



**FINANCIAL AND STATISTICAL REPORT**  
**December 31, 2013**  
**(UNAUDITED)**

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

	December 31, 2013				December 31, 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)	\$ 807,329	\$ 129,648	\$ -	\$ 936,977	\$ 771,323	\$ 124,705	\$ -	\$ 896,028
Provision for bad debts	(28,158)	(10,655)	-	(38,813)	(37,402)	(8,911)	-	(46,313)
Net patient service revenues less provision for bad debts	779,171	118,993	-	898,164	733,921	115,794	-	849,715
Other revenue	49,495	6,323	(3,165)	52,653	43,294	10,393	(4,491)	49,196
Total operating revenues	828,666	125,316	(3,165)	950,817	777,215	126,187	(4,491)	898,911
<b>Operating expenses</b>								
Salaries and employee benefits	440,910	56,493	(274)	497,129	399,006	54,653	(259)	453,400
Supplies and other	281,267	60,624	(2,703)	339,188	247,874	49,425	(4,062)	293,237
Total operating expenses	722,177	117,117	(2,977)	836,317	646,880	104,078	(4,321)	746,637
Operating cash flow	106,489	8,199	(188)	114,500	130,335	22,109	(170)	152,274
Depreciation and amortization	33,109	9,462	-	42,571	37,085	10,101	-	47,186
Impairment charge	-	36,321	-	36,321	-	18,388	-	18,388
Interest	11,589	7,146	-	18,735	12,356	6,415	-	18,771
Operating income (loss)	61,791	(44,730)	(188)	16,873	80,894	(12,795)	(170)	67,929
<b>Non-operating income (expense)</b>								
Investment income	95,540	9,266	188	104,994	33,710	3,740	168	37,618
Income tax benefit (expense)	504	(1,604)	-	(1,100)	(1,626)	(7,929)	-	(9,555)
Unrealized gains on non-hedged derivative financial instruments	-	72	-	72	-	81	-	81
Gain (loss) on extinguishment of debt	1,557	-	-	1,557	(710)	736	-	26
Other, net	(69)	(13)	-	(82)	(3,167)	(67)	-	(3,234)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 159,323</u>	<u>\$ (37,009)</u>	<u>\$ -</u>	<u>\$ 122,314</u>	<u>\$ 109,101</u>	<u>\$ (16,234)</u>	<u>\$ (2)</u>	<u>\$ 92,865</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND 2012**

	December 31, 2013				December 31, 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)	\$ 3,106,332	\$ 503,613	\$ -	\$ 3,609,945	\$ 3,061,030	\$ 515,949	\$ -	\$ 3,576,979
Provision for bad debts	(143,125)	(39,851)	-	(182,976)	(142,516)	(37,008)	-	(179,524)
Net patient service revenues less provision for bad debts	2,963,207	463,762	-	3,426,969	2,918,514	478,941	-	3,397,455
Other revenue	149,364	30,733	(14,371)	165,726	143,020	27,524	(12,726)	157,818
Total operating revenues	<u>3,112,571</u>	<u>494,495</u>	<u>(14,371)</u>	<u>3,592,695</u>	<u>3,061,534</u>	<u>506,465</u>	<u>(12,726)</u>	<u>3,555,273</u>
<b>Operating expenses</b>								
Salaries and employee benefits	1,705,373	220,108	(1,087)	1,924,394	1,611,039	222,794	(1,057)	1,832,776
Supplies and other	1,044,872	238,342	(12,503)	1,270,711	1,029,701	231,483	(10,805)	1,250,379
Total operating expenses	<u>2,750,245</u>	<u>458,450</u>	<u>(13,590)</u>	<u>3,195,105</u>	<u>2,640,740</u>	<u>454,277</u>	<u>(11,862)</u>	<u>3,083,155</u>
Operating cash flow	362,326	36,045	(781)	397,590	420,794	52,188	(864)	472,118
Depreciation and amortization	133,992	39,311	-	173,303	148,122	40,467	-	188,589
Impairment charge	-	36,321	-	36,321	-	18,388	-	18,388
Interest	49,307	28,854	-	78,161	52,264	28,149	-	80,413
Operating income (loss)	179,027	(68,441)	(781)	109,805	220,408	(34,816)	(864)	184,728
<b>Non-operating income (expense)</b>								
Investment income	151,575	14,604	779	166,958	95,479	12,632	727	108,838
Income tax benefit (expense)	706	(3,235)	-	(2,529)	(1,659)	(7,308)	-	(8,967)
Unrealized gains on non-hedged derivative financial instruments	-	305	-	305	-	207	-	207
Loss on extinguishment of debt	(1,207)	-	-	(1,207)	(710)	(7,226)	-	(7,936)
Other, net	(312)	(54)	-	(366)	(3,199)	(81)	-	(3,280)
Excess (deficit) of revenues over expenses	<u>\$ 329,789</u>	<u>\$ (56,821)</u>	<u>\$ (2)</u>	<u>\$ 272,966</u>	<u>\$ 310,319</u>	<u>\$ (36,592)</u>	<u>\$ (137)</u>	<u>\$ 273,590</u>

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

	December 31, 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	\$ 207,794	\$ 41,388	\$ -	\$ 249,182	\$ 243,204	\$ 33,433	\$ -	\$ 276,637
Accounts receivable, net	350,720	57,655	-	408,375	334,233	55,947	-	390,180
Short-term investments	325,098	107	-	325,205	308,376	320	-	308,696
Current portion of assets limited as to use	28,444	13,202	-	41,646	16,220	7,631	-	23,851
Deferred tax asset	-	5,765	-	5,765	-	3,728	-	3,728
Receivable for settlement with third-party payors	8,116	1,533	-	9,649	11,577	1,022	-	12,599
Other current assets	124,820	16,689	-	141,509	123,824	17,703	-	141,527
Total current assets	1,044,992	136,339	-	1,181,331	1,037,434	119,784	-	1,157,218
Assets limited as to use	17,553	39,918	-	57,471	35,201	46,193	-	81,394
Long-term investments	1,529,900	150,866	-	1,680,766	1,052,968	139,320	-	1,192,288
Property and equipment, net	1,530,650	287,691	-	1,818,341	1,364,093	292,875	-	1,656,968
Intangible assets and goodwill, net	61,165	287,387	-	348,552	31,751	358,031	-	389,782
Investments in affiliates	389,475	6,392	(237,589)	158,278	395,401	5,478	(238,734)	162,145
Deferred tax asset	-	-	-	-	-	2,945	-	2,945
Other assets	70,352	16,038	(2,515)	83,875	46,191	7,646	(2,723)	51,114
Total assets	<u>\$ 4,644,087</u>	<u>\$ 924,631</u>	<u>\$ (240,104)</u>	<u>\$ 5,328,614</u>	<u>\$ 3,963,039</u>	<u>\$ 972,272</u>	<u>\$ (241,457)</u>	<u>\$ 4,693,854</u>
<b>Liabilities and Net Assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 154,931	\$ 2,559	\$ -	\$ 157,490	\$ 60,031	\$ 18,392	\$ -	\$ 78,423
Short-term borrowings	84,965	-	-	84,965	124,071	-	-	124,071
Accounts payable	119,456	5,976	-	125,432	128,878	5,285	-	134,163
Accrued liabilities	295,732	58,205	(2,515)	351,422	277,615	58,413	(2,723)	333,305
Estimated third-party payor settlements	17,114	3,170	-	20,284	21,799	4,654	-	26,453
Due to (from) related organizations	(525,554)	525,554	-	-	(537,617)	537,617	-	-
Total current liabilities	146,644	595,464	(2,515)	739,593	74,777	624,361	(2,723)	696,415
Long-term debt, net of current portion	1,737,416	33,612	-	1,771,028	1,454,328	18,665	-	1,472,993
Deferred tax liability	-	1,049	-	1,049	-	-	-	-
Derivative financial instruments	40,275	507	-	40,782	70,966	812	-	71,778
Employee benefits and other liabilities	165,883	51,886	-	217,769	229,977	59,568	-	289,545
Total liabilities	2,090,218	682,518	(2,515)	2,770,221	1,830,048	703,406	(2,723)	2,530,731
Net assets								
Unrestricted	2,551,680	191,412	(243,759)	2,499,333	2,130,803	229,191	(243,460)	2,116,534
Unrestricted - non-controlling	-	5,294	6,170	11,464	-	5,011	4,726	9,737
Temporarily restricted	2,189	34,595	-	36,784	2,188	24,765	-	26,953
Permanently restricted	-	10,812	-	10,812	-	9,899	-	9,899
Total net assets	2,553,869	242,113	(237,589)	2,558,393	2,132,991	268,866	(238,734)	2,163,123
Total liabilities and net assets	<u>\$ 4,644,087</u>	<u>\$ 924,631</u>	<u>\$ (240,104)</u>	<u>\$ 5,328,614</u>	<u>\$ 3,963,039</u>	<u>\$ 972,272</u>	<u>\$ (241,457)</u>	<u>\$ 4,693,854</u>

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND 2012**

<i>(in thousands of dollars)</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 395,270	\$ 285,833
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization, and accretion	175,885	192,748
Gain on sale of real estate	(4,736)	(4,693)
Gain on sale of business	-	(7,998)
Impairment charge	36,321	18,388
Loss on extinguishment of debt	1,207	7,936
Loss on sale of investment	296	3,167
Gain on sale of discontinued operations	-	(1,721)
Change in funded status of defined benefit plans	(86,127)	(11,039)
Share of earnings in affiliates, net of distributions	2,936	263
Net gains on assets limited as to use and investments	(113,972)	(74,952)
Change in fair value of interest rate swap	(30,996)	(32)
Provision for bad debts	182,976	179,524
Changes in operating assets and liabilities		
Accounts receivable	(201,171)	(176,493)
Investments and assets limited as to use	(369,942)	(159,093)
Accounts payable and accrued liabilities	7,903	37,404
Deferred taxes, net	1,957	4,307
Other assets and liabilities, net	(28,828)	(47,873)
Net cash provided by (used in) operating activities	<u>(31,021)</u>	<u>245,676</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(350,484)	(242,799)
Proceeds from sale of affiliates	635	11,324
Proceeds from sale of property and equipment	5,904	2,882
Net proceeds from the liquidation (purchase) of short-term investments	(3,210)	6,895
Issuance of notes receivable and other, net	(8,678)	(384)
Net cash used in investing activities	<u>(355,833)</u>	<u>(222,082)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(31,771)	(32,175)
Bond proceeds received from (deposited with) trustee	(23,203)	13,827
Proceeds from issuance of bonds, net of premium and defeasance	477,989	-
Extinguishment of debt	(57,161)	(83,154)
Proceeds from sale of accounts receivable, net	31,241	4,821
Payments on line of credit and other financing	(37,696)	-
Proceeds from line of credit and other financing	-	48,016
Net cash provided by (used in) financing activities	<u>359,399</u>	<u>(48,665)</u>
Net decrease in cash and cash equivalents	(27,455)	(25,071)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>276,637</u>	<u>301,708</u>
End of quarter	<u>\$ 249,182</u>	<u>\$ 276,637</u>

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

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health										Three 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	Novant Health Prince William Medical Center	Novant Medical Group	December 31, 2013	December 31, 2012	
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	408	93	58	39	589	9	65	43	24	-	96	-	-	1,424	1,482
Discharges	7,415	2,260	1,496	952	10,081	214	1,015	1,080	602	-	2,348	-	-	27,463	27,845
Average Length of Stay	5.0	3.7	3.8	3.7	5.4	4.1	5.9	3.6	3.6	-	3.8	-	-	4.8	4.9
Patient Days	37,555	8,528	5,376	3,554	54,185	858	5,981	3,967	2,205	-	8,821	-	-	131,030	136,328
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	64,322	18,876	12,854	5,205	81,024	4,945	15,144	9,047	5,929	-	26,517	-	-	243,863	245,494
Adjusted Discharges	12,700	5,002	3,577	1,394	15,074	1,233	2,569	2,463	1,619	-	7,058	-	-	52,689	51,711
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	21,934	11,731	8,415	-	22,040	-	8,677	7,009	7,230	2,487	17,914	-	-	107,437	110,720
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	894,839	894,839	930,027
Cases	40,034	21,569	13,785	2,973	30,891	4,208	14,081	13,288	9,466	2,724	32,313	-	-	185,332	181,510
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,499	339	330	859	3,214	151	224	320	170	-	308	-	-	7,414	7,164
OP Surgical Cases	4,124	1,017	905	1,184	3,236	2,356	769	781	621	199	819	-	-	16,011	15,521
Total Surgical Cases	5,623	1,356	1,235	2,043	6,450	2,507	993	1,101	791	199	1,127	-	-	23,425	22,685
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,334	558	254	-	1,564	-	156	92	-	-	497	-	-	4,455	4,311
Cath Lab Procedures	1,326	189	-	-	3,175	-	60	-	-	-	-	-	-	4,750	7,834
Open Heart Surgeries	96	-	-	-	115	-	-	-	-	-	-	-	-	211	209
Endoscopy Procedures	1,492	655	660	-	1,485	-	247	483	-	-	528	-	-	5,550	6,047
Radiology Procedures	36,043	24,869	14,036	4,467	56,176	1,933	9,169	10,675	8,281	2,797	44,246	-	-	212,692	222,325
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	1,849
Occupancy as % of Staffed Beds	67.2%	79.2%	77.9%	48.3%	92.0%	42.4%	64.4%	71.9%	95.9%	-	60.7%	-	-	75.5%	80.1%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND 2012

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health									Novant Medical Group	Twelve 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	Novant Health Prince William Medical Center	December 31, 2013		December 31, 2012	
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	426	84	61	39	616	8	67	41	24	-	99	-	1,465	1,468	
Discharges	29,736	7,975	6,150	3,703	40,535	788	4,209	4,252	2,422	-	9,900	-	109,670	109,228	
Average Length of Stay	5.2	3.9	3.7	3.8	5.6	3.7	5.8	3.6	3.7	-	3.7	-	4.9	4.9	
Patient Days	155,394	30,827	22,163	14,168	224,784	2,934	24,331	15,114	8,920	-	36,198	-	534,833	537,160	
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	263,064	70,207	50,824	20,378	330,880	17,538	60,144	36,970	23,496	-	102,307	-	975,808	975,498	
Adjusted Discharges	50,340	18,163	14,103	5,326	59,667	4,710	10,404	10,401	6,380	-	27,981	-	207,475	206,354	
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	90,934	46,941	33,123	-	91,575	-	35,991	29,191	29,419	6,732	74,205	-	438,111	432,919	
Encounters	-	-	-	-	-	-	-	-	-	-	-	3,505,622	3,505,622	3,589,278	
Cases	153,462	85,561	54,988	11,032	125,252	13,331	57,098	55,929	33,104	7,393	127,992	-	725,142	725,531	
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	5,593	1,149	1,319	3,159	12,861	550	828	1,112	659	-	1,287	-	28,517	27,593	
OP Surgical Cases	<u>15,802</u>	<u>3,757</u>	<u>3,420</u>	<u>4,084</u>	<u>12,296</u>	<u>9,298</u>	<u>3,229</u>	<u>3,346</u>	<u>2,090</u>	<u>427</u>	<u>3,247</u>	-	<u>60,996</u>	<u>60,886</u>	
Total Surgical Cases	21,395	4,906	4,739	7,243	25,157	9,848	4,057	4,458	2,749	427	4,534	-	89,513	88,479	
<b><u>OTHER STATISTICS</u></b>															
Total Births	5,154	1,461	1,040	-	6,130	-	556	421	-	-	2,015	-	16,777	16,867	
Cath Lab Procedures	5,702	787	-	-	20,758	-	215	-	-	-	-	-	27,462	32,903	
Open Heart Surgeries	418	-	-	-	539	-	-	-	-	-	-	-	957	949	
Endoscopy Procedures	6,660	2,523	2,576	-	6,300	-	1,033	1,913	-	-	2,231	-	23,236	24,603	
Radiology Procedures	154,871	96,944	56,055	16,598	231,721	5,971	35,760	45,463	33,369	7,294	166,426	-	850,472	873,400	
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	1,849	
Occupancy as % of Staffed Beds	70.1%	72.2%	81.0%	48.5%	96.2%	36.5%	66.0%	69.0%	97.8%	-	62.8%	-	77.7%	79.4%	