



**FINANCIAL AND STATISTICAL REPORT**  
**September 30, 2015**  
**(UNAUDITED)**

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

(in thousands of dollars)

	September 30, 2015				September 30, 2014			
	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)	\$ 917,177	\$ 113,610	\$ -	\$ 1,030,787	\$ 827,351	\$ 122,054	\$ -	\$ 949,405
Provision for bad debts	(43,734)	(5,973)	-	(49,707)	(40,895)	(7,404)	-	(48,299)
Net patient service revenues less provision for bad debts	873,443	107,637	-	981,080	786,456	114,650	-	901,106
Other revenue	41,370	59,231	(4,820)	95,781	31,052	12,326	(4,675)	38,703
Total operating revenues	914,813	166,868	(4,820)	1,076,861	817,508	126,976	(4,675)	939,809
<b>Operating expenses</b>								
Salaries and employee benefits	479,348	54,070	(1,484)	531,934	452,136	55,747	(977)	506,906
Supplies and other	300,830	63,380	(3,144)	361,066	271,567	61,179	(3,491)	329,255
Total operating expenses	780,178	117,450	(4,628)	893,000	723,703	116,926	(4,468)	836,161
Operating cash flow	134,635	49,418	(192)	183,861	93,805	10,050	(207)	103,648
Depreciation and amortization	44,556	13,007	-	57,563	37,397	8,869	-	46,266
Interest	14,710	7,675	-	22,385	15,786	7,580	-	23,366
Operating income (loss)	75,369	28,736	(192)	103,913	40,622	(6,399)	(207)	34,016
<b>Non-operating income (expense)</b>								
Investment income (loss)	(88,775)	(8,794)	192	(97,377)	3,466	(262)	207	3,411
Income tax benefit (expense)	(119)	(4,414)	-	(4,533)	49	(526)	-	(477)
Unrealized gain on non-hedged derivative financial instruments	-	73	-	73	-	77	-	77
Other, net	1	(45)	-	(44)	(1)	55	-	54
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ (13,524)</b>	<b>\$ 15,556</b>	<b>\$ -</b>	<b>\$ 2,032</b>	<b>\$ 44,136</b>	<b>\$ (7,055)</b>	<b>\$ -</b>	<b>\$ 37,081</b>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

(in thousands of dollars)

	September 30, 2015				September 30, 2014			
	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)	\$ 2,648,745	\$ 353,078	\$ -	\$ 3,001,823	\$ 2,388,400	\$ 352,244	\$ -	\$ 2,740,644
Provision for bad debts	(119,643)	(18,676)		(138,319)	(121,515)	(23,243)	-	(144,758)
Net patient service revenues less provision for bad debts	2,529,102	334,402	-	2,863,504	2,266,885	329,001	-	2,595,886
Other revenue	132,827	84,918	(15,325)	202,420	115,529	32,564	(17,182)	130,911
Total operating revenues	<u>2,661,929</u>	<u>419,320</u>	<u>(15,325)</u>	<u>3,065,924</u>	<u>2,382,414</u>	<u>361,565</u>	<u>(17,182)</u>	<u>2,726,797</u>
<b>Operating expenses</b>								
Salaries and employee benefits	1,437,467	165,328	(4,293)	1,598,502	1,327,183	162,407	(4,602)	1,484,988
Supplies and other	875,218	186,745	(10,352)	1,051,611	799,100	178,904	(11,921)	966,083
Total operating expenses	<u>2,312,685</u>	<u>352,073</u>	<u>(14,645)</u>	<u>2,650,113</u>	<u>2,126,283</u>	<u>341,311</u>	<u>(16,523)</u>	<u>2,451,071</u>
Operating cash flow	349,244	67,247	(680)	415,811	256,131	20,254	(659)	275,726
Depreciation and amortization	128,536	31,989	-	160,525	108,469	26,219	-	134,688
Interest	44,220	22,713	-	66,933	47,635	22,606	-	70,241
Operating income (loss)	176,488	12,545	(680)	188,353	100,027	(28,571)	(659)	70,797
<b>Non-operating income (expense)</b>								
Investment income (loss)	(52,012)	(5,298)	680	(56,630)	63,856	5,850	659	70,365
Income tax expense	(272)	(4,616)	-	(4,888)	(683)	(1,461)	-	(2,144)
Unrealized gain on non-hedged derivative financial instruments		217	-	217	-	218	-	218
Loss on extinguishment of debt	-	-	-	-	(589)	-	-	(589)
Other, net	1	22	-	23	(2)	84	-	82
Excess (deficit) of revenues over expenses	<u>\$ 124,205</u>	<u>\$ 2,870</u>	<u>\$ -</u>	<u>\$ 127,075</u>	<u>\$ 162,609</u>	<u>\$ (23,880)</u>	<u>\$ -</u>	<u>\$ 138,729</u>

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

	September 30, 2015				December 31, 2014			
<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 367,503	\$ 50,831	\$ -	\$ 418,334	\$ 281,728	\$ 47,069	\$ -	\$ 328,797
Accounts receivable, net of allowance for doubtful accounts	374,602	45,422	-	420,024	357,015	48,524	-	405,539
Short-term investments	456,074	57	-	456,131	370,634	107	-	370,741
Deferred tax asset	-	6,736	-	6,736	-	6,802	-	6,802
Receivable for settlement with third-party payors	10,176	1,455	-	11,631	13,921	2,174	-	16,095
Other current assets	141,960	24,404	-	166,364	140,642	23,712	-	164,354
Total current assets	<u>1,350,315</u>	<u>128,905</u>	<u>-</u>	<u>1,479,220</u>	<u>1,163,940</u>	<u>128,388</u>	<u>-</u>	<u>1,292,328</u>
Assets limited as to use	7,832	52,383	-	60,215	10,671	53,085	-	63,756
Long-term investments	1,563,691	144,849	-	1,708,540	1,564,455	151,495	-	1,715,950
Property and equipment, net	1,588,388	255,631	-	1,844,019	1,604,314	267,522	-	1,871,836
Intangible assets and goodwill, net	61,165	248,641	-	309,806	61,165	279,969	-	341,134
Investments in affiliates	250,114	5,267	(223,713)	31,668	246,579	7,309	(224,264)	29,624
Other assets	69,617	17,545	(2,379)	84,783	71,412	19,362	(2,379)	88,395
Total assets	<u>\$ 4,891,122</u>	<u>\$ 853,221</u>	<u>\$ (226,092)</u>	<u>\$ 5,518,251</u>	<u>\$ 4,722,536</u>	<u>\$ 907,130</u>	<u>\$ (226,643)</u>	<u>\$ 5,403,023</u>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 54,904	\$ 1,937	\$ -	\$ 56,841	\$ 56,751	\$ 8,039	\$ -	\$ 64,790
Short-term borrowings	87,970	-	-	87,970	83,038	-	-	83,038
Accounts payable	101,666	5,871	-	107,537	129,365	6,282	-	135,647
Accrued liabilities	328,240	59,764	(2,379)	385,625	320,610	57,425	(2,379)	375,656
Estimated third-party payor settlements	26,375	2,540	-	28,915	15,330	2,239	-	17,569
Due to related organizations	(447,357)	447,357	-	-	(539,960)	539,960	-	-
Total current liabilities	<u>151,798</u>	<u>517,469</u>	<u>(2,379)</u>	<u>666,888</u>	<u>65,134</u>	<u>613,945</u>	<u>(2,379)</u>	<u>676,700</u>
Long-term debt, net of current portion	1,708,469	37,204	-	1,745,673	1,716,164	37,753	-	1,753,917
Deferred tax liability	-	4,468	-	4,468	-	3,756	-	3,756
Derivative financial instruments	61,552	-	-	61,552	60,125	217	-	60,342
Employee benefits and other liabilities	192,291	52,476	-	244,767	187,486	55,658	-	243,144
Total liabilities	<u>2,114,110</u>	<u>611,617</u>	<u>(2,379)</u>	<u>2,723,348</u>	<u>2,028,909</u>	<u>711,329</u>	<u>(2,379)</u>	<u>2,737,859</u>
<b>Net assets</b>								
Unrestricted	2,774,824	184,293	(231,306)	2,727,811	2,691,440	142,602	(231,171)	2,602,871
Unrestricted - non-controlling	-	4,999	7,593	12,592	-	4,003	6,907	10,910
Total unrestricted net assets	<u>2,774,824</u>	<u>189,292</u>	<u>(223,713)</u>	<u>2,740,403</u>	<u>2,691,440</u>	<u>146,605</u>	<u>(224,264)</u>	<u>2,613,781</u>
Temporarily restricted	2,188	41,370	-	43,558	2,187	38,233	-	40,420
Permanently restricted	-	10,942	-	10,942	-	10,963	-	10,963
Total net assets	<u>2,777,012</u>	<u>241,604</u>	<u>(223,713)</u>	<u>2,794,903</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>\$ 4,891,122</u>	<u>\$ 853,221</u>	<u>\$ (226,092)</u>	<u>\$ 5,518,251</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 NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

<i>(in thousands of dollars)</i>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 129,741	\$ 121,056
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	159,170	136,480
Loss (gain) on sale of real estate	94	(3,223)
Gain on sale of business	(40,251)	-
Loss on extinguishment of debt	-	589
Share of earnings in affiliates, net of distributions	(1,245)	4,433
Net realized and unrealized losses (gains) on assets limited as to use and investments	68,371	(58,168)
Change in fair value of interest rate swap	1,210	11,864
Contributions restricted for capital and long-term investment	(3,466)	(1,535)
Provision for bad debts	138,319	144,758
Changes in operating assets and liabilities:		
Accounts receivable	(182,169)	(163,141)
Accounts payable and accrued liabilities	(3,549)	(48,245)
Deferred taxes, net	(2,885)	949
Other assets and liabilities, net	23,005	9,904
Net cash provided by operating activities	<u>286,345</u>	<u>155,721</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(165,512)	(208,567)
Proceeds from sale of long-term investments	505,586	187,155
Purchase of long-term investments	(565,010)	(185,406)
Proceeds from sales of short-term investments	311,500	332,625
Purchases of short-term investments	(396,867)	(251,208)
Proceeds from sale of business	80,980	-
Proceeds from notes receivable	-	6,907
Proceeds from sale of property and equipment	4,483	1,162
Cash receipts for repurchase agreements, net	4,932	(442)
Repayment of notes receivable and other, net	(2,897)	-
Net cash used in investing activities	<u>(222,805)</u>	<u>(117,774)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(14,018)	(9,668)
Bond proceeds received from trustee	2,877	24,951
Proceeds from sale of accounts receivable, net	35,151	21,841
Proceeds from line of credit and other financing, net	1,376	914
Proceeds from contributions restricted for capital and long-term investment	611	786
Net cash provided by financing activities	<u>25,997</u>	<u>38,824</u>
Net increase in cash and cash equivalents	89,537	76,771
<b>Cash and cash equivalents</b>		
Beginning of year	<u>328,797</u>	<u>249,182</u>
End of year	<u>\$ 418,334</u>	<u>\$ 325,953</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Novant Health	Three Months Ended	
	Presbyterian Medical Center	Matthews Medical Center	Huntersville Medical Center	Charlotte Orthopedic Hospital	Forsyth Medical Center	Medical Park Hospital	Thomasville Medical Center	Brunswick Medical Center	Kernersville Medical Center	Clemmons Medical Center	Prince William Medical Center	Haymarket Medical Center	Medical Group	September 30, 2015	September 30, 2014
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	362	101	66	32	610	10	73	43	20	-	79	19	-	1,415	1,413
Discharges	6,427	2,561	1,736	765	9,835	227	1,042	1,140	525	-	1,895	609	-	26,762	27,448
Average Length of Stay	5.2	3.7	3.4	3.6	5.6	3.9	6.3	3.5	3.5	-	3.8	2.9	-	4.8	4.8
Patient Days	33,296	9,302	6,104	2,955	56,112	926	6,717	3,935	1,824	-	7,235	1,759	-	130,165	130,014
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	65,518	21,148	14,757	4,302	87,549	4,607	17,473	10,925	5,458	-	20,396	6,890	-	259,023	249,654
Adjusted Discharges	12,647	5,822	4,197	1,114	15,345	1,129	2,711	3,165	1,571	-	5,342	2,385	-	55,428	54,592
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,101	12,359	9,069	-	22,714	-	8,511	8,384	7,869	3,563	13,396	6,298	-	114,264	111,694
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	959,982	959,982	918,201
Cases	46,694	22,863	16,309	3,132	34,135	4,087	14,980	17,202	10,994	4,260	21,580	11,531	-	207,767	202,716
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,313	345	320	746	2,585	227	178	283	237	-	224	76	-	6,534	6,849
OP Surgical Cases	4,181	953	855	855	3,607	2,217	892	832	770	220	619	274	-	16,275	15,185
Total Surgical Cases	5,494	1,298	1,175	1,601	6,192	2,444	1,070	1,115	1,007	220	843	350	-	22,809	22,034
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,260	552	396	-	1,682	-	189	142	-	-	367	176	-	4,764	4,699
Cath Lab Procedures	1,183	318	-	-	1,525	-	35	-	-	-	260	-	-	3,321	3,321
Open Heart Surgeries	124	-	-	-	150	-	-	-	-	-	-	-	-	274	276
Endoscopy Procedures	1,319	664	681	-	1,642	-	252	841	-	-	389	191	-	5,979	5,403
Radiology Procedures	39,390	23,667	15,148	4,110	57,980	1,450	12,706	12,817	11,171	4,123	26,955	16,638	-	226,155	216,137
Licensed Beds	613	146	91	80	921	22	146	74	50	-	130	60	-	2,333	2,317
Staffed Beds	399	91	75	33	667	14	80	52	24	-	79	19	-	1,533	1,534
Occupancy as % of Staffed Beds	90.8%	111.7%	88.3%	97.3%	91.5%	69.7%	91.3%	82.7%	82.7%	-	100.0%	98.9%	-	92.3%	92.1%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 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	Nine Months Ended	
														September 30, 2015	September 30, 2014
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	387	106	67	31	635	9	72	46	23	-	85	18	-	1,479	1,436
Discharges	20,592	7,705	5,129	2,418	30,163	695	3,150	3,405	1,850	-	5,825	1,741	-	82,673	82,625
Average Length of Stay	5.1	3.8	3.5	3.5	5.6	3.7	6.1	3.7	3.3	-	4.0	2.8	-	4.8	4.8
Patient Days	105,631	28,944	18,349	8,564	173,277	2,585	19,775	12,447	6,178	-	23,222	4,897	-	403,869	392,147
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	199,959	63,355	42,439	12,384	263,365	12,954	51,149	32,392	16,979	-	62,413	19,677	-	777,066	737,000
Adjusted Discharges	38,981	16,865	11,863	3,497	45,845	3,483	8,147	8,861	5,084	-	15,656	6,996	-	165,278	160,873
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	67,339	36,823	27,127	-	68,314	-	25,826	23,894	23,769	10,010	39,785	19,031	-	341,918	328,165
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	2,935,622	2,935,622	2,712,507
Cases	140,505	68,487	47,695	9,515	101,605	11,670	43,873	48,927	32,332	11,913	62,724	33,940	-	613,186	573,491
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	4,074	980	1,000	2,279	7,688	671	547	856	764	-	725	208	-	19,792	21,020
OP Surgical Cases	12,364	2,790	2,380	2,688	10,687	6,399	2,498	2,437	2,087	730	1,967	763	-	47,790	44,300
Total Surgical Cases	16,438	3,770	3,380	4,967	18,375	7,070	3,045	3,293	2,851	730	2,692	971	-	67,582	65,320
<b><u>OTHER STATISTICS</u></b>															
Total Births	3,700	1,508	1,019	-	4,619	-	544	366	-	-	1,130	406	-	13,292	13,186
Cath Lab Procedures	3,554	1,018	-	-	4,546	-	135	-	-	-	833	-	-	10,086	9,934
Open Heart Surgeries	348	-	-	-	478	-	-	-	-	-	-	-	-	826	790
Endoscopy Procedures	4,253	1,980	1,991	-	4,742	-	758	2,276	-	-	1,327	567	-	17,894	16,533
Radiology Procedures	119,142	72,492	45,024	12,350	180,043	4,225	39,752	37,057	33,617	11,580	79,420	48,991	-	683,693	646,407
Licensed Beds	613	146	91	80	921	22	146	74	50	-	130	60	-	2,333	2,317
Staffed Beds	419	103	78	32	683	14	79	54	27	-	85	18	-	1,592	1,551
Occupancy as % of Staffed Beds	92.4%	103.3%	85.8%	96.7%	92.9%	66.9%	91.4%	83.8%	84.9%	-	99.9%	100.3%	-	92.9%	92.6%