



FINANCIAL AND STATISTICAL REPORT
March 31, 2013

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	March 31, 2013				March 31, 2012			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 705,060	\$ 178,941	\$ -	\$ 884,001	\$ 659,793	\$ 183,404	\$ -	\$ 843,197
Provision for bad debts	(29,676)	(18,218)	-	(47,894)	(26,310)	(17,970)	-	(44,280)
Net patient service revenues less provision for bad debts	675,384	160,723	-	836,107	633,483	165,434	-	798,917
Other revenue	30,659	8,507	(3,555)	35,611	32,060	6,091	(2,418)	35,733
Total operating revenues	706,043	169,230	(3,555)	871,718	665,543	171,525	(2,418)	834,650
Operating expenses								
Salaries and employee benefits	389,774	76,944	(287)	466,431	390,342	79,924	(285)	469,981
Supplies and other	232,739	75,242	(3,058)	304,923	215,772	73,189	(1,929)	287,032
Total operating expenses	622,513	152,186	(3,345)	771,354	606,114	153,113	(2,214)	757,013
Operating cash flow	83,530	17,044	(210)	100,364	59,429	18,412	(204)	77,637
Depreciation and amortization	30,358	12,777	-	43,135	33,494	13,784	-	47,278
Interest	10,489	8,171	-	18,660	12,687	8,556	-	21,243
				-				-
Operating income (loss)	42,683	(3,904)	(210)	38,569	13,248	(3,928)	(204)	9,116
Non-operating income (expense)								
Investment income	31,712	8,839	210	40,761	48,782	14,359	204	63,345
Income tax benefit (expense)	-	(207)	-	(207)	12	(375)	-	(363)
Unrealized gains on non-hedged derivative financial instruments	-	79	-	79	-	54	-	54
Other, net	-	(10)	-	(10)	-	9	-	9
Excess of revenues over expenses	<u>\$ 74,395</u>	<u>\$ 4,797</u>	<u>\$ -</u>	<u>\$ 79,192</u>	<u>\$ 62,042</u>	<u>\$ 10,119</u>	<u>\$ -</u>	<u>\$ 72,161</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	March 31, 2013				December 31, 2012			
	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	\$ 170,494	\$ 76,031	\$ -	\$ 246,525	\$ 189,825	\$ 86,812	\$ -	\$ 276,637
Accounts receivable, net	322,132	82,545	-	404,677	306,585	83,595	-	390,180
Short-term investments	293,687	320	-	294,007	308,376	320	-	308,696
Deferred tax asset	-	3,690	-	3,690	-	3,728	-	3,728
Other current assets	119,102	16,010	-	135,112	119,831	21,696	-	141,527
Total current assets	<u>905,415</u>	<u>178,596</u>	<u>-</u>	<u>1,084,011</u>	<u>924,617</u>	<u>196,151</u>	<u>-</u>	<u>1,120,768</u>
Assets limited as to use	40,958	63,165	-	104,123	40,955	64,290	-	105,245
Long-term investments	976,928	257,194	-	1,234,122	944,508	247,780	-	1,192,288
Property and equipment, net	1,254,403	442,525	-	1,696,928	1,232,634	424,334	-	1,656,968
Intangible assets and goodwill, net	31,746	356,666	-	388,412	31,750	358,032	-	389,782
Investments in affiliates	385,667	9,778	(242,196)	153,249	394,642	8,408	(240,905)	162,145
Deferred tax asset	-	2,759	-	2,759	-	2,945	-	2,945
Other assets	48,992	4,744	(2,657)	51,079	44,420	9,417	(2,723)	51,114
Total assets	<u>\$ 3,644,109</u>	<u>\$ 1,315,427</u>	<u>\$ (244,853)</u>	<u>\$ 4,714,683</u>	<u>\$ 3,613,526</u>	<u>\$ 1,311,357</u>	<u>\$ (243,628)</u>	<u>\$ 4,681,255</u>
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 59,263	\$ 20,007	\$ -	\$ 79,270	\$ 58,021	\$ 20,402	\$ -	\$ 78,423
Short-term borrowings	121,176	-	-	121,176	124,071	-	-	124,071
Accounts payable	111,771	15,832	-	127,603	120,805	13,358	-	134,163
Accrued liabilities	236,959	67,044	(2,657)	301,346	266,370	69,658	(2,723)	333,305
Estimated third-party payor settlements	(4,365)	1,480	-	(2,885)	10,445	3,409	-	13,854
Due to related organizations	(563,513)	563,513	-	-	(513,630)	513,630	-	-
Total current liabilities	<u>(38,709)</u>	<u>667,876</u>	<u>(2,657)</u>	<u>626,510</u>	<u>66,082</u>	<u>620,457</u>	<u>(2,723)</u>	<u>683,816</u>
Long-term debt, net of current portion	1,386,128	87,811	-	1,473,939	1,384,595	88,398	-	1,472,993
Derivative financial instruments	65,748	734	-	66,482	70,966	812	-	71,778
Employee benefits and other liabilities	238,026	62,031	-	300,057	224,188	65,357	-	289,545
Total liabilities	<u>1,651,193</u>	<u>818,452</u>	<u>(2,657)</u>	<u>2,466,988</u>	<u>1,745,831</u>	<u>775,024</u>	<u>(2,723)</u>	<u>2,518,132</u>
Net assets								
Unrestricted	1,992,905	449,321	(242,196)	2,200,030	1,867,685	489,754	(240,905)	2,116,534
Unrestricted - non-controlling	-	9,789	-	9,789	-	9,737	-	9,737
Temporarily restricted	11	27,213	-	27,224	10	26,943	-	26,953
Permanently restricted	-	10,652	-	10,652	-	9,899	-	9,899
Total net assets	<u>1,992,916</u>	<u>496,975</u>	<u>(242,196)</u>	<u>2,247,695</u>	<u>1,867,695</u>	<u>536,333</u>	<u>(240,905)</u>	<u>2,163,123</u>
Total liabilities and net assets	<u>\$ 3,644,109</u>	<u>\$ 1,315,427</u>	<u>\$ (244,853)</u>	<u>\$ 4,714,683</u>	<u>\$ 3,613,526</u>	<u>\$ 1,311,357</u>	<u>\$ (243,628)</u>	<u>\$ 4,681,255</u>

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

<i>(in thousands of dollars)</i>	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 84,572	\$ 79,980
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	44,479	47,461
Gain on sale of real estate	(1,345)	-
Share of earnings in affiliates, net of distributions	8,896	7,206
Net gains on assets limited as to use and investments	(33,698)	(57,278)
Change in fair value of interest rate swap	(5,296)	(7,084)
Provision for bad debts	47,897	44,259
Changes in operating assets and liabilities		
Accounts receivable	(62,394)	(66,533)
Investments and assets limited as to use	7,675	6,896
Accounts payable and accrued liabilities	(45,133)	(31,062)
Deferred taxes, net	224	-
Other assets and liabilities, net	(2,177)	4,303
Net cash provided by operating activities	<u>43,700</u>	<u>28,148</u>
Cash flows from investing activities		
Capital expenditures	(73,569)	(44,497)
Proceeds from sale of affiliates	1,000	-
Proceeds from sale of property and equipment	228	822
Repayment of notes receivable and other, net	291	1,102
Net cash used in investing activities	<u>(72,050)</u>	<u>(42,573)</u>
Cash flows from financing activities		
Payments on line of credit and other financing	(2,894)	(189)
Proceeds from sale of accounts receivable	2,459	-
Bond proceeds received from trustee	-	1,349
Principal payments on long-term debt	(1,327)	(2,778)
Net cash used in financing activities	<u>(1,762)</u>	<u>(1,618)</u>
Net decrease in cash and cash equivalents	(30,112)	(16,043)
Cash and cash equivalents		
Beginning of year	<u>276,637</u>	<u>301,708</u>
End of quarter	<u>\$ 246,525</u>	<u>\$ 285,665</u>

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Medical Group	Three Months Ended	
											March 31, 2013	March 31, 2012
<u>INPATIENT STATISTICS</u>												
Average Daily Census	446	87	62	40	644	6	68	44	26	-	1,423	1,385
Discharges	7,636	1,974	1,536	950	10,351	178	1,099	1,088	610	-	25,422	24,646
Average Length of Stay	5.3	3.9	3.6	3.8	5.6	3.2	5.4	3.7	3.9	-	5.0	5.1
Patient Days	40,184	7,841	5,605	3,562	57,935	577	6,116	3,917	2,337	-	128,074	126,069
<u>ADJUSTED STATISTICS</u>												
Adjusted Patient Days	66,783	17,679	12,727	5,064	83,464	3,761	14,409	9,325	5,876	-	219,088	219,085
Adjusted Discharges	12,690	4,451	3,488	1,351	14,912	1,160	2,588	2,590	1,534	-	44,764	44,339
<u>OUTPATIENT STATISTICS</u>												
ED Visits	24,074	11,805	8,080	-	23,069	-	9,245	6,882	7,215	-	90,370	87,077
Encounters	-	-	-	-	-	-	-	-	-	895,088	895,088	930,984
Cases	39,134	27,656	13,890	2,590	30,913	2,959	14,122	13,874	7,257	-	152,395	144,749
<u>SURGERY STATISTICS</u>												
IP Surgical Cases	1,354	228	295	793	3,171	124	178	276	142	-	6,561	6,455
OP Surgical Cases	3,967	928	813	1,014	2,822	2,348	838	859	486	-	14,075	14,930
Total Surgical Cases	5,321	1,156	1,108	1,807	5,993	2,472	1,016	1,135	628	-	20,636	21,385
<u>OTHER STATISTICS</u>												
Total Births	1,250	306	280	-	1,489	-	111	122	-	-	3,558	3,478
Cath Lab Procedures	1,551	226	-	-	6,287	-	53	-	-	-	8,117	8,426
Open Heart Surgeries	106	-	-	-	145	-	-	-	-	-	251	253
Endoscopy Procedures	1,796	592	630	-	1,597	-	249	439	-	-	5,303	5,838
Radiology Procedures	40,836	24,360	13,883	3,949	59,319	1,153	8,846	12,767	8,206	-	173,319	176,689
Licensed Beds	622	117	75	80	921	22	146	74	50	-	2,107	2,077
Staffed Beds	607	117	75	80	640	22	101	60	25	-	1,727	1,734
Occupancy as % of Staffed Beds	73.6%	74.5%	83.0%	49.5%	100.6%	29.1%	67.3%	72.5%	103.9%	-	82.4%	79.9%