



**FINANCIAL AND STATISTICAL REPORT**  
**March 31, 2014**  
**(UNAUDITED)**

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2014 and 2013
2. Combining Balance Sheets as of March 31, 2014 and December 31, 2013
3. Statements of Cash Flows for the three months ended March 31, 2014 and 2013
4. Combined Group Statistics for the three months ended March 31, 2014 and 2013

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

(in thousands of dollars)

	March 31, 2014				March 31, 2013			
	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)	\$ 771,910	\$ 123,958	\$ -	\$ 895,868	\$ 759,605	\$ 124,396	\$ -	\$ 884,001
Provision for bad debts	(39,978)	(10,008)	-	(49,986)	(38,311)	(9,576)	-	(47,887)
Net patient service revenues less provision for bad debts	731,932	113,950	-	845,882	721,294	114,820	-	836,114
Other revenue	44,491	9,315	(3,640)	50,166	31,588	7,578	(3,555)	35,611
Total operating revenues	<u>776,423</u>	<u>123,265</u>	<u>(3,640)</u>	<u>896,048</u>	<u>752,882</u>	<u>122,398</u>	<u>(3,555)</u>	<u>871,725</u>
<b>Operating expenses</b>								
Salaries and employee benefits	439,618	56,843	(120)	496,341	411,192	55,522	(287)	466,427
Supplies and other	257,292	61,195	(3,287)	315,200	250,112	57,941	(3,058)	304,995
Total operating expenses	<u>696,910</u>	<u>118,038</u>	<u>(3,407)</u>	<u>811,541</u>	<u>661,304</u>	<u>113,463</u>	<u>(3,345)</u>	<u>771,422</u>
Operating cash flow	79,513	5,227	(233)	84,507	91,578	8,935	(210)	100,303
Depreciation and amortization	34,609	9,804	-	44,413	33,182	9,956	-	43,138
Interest	16,523	7,602	-	24,125	11,472	7,187	-	18,659
Operating income (loss)	28,381	(12,179)	(233)	15,969	46,924	(8,208)	(210)	38,506
<b>Non-operating income (expense)</b>								
Investment income	21,991	1,858	233	24,082	36,031	4,520	210	40,761
Income tax expense	-	(238)	-	(238)	-	(207)	-	(207)
Unrealized gains on non-hedged derivative financial instruments	-	69	-	69	-	79	-	79
Loss on extinguishment of debt	(589)	-	-	(589)	-	-	-	-
Other, net	-	(16)	-	(16)	-	(10)	-	(10)
Excess (deficit) of revenues over expenses	<u>\$ 49,783</u>	<u>\$ (10,506)</u>	<u>\$ -</u>	<u>\$ 39,277</u>	<u>\$ 82,955</u>	<u>\$ (3,826)</u>	<u>\$ -</u>	<u>\$ 79,129</u>

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

	March 31, 2014				December 31, 2013			
	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	\$ 173,554	\$ 45,227	\$ -	\$ 218,781	\$ 207,794	\$ 41,388	\$ -	\$ 249,182
Accounts receivable, net	376,902	59,930	-	436,832	350,720	57,655	-	408,375
Short-term investments	249,399	107	-	249,506	325,098	107	-	325,205
Deferred tax asset	-	5,740	-	5,740	-	5,765	-	5,765
Receivable for settlement with third-party payors	24,668	2,452	-	27,120	8,116	1,533	-	9,649
Other current assets	118,892	15,126	-	134,018	124,820	16,689	-	141,509
Total current assets	943,415	128,582	-	1,071,997	1,016,548	123,137	-	1,139,685
Assets limited as to use	25,319	52,201	-	77,520	45,997	53,120	-	99,117
Long-term investments	1,552,282	153,052	-	1,705,334	1,529,900	150,866	-	1,680,766
Property and equipment, net	1,542,036	290,453	-	1,832,489	1,530,650	287,691	-	1,818,341
Intangible assets and goodwill, net	61,165	302,618	-	363,783	61,165	287,387	-	348,552
Investments in affiliates	399,363	6,603	(248,427)	157,539	389,475	6,392	(237,589)	158,278
Other assets	74,787	13,437	(2,515)	85,709	70,352	16,038	(2,515)	83,875
Total assets	\$ 4,598,367	\$ 946,946	\$ (250,942)	\$ 5,294,371	\$ 4,644,087	\$ 924,631	\$ (240,104)	\$ 5,328,614
<b>Liabilities and Net Assets</b>								
Current liabilities								
Current portion of long-term debt	\$ 154,947	\$ 1,821	\$ -	\$ 156,768	\$ 154,931	\$ 2,559	\$ -	\$ 157,490
Short-term borrowings	84,755	-	-	84,755	84,965	-	-	84,965
Accounts payable	107,227	7,460	-	114,687	119,456	5,976	-	125,432
Accrued liabilities	242,659	53,588	(2,515)	293,732	295,732	58,205	(2,515)	351,422
Estimated third-party payor settlements	19,828	3,484	-	23,312	17,114	3,170	-	20,284
Due to (from) related organizations	(539,460)	539,460	-	-	(525,554)	525,554	-	-
Total current liabilities	69,956	605,813	(2,515)	673,254	146,644	595,464	(2,515)	739,593
Long-term debt, net of current portion	1,736,533	47,487	-	1,784,020	1,737,416	33,612	-	1,771,028
Deferred tax liability	-	1,237	-	1,237	-	1,049	-	1,049
Derivative financial instruments	46,841	438	-	47,279	40,275	507	-	40,782
Employee benefits and other liabilities	148,630	46,948	-	195,578	165,883	51,886	-	217,769
Total liabilities	2,001,960	701,923	(2,515)	2,701,368	2,090,218	682,518	(2,515)	2,770,221
Net assets								
Unrestricted	2,594,219	194,228	(254,846)	2,533,601	2,551,680	191,412	(243,759)	2,499,333
Unrestricted - non-controlling	-	4,567	6,419	10,986	-	5,294	6,170	11,464
Total unrestricted net assets	2,594,219	198,795	(248,427)	2,544,587	2,551,680	196,706	(237,589)	2,510,797
Temporarily restricted	2,188	35,415	-	37,603	2,189	34,595	-	36,784
Permanently restricted	-	10,813	-	10,813	-	10,812	-	10,812
Total net assets	2,596,407	245,023	(248,427)	2,593,003	2,553,869	242,113	(237,589)	2,558,393
Total liabilities and net assets	\$ 4,598,367	\$ 946,946	\$ (250,942)	\$ 5,294,371	\$ 4,644,087	\$ 924,631	\$ (240,104)	\$ 5,328,614

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**

<i>(in thousands of dollars)</i>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 34,609	\$ 84,572
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	45,060	44,479
Gain on sale of real estate	(1,094)	(1,345)
Loss on extinguishment of debt	589	-
Share of earnings in affiliates, net of distributions	(10,454)	8,896
Net unrealized gains on assets limited as to use and investments	(17,976)	(33,698)
Change in fair value of interest rate swap	6,497	(5,296)
Provision for bad debts	49,986	47,887
Contributions restricted for capital and long-term investment	(254)	(897)
Changes in operating assets and liabilities		
Accounts receivable	(77,352)	(62,384)
Investments and assets limited as to use	80,074	7,675
Accounts payable and accrued liabilities	(63,603)	(45,133)
Employee benefits, net	(36,951)	2,361
Other assets and liabilities, net	(7,112)	(4,444)
Net cash provided by operating activities	2,019	42,673
<b>Cash flows from investing activities</b>		
Capital expenditures	(56,591)	(73,569)
Return of investment in affiliate	8,219	-
Repayment of notes receivable and other, net	302	1,519
Net cash used in investing activities	(48,070)	(72,050)
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(1,529)	(1,327)
Bond proceeds received from trustee	10,631	-
Proceeds from sale of accounts receivable, net	6,371	2,459
Payments on line of credit and other financing	(86)	(2,894)
Proceeds from contributions restricted for capital and long-term investment	263	1,027
Net cash provided by (used in) financing activities	15,650	(735)
Net decrease in cash and cash equivalents	(30,401)	(30,112)
<b>Cash and cash equivalents</b>		
Beginning of year	249,182	276,637
End of quarter	\$ 218,781	\$ 246,525

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED MARCH 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 Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Brunswick Medical Center	Novant Health Prince William Medical Center	Novant Health Prince William Haymarket Medical Center	Novant Medical Group	Three Months Ended	
														March 31, 2014	March 31, 2013
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	424	95	68	29	628	8	70	29	-	46	95	6	-	1,498	1,528
Discharges	7,632	2,206	1,659	845	10,008	185	1,061	640	-	1,080	2,306	10	-	27,632	28,013
Average Length of Stay	5.1	4.0	3.8	3.4	5.7	3.8	5.9	4.2	-	3.8	3.7	3.8	-	4.9	4.9
Patient Days	38,160	8,541	6,090	2,600	56,532	711	6,322	2,632	-	4,157	8,523	38	-	134,306	137,550
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	62,972	18,720	13,661	3,746	82,605	4,353	15,671	6,904	-	9,730	25,745	464	-	244,571	244,316
Adjusted Discharges	12,594	4,835	3,722	1,217	14,624	1,133	2,630	1,679	-	2,528	6,966	122	-	52,050	51,662
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	20,652	11,304	8,268	-	21,766	-	8,574	7,600	2,554	6,952	16,819	133	-	104,622	109,178
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	899,943	899,943	896,839
Cases	38,179	20,780	13,778	2,700	30,424	4,050	13,653	9,568	2,915	13,501	29,099	745	-	179,392	178,172
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,427	267	304	646	3,186	132	197	176	-	269	301	1	-	6,906	6,922
OP Surgical Cases	3,552	792	744	792	2,899	2,272	731	561	182	805	775	5	-	14,110	14,875
Total Surgical Cases	4,979	1,059	1,048	1,438	6,085	2,404	928	737	182	1,074	1,076	6	-	21,016	21,797
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,189	514	251	-	1,484	-	144	-	-	115	496	5	-	4,198	3,997
Cath Lab Procedures	1,235	189	-	-	1,466	-	77	-	-	-	-	-	-	2,967	3,387
Open Heart Surgeries	87	-	-	-	154	-	-	-	-	-	-	-	-	241	251
Endoscopy Procedures	1,428	607	595	-	1,473	-	222	-	-	451	517	-	-	5,293	5,476
Radiology Procedures	35,037	23,134	13,998	3,479	57,839	1,892	8,804	8,701	2,862	10,498	38,602	822	-	205,668	213,126
Licensed Beds	622	137	75	80	921	22	146	50	-	74	130	60	-	2,317	2,277
Staffed Beds	436	137	75	80	634	22	101	30	-	66	130	60	-	1,771	1,885
Occupancy as % of Staffed Beds	97.2%	69.3%	90.2%	36.1%	99.1%	35.9%	69.5%	97.5%	-	70.0%	72.8%	10.6%	-	84.6%	81.1%