



FINANCIAL AND STATISTICAL REPORT
June 30, 2013

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012

	June 30, 2013				June 30, 2012			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 764,969	\$ 123,863	\$ -	\$ 888,832	\$ 837,090	\$ 139,422	\$ -	\$ 976,512
Provision for bad debts	(39,106)	(9,998)	-	(49,104)	(31,832)	(8,272)	-	(40,104)
Net patient service revenues less provision for bad debts	725,863	113,865	-	839,728	805,258	131,150	-	936,408
Other revenue	35,402	7,572	(3,775)	39,199	32,997	6,057	(2,823)	36,231
Total operating revenues	761,265	121,437	(3,775)	878,927	838,255	137,207	(2,823)	972,639
Operating expenses								
Salaries and employee benefits	418,733	53,835	(262)	472,306	403,538	55,820	(256)	459,102
Supplies and other	254,656	61,054	(3,312)	312,398	299,633	67,885	(2,251)	365,267
Total operating expenses	673,389	114,889	(3,574)	784,704	703,171	123,705	(2,507)	824,369
Operating cash flow	87,876	6,548	(201)	94,223	135,084	13,502	(316)	148,270
Depreciation and amortization	34,483	10,116	-	44,599	36,706	9,052	-	45,758
Interest	11,900	7,124	-	19,024	13,002	7,479	-	20,481
Operating income (loss)	41,493	(10,692)	(201)	30,600	85,376	(3,029)	(316)	82,031
Non-operating income (expense)								
Investment income (loss)	9,299	(188)	199	9,310	(25,640)	(3,846)	181	(29,305)
Income tax benefit (expense)	95	(954)	-	(859)	(25)	383	-	358
Unrealized gains on non-hedged derivative financial instruments	-	92	-	92	-	-	-	-
Loss on extinguishment of bonds	(2,764)	-	-	(2,764)	-	-	-	-
Other, net	-	(17)	-	(17)	(32)	(17)	-	(49)
Excess (deficit) of revenues over expenses	\$ 48,123	\$ (11,759)	\$ (2)	\$ 36,362	\$ 59,679	\$ (6,509)	\$ (135)	\$ 53,035

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	June 30, 2013				June 30, 2012			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,524,574	\$ 248,259	\$ -	\$ 1,772,833	\$ 1,551,869	\$ 267,839	\$ -	\$ 1,819,708
Provision for bad debts	(77,417)	(19,581)	-	(96,998)	(65,188)	(19,197)	-	(84,385)
Net patient service revenues less provision for bad debts	1,447,157	228,678	-	1,675,835	1,486,681	248,642	-	1,735,323
Other revenue	66,990	15,150	(7,330)	74,810	66,114	11,091	(5,241)	71,964
Total operating revenues	<u>1,514,147</u>	<u>243,828</u>	<u>(7,330)</u>	<u>1,750,645</u>	<u>1,552,795</u>	<u>259,733</u>	<u>(5,241)</u>	<u>1,807,287</u>
Operating expenses								
Salaries and employee benefits	829,922	109,364	(549)	938,737	816,551	113,073	(541)	929,083
Supplies and other	504,683	119,008	(6,370)	617,321	531,674	125,164	(4,180)	652,658
Total operating expenses	<u>1,334,605</u>	<u>228,372</u>	<u>(6,919)</u>	<u>1,556,058</u>	<u>1,348,225</u>	<u>238,237</u>	<u>(4,721)</u>	<u>1,581,741</u>
Operating cash flow	179,542	15,456	(411)	194,587	204,570	21,496	(520)	225,546
Depreciation and amortization	67,663	20,072	-	87,735	73,618	19,419	-	93,037
Interest	23,372	14,311	-	37,683	26,690	15,034	-	41,724
Operating income (loss)	88,507	(18,927)	(411)	69,169	104,262	(12,957)	(520)	90,785
Non-operating income (expense)								
Investment income	45,330	4,332	409	50,071	29,678	3,977	385	34,040
Income tax benefit (expense)	95	(1,161)	-	(1,066)	(13)	8	-	(5)
Unrealized gains on non-hedged derivative financial instruments	-	171	-	171	-	54	-	54
Loss on extinguishment of bonds	(2,764)	-	-	(2,764)	-	-	-	-
Other, net	-	(27)	-	(27)	(32)	(8)	-	(40)
Excess (deficit) of revenues over expenses	<u>\$ 131,168</u>	<u>\$ (15,612)</u>	<u>\$ (2)</u>	<u>\$ 115,554</u>	<u>\$ 133,895</u>	<u>\$ (8,926)</u>	<u>\$ (135)</u>	<u>\$ 124,834</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	June 30, 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	\$ 323,913	\$ 39,373	\$ -	\$ 363,286	\$ 189,825	\$ 86,812	\$ -	\$ 276,637
Accounts receivable, net	363,692	54,877	-	418,569	306,585	83,595	-	390,180
Short-term investments	427,218	107	-	427,325	308,376	320	-	308,696
Deferred tax asset	-	3,660	-	3,660	-	3,728	-	3,728
Other current assets	125,033	12,838	-	137,871	119,831	21,696	-	141,527
Total current assets	<u>1,239,856</u>	<u>110,855</u>	<u>-</u>	<u>1,350,711</u>	<u>924,617</u>	<u>196,151</u>	<u>-</u>	<u>1,120,768</u>
Assets limited as to use	100,884	51,534	-	152,418	40,955	64,290	-	105,245
Long-term investments	1,218,789	140,300	-	1,359,089	944,508	247,780	-	1,192,288
Property and equipment, net	1,439,151	289,321	-	1,728,472	1,232,634	424,334	-	1,656,968
Intangible assets and goodwill, net	61,165	325,662	-	386,827	31,750	358,032	-	389,782
Investments in affiliates	390,255	7,220	(242,196)	155,279	394,642	8,408	(240,905)	162,145
Deferred tax asset	103	2,019	-	2,122	-	2,945	-	2,945
Other assets	56,469	2,277	(2,657)	56,089	44,420	9,417	(2,723)	51,114
Total assets	<u>\$ 4,506,672</u>	<u>\$ 929,188</u>	<u>\$ (244,853)</u>	<u>\$ 5,191,007</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	\$ 59,352	\$ 18,016	\$ -	\$ 77,368	\$ 58,021	\$ 20,402	\$ -	\$ 78,423
Short-term borrowings	85,211	-	-	85,211	124,071	-	-	124,071
Accounts payable	113,241	5,363	-	118,604	120,805	13,358	-	134,163
Accrued liabilities	270,902	52,935	(2,657)	321,180	266,370	69,658	(2,723)	333,305
Estimated third-party payor settlements	(9,593)	(330)	-	(9,923)	10,445	3,409	-	13,854
Due to related organizations	(559,172)	559,172	-	-	(513,630)	513,630	-	-
Total current liabilities	<u>(40,059)</u>	<u>635,156</u>	<u>(2,657)</u>	<u>592,440</u>	<u>66,082</u>	<u>620,457</u>	<u>(2,723)</u>	<u>683,816</u>
Long-term debt, net of current portion	1,918,694	17,349	-	1,936,043	1,384,595	88,398	-	1,472,993
Derivative financial instruments	50,572	642	-	51,214	70,966	812	-	71,778
Employee benefits and other liabilities	254,971	59,247	-	314,218	224,188	65,357	-	289,545
Total liabilities	<u>2,184,178</u>	<u>712,394</u>	<u>(2,657)</u>	<u>2,893,915</u>	<u>1,745,831</u>	<u>775,024</u>	<u>(2,723)</u>	<u>2,518,132</u>
Net assets								
Unrestricted	2,314,886	176,136	(242,196)	2,248,826	1,867,685	489,754	(240,905)	2,116,534
Unrestricted - non-controlling	4,420	4,143	-	9,563	-	9,737	-	9,737
Temporarily restricted	2,188	25,937	-	28,125	10	26,943	-	26,953
Permanently restricted	-	10,578	-	10,578	-	9,899	-	9,899
Total net assets	<u>2,322,494</u>	<u>216,794</u>	<u>(242,196)</u>	<u>2,297,092</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>\$ 4,506,672</u>	<u>\$ 929,188</u>	<u>\$ (244,853)</u>	<u>\$ 5,191,007</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 SIX MONTHS ENDED JUNE 30, 2013 AND 2012

<i>(in thousands of dollars)</i>	June 30, 2013	June 30, 2012
Cash flows from operating activities		
Increase in net assets	\$ 133,968	\$ 119,871
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	90,274	93,167
Gain on sale of real estate	(2,540)	-
Goodwill impairment	226	-
Loss on extinguishment of debt	2,764	-
Gain on sale of discontinued operations	-	(861)
Share of earnings in affiliates, net of distributions	6,866	4,176
Net gains on assets limited as to use and investments	(37,731)	(31,077)
Change in fair value of interest rate swap	(20,564)	5,318
Provision for bad debts	96,998	84,344
Changes in operating assets and liabilities		
Accounts receivable	(125,388)	(68,333)
Investments and assets limited as to use	(243,767)	(123,762)
Accounts payable and accrued liabilities	(19,950)	1,341
Deferred taxes, net	891	1,103
Other assets and liabilities, net	(14,817)	7,859
Net cash provided by (used in) operating activities	(132,770)	93,146
Cash flows from investing activities		
Capital expenditures	(161,548)	(91,961)
Proceeds from sale of affiliates	1,000	487
Proceeds from sale of property and equipment	732	2,401
Cash paid for acquisitions	-	(264)
Proceeds from the liquidation (purchase) of short-term investments	(3,000)	-
Repayment of notes receivable and other, net	757	1,803
Net cash used in investing activities	(162,059)	(87,534)
Cash flows from financing activities		
Principal payments on long-term debt	(10,882)	(13,230)
Bond proceeds received from (deposited with) trustee	(50,385)	7,707
Proceeds from issuance of bonds, net of premium and defeasance	438,040	-
Extinguishment of debt	(4,433)	-
Proceeds from sale of accounts receivable	13,752	-
Payments on line of credit and other financing	(4,614)	(1,873)
Net cash provided by (used in) financing activities	381,478	(7,396)
Net increase (decrease) in cash and cash equivalents	86,649	(1,784)
Cash and cash equivalents		
Beginning of year	276,637	301,708
End of quarter	\$ 363,286	\$ 299,924

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 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 Health Clemmons Medical Center	Novant Medical Group	Three Months Ended	
												June 30, 2013	June 30, 2012
<u>INPATIENT STATISTICS</u>													
Average Daily Census	435	85	60	40	639	8	68	39	24	-	-	1,398	1,332
Discharges	7,447	1,925	1,514	913	10,131	188	1,061	1,029	599	-	-	24,807	24,205
Average Length of Stay	5.2	4.1	3.6	3.9	5.6	3.6	5.8	3.5	3.6	-	-	5.0	5.0
Patient Days	39,569	7,696	5,421	3,603	58,119	698	6,156	3,590	2,155	-	-	127,007	121,241
<u>ADJUSTED STATISTICS</u>													
Adjusted Patient Days	67,226	17,255	12,574	5,170	85,091	4,149	15,344	9,491	5,786	-	-	222,086	213,437
Adjusted Discharges	12,652	4,316	3,512	1,310	14,833	1,118	2,645	2,720	1,608	-	-	44,714	44,127
<u>OUTPATIENT STATISTICS</u>													
ED Visits	22,908	11,671	8,371	-	23,452	-	9,117	7,431	7,508	1,775	-	92,233	88,930
Encounters	-	-	-	-	-	-	-	-	-	-	865,006	865,006	875,553
Cases	37,377	21,237	13,736	2,791	31,300	2,873	14,633	14,259	7,517	1,997	-	147,720	145,893
<u>SURGERY STATISTICS</u>													
IP Surgical Cases	1,406	318	326	754	3,290	142	190	237	153	-	-	6,816	6,561
OP Surgical Cases	3,874	883	860	962	3,094	2,239	835	901	496	98	-	14,242	14,166
Total Surgical Cases	5,280	1,201	1,186	1,716	6,384	2,381	1,025	1,138	649	98	-	21,058	20,727
<u>OTHER STATISTICS</u>													
Total Births	1,249	280	243	-	1,464	-	143	102	-	-	-	3,481	3,540
Cath Lab Procedures	1,472	206	-	-	5,896	-	61	-	-	-	-	7,635	8,437
Open Heart Surgeries	95	-	-	-	144	-	-	-	-	-	-	239	255
Endoscopy Procedures	1,826	652	670	-	1,704	-	279	493	-	-	-	5,624	5,707
Radiology Procedures	39,264	24,145	14,293	3,904	59,987	1,096	8,836	10,920	8,270	1,768	-	172,483	172,623
Licensed Beds	622	117	75	80	921	22	146	74	50	-	-	2,107	2,092
Staffed Beds	607	117	75	80	640	22	101	60	25	-	-	1,727	1,685
Occupancy as % of Staffed Bed:	71.6%	72.3%	79.4%	49.5%	99.8%	34.9%	67.0%	65.8%	94.7%	-	-	80.9%	79.1%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health								Novant Medical Group	Six Months Ended	
				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 Health Clemmons Medical Center	June 30, 2013		June 30, 2012	
<u>INPATIENT STATISTICS</u>														
Average Daily Census	441	86	61	40	641	7	68	41	25	-	-	1,410	1,359	
Discharges	15,083	3,899	3,050	1,863	20,482	366	2,160	2,117	1,209	-	-	50,229	48,852	
Average Length of Stay	5.2	4.0	3.6	3.9	5.6	3.4	5.6	3.6	3.7	-	-	5.0	5.1	
Patient Days	79,753	15,537	11,026	7,165	116,054	1,275	12,272	7,507	4,492	-	-	255,081	247,310	
<u>ADJUSTED STATISTICS</u>														
Adjusted Patient Days	134,001	34,932	25,305	10,232	168,530	7,931	29,736	18,812	11,666	-	-	441,145	432,524	
Adjusted Discharges	25,343	8,766	7,000	2,661	29,743	2,277	5,233	5,305	3,140	-	-	89,468	88,456	
<u>OUTPATIENT STATISTICS</u>														
ED Visits	46,438	23,476	16,451	-	46,521	-	18,362	14,313	14,723	1,775	-	182,059	176,007	
Encounters	-	-	-	-	-	-	-	-	-	-	1,761,845	1,761,845	1,806,537	
Cases	76,511	42,791	27,626	5,381	62,213	5,832	28,756	28,133	14,774	1,997	-	294,014	290,641	
<u>SURGERY STATISTICS</u>														
IP Surgical Cases	2,760	544	629	1,547	6,461	266	368	513	295	-	-	13,383	13,016	
OP Surgical Cases	<u>7,841</u>	<u>1,817</u>	<u>1,689</u>	<u>1,976</u>	<u>5,916</u>	<u>4,587</u>	<u>1,673</u>	<u>1,760</u>	<u>982</u>	<u>98</u>	-	<u>28,339</u>	<u>29,096</u>	
Total Surgical Cases	10,601	2,361	2,318	3,523	12,377	4,853	2,041	2,273	1,277	98	-	41,722	42,112	
<u>OTHER STATISTICS</u>														
Total Births	2,499	586	522	-	2,953	-	254	224	-	-	-	7,038	7,018	
Cath Lab Procedures	3,023	432	-	-	12,183	-	114	-	-	-	-	15,752	16,863	
Open Heart Surgeries	201	-	-	-	289	-	-	-	-	-	-	490	508	
Endoscopy Procedures	3,622	1,244	1,300	-	3,301	-	528	932	-	-	-	10,927	11,545	
Radiology Procedures	80,100	48,505	28,176	7,853	119,306	2,249	17,682	23,687	16,476	1,768	-	345,802	349,312	
Licensed Beds	622	117	75	80	921	22	146	74	50	-	-	2,107	2,092	
Staffed Beds	607	117	75	80	640	22	101	60	25	-	-	1,727	1,685	
Occupancy as % of Staffed Beds	72.6%	73.4%	81.2%	49.5%	100.2%	32.0%	67.1%	69.1%	99.3%	-	-	81.6%	80.6%	