
Operating cash flow	381,455	96,220	(864)	476,811	262,647	69,600	(732)	331,515
Depreciation and amortization	141,538	51,544	-	193,082	134,438	56,015	-	190,453
Impairment charge	-	18,388	-	18,388	-	44,118	-	44,118
Interest	48,338	32,075	-	80,413	44,225	32,489	-	76,714
Operating income (loss)	191,579	(5,787)	(864)	184,928	83,984	(63,022)	(732)	20,230
Non-operating income (expense)								
Investment income (loss)	84,989	23,122	727	108,838	(17,221)	(3,305)	709	(19,817)
Income tax benefit (expense)	(1,659)	(7,308)	-	(8,967)	(789)	1,667	-	878
Unrealized (losses) gains on non-hedged derivative financial instruments	-	207	-	207	-	(68)	-	(68)
Loss on extinguishment of bonds	(710)	(7,226)	-	(7,936)	-	-	-	-
Other, net	(3,199)	(81)	-	(3,280)	-	64	-	64
				273,790				
Excess (deficit) of revenues over expenses	<u>\$ 271,000</u>	<u>\$ 2,927</u>	<u>\$ (137)</u>	<u>\$ 273,790</u>	<u>\$ 65,974</u>	<u>\$ (64,664)</u>	<u>\$ (23)</u>	<u>\$ 1,287</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	December 31, 2012				December 31, 2011			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
Assets								
Current assets								
Cash and cash equivalents	\$ 189,825	\$ 86,812	\$ -	\$ 276,637	\$ 195,102	\$ 106,606	\$ -	\$ 301,708
Accounts receivable, net	306,585	83,595	-	390,180	305,122	88,089	-	393,211
Short-term investments	308,376	320	-	308,696	178,221	7,229	-	185,450
Deferred tax asset	-	3,728	-	3,728	-	5,266	-	5,266
Assets held for sale	-	-	-	-	421	1,613	-	2,034
Other current assets	119,831	21,696	-	141,527	94,580	24,401	(2,400)	116,581
Total current assets	<u>924,617</u>	<u>196,151</u>	<u>-</u>	<u>1,120,768</u>	<u>773,446</u>	<u>233,204</u>	<u>(2,400)</u>	<u>1,004,250</u>
Assets limited as to use	40,955	64,290	-	105,245	62,794	89,775	-	152,569
Long-term investments	944,508	247,780	-	1,192,288	845,479	236,483	-	1,081,962
Property and equipment, net	1,202,818	396,835	-	1,599,653	1,186,200	372,328	-	1,558,528
Intangible assets and goodwill, net	61,566	385,531	-	447,097	50,324	412,428	-	462,752
Investments in affiliates	394,642	8,408	(240,905)	162,145	410,865	6,875	(244,551)	173,189
Deferred tax asset	-	2,945	-	2,945	-	5,714	-	5,714
Other assets	44,420	9,417	(2,723)	51,114	38,424	7,063	(2,500)	42,987
Total assets	<u>\$ 3,613,526</u>	<u>\$ 1,311,357</u>	<u>\$ (243,628)</u>	<u>\$ 4,681,255</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	\$ 159,271	\$ 20,402	\$ -	\$ 179,673	\$ 159,645	\$ 7,978	\$ -	\$ 167,623
Short-term borrowings	124,071	-	-	124,071	80,876	-	-	80,876
Accounts payable	120,805	13,358	-	134,163	103,787	8,450	-	112,237
Accrued liabilities	266,370	69,658	(2,723)	333,305	231,088	68,034	(4,900)	294,222
Estimated third-party payor settlements	10,593	3,261	-	13,854	13,222	2,415	-	15,637
Due to related organizations	(513,778)	513,778	-	-	(489,532)	489,532	-	-
Total current liabilities	<u>167,332</u>	<u>620,457</u>	<u>(2,723)</u>	<u>785,066</u>	<u>99,086</u>	<u>576,409</u>	<u>(4,900)</u>	<u>670,595</u>
Long-term debt, net of current portion	1,283,345	88,398	-	1,371,743	1,345,152	186,824	-	1,531,976
Derivative financial instruments	70,966	812	-	71,778	70,790	1,020	-	71,810
Employee benefits and other liabilities	224,188	65,357	-	289,545	250,147	80,133	-	330,280
Total liabilities	<u>1,745,831</u>	<u>775,024</u>	<u>(2,723)</u>	<u>2,518,132</u>	<u>1,765,175</u>	<u>844,386</u>	<u>(4,900)</u>	<u>2,604,661</u>
Net assets								
Unrestricted	1,867,685	491,770	(240,905)	2,118,550	1,602,178	474,052	(244,551)	1,831,679
Unrestricted - non-controlling	-	7,721	-	7,721	-	10,972	-	10,972
Temporarily restricted	10	26,943	-	26,953	179	25,564	-	25,743
Permanently restricted	-	9,899	-	9,899	-	8,896	-	8,896
Total net assets	<u>1,867,695</u>	<u>536,333</u>	<u>(240,905)</u>	<u>2,163,123</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>\$ 3,613,526</u>	<u>\$ 1,311,357</u>	<u>\$ (243,628)</u>	<u>\$ 4,681,255</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 TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011

<i>(in thousands of dollars)</i>	December 31 2012	December 31 2011
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 285,833	\$ (74,512)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	192,748	190,461
(Gain) loss on sale of real estate	(4,693)	887
Gain on sale of business	(7,998)	-
Impairment charge	18,388	44,118
Loss on extinguishment	7,936	-
Loss on sale of investment	3,167	-
Gain on sale of discontinued operations	(1,521)	(14,893)
Share of earnings in affiliates, net of distributions	235	1,488
Net (gains) losses on assets limited as to use and investments	(74,952)	23,804
Change in fair value of interest rate swap	(32)	31,058
Provision for bad debts	179,524	185,670
Changes in operating assets and liabilities		
Accounts receivable	(176,493)	(186,553)
Investments and assets limited as to use	(159,093)	(221,576)
Accounts payable and accrued liabilities	37,404	19,326
Accrued pension liability	14,325	49,106
Deferred taxes, net	4,307	(1,537)
Other assets and liabilities, net	(68,616)	18,043
Net cash provided by operating activities	250,469	64,890
Cash flows from investing activities		
Capital expenditures	(242,799)	(188,040)
Proceeds from sale of affiliates	11,324	24,051
Proceeds from sale of property and equipment	2,882	10,632
Cash paid for acquisitions	(335)	(4,616)
Proceeds from the liquidation (purchase) of short-term investments	6,895	(6,127)
Repayment of notes receivable and other, net	(21)	865
Net cash used in investing activities	(222,054)	(163,235)
Cash flows from financing activities		
Proceeds from line of credit and other financing, net	48,016	1,198
Payments on line of credit	-	(14,086)
Bond proceeds received from trustee	13,827	62,203
Extinguishment of debt	(83,154)	-
Principal payments on long-term debt	(32,175)	(157,141)
Net cash used in financing activities	(53,486)	(107,826)
Net decrease in cash and cash equivalents	(25,071)	(206,171)
Cash and cash equivalents		
Beginning of year	301,708	507,879
End of quarter	\$ 276,637	\$ 301,708

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 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	
											December 31, 2012	December 31, 2011
<u>INPATIENT STATISTICS</u>												
Average Daily Census	435	86	55	39	622	7	62	40	23	-	1,369	1,333
Discharges	7,443	2,013	1,484	961	10,393	171	1,068	1,023	590	-	25,146	23,715
Average Length of Stay	5.4	3.9	3.7	3.7	5.5	4.0	5.5	3.5	3.5	-	5.0	5.2
Patient Days	40,046	7,903	5,036	3,578	57,246	683	5,723	3,666	2,106	-	125,987	122,604
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	68,765	17,714	11,307	4,824	84,187	4,496	13,717	8,368	5,387	-	218,765	214,228
Adjusted Discharges	12,781	4,512	3,332	1,296	15,284	1,126	2,560	2,335	1,509	-	44,735	42,920
<u>OUTPATIENT STATISTICS</u>												
ED Visits	23,843	12,414	8,566	-	23,857	-	9,704	6,703	7,030	-	92,117	82,799
Encounters	-	-	-	-	-	-	-	-	-	930,027	930,027	879,396
Cases	40,915	21,976	14,280	2,064	31,402	2,985	14,489	13,163	7,161	-	148,435	143,485
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,328	285	313	812	3,399	123	182	246	123	-	6,811	6,524
OP Surgical Cases	<u>4,155</u>	<u>1,116</u>	<u>881</u>	<u>1,181</u>	<u>2,945</u>	<u>2,354</u>	<u>835</u>	<u>764</u>	<u>533</u>	-	<u>14,764</u>	<u>15,105</u>
Total Surgical Cases	5,483	1,401	1,194	1,993	6,344	2,477	1,017	1,010	656	-	21,575	21,629
<u>OTHER STATISTICS</u>												
Total Births	1,373	330	256	-	1,574	-	143	112	-	-	3,788	3,697
Cath Lab Procedures	1,725	191	-	-	5,878	-	40	-	-	-	7,834	8,333
Open Heart Surgeries	88	-	-	-	121	-	-	-	-	-	209	231
Endoscopy Procedures	2,055	641	640	-	1,612	-	216	459	-	-	5,623	5,817
Radiology Procedures	42,442	24,096	14,126	3,373	64,065	1,088	9,426	12,323	8,117	-	179,056	170,794
Licensed Beds	622	117	75	80	921	22	146	74	50	-	2,107	1,986
Staffed Beds	549	117	75	80	662	22	101	60	25	-	1,691	1,727
Occupancy as % of Staffed Beds	79.3%	73.4%	73.0%	48.6%	94.0%	33.7%	61.6%	66.4%	91.6%	-	81.0%	77.2%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 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	Twelve Months Ended	
											December 31, 2012	December 31, 2011
<u>INPATIENT STATISTICS</u>												
Average Daily Census	447	83	54	39	614	7	62	37	18	-	1,361	1,369
Discharges	29,657	7,942	5,700	3,674	40,639	706	4,236	3,847	1,987	-	98,388	95,275
Average Length of Stay	5.5	3.8	3.6	3.9	5.6	3.7	5.3	3.5	3.3	-	5.1	5.2
Patient Days	163,426	30,429	19,849	14,179	224,587	2,600	22,605	13,557	6,504	-	497,736	499,688
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	274,097	69,252	46,026	19,224	334,475	17,792	56,027	33,733	18,995	-	869,621	873,068
Adjusted Discharges	49,741	18,075	13,217	4,981	60,523	4,831	10,499	9,572	5,803	-	177,242	172,255
<u>OUTPATIENT STATISTICS</u>												
ED Visits	91,419	47,771	33,998	-	93,870	-	37,680	27,604	25,291	-	357,633	335,966
Encounters	-	-	-	-	-	-	-	-	-	3,589,278	3,589,278	3,661,195
Cases	154,652	85,980	57,243	9,615	128,297	11,961	59,166	53,911	25,640	-	586,465	570,609
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	5,445	1,114	1,244	3,074	12,658	532	812	963	386	-	26,228	26,033
OP Surgical Cases	<u>15,685</u>	<u>4,335</u>	<u>3,405</u>	<u>4,367</u>	<u>12,192</u>	<u>9,415</u>	<u>3,357</u>	<u>3,282</u>	<u>1,762</u>	-	<u>57,800</u>	<u>58,666</u>
Total Surgical Cases	21,130	5,449	4,649	7,441	24,850	9,947	4,169	4,245	2,148	-	84,028	84,699
<u>OTHER STATISTICS</u>												
Total Births	5,220	1,204	1,031	-	6,305	-	560	412	-	-	14,732	14,688
Cath Lab Procedures	7,156	885	-	-	24,659	-	203	-	-	-	32,903	35,285
Open Heart Surgeries	426	-	-	-	523	-	-	-	-	-	949	992
Endoscopy Procedures	7,992	2,359	3,056	-	6,576	-	944	1,793	-	-	22,720	23,792
Radiology Procedures	167,538	95,427	55,233	15,273	250,154	5,139	36,237	49,177	29,179	-	703,357	679,921
Licensed Beds	622	117	75	80	921	22	146	74	50	-	2,107	1,986
Staffed Beds	549	117	75	80	662	22	101	60	25	-	1,691	1,727
Occupancy as % of Staffed Beds	81.3%	71.1%	72.3%	48.4%	92.7%	32.3%	61.2%	61.7%	71.1%	-	80.5%	79.3%