



FINANCIAL AND STATISTICAL REPORT
June 30, 2015
(UNAUDITED)

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended June 30, 2015 and 2014
2. Combined Statements of Revenues and Expenses for the six months ended June 30, 2015 and 2014
3. Combining Balance Sheets as of June 30, 2015 and December 31, 2014
4. Statements of Cash Flows for the six months ended June 30, 2015 and 2014
5. Combined Group Statistics for the three months ended June 30, 2015 and 2014
6. Combined Group Statistics for the six months ended June 30, 2015 and 2014

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2015 AND 2014

(in thousands of dollars)

	June 30, 2015				June 30, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 898,591	\$ 120,668	\$ -	\$ 1,019,259	\$ 790,668	\$ 116,659	\$ -	\$ 907,327
Provision for bad debts	(37,278)	(6,288)	-	(43,566)	(40,824)	(7,773)	-	(48,597)
Net patient service revenues less provision for bad debts	861,313	114,380	-	975,693	749,844	108,886	-	858,730
Other revenue	51,567	13,565	(5,178)	59,954	40,159	10,981	(8,867)	42,273
Total operating revenues	912,880	127,945	(5,178)	1,035,647	790,003	119,867	(8,867)	901,003
Operating expenses								
Salaries and employee benefits	489,374	54,863	(1,329)	542,908	437,272	54,600	(3,505)	488,367
Supplies and other	295,565	62,994	(3,606)	354,953	271,072	61,963	(5,143)	327,892
Total operating expenses	784,939	117,857	(4,935)	897,861	708,344	116,563	(8,648)	816,259
Operating cash flow	127,941	10,088	(243)	137,786	81,659	3,304	(219)	84,744
Depreciation and amortization	42,503	8,935	-	51,438	36,470	8,577	-	45,047
Interest	14,148	7,430	-	21,578	15,326	7,488	-	22,814
Operating income (loss)	71,290	(6,277)	(243)	64,770	29,863	(12,761)	(219)	16,883
Non-operating income (expense)								
Investment income	13,352	796	243	14,391	38,399	4,254	219	42,872
Income tax expense	(153)	(196)	-	(349)	(732)	(697)	-	(1,429)
Unrealized gain on non-hedged derivative financial instruments	-	73	-	73	-	72	-	72
Other, net	-	16	-	16	(1)	45	-	44
Excess (deficit) of revenues over expenses	\$ 84,489	\$ (5,588)	\$ -	\$ 78,901	\$ 67,529	\$ (9,087)	\$ -	\$ 58,442

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

(in thousands of dollars)

	June 30, 2015				June 30, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,731,568	\$ 239,468	\$ -	\$ 1,971,036	\$ 1,561,049	\$ 230,190	\$ -	\$ 1,791,239
Provision for bad debts	(75,909)	(12,703)	-	(88,612)	(80,620)	(15,839)	-	(96,459)
Net patient service revenues less provision for bad debts	1,655,659	226,765	-	1,882,424	1,480,429	214,351	-	1,694,780
Other revenue	91,457	25,687	(10,505)	106,639	84,477	20,238	(12,507)	92,208
Total operating revenues	1,747,116	252,452	(10,505)	1,989,063	1,564,906	234,589	(12,507)	1,786,988
Operating expenses								
Salaries and employee benefits	958,119	111,258	(2,809)	1,066,568	875,047	106,660	(3,625)	978,082
Supplies and other	574,388	123,365	(7,208)	690,545	527,533	117,725	(8,430)	636,828
Total operating expenses	1,532,507	234,623	(10,017)	1,757,113	1,402,580	224,385	(12,055)	1,614,910
Operating cash flow	214,609	17,829	(488)	231,950	162,326	10,204	(452)	172,078
Depreciation and amortization	83,980	18,982	-	102,962	71,072	17,350	-	88,422
Interest	29,510	15,038	-	44,548	31,849	15,026	-	46,875
Operating income (loss)	101,119	(16,191)	(488)	84,440	59,405	(22,172)	(452)	36,781
Non-operating income (expense)								
Investment income	36,763	3,496	488	40,747	60,390	6,112	452	66,954
Income tax expense	(153)	(202)	-	(355)	(732)	(935)	-	(1,667)
Unrealized gain on non-hedged derivative financial instruments	-	144	-	144	-	141	-	141
Loss on extinguishment of debt	-	-	-	-	(589)	-	-	(589)
Other, net	-	67	-	67	(1)	29	-	28
Excess (deficit) of revenues over expenses	\$ 137,729	\$ (12,686)	\$ -	\$ 125,043	\$ 118,473	\$ (16,825)	\$ -	\$ 101,648

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	June 30, 2015				December 31, 2014 *			
<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 375,009	\$ 46,140	\$ -	\$ 421,149	\$ 281,728	\$ 47,069	\$ -	\$ 328,797
Accounts receivable, net of allowance for doubtful accounts	356,283	50,347	-	406,630	357,015	48,524	-	405,539
Short-term investments	376,689	57	-	376,746	370,634	107	-	370,741
Deferred tax asset	-	6,670	-	6,670	-	6,802	-	6,802
Assets held for sale	-	37,209	-	37,209	-	-	-	-
Receivable for settlement with third-party payors	12,597	2,239	-	14,836	13,921	2,174	-	16,095
Other current assets	137,616	20,115	-	157,731	140,642	23,712	-	164,354
Total current assets	1,258,194	162,777	-	1,420,971	1,163,940	128,388	-	1,292,328
Assets limited as to use								
Long-term investments	7,869	50,240	-	58,109	10,671	53,085	-	63,756
Property and equipment, net	1,602,370	154,640	-	1,757,010	1,564,455	151,495	-	1,715,950
Intangible assets and goodwill, net	1,593,986	263,472	-	1,857,458	1,604,314	267,522	-	1,871,836
Investments in affiliates	61,165	252,356	-	313,521	61,165	279,969	-	341,134
Other assets	248,633	8,259	(223,976)	32,916	246,579	7,309	(224,264)	29,624
Total assets	67,958	16,081	(2,379)	81,660	71,412	19,362	(2,379)	88,395
	<u>\$ 4,840,175</u>	<u>\$ 907,825</u>	<u>\$ (226,355)</u>	<u>\$ 5,521,645</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	\$ 113,320	\$ 8,206	\$ -	\$ 121,526	\$ 56,751	\$ 8,039	\$ -	\$ 64,790
Short-term borrowings	87,831	-	-	87,831	83,038	-	-	83,038
Accounts payable	118,595	9,696	-	128,291	129,365	6,282	-	135,647
Accrued liabilities	312,985	51,062	(2,379)	361,668	320,610	57,425	(2,379)	375,656
Estimated third-party payor settlements	35,003	3,915	-	38,918	15,330	2,239	-	17,569
Due to related organizations	(448,659)	448,659	-	-	(539,960)	539,960	-	-
Total current liabilities	219,075	521,538	(2,379)	738,234	65,134	613,945	(2,379)	676,700
Long-term debt, net of current portion	1,648,545	36,891	-	1,685,436	1,716,164	37,753	-	1,753,917
Deferred tax liability	-	4,378	-	4,378	-	3,756	-	3,756
Derivative financial instruments	53,058	72	-	53,130	60,125	217	-	60,342
Employee benefits and other liabilities	190,441	50,726	-	241,167	187,486	55,658	-	243,144
Total liabilities	2,111,119	613,605	(2,379)	2,722,345	2,028,909	711,329	(2,379)	2,737,859
Net assets								
Unrestricted	2,726,868	238,850	(231,240)	2,734,478	2,691,440	142,602	(231,171)	2,602,871
Unrestricted - non-controlling	-	4,055	7,264	11,319	-	4,003	6,907	10,910
Total unrestricted net assets	2,726,868	242,905	(223,976)	2,745,797	2,691,440	146,605	(224,264)	2,613,781
Temporarily restricted	2,188	40,341	-	42,529	2,187	38,233	-	40,420
Permanently restricted	-	10,974	-	10,974	-	10,963	-	10,963
Total net assets	2,729,056	294,220	(223,976)	2,799,300	2,693,627	195,801	(224,264)	2,665,164
Total liabilities and net assets	<u>\$ 4,840,175</u>	<u>\$ 907,825</u>	<u>\$ (226,355)</u>	<u>\$ 5,521,645</u>	<u>\$ 4,722,536</u>	<u>\$ 907,130</u>	<u>\$ (226,643)</u>	<u>\$ 5,403,023</u>

*Certain prior year amounts have been revised to appropriately present variable rate demand obligations as short-term investments instead of cash and cash equivalents. The net impact of these investments of approximately \$25,000 for the year ended December 31, 2014 should have been presented in the consolidated statement of cash flows as a use of cash flows from investing activities for 2014. The Company has revised its consolidated balance sheet as of December 31, 2014 and its consolidated statement of cash flows for the year ended December 31, 2014 for this item. The consolidated statement of cash flows for the six-month period ended June 30, 2014 has also been revised to reflect this presentation for consistency in the amount of approximately \$15,000. These revisions had no impact on the Company's results of operations, changes in net assets, or cash flows from operating or financing activities.

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

<i>(in thousands of dollars)</i>	June 30, 2015	June 30, 2014 *
Cash flows from operating activities		
Increase in net assets	\$ 134,136	\$ 86,320
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	105,156	90,262
Gain on sale of real estate	(3,026)	(2,130)
Loss on extinguishment of debt	-	589
Share of earnings in affiliates, net of distributions	(908)	(10,965)
Net realized and unrealized gains on assets limited as to use and investments	(35,885)	(62,779)
Change in fair value of interest rate swap	(7,212)	11,030
Contributions restricted for capital and long-term investment	(835)	(756)
Provision for bad debts	88,612	96,459
Changes in operating assets and liabilities		
Accounts receivable	(108,284)	(147,205)
Accounts payable and accrued liabilities	(18,294)	(16,582)
Deferred taxes, net	984	636
Other assets and liabilities, net	28,949	1,393
Net cash provided by operating activities	183,393	46,272
Cash flows from investing activities		
Capital expenditures	(107,500)	(130,449)
Proceeds from sale of long-term investments	273,833	118,408
Purchase of long-term investments	(275,365)	(122,217)
Net purchases and sales of short-term investments	(186,705)	(126,055)
Proceeds from the liquidation of short-term investments	180,721	269,457
Proceeds from notes receivable	-	8,454
Proceeds from sale of property and equipment	3,416	535
Cash receipts for repurchase agreements, net	4,793	(88)
Repayment of notes receivable and other, net	(1,293)	-
Net cash provided by (used in) investing activities	(108,100)	18,045
Cash flows from financing activities		
Principal payments on long-term debt	(2,580)	(9,137)
Bond proceeds received from trustee	2,877	19,081
Proceeds from sale of accounts receivable, net	23,068	14,953
Proceeds from (payments for) line of credit and other financing	(6,657)	(86)
Proceeds from contributions restricted for capital and long-term investment	351	813
Net cash provided by financing activities	17,059	25,624
Net increase in cash and cash equivalents	92,352	89,941
Cash and cash equivalents		
Beginning of year	328,797	249,182
End of year	\$ 421,149	\$ 339,123

*Certain prior year amounts have been revised to appropriately present variable rate demand obligations as short-term investment investments of approximately \$25,000 for the year ended December 31, 2014 should have been presented in the consolidated statement of cash flows for 2014. The Company has revised its consolidated balance sheet as of December 31, 2014 and its consolidated statement of cash flows for the six-month period ended June 30, 2014 has also been revised to reflect this presentation. These revisions had no impact on the Company's results of operations, changes in net assets, or cash flows from operating or financing

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 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 Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Brunswick Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Three Months Ended	
														June 30, 2015	June 30, 2014
<u>INPATIENT STATISTICS</u>															
Average Daily Census	382	105	67	30	634	9	72	23	-	46	84	17	-	1,469	1,416
Discharges	6,752	2,555	1,661	816	10,070	237	1,041	632	-	1,131	1,972	561	-	27,428	27,546
Average Length of Stay	5.1	3.7	3.6	3.4	5.5	3.6	5.5	3.2	-	3.8	3.9	2.7	-	4.7	4.8
Patient Days	34,742	9,600	6,107	2,731	57,676	805	6,557	2,062	-	4,195	7,689	1,505	-	133,669	128,868
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	66,668	20,964	14,074	3,920	87,876	4,070	17,343	5,575	-	11,352	20,497	6,543	-	258,882	244,895
Adjusted Discharges	12,957	5,580	3,828	1,171	15,343	1,198	2,753	1,709	-	3,060	5,257	2,439	-	55,295	54,364
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,522	12,357	9,137	-	23,090	-	8,792	8,106	3,397	7,994	13,210	6,406	-	115,011	111,849
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	979,775	979,775	908,359
Cases	47,768	22,842	16,013	3,275	34,435	3,742	14,712	10,914	4,069	16,612	21,494	11,993	-	207,869	191,383
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,347	344	341	760	2,506	219	165	272	-	260	265	69	-	6,548	7,196
OP Surgical Cases	4,234	944	770	906	3,628	2,056	836	698	258	820	673	291	-	16,114	14,907
Total Surgical Cases	5,581	1,288	1,111	1,666	6,134	2,275	1,001	970	258	1,080	938	360	-	22,662	22,103
<u>OTHER STATISTICS</u>															
Total Births	1,305	476	316	-	1,466	-	180	-	-	122	386	118	-	4,369	4,289
Cath Lab Procedures	1,096	381	-	-	1,583	-	50	-	-	-	307	-	-	3,417	3,420
Open Heart Surgeries	108	-	-	-	177	-	-	-	-	-	-	-	-	285	273
Endoscopy Procedures	1,443	660	695	-	1,604	-	240	-	-	795	406	212	-	6,055	5,637
Radiology Procedures	38,511	23,566	15,110	4,124	60,306	1,340	13,290	11,580	3,973	12,453	27,485	16,059	-	227,797	216,698
Licensed Beds	702	146	85	80	921	22	146	50	-	74	130	60	-	2,416	2,317
Staffed Beds	414	106	79	31	681	14	79	27	-	55	85	16	-	1,587	1,522
Occupancy as % of Staffed Beds	92.2%	99.4%	85.3%	95.8%	93.1%	64.7%	91.2%	84.0%	-	84.4%	99.8%	101.3%	-	92.6%	93.0%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 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 Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Brunswick Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Six Months Ended	
														June 30, 2015	June 30, 2014
<u>INPATIENT STATISTICS</u>															
Average Daily Census	400	109	68	31	647	9	72	24	-	47	88	17	-	1,512	1,448
Discharges	14,165	5,144	3,393	1,653	20,328	468	2,108	1,325	-	2,265	3,930	1,132	-	55,911	55,178
Average Length of Stay	5.1	3.8	3.6	3.4	5.7	3.6	6.0	3.3	-	3.8	4.1	2.8	-	4.9	4.9
Patient Days	72,335	19,642	12,245	5,609	117,165	1,659	13,058	4,354	-	8,512	15,987	3,138	-	273,704	262,133
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	134,424	42,208	27,693	8,085	175,872	8,345	33,677	11,505	-	21,463	42,013	12,787	-	518,072	487,559
Adjusted Discharges	26,324	11,054	7,674	2,383	30,514	2,354	5,436	3,501	-	5,711	10,328	4,613	-	109,892	106,315
<u>OUTPATIENT STATISTICS</u>															
ED Visits	45,238	24,464	18,058	-	45,600	-	17,314	15,900	6,447	15,510	26,389	12,733	-	227,653	216,471
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,975,640	1,975,640	1,794,306
Cases	93,810	45,624	31,386	6,382	67,470	7,583	28,893	21,338	7,653	31,725	41,144	22,409	-	405,417	370,775
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	2,761	635	680	1,533	5,103	444	369	527	-	573	501	132	-	13,258	14,171
OP Surgical Cases	8,183	1,837	1,525	1,833	7,080	4,182	1,606	1,317	510	1,605	1,348	489	-	31,515	29,115
Total Surgical Cases	10,944	2,472	2,205	3,366	12,183	4,626	1,975	1,844	510	2,178	1,849	621	-	44,773	43,286
<u>OTHER STATISTICS</u>															
Total Births	2,543	957	610	-	2,937	-	355	-	-	224	763	230	-	8,619	8,487
Cath Lab Procedures	2,371	700	-	-	3,021	-	100	-	-	-	573	-	-	6,765	6,613
Open Heart Surgeries	224	-	-	-	328	-	-	-	-	-	-	-	-	552	514
Endoscopy Procedures	2,934	1,316	1,310	-	3,100	-	506	-	-	1,435	856	401	-	11,858	10,930
Radiology Procedures	77,878	48,779	29,876	8,111	119,338	2,775	26,601	22,432	7,457	24,057	52,684	30,323	-	450,311	430,270
Licensed Beds	702	146	85	80	921	22	146	50	-	74	130	60	-	2,416	2,317
Staffed Beds	429	109	80	32	683	14	86	28	-	56	88	17	-	1,622	1,560
Occupancy as % of Staffed Beds	93.1%	99.8%	84.6%	96.3%	94.8%	65.4%	84.4%	85.9%	-	84.4%	100.0%	101.0%	-	93.2%	92.9%