



FINANCIAL AND STATISTICAL REPORT
December 31, 2015
(UNAUDITED)

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NOVANT HEALTH, INC.
CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014

(in thousands of dollars)

	December 31, 2015				December 31, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 951,958	\$ 107,462	\$ -	\$ 1,059,420	\$ 884,294	\$ 125,844	\$ -	\$ 1,010,138
Provision for bad debts	(52,043)	(5,596)	-	(57,639)	(40,203)	(4,995)	-	(45,198)
Net patient service revenues less provision for bad debts	899,915	101,866	-	1,001,781	844,091	120,849	-	964,940
Other revenue	51,951	9,029	(684)	60,296	87,829	13,748	(5,383)	96,194
Total operating revenues	951,866	110,895	(684)	1,062,077	931,920	134,597	(5,383)	1,061,134
Operating expenses								
Salaries and employee benefits	501,676	54,394	(1,440)	554,630	467,434	56,145	(1,352)	522,227
Supplies and other	303,332	54,169	829	358,330	290,700	63,952	(3,853)	350,799
Total operating expenses	805,008	108,563	(611)	912,960	758,134	120,097	(5,205)	873,026
Operating cash flow	146,858	2,332	(73)	149,117	173,786	14,500	(178)	188,108
Depreciation and amortization	43,689	14,654	-	58,343	49,716	6,734	-	56,450
Interest	18,250	2,489	-	20,739	16,419	7,705	-	24,124
Operating income (loss)	84,919	(14,811)	(73)	70,035	107,651	61	(178)	107,534
Non-operating income (expense)								
Investment income (loss)	(3,578)	(28)	197	(3,409)	(28,849)	(2,709)	178	(31,380)
Income tax benefit (expense)	(3,484)	1,350	-	(2,134)	(749)	(1,091)	-	(1,840)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	73	-	73
Other, net	(2)	13	-	11	-	64	-	64
Excess (deficit) of revenues over expenses	\$ 77,855	\$ (13,476)	\$ 124	\$ 64,503	\$ 78,053	\$ (3,602)	\$ -	\$ 74,451

NOVANT HEALTH, INC.
CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(in thousands of dollars)

	December 31, 2015				December 31, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 3,600,703	\$ 460,540	\$ -	\$ 4,061,243	\$ 3,272,694	\$ 478,088	\$ -	\$ 3,750,782
Provision for bad debts	(171,686)	(24,272)	-	(195,958)	(161,718)	(28,238)	-	(189,956)
Net patient service revenues less provision for bad debts	3,429,017	436,268	-	3,865,285	3,110,976	449,850	-	3,560,826
Other revenue	184,778	93,947	(16,009)	262,716	203,358	46,312	(22,565)	227,105
Total operating revenues	<u>3,613,795</u>	<u>530,215</u>	<u>(16,009)</u>	<u>4,128,001</u>	<u>3,314,334</u>	<u>496,162</u>	<u>(22,565)</u>	<u>3,787,931</u>
Operating expenses								
Salaries and employee benefits	1,939,143	219,722	(5,733)	2,153,132	1,794,617	218,552	(5,954)	2,007,215
Supplies and other	1,178,550	240,914	(9,523)	1,409,941	1,089,800	242,856	(15,774)	1,316,882
Total operating expenses	<u>3,117,693</u>	<u>460,636</u>	<u>(15,256)</u>	<u>3,563,073</u>	<u>2,884,417</u>	<u>461,408</u>	<u>(21,728)</u>	<u>3,324,097</u>
Operating cash flow	496,102	69,579	(753)	564,928	429,917	34,754	(837)	463,834
Depreciation and amortization	172,225	46,643	-	218,868	158,185	32,953	-	191,138
Interest	62,470	25,202	-	87,672	64,054	30,311	-	94,365
Operating income (loss)	261,407	(2,266)	(753)	258,388	207,678	(39,919)	(837)	166,922
Non-operating income (expense)								
Investment income (loss)	(55,590)	(5,326)	877	(60,039)	35,007	3,141	837	38,985
Income tax expense	(3,756)	(3,266)	-	(7,022)	(1,432)	(2,552)	-	(3,984)
Unrealized gain on non-hedged derivative financial instruments	-	217	-	217	-	291	-	291
Loss on extinguishment of debt	-	-	-	-	(589)	-	-	(589)
Other, net	(1)	35	-	34	(2)	148	-	146
Excess (deficit) of revenues over expenses	<u>\$ 202,060</u>	<u>\$ (10,606)</u>	<u>\$ 124</u>	<u>\$ 191,578</u>	<u>\$ 240,662</u>	<u>\$ (38,891)</u>	<u>\$ -</u>	<u>\$ 201,771</u>

NOVANT HEALTH, INC.
CONSOLIDATING BALANCE SHEETS

	December 31, 2015				December 31, 2014			
	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	\$ 302,757	\$ 51,646	\$ -	\$ 354,403	\$ 281,728	\$ 47,069	\$ -	\$ 328,797
Accounts receivable, net of allowance for doubtful accounts	387,753	44,759	-	432,512	357,015	48,524	-	405,539
Short-term investments	465,715	57	-	465,772	370,634	107	-	370,741
Current portion of assets limited as to use	195	13,541	-	13,736	3,072	13,531	-	16,603
Deferred tax asset	-	7,311	-	7,311	-	6,802	-	6,802
Receivable for settlement with third-party payors	10,181	418	-	10,599	13,921	2,174	-	16,095
Other current assets	150,285	20,465	(60)	170,690	140,642	23,712	-	164,354
Total current assets	<u>1,316,886</u>	<u>138,197</u>	<u>(60)</u>	<u>1,455,023</u>	<u>1,167,012</u>	<u>141,919</u>	<u>-</u>	<u>1,308,931</u>
Assets limited as to use	7,186	39,508	-	46,694	7,599	39,554	-	47,153
Long-term investments	1,533,438	273,161	-	1,806,599	1,564,455	151,495	-	1,715,950
Property and equipment, net	1,593,666	253,956	-	1,847,622	1,604,314	267,522	-	1,871,836
Intangible assets and goodwill, net	61,165	247,050	-	308,215	61,165	279,969	-	341,134
Investments in affiliates	83,525	7,872	(58,151)	33,246	246,579	7,309	(224,264)	29,624
Other assets	81,612	22,541	(2,273)	101,880	71,412	19,362	(2,379)	88,395
Total assets	<u>\$ 4,677,478</u>	<u>\$ 982,285</u>	<u>\$ (60,484)</u>	<u>\$ 5,599,279</u>	<u>\$ 4,722,536</u>	<u>\$ 907,130</u>	<u>\$ (226,643)</u>	<u>\$ 5,403,023</u>
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 161,473	\$ 16,874	\$ -	\$ 178,347	\$ 56,751	\$ 8,039	\$ -	\$ 64,790
Short-term borrowings	86,594	191	-	86,785	83,038	-	-	83,038
Accounts payable	134,521	7,588	(60)	142,049	129,365	6,282	-	135,647
Accrued liabilities	334,921	50,438	(2,273)	383,086	320,610	57,425	(2,379)	375,656
Estimated third-party payor settlements	22,310	2,034	-	24,344	15,330	2,239	-	17,569
Due to related organizations	(481,753)	481,753	-	-	(539,960)	539,960	-	-
Total current liabilities	<u>258,066</u>	<u>558,878</u>	<u>(2,333)</u>	<u>814,611</u>	<u>65,134</u>	<u>613,945</u>	<u>(2,379)</u>	<u>676,700</u>
Long-term debt, net of current portion	1,586,516	16,530	-	1,603,046	1,716,164	37,753	-	1,753,917
Deferred tax liability	-	3,843	-	3,843	-	3,756	-	3,756
Derivative financial instruments	57,941	-	-	57,941	60,125	217	-	60,342
Employee benefits and other liabilities	176,728	54,341	-	231,069	187,486	55,658	-	243,144
Total liabilities	<u>2,079,251</u>	<u>633,592</u>	<u>(2,333)</u>	<u>2,710,510</u>	<u>2,028,909</u>	<u>711,329</u>	<u>(2,379)</u>	<u>2,737,859</u>
Net assets								
Unrestricted	2,596,038	290,441	(66,112)	2,820,367	2,691,440	142,602	(231,171)	2,602,871
Unrestricted - non-controlling	-	5,702	7,961	13,663	-	4,003	6,907	10,910
Total unrestricted net assets	<u>2,596,038</u>	<u>296,143</u>	<u>(58,151)</u>	<u>2,834,030</u>	<u>2,691,440</u>	<u>146,605</u>	<u>(224,264)</u>	<u>2,613,781</u>
Temporarily restricted	2,189	41,569	-	43,758	2,187	38,233	-	40,420
Permanently restricted	-	10,981	-	10,981	-	10,963	-	10,963
Total net assets	<u>2,598,227</u>	<u>348,693</u>	<u>(58,151)</u>	<u>2,888,769</u>	<u>2,693,627</u>	<u>195,801</u>	<u>(224,264)</u>	<u>2,665,164</u>
Total liabilities and net assets	<u>\$ 4,677,478</u>	<u>\$ 982,285</u>	<u>\$ (60,484)</u>	<u>\$ 5,599,279</u>	<u>\$ 4,722,536</u>	<u>\$ 907,130</u>	<u>\$ (226,643)</u>	<u>\$ 5,403,023</u>

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<i>(in thousands of dollars)</i>	December 31 2015	December 31 2014
Cash flows from operating activities		
Increase in net assets	\$ 223,605	\$ 106,771
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	220,315	193,754
Gain on sale of real estate	(3,119)	(4,382)
Gain on sale of business	(40,022)	(39,617)
Impairment charge	-	11,409
Loss on extinguishment of debt	-	589
Loss on sale of discontinued operations	-	29,071
Change in funded status of defined benefit plans	(23,514)	39,111
Share of earnings in affiliates, net of distributions	1,525	9,391
Net realized and unrealized losses (gains) on assets limited as to use and investments	84,734	(3,113)
Change in fair value of interest rate swap	(2,401)	19,560
Contributions restricted for capital and long-term investment	(3,856)	(4,561)
Provision for bad debts	195,958	189,956
Changes in operating assets and liabilities		
Accounts receivable	(258,855)	(215,585)
Accounts payable and accrued liabilities	12,647	34,848
Deferred taxes, net	(422)	1,670
Other assets and liabilities, net	16,721	(49,859)
Net cash provided by operating activities	<u>423,316</u>	<u>319,013</u>
Cash flows from investing activities		
Capital expenditures	(220,832)	(266,856)
Proceeds from sale of affiliates	80,980	154,819
Proceeds from sale of investments	524,295	307,041
Purchase of investments	(698,491)	(330,032)
Proceeds from sales of short-term investments	465,050	350,529
Purchases of short-term investments	(560,059)	(395,081)
Proceeds from sale of property and equipment	9,338	4,494
Cash payments for repurchase agreements, net	(2,761)	(1,927)
Repayment of notes receivable and other, net	(1,591)	4,188
Net cash used in investing activities	<u>(404,071)</u>	<u>(172,825)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(36,872)	(124,565)
Bond proceeds received from trustee	2,877	25,372
Proceeds from sale of accounts receivable, net	35,086	29,557
Proceeds from line of credit and other financing, net	3,665	914
Proceeds from contributions restricted for capital and long-term investment	1,605	2,149
Net cash provided by (used in) financing activities	<u>6,361</u>	<u>(66,573)</u>
Net increase in cash and cash equivalents	25,606	79,615
Cash and cash equivalents		
Beginning of year	<u>328,797</u>	<u>249,182</u>
End of year	<u>\$ 354,403</u>	<u>\$ 328,797</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015 AND 2014

	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, 2015	December 31, 2014
<u>INPATIENT STATISTICS</u>															
Average Daily Census	384	98	64	32	615	10	73	42	24	-	80	16	-	1,438	1,463
Discharges	6,425	2,324	1,695	906	9,984	232	1,127	1,079	679	-	1,788	549	-	26,788	28,269
Average Length of Stay	5.5	3.9	3.6	3.3	5.7	3.9	6.1	3.6	3.4	-	4.1	2.7	-	5.0	4.8
Patient Days	35,346	8,977	5,867	2,967	56,585	921	6,705	3,845	2,251	-	7,374	1,508	-	132,346	134,638
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	69,760	21,315	14,166	4,338	86,230	4,499	17,063	10,607	5,807	-	19,942	6,311	-	260,038	255,934
Adjusted Discharges	12,681	5,518	4,093	1,325	15,215	1,133	2,868	2,977	1,752	-	4,835	2,297	-	54,694	55,732
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,681	12,360	9,352	-	21,457	-	8,457	7,656	7,876	3,527	12,475	5,935	-	111,776	111,018
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,060,836	1,060,836	968,463
Cases	46,987	23,579	16,763	3,374	33,110	4,144	15,330	16,064	10,904	4,482	21,178	11,850	-	207,765	192,566
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,294	334	376	847	2,628	219	184	257	318	-	242	84	-	6,783	6,853
OP Surgical Cases	4,453	1,029	875	1,084	3,766	2,163	952	813	772	323	617	316	-	17,163	16,554
Total Surgical Cases	5,747	1,363	1,251	1,931	6,394	2,382	1,136	1,070	1,090	323	859	400	-	23,946	23,407
<u>OTHER STATISTICS</u>															
Total Births	1,278	501	392	-	1,562	-	183	100	-	-	331	156	-	4,503	4,593
Cath Lab Procedures	1,199	184	-	-	1,409	-	35	-	-	-	253	-	-	3,080	3,235
Open Heart Surgeries	95	-	-	-	123	-	-	-	-	-	-	-	-	218	338
Endoscopy Procedures	1,509	671	744	-	1,566	-	242	764	-	-	466	183	-	6,145	5,485
Radiology Procedures	40,762	23,581	15,073	4,333	58,603	1,458	13,456	12,075	11,389	4,218	26,794	17,126	-	228,868	220,322
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	421	80	73	34	667	14	81	51	29	-	80	17	-	1,547	1,579
Occupancy as % of Staffed Beds	91.3%	121.4%	87.4%	95.8%	92.2%	70.1%	89.6%	82.7%	83.6%	-	100.2%	98.3%	-	93.0%	92.7%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	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	Years Ended	
														December 31, 2015	December 31, 2014
<u>INPATIENT STATISTICS</u>															
Average Daily Census	386	104	66	32	630	10	73	45	23	-	84	18	-	1,471	1,443
Discharges	27,017	10,029	6,824	3,324	40,147	929	4,277	4,484	2,529	-	7,613	2,290	-	109,463	110,894
Average Length of Stay	5.2	3.8	3.5	3.4	5.6	3.8	6.1	3.7	3.4	-	4.0	2.8	-	4.9	4.8
Patient Days	140,977	37,921	24,216	11,531	229,862	3,506	26,480	16,292	8,429	-	30,596	6,405	-	536,215	526,785
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	269,643	84,633	56,631	16,722	349,595	17,455	68,198	42,995	22,768	-	82,356	26,004	-	1,037,000	992,691
Adjusted Discharges	51,675	22,383	15,958	4,820	61,059	4,625	11,015	11,833	6,831	-	20,492	9,297	-	219,988	216,557
<u>OUTPATIENT STATISTICS</u>															
ED Visits	90,020	49,183	36,479	-	89,771	-	34,283	31,550	31,645	13,537	52,260	24,966	-	453,694	439,183
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	3,996,458	3,996,458	3,680,970
Cases	187,492	92,066	64,458	12,889	134,715	15,814	59,203	64,991	43,236	16,395	83,902	45,790	-	820,951	766,056
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	5,368	1,314	1,376	3,126	10,316	890	731	1,113	1,082	-	967	292	-	26,575	27,873
OP Surgical Cases	16,817	3,819	3,255	3,772	14,453	8,562	3,450	3,250	2,859	1,053	2,584	1,079	-	64,953	60,854
Total Surgical Cases	22,185	5,133	4,631	6,898	24,769	9,452	4,181	4,363	3,941	1,053	3,551	1,371	-	91,528	88,727
<u>OTHER STATISTICS</u>															
Total Births	5,100	2,009	1,411	-	6,181	-	727	466	-	-	1,461	562	-	17,917	17,779
Cath Lab Procedures	4,753	1,202	-	-	5,955	-	170	-	-	-	1,085	-	-	13,165	13,169
Open Heart Surgeries	443	-	-	-	571	-	-	-	-	-	-	-	-	1,014	1,128
Endoscopy Procedures	5,762	2,651	2,735	-	6,308	-	1,000	3,040	-	-	1,793	750	-	24,039	22,018
Radiology Procedures	159,904	96,073	60,097	16,683	238,646	5,683	53,208	49,132	45,006	15,798	106,214	66,117	-	912,561	866,728
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	419	97	77	33	679	14	80	53	27	-	84	18	-	1,581	1,558
Occupancy as % of Staffed Beds	92.1%	107.0%	86.1%	96.5%	92.7%	67.7%	91.0%	83.5%	84.6%	-	100.0%	99.8%	-	93.0%	92.6%