



**FINANCIAL AND STATISTICAL REPORT**  
**September 30, 2013**

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

	September 30, 2013				September 30, 2012			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 774,429	\$ 125,706	\$ -	\$ 900,135	\$ 737,838	\$ 123,405	\$ -	\$ 861,243
Provision for bad debts	(37,550)	(9,615)	-	(47,165)	(39,926)	(8,900)	-	(48,826)
Net patient service revenues less provision for bad debts	736,879	116,091	-	852,970	697,912	114,505	-	812,417
Other revenue	32,879	9,260	(3,876)	38,263	33,612	6,040	(2,994)	36,658
Total operating revenues	769,758	125,351	(3,876)	891,233	731,524	120,545	(2,994)	849,075
<b>Operating expenses</b>								
Salaries and employee benefits	434,541	54,251	(264)	488,528	395,482	55,068	(257)	450,293
Supplies and other	258,922	58,710	(3,430)	314,202	250,153	56,894	(2,563)	304,484
Total operating expenses	693,463	112,961	(3,694)	802,730	645,635	111,962	(2,820)	754,777
Operating cash flow	76,295	12,390	(182)	88,503	85,889	8,583	(174)	94,298
Depreciation and amortization	33,220	9,777	-	42,997	37,419	10,947	-	48,366
Interest	14,346	7,397	-	21,743	13,218	6,700	-	19,918
Operating income (loss)	28,729	(4,784)	(182)	23,763	35,252	(9,064)	(174)	26,014
<b>Non-operating income (expense)</b>								
Investment income	10,705	1,006	182	11,893	32,091	4,915	174	37,180
Income tax benefit (expense)	107	(470)	-	(363)	(20)	613	-	593
Unrealized gains on non-hedged derivative financial instruments	-	62	-	62	-	72	-	72
Loss on extinguishment of bonds	-	-	-	-	-	(7,962)	-	(7,962)
Other, net	(243)	(14)	-	(257)	-	(6)	-	(6)
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 39,298</b>	<b>\$ (4,200)</b>	<b>\$ -</b>	<b>\$ 35,098</b>	<b>\$ 67,323</b>	<b>\$ (11,432)</b>	<b>\$ -</b>	<b>\$ 55,891</b>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**

	September 30, 2013				September 30, 2012			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 2,299,003	\$ 373,965	\$ -	\$ 2,672,968	\$ 2,289,707	\$ 391,244	\$ -	\$ 2,680,951
Provision for bad debts	(114,967)	(29,196)	-	(144,163)	(105,114)	(28,097)	-	(133,211)
Net patient service revenues less provision for bad debts	2,184,036	344,769	-	2,528,805	2,184,593	363,147	-	2,547,740
Other revenue	99,869	24,410	(11,206)	113,073	99,726	17,131	(8,235)	108,622
Total operating revenues	2,283,905	369,179	(11,206)	2,641,878	2,284,319	380,278	(8,235)	2,656,362
<b>Operating expenses</b>								
Salaries and employee benefits	1,264,463	163,615	(813)	1,427,265	1,212,033	168,141	(798)	1,379,376
Supplies and other	763,605	177,718	(9,800)	931,523	781,827	182,058	(6,743)	957,142
Total operating expenses	2,028,068	341,333	(10,613)	2,358,788	1,993,860	350,199	(7,541)	2,336,518
Operating cash flow	255,837	27,846	(593)	283,090	290,459	30,079	(694)	319,844
Depreciation and amortization	100,883	29,849	-	130,732	111,037	30,366	-	141,403
Interest	37,718	21,708	-	59,426	39,908	21,734	-	61,642
Operating income (loss)	117,236	(23,711)	(593)	92,932	139,514	(22,021)	(694)	116,799
<b>Non-operating income (expense)</b>								
Investment income	56,035	5,338	591	61,964	61,769	8,892	559	71,220
Income tax benefit (expense)	202	(1,631)	-	(1,429)	(33)	621	-	588
Unrealized gains on non-hedged derivative financial instruments	-	233	-	233	-	126	-	126
Loss on extinguishment of bonds	(2,764)	-	-	(2,764)	-	(7,962)	-	(7,962)
Other, net	(243)	(41)	-	(284)	(32)	(14)	-	(46)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 170,466</u>	<u>\$ (19,812)</u>	<u>\$ (2)</u>	<u>\$ 150,652</u>	<u>\$ 201,218</u>	<u>\$ (20,358)</u>	<u>\$ (135)</u>	<u>\$ 180,725</u>

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

	September 30, 2013				December 31, 2012			
	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	\$ 146,037	\$ 40,308	\$ -	\$ 186,345	\$ 243,204	\$ 33,433	\$ -	\$ 276,637
Accounts receivable, net	365,554	60,117	-	425,671	334,233	55,947	-	390,180
Short-term investments	503,790	107	-	503,897	308,376	320	-	308,696
Deferred tax asset	-	3,698	-	3,698	-	3,728	-	3,728
Other current assets	135,934	13,350	-	149,284	123,824	17,703	-	141,527
Total current assets	<u>1,151,315</u>	<u>117,580</u>	<u>-</u>	<u>1,268,895</u>	<u>1,009,637</u>	<u>111,131</u>	<u>-</u>	<u>1,120,768</u>
Assets limited as to use	62,892	51,597	-	114,489	51,421	53,824	-	105,245
Long-term investments	1,349,003	144,068	-	1,493,071	1,052,968	139,320	-	1,192,288
Property and equipment, net	1,489,012	289,284	-	1,778,296	1,364,093	292,875	-	1,656,968
Intangible assets and goodwill, net	61,165	324,065	-	385,230	31,751	358,031	-	389,782
Investments in affiliates	389,782	7,342	(242,195)	154,929	397,573	5,478	(240,906)	162,145
Deferred tax asset	220	1,739	-	1,959	-	2,945	-	2,945
Other assets	58,336	12,367	(2,657)	68,046	46,191	7,646	(2,723)	51,114
Total assets	<u>\$ 4,561,725</u>	<u>\$ 948,042</u>	<u>\$ (244,852)</u>	<u>\$ 5,264,915</u>	<u>\$ 3,953,634</u>	<u>\$ 971,250</u>	<u>\$ (243,629)</u>	<u>\$ 4,681,255</u>
<b>Liabilities and Net Assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 59,375	\$ 17,971	\$ -	\$ 77,346	\$ 60,031	\$ 18,392	\$ -	\$ 78,423
Short-term borrowings	84,618	-	-	84,618	124,071	-	-	124,071
Accounts payable	112,842	5,836	-	118,678	128,878	5,285	-	134,163
Accrued liabilities	272,103	58,891	(2,657)	328,337	277,615	58,413	(2,723)	333,305
Estimated third-party payor settlements	20,524	3,363	-	23,887	10,222	3,632	-	13,854
Due to related organizations	(566,151)	566,151	-	-	(537,617)	537,617	-	-
Total current liabilities	<u>(16,689)</u>	<u>652,212</u>	<u>(2,657)</u>	<u>632,866</u>	<u>63,200</u>	<u>623,339</u>	<u>(2,723)</u>	<u>683,816</u>
Long-term debt, net of current portion	1,917,426	16,775	-	1,934,201	1,454,328	18,665	-	1,472,993
Derivative financial instruments	46,875	579	-	47,454	70,966	812	-	71,778
Employee benefits and other liabilities	218,885	58,843	-	277,728	229,977	59,568	-	289,545
Total liabilities	<u>2,166,497</u>	<u>728,409</u>	<u>(2,657)</u>	<u>2,892,249</u>	<u>1,818,471</u>	<u>702,384</u>	<u>(2,723)</u>	<u>2,518,132</u>
Net assets								
Unrestricted	2,387,334	168,975	(242,195)	2,314,114	2,128,249	229,191	(240,906)	2,116,534
Unrestricted - non-controlling	5,706	5,695	-	11,401	4,726	5,011	-	9,737
Temporarily restricted	2,188	34,140	-	36,328	2,188	24,765	-	26,953
Permanently restricted	-	10,823	-	10,823	-	9,899	-	9,899
Total net assets	<u>2,395,228</u>	<u>219,633</u>	<u>(242,195)</u>	<u>2,372,666</u>	<u>2,135,163</u>	<u>268,866</u>	<u>(240,906)</u>	<u>2,163,123</u>
Total liabilities and net assets	<u>\$ 4,561,725</u>	<u>\$ 948,042</u>	<u>\$ (244,852)</u>	<u>\$ 5,264,915</u>	<u>\$ 3,953,634</u>	<u>\$ 971,250</u>	<u>\$ (243,629)</u>	<u>\$ 4,681,255</u>

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**

<i>(in thousands of dollars)</i>	<u>September 30, 2013</u>	<u>September 30, 2012</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 209,543	\$ 178,927
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	134,596	145,469
Gain on sale of real estate	(3,638)	(3,174)
Loss on extinguishment of debt	2,764	7,962
Gain on sale of discontinued operations	-	(2,473)
Share of earnings in affiliates, net of distributions	7,217	1,854
Net gains on assets limited as to use and investments	(34,231)	(58,072)
Change in fair value of interest rate swap	(24,324)	4,619
Provision for bad debts	144,163	133,211
Changes in operating assets and liabilities		
Accounts receivable	(179,655)	(121,260)
Investments and assets limited as to use	(438,775)	(126,940)
Accounts payable and accrued liabilities	(9,492)	21,094
Accrued pension liability	-	7,636
Deferred taxes, net	1,015	361
Other assets and liabilities, net	(48,933)	(35,858)
Net cash provided by (used in) operating activities	<u>(239,750)</u>	<u>153,356</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(255,229)	(160,336)
Proceeds from sale of affiliates	1,000	3,324
Proceeds from sale of property and equipment	1,093	2,610
Cash paid for acquisitions	-	(264)
Proceeds from the liquidation (purchase) of short-term investments	(3,000)	-
Repayment of notes receivable and other, net	601	1,410
Net cash used in investing activities	<u>(255,535)</u>	<u>(153,256)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(12,975)	(11,043)
Bond proceeds received from (deposited with) trustee	(30,935)	7,707
Proceeds from issuance of bonds, net of premium and defeasance	436,335	-
Extinguishment of debt	(4,941)	(55,750)
Proceeds from sale of accounts receivable	22,536	-
Payments on line of credit and other financing	(5,027)	(14,381)
Net cash provided by (used in) financing activities	<u>404,993</u>	<u>(73,467)</u>
Net decrease in cash and cash equivalents	(90,292)	(73,367)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>276,637</u>	<u>301,708</u>
End of quarter	<u>\$ 186,345</u>	<u>\$ 228,341</u>

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

	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Three Months Ended	September 30, 2013	September 30, 2012
	Presbyterian Medical Center	Matthews Medical Center	Huntersville Medical Center	Charlotte Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Medical Center	Kernersville Medical Center	Clemmons Medical Center	Prince William Medical Center	Novant Medical Group			
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	414	74	63	37	593	9	66	40	24	-	97	-	1,417	1,463	
Discharges	7,238	1,816	1,604	888	9,972	208	1,035	1,055	611	-	2,439	-	26,866	27,126	
Average Length of Stay	5.4	3.8	3.6	4.0	5.6	3.8	6.0	3.5	3.6	-	3.7	-	4.9	5.0	
Patient Days	38,086	6,762	5,761	3,449	54,545	801	6,078	3,640	2,223	-	8,908	-	130,253	134,562	
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	64,718	16,356	12,668	4,933	81,338	4,616	15,264	9,165	5,887	-	25,262	-	240,207	244,951	
Adjusted Discharges	12,299	4,393	3,527	1,270	14,870	1,199	2,599	2,656	1,618	-	6,917	-	51,348	51,310	
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,562	11,734	8,257	-	23,014	-	8,952	7,869	7,466	2,470	18,412	-	110,736	108,158	
Encounters	-	-	-	-	-	-	-	-	-	-	-	848,938	848,938	852,714	
Cases	36,917	21,201	13,577	2,678	32,148	3,291	14,261	14,508	8,864	2,673	31,444	-	181,562	181,771	
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,334	266	360	753	3,186	133	236	279	194	-	322	-	7,063	6,765	
OP Surgical Cases	<u>3,837</u>	<u>923</u>	<u>826</u>	<u>924</u>	<u>3,144</u>	<u>2,355</u>	<u>787</u>	<u>805</u>	<u>487</u>	<u>130</u>	<u>809</u>	-	<u>15,027</u>	<u>14,704</u>	
Total Surgical Cases	5,171	1,189	1,186	1,677	6,330	2,488	1,023	1,084	681	130	1,131	-	22,090	21,469	
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,321	316	263	-	1,613	-	146	105	-	-	577	-	4,341	4,521	
Cath Lab Procedures	1,353	166	-	-	5,400	-	41	-	-	-	-	-	6,960	8,206	
Open Heart Surgeries	121	-	-	-	135	-	-	-	-	-	-	-	256	232	
Endoscopy Procedures	1,546	624	616	-	1,514	-	258	498	-	-	534	-	5,590	6,019	
Radiology Procedures	38,729	23,570	13,843	4,278	56,239	1,469	8,909	11,101	8,612	2,729	40,483	-	209,962	215,212	
Licensed Beds	622	117	75	80	921	22	146	74	50	-	170	-	2,277	2,277	
Staffed Beds	607	117	75	80	640	22	101	60	25	-	158	-	1,885	1,907	
Occupancy as % of Staffed Beds	68.2%	62.8%	83.5%	46.9%	92.6%	39.6%	65.4%	65.9%	96.7%	-	61.3%	-	75.2%	76.7%	

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

	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Nine Months Ended	
	Presbyterian Medical Center	Matthews Medical Center	Huntersville Medical Center	Charlotte Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Medical Center	Kernersville Medical Center	Clemmons Medical Center	Prince William Medical Center	Novant Medical Group	September 30, 2013	September 30, 2012
<b><u>INPATIENT STATISTICS</u></b>														
Average Daily Census	432	82	61	39	625	8	67	41	25	-	100	-	1,480	1,463
Discharges	22,321	5,715	4,654	2,751	30,454	574	3,194	3,172	1,820	-	7,552	-	82,207	81,383
Average Length of Stay	5.3	3.9	3.6	3.9	5.6	3.6	5.7	3.5	3.7	-	3.6	-	4.9	4.9
Patient Days	117,839	22,299	16,787	10,614	170,599	2,076	18,350	11,147	6,715	-	27,377	-	403,803	400,832
<b><u>ADJUSTED STATISTICS</u></b>														
Adjusted Patient Days	198,719	51,316	37,960	15,165	249,855	12,574	44,991	27,978	17,556	-	75,867	-	731,981	730,127
Adjusted Discharges	37,641	13,152	10,524	3,931	44,602	3,477	7,832	7,961	4,758	-	20,928	-	154,806	154,745
<b><u>OUTPATIENT STATISTICS</u></b>														
ED Visits	69,000	35,210	24,708	-	69,535	-	27,314	22,182	22,189	4,245	56,291	-	330,674	322,199
Encounters	-	-	-	-	-	-	-	-	-	-	-	2,610,783	2,610,783	2,659,251
Cases	113,428	63,992	41,203	8,059	94,361	9,123	43,017	42,641	23,638	4,669	95,679	-	539,810	544,021
<b><u>SURGERY STATISTICS</u></b>														
IP Surgical Cases	4,094	810	989	2,300	9,647	399	604	792	489	-	979	-	21,103	20,429
OP Surgical Cases	11,678	2,740	2,515	2,900	9,060	6,942	2,460	2,565	1,469	228	2,428	-	44,985	45,365
Total Surgical Cases	15,772	3,550	3,504	5,200	18,707	7,341	3,064	3,357	1,958	228	3,407	-	66,088	65,794
<b><u>OTHER STATISTICS</u></b>														
Total Births	3,820	902	785	-	4,566	-	400	329	-	-	1,518	-	12,320	12,556
Cath Lab Procedures	4,376	598	-	-	17,583	-	155	-	-	-	-	-	22,712	25,069
Open Heart Surgeries	322	-	-	-	424	-	-	-	-	-	-	-	746	740
Endoscopy Procedures	5,168	1,868	1,916	-	4,815	-	786	1,430	-	-	1,703	-	17,686	18,556
Radiology Procedures	118,828	72,075	42,019	12,131	175,545	4,038	26,591	34,788	25,088	4,497	122,180	-	637,780	651,075
Licensed Beds	622	117	75	80	921	22	146	74	50	-	170	-	2,277	2,277
Staffed Beds	607	117	75	80	640	22	101	60	25	-	158	-	1,885	1,907
Occupancy as % of Staffed Beds	71.1%	69.8%	82.0%	48.6%	97.6%	34.6%	66.6%	68.1%	98.4%	-	63.5%	-	78.5%	76.7%