



FINANCIAL AND STATISTICAL REPORT
December 31, 2014
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(in thousands of dollars)

	December 31, 2014				December 31, 2013			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 884,294	\$ 125,843	\$ -	\$ 1,010,137	\$ 805,622	\$ 114,240	\$ -	\$ 919,862
Provision for bad debts	(40,204)	(4,995)	-	(45,199)	(28,096)	(7,728)	-	(35,824)
Net patient service revenues less provision for bad debts	844,090	120,848	-	964,938	777,526	106,512	-	884,038
Other revenue	80,781	14,415	(5,385)	89,811	49,418	6,277	(3,163)	52,532
Total operating revenues	924,871	135,263	(5,385)	1,054,749	826,944	112,789	(3,163)	936,570
Operating expenses								
Salaries and employee benefits	462,831	56,145	(1,352)	517,624	439,134	51,790	(274)	490,650
Supplies and other	288,913	64,619	(3,855)	349,677	280,551	54,856	(2,703)	332,704
Total operating expenses	751,744	120,764	(5,207)	867,301	719,685	106,646	(2,977)	823,354
Operating cash flow	173,127	14,499	(178)	187,448	107,259	6,143	(186)	113,216
Depreciation and amortization	49,716	6,734	-	56,450	33,091	8,412	-	41,503
Impairment charge	-	11,409	-	11,409	-	36,321	-	36,321
Interest	16,419	7,705	-	24,124	11,589	7,080	-	18,669
Operating income (loss)	106,992	(11,349)	(178)	95,465	62,579	(45,670)	(186)	16,723
Non-operating income (expense)								
Investment income (loss)	(28,190)	(2,709)	178	(30,721)	95,540	9,266	186	104,992
Income tax benefit (expense)	(749)	(1,091)	-	(1,840)	504	(1,604)	-	(1,100)
Unrealized gains on non-hedged derivative financial instruments	-	73	-	73	-	72	-	72
Loss on extinguishment of debt	(589)	-	-	(589)	(1,207)	-	-	(1,207)
Other, net	-	63	-	63	(69)	(13)	-	(82)
Excess (deficit) of revenues over expenses	\$ 77,464	\$ (15,013)	\$ -	\$ 62,451	\$ 157,347	\$ (37,949)	\$ -	\$ 119,398

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

(in thousands of dollars)

	December 31, 2014				December 31, 2013			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 3,272,694	\$ 478,088	\$ -	\$ 3,750,782	\$ 3,100,098	\$ 456,351	\$ -	\$ 3,556,449
Provision for bad debts	(161,718)	(28,238)	-	(189,956)	(142,905)	(31,018)	-	(173,923)
Net patient service revenues less provision for bad debts	3,110,976	449,850	-	3,560,826	2,957,193	425,333	-	3,382,526
Other revenue	203,358	46,312	(22,565)	227,105	149,186	30,534	(14,369)	165,351
Total operating revenues	3,314,334	496,162	(22,565)	3,787,931	3,106,379	455,867	(14,369)	3,547,877
Operating expenses								
Salaries and employee benefits	1,794,617	218,552	(5,954)	2,007,215	1,698,348	201,967	(1,087)	1,899,228
Supplies and other	1,089,800	242,856	(15,774)	1,316,882	1,041,901	216,716	(12,503)	1,246,114
Total operating expenses	2,884,417	461,408	(21,728)	3,324,097	2,740,249	418,683	(13,590)	3,145,342
Operating cash flow	429,917	34,754	(837)	463,834	366,130	37,184	(779)	402,535
Depreciation and amortization	158,185	32,953	-	191,138	133,959	35,120	-	169,079
Impairment charge	-	11,409	-	11,409	-	36,321	-	36,321
Interest	64,054	30,311	-	94,365	49,307	28,585	-	77,892
Operating income (loss)	207,678	(39,919)	(837)	166,922	182,864	(62,842)	(779)	119,243
Non-operating income (expense)								
Investment income	35,007	3,141	837	38,985	151,575	14,604	779	166,958
Income tax benefit (expense)	(1,432)	(2,552)	-	(3,984)	706	(3,235)	-	(2,529)
Unrealized gains on non-hedged derivative financial instruments	-	291	-	291	-	305	-	305
Loss on extinguishment of debt	(589)	-	-	(589)	(1,207)	-	-	(1,207)
Other, net	(2)	148	-	146	(312)	(49)	-	(361)
Excess (deficit) of revenues over expenses	<u>\$ 240,662</u>	<u>\$ (38,891)</u>	<u>\$ -</u>	<u>\$ 201,771</u>	<u>\$ 333,626</u>	<u>\$ (51,217)</u>	<u>\$ -</u>	<u>\$ 282,409</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	December 31, 2014				December 31, 2013			
	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	\$ 241,728	\$ 47,069	\$ -	\$ 288,797	\$ 207,794	\$ 41,388	\$ -	\$ 249,182
Accounts receivable, net	357,015	48,524	-	405,539	350,720	57,655	-	408,375
Short-term investments	410,634	107	-	410,741	325,098	107	-	325,205
Current portion of assets limited as to use	3,072	13,531	-	16,603	28,444	13,202	-	41,646
Deferred tax asset	-	6,802	-	6,802	-	5,765	-	5,765
Receivable for settlement with third-party payors	13,921	2,174	-	16,095	8,116	1,533	-	9,649
Other current assets	140,642	23,712	-	164,354	124,820	16,689	-	141,509
Total current assets	1,167,012	141,919	-	1,308,931	1,044,992	136,339	-	1,181,331
Assets limited as to use	7,599	39,554	-	47,153	17,553	39,918	-	57,471
Long-term investments	1,564,455	151,495	-	1,715,950	1,529,900	150,866	-	1,680,766
Property and equipment, net	1,604,314	267,522	-	1,871,836	1,530,650	287,691	-	1,818,341
Intangible assets and goodwill, net	61,165	279,969	-	341,134	61,165	287,387	-	348,552
Investments in affiliates	246,579	7,309	(224,264)	29,624	389,475	6,392	(237,589)	158,278
Other assets	71,412	19,362	(2,379)	88,395	70,352	16,038	(2,515)	83,875
Total assets	\$ 4,722,536	\$ 907,130	\$ (226,643)	\$ 5,403,023	\$ 4,644,087	\$ 924,631	\$ (240,104)	\$ 5,328,614
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 56,751	\$ 8,039	\$ -	\$ 64,790	\$ 154,931	\$ 2,559	\$ -	\$ 157,490
Short-term borrowings	83,038	-	-	83,038	84,965	-	-	84,965
Accounts payable	129,365	6,282	-	135,647	119,456	5,976	-	125,432
Accrued liabilities	320,610	57,425	(2,379)	375,656	295,732	58,205	(2,515)	351,422
Estimated third-party payor settlements	15,330	2,239	-	17,569	17,114	3,170	-	20,284
Due to (from) related organizations	(539,960)	539,960	-	-	(525,554)	525,554	-	-
Total current liabilities	65,134	613,945	(2,379)	676,700	146,644	595,464	(2,515)	739,593
Long-term debt, net of current portion	1,716,164	37,753	-	1,753,917	1,737,416	33,612	-	1,771,028
Deferred tax liability	-	3,756	-	3,756	-	1,049	-	1,049
Derivative financial instruments	60,125	217	-	60,342	40,275	507	-	40,782
Employee benefits and other liabilities	187,486	55,658	-	243,144	165,883	51,886	-	217,769
Total liabilities	2,028,909	711,329	(2,379)	2,737,859	2,090,218	682,518	(2,515)	2,770,221
Net assets								
Unrestricted- attributable to Novant	2,691,440	142,602	(231,171)	2,602,871	2,551,680	191,412	(243,759)	2,499,333
Unrestricted - non-controlling interests	-	4,003	6,907	10,910	-	5,294	6,170	11,464
Total unrestricted net assets	2,691,440	146,605	(224,264)	2,613,781	2,551,680	196,706	(237,589)	2,510,797
Temporarily restricted	2,187	38,233	-	40,420	2,189	34,595	-	36,784
Permanently restricted	-	10,963	-	10,963	-	10,812	-	10,812
Total net assets	2,693,627	195,801	(224,264)	2,665,164	2,553,869	242,113	(237,589)	2,558,393
Total liabilities and net assets	\$ 4,722,536	\$ 907,130	\$ (226,643)	\$ 5,403,023	\$ 4,644,087	\$ 924,631	\$ (240,104)	\$ 5,328,614

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<i>(in thousands of dollars)</i>	December 31, 2014	December 31, 2013
Cash flows from operating activities		
Increase in net assets	\$ 106,771	\$ 395,270
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	193,754	171,432
Gain on sale of real estate	(4,382)	(4,736)
Impairment charge	11,409	36,321
Loss on extinguishment of debt	589	1,207
Loss on sale of discontinued operations	29,071	-
Change in funded status of defined benefit plans	34,783	(86,127)
Share of earnings in affiliates, net of distributions	(21,886)	2,936
Net unrealized (gains) losses on assets limited as to use and investments	27,348	(113,972)
Change in fair value of interest rate swap	19,560	(30,996)
Contributions restricted for capital and long-term investment	(4,561)	(11,600)
Provision for bad debts	189,956	173,923
Changes in operating assets and liabilities		
Accounts receivable	(215,585)	(192,118)
Investments and assets limited as to use	(138,079)	(368,897)
Accounts payable and accrued liabilities	32,273	7,903
Other current assets	(23,506)	-
Deferred taxes, net	1,670	1,957
Other assets and liabilities, net	(25,459)	(24,988)
Net cash provided by (used in) operating activities	<u>213,726</u>	<u>(42,485)</u>
Cash flows from investing activities		
Capital expenditures	(271,112)	(350,484)
Proceeds from sale of affiliates	154,819	635
Proceeds from sale of property and equipment	4,494	5,904
Cash payments for repurchase agreements, net	(1,927)	(4,859)
Net proceeds from the liquidation (purchase) of short-term investments	6,188	(3,210)
Net cash used in investing activities	<u>(107,538)</u>	<u>(352,014)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(124,565)	(31,771)
Bond proceeds received from trustee	25,372	173,950
Proceeds from issuance of bonds, net of deferred issuance costs	-	247,920
Extinguishment of debt	-	(57,161)
Proceeds from sale of accounts receivable, net	29,557	31,241
Proceeds from line of credit and other financing	914	79
Proceeds from contributions restricted for capital and long-term investment	2,149	2,786
Net cash provided by (used in) financing activities	<u>(66,573)</u>	<u>367,044</u>
Net increase (decrease) in cash and cash equivalents	39,615	(27,455)
Cash and cash equivalents		
Beginning of year	<u>249,182</u>	<u>276,637</u>
End of year	<u>\$ 288,797</u>	<u>\$ 249,182</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

	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 Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Three Months Ended	
														December 31, 2014	December 31, 2013
<u>INPATIENT STATISTICS</u>															
Average Daily Census	398	103	63	33	619	9	70	41	23	-	88	16	-	1,463	1,417
Discharges	7,585	2,542	1,645	850	10,128	246	997	1,045	671	-	2,069	491	-	28,269	27,463
Average Length of Stay	4.8	4.0	3.7	3.7	5.7	3.1	6.3	3.6	3.3	-	3.9	2.9	-	4.8	4.8
Patient Days	36,614	9,498	5,787	3,006	56,960	821	6,463	3,736	2,106	-	8,088	1,445	-	134,524	130,402
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	68,476	20,591	13,797	4,425	85,154	4,245	16,809	9,328	5,101	-	21,559	6,202	-	255,687	242,787
Adjusted Discharges	14,186	5,511	3,922	1,251	15,141	1,272	2,592	2,609	1,625	-	5,515	2,108	-	55,732	52,689
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,796	12,017	8,744	-	21,873	-	8,918	7,584	7,701	3,078	12,900	5,407	-	111,018	107,131
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	968,463	968,463	880,269
Cases	45,124	23,309	15,855	2,777	24,875	4,047	14,398	14,962	10,579	3,379	21,585	11,676	-	192,566	185,332
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,343	357	311	776	2,742	223	200	299	265	-	286	51	-	6,853	7,414
OP Surgical Cases	4,293	983	878	1,081	3,661	2,209	778	786	662	288	674	261	-	16,554	15,855
Total Surgical Cases	5,636	1,340	1,189	1,857	6,403	2,432	978	1,085	927	288	960	312	-	23,407	23,269
<u>OTHER STATISTICS</u>															
Total Births	1,332	558	323	-	1,573	-	178	117	-	-	397	115	-	4,593	4,456
Cath Lab Procedures	1,247	402	-	-	1,333	-	62	-	-	-	286	-	-	3,330	4,137
Open Heart Surgeries	105	-	-	-	233	-	-	-	-	-	-	-	-	338	211
Endoscopy Procedures	1,420	614	648	-	1,431	-	238	486	-	-	467	102	-	5,406	5,407
Radiology Procedures	38,950	24,808	14,025	4,165	56,185	1,463	12,176	11,624	10,825	3,491	28,200	14,410	-	220,322	217,122
Licensed Beds	622	137	75	80	921	22	146	74	50	-	130	60	-	2,317	2,277
Staffed Beds	436	137	75	80	634	22	101	66	28	-	130	60	-	1,769	1,885
Occupancy as % of Staffed Beds	91.3%	75.4%	83.9%	40.8%	97.7%	40.6%	69.6%	61.5%	81.8%	-	67.6%	26.2%	-	82.7%	75.2%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

	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 Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Twelve Months Ended	
														December 31, 2014	December 31, 2013
<u>INPATIENT STATISTICS</u>															
Average Daily Census	394	101	64	31	617	8	69	44	25	-	87	15	-	1,455	1,457
Discharges	29,884	9,395	6,581	3,344	40,240	864	4,023	4,441	2,540	-	8,202	1,380	-	110,894	109,670
Average Length of Stay	5.0	3.8	3.7	3.5	5.6	3.5	6.1	3.6	3.7	-	3.9	3.0	-	4.8	4.9
Patient Days	143,946	36,778	23,399	11,158	225,044	3,080	25,136	16,107	9,303	-	31,598	4,163	-	529,712	531,633
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	255,847	82,091	55,332	16,157	335,890	16,484	65,628	40,252	24,203	-	89,260	18,113	-	999,257	970,391
Adjusted Discharges	53,115	20,970	15,562	4,842	60,060	4,624	10,504	11,098	6,608	-	23,170	6,004	-	216,557	207,475
<u>OUTPATIENT STATISTICS</u>															
ED Visits	86,966	46,678	34,277	-	89,309	-	35,271	30,809	31,034	11,640	56,115	17,084	-	439,183	436,984
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	3,680,970	3,680,970	3,449,781
Cases	166,389	88,900	60,281	10,846	128,159	15,391	57,072	59,173	40,267	12,920	93,310	33,348	-	766,056	725,143
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	5,523	1,263	1,190	3,039	12,070	694	813	1,180	846	-	1,114	141	-	27,873	28,517
OP Surgical Cases	15,968	3,546	3,250	3,804	12,547	8,798	3,063	3,281	2,224	928	2,863	582	-	60,854	60,841
Total Surgical Cases	21,491	4,809	4,440	6,843	24,617	9,492	3,876	4,461	3,070	928	3,977	723	-	88,727	89,358
<u>OTHER STATISTICS</u>															
Total Births	5,061	2,087	1,189	-	6,261	-	643	495	-	-	1,687	356	-	17,779	16,776
Cath Lab Procedures	5,103	1,095	-	-	5,841	-	266	-	-	-	959	-	-	13,264	13,651
Open Heart Surgeries	391	-	-	-	737	-	-	-	-	-	-	-	-	1,128	957
Endoscopy Procedures	5,719	2,574	2,438	-	5,931	-	1,004	1,962	-	-	1,874	151	-	21,653	22,243
Radiology Procedures	145,020	94,061	56,326	16,116	225,310	6,437	52,580	45,681	38,051	12,777	122,606	43,034	-	857,999	867,572
Licensed Beds	622	137	75	80	921	22	146	74	50	-	130	60	-	2,317	2,277
Staffed Beds	436	137	75	80	634	22	101	66	28	-	130	60	-	1,769	1,885
Occupancy as % of Staffed Beds	90.5%	73.5%	85.5%	38.2%	97.2%	38.4%	68.2%	66.9%	91.0%	-	66.6%	24.8%	-	82.2%	77.3%