



**FINANCIAL AND STATISTICAL REPORT**  
**September 30, 2016**  
**(UNAUDITED)**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**  
**(UNAUDITED)**

(in thousands of dollars)

	September 30, 2016				September 30, 2015			
	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)	\$ 941,760	\$ 117,836	\$ -	\$ 1,059,596	\$ 917,177	\$ 113,610	\$ -	\$ 1,030,787
Provision for bad debts	(48,054)	(5,696)	-	(53,750)	(43,734)	(5,973)	-	(49,707)
Net patient service revenues less provision for bad debts	893,706	112,140	-	1,005,846	873,443	107,637	-	981,080
Other revenue	44,391	19,900	(6,536)	57,755	42,000	58,601	(4,820)	95,781
Total operating revenues	938,097	132,040	(6,536)	1,063,601	915,443	166,238	(4,820)	1,076,861
<b>Operating expenses</b>								
Salaries and employee benefits	516,517	71,023	(9,521)	578,019	479,913	62,260	(10,239)	531,934
Supplies and other	304,324	52,536	3,182	360,042	302,871	52,584	5,611	361,066
Total operating expenses	820,841	123,559	(6,339)	938,061	782,784	114,844	(4,628)	893,000
Operating cash flow	117,256	8,481	(197)	125,540	132,659	51,394	(192)	183,861
Depreciation and amortization	49,664	10,818	-	60,482	45,458	12,105	-	57,563
Interest	17,983	3,886	-	21,869	14,716	7,669	-	22,385
Operating income (loss)	49,609	(6,223)	(197)	43,189	72,485	31,620	(192)	103,913
<b>Non-operating income (expense)</b>								
Investment income (loss)	74,788	8,143	275	83,206	(88,775)	(8,794)	192	(97,377)
Income tax expense	(469)	(742)	-	(1,211)	(119)	(4,414)	-	(4,533)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	73	-	73
Other, net	(1)	6	-	5	1	(45)	-	(44)
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 123,927</b>	<b>\$ 1,184</b>	<b>\$ 78</b>	<b>\$ 125,189</b>	<b>\$ (16,408)</b>	<b>\$ 18,440</b>	<b>\$ -</b>	<b>\$ 2,032</b>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**  
**(UNAUDITED)**

(in thousands of dollars)

	September 30, 2016				September 30, 2015			
	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)	\$ 2,797,642	\$ 350,333	\$ -	\$ 3,147,975	\$ 2,648,745	\$ 353,078	\$ -	\$ 3,001,823
Provision for bad debts	(139,394)	(18,012)	-	(157,406)	(119,643)	(18,676)	-	(138,319)
Net patient service revenues less provision for bad debts	2,658,248	332,321	-	2,990,569	2,529,102	334,402	-	2,863,504
Other revenue	144,137	57,947	(20,231)	181,853	134,545	83,200	(15,325)	202,420
Total operating revenues	2,802,385	390,268	(20,231)	3,172,422	2,663,647	417,602	(15,325)	3,065,924
<b>Operating expenses</b>								
Salaries and employee benefits	1,524,768	208,873	(29,240)	1,704,401	1,439,177	194,810	(35,485)	1,598,502
Supplies and other	913,628	153,576	9,798	1,077,002	881,798	148,973	20,840	1,051,611
Total operating expenses	2,438,396	362,449	(19,442)	2,781,403	2,320,975	343,783	(14,645)	2,650,113
Operating cash flow	363,989	27,819	(789)	391,019	342,672	73,819	(680)	415,811
Depreciation and amortization	149,371	30,925	-	180,296	131,053	29,472	-	160,525
Interest	54,116	11,638	-	65,754	44,238	22,695	-	66,933
Operating income (loss)	160,502	(14,744)	(789)	144,969	167,381	21,652	(680)	188,353
<b>Non-operating income (expense)</b>								
Investment income (loss)	112,522	15,967	908	129,397	(52,012)	(5,298)	680	(56,630)
Income tax expense	(866)	(1,685)	-	(2,551)	(272)	(4,616)	-	(4,888)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	217	-	217
Other, net	(7)	28	-	21	1	22	-	23
<b>Excess of revenues over expenses</b>	<b>\$ 272,151</b>	<b>\$ (434)</b>	<b>\$ 119</b>	<b>\$ 271,836</b>	<b>\$ 115,098</b>	<b>\$ 11,977</b>	<b>\$ -</b>	<b>\$ 127,075</b>

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

	September 30, 2016 (Unaudited)				December 31, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 423,116	\$ 60,230	\$ -	\$ 483,346	\$ 302,757	\$ 51,646	\$ -	\$ 354,403
Accounts receivable, net	394,325	51,909	-	446,234	387,947	44,565	-	432,512
Short-term investments	345,475	57	-	345,532	465,715	57	-	465,772
Current portion of assets limited as to use	195	12,090	-	12,285	195	13,541	-	13,736
Deferred tax asset	2	6,514	-	6,516	-	7,311	-	7,311
Receivable for settlement with third-party payors	13,070	5,360	-	18,430	10,181	418	-	10,599
Other current assets	158,232	23,612	-	181,844	150,438	20,312	(60)	170,690
Total current assets	1,334,415	159,772	-	1,494,187	1,317,233	137,850	(60)	1,455,023
Assets limited as to use	6,949	45,993	-	52,942	7,186	39,508	-	46,694
Long-term investments	1,779,335	261,481	-	2,040,816	1,533,438	273,161	-	1,806,599
Property and equipment, net	1,629,505	304,117	-	1,933,622	1,604,010	250,092	-	1,854,102
Intangible assets and goodwill, net	245,224	90,078	-	335,302	240,757	67,458	-	308,215
Investments in affiliates	78,697	8,965	(55,657)	32,005	83,525	7,872	(58,151)	33,246
Other assets	66,740	18,950	-	85,690	81,612	22,541	(2,273)	101,880
Total assets	\$ 5,140,865	\$ 889,356	\$ (55,657)	\$ 5,974,564	\$ 4,867,761	\$ 798,482	\$ (60,484)	\$ 5,605,759
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 166,010	\$ 1,818	\$ -	\$ 167,828	\$ 161,473	\$ 16,874	\$ -	\$ 178,347
Short-term borrowings	83,393	122	-	83,515	86,594	191	-	86,785
Accounts payable	110,733	17,486	-	128,219	140,906	7,683	(60)	148,529
Accrued liabilities	341,223	49,103	-	390,326	335,032	50,327	(2,273)	383,086
Estimated third-party payor settlements	36,404	4,242	-	40,646	22,310	2,034	-	24,344
Due to (from) related organizations	(343,970)	343,970	-	-	(479,497)	479,497	-	-
Total current liabilities	393,793	416,741	-	810,534	266,818	556,606	(2,333)	821,091
Long-term debt, net of current portion	1,564,816	31,338	-	1,596,154	1,586,516	16,530	-	1,603,046
Deferred tax liability	-	4,267	-	4,267	-	3,843	-	3,843
Derivative financial instruments	69,721	-	-	69,721	57,941	-	-	57,941
Employee benefits and other liabilities	185,044	59,016	-	244,060	176,728	54,341	-	231,069
Total liabilities	2,213,374	511,362	-	2,724,736	2,088,003	631,320	(2,333)	2,716,990
<b>Net assets</b>								
Unrestricted- attributable to Novant Health	2,926,302	286,449	(123,972)	3,088,779	2,777,569	108,910	(66,112)	2,820,367
Unrestricted - noncontrolling interests	-	35,075	68,315	103,390	-	5,702	7,961	13,663
Total unrestricted net assets	2,926,302	321,524	(55,657)	3,194,169	2,777,569	114,612	(58,151)	2,834,030
Temporarily restricted	2,189	45,304	-	47,493	2,189	41,569	-	43,758
Permanently restricted	-	11,166	-	11,166	-	10,981	-	10,981
Total net assets	2,928,491	377,994	(55,657)	3,250,828	2,779,758	167,162	(58,151)	2,888,769
Total liabilities and net assets	\$ 5,141,865	\$ 889,356	\$ (55,657)	Error	\$ 4,867,761	\$ 798,482	\$ (60,484)	\$ 5,605,759

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**  
**(UNAUDITED)**

<i>(in thousands of dollars)</i>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 362,059	\$ 129,741
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	181,833	159,170
Loss (gain) on sale of real estate	(3,209)	94
Gain on sale of business	-	(40,251)
Increase in unrestricted net assets related to consolidated affiliated entities	(97,337)	-
Share of earnings in affiliates, net of distributions	782	(1,245)
Net realized and unrealized losses (gains) on assets limited as to use and investments	(119,951)	68,371
Change in fair value of interest rate swap	11,780	1,210
Contributions restricted for capital	(1,858)	(3,466)
Provision for bad debts	157,406	138,319
Changes in operating assets and liabilities		
Accounts receivable	(187,413)	(182,169)
Accounts payable and accrued liabilities	(21,319)	(3,549)
Deferred taxes, net	1,219	(2,885)
Other assets and liabilities, net	16,104	23,005
Net cash provided by operating activities	<u>300,096</u>	<u>286,345</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(202,370)	(165,512)
Proceeds from sale of long-term investments	350,451	505,586
Purchase of long-term investments	(465,007)	(565,010)
Proceeds from sales of short-term investments	495,532	311,500
Purchase of short-term investments	(375,230)	(396,867)
Proceeds from sale of business	-	80,980
Proceeds from sale of property and equipment	1,161	4,483
Investment in unconsolidated affiliated entities	11,015	-
Repayment of notes receivable and other, net	(1,210)	(2,897)
Net cash used in investing activities	<u>(185,658)</u>	<u>(227,737)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(9,591)	(14,018)
Bond proceeds received from trustee	-	2,877
Proceeds from sale of accounts receivable, net	26,204	35,151
Proceeds from line of credit and other financing	927	1,376
Cash receipts (payments) for repurchase agreements, net	(3,201)	4,932
Proceeds from contributions restricted for capital and long-term investment	166	611
Net cash provided by financing activities	<u>14,505</u>	<u>30,929</u>
Net increase in cash and cash equivalents	128,943	89,537
<b>Cash and cash equivalents</b>		
Beginning of year	354,403	328,797
End of quarter	<u>\$ 483,346</u>	<u>\$ 418,334</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	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	
														September 30, 2016	September 30, 2015
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	391	102	54	26	626	9	72	41	22	-	79	17	-	1,439	1,415
Discharges	6,669	2,583	1,580	683	10,345	225	1,160	1,062	615	-	1,734	608	-	27,264	26,773
Average Length of Stay	5.4	3.8	3.1	3.5	5.6	3.6	5.7	3.6	3.2	-	4.2	2.6	-	4.9	4.8
Patient Days	35,994	9,429	4,986	2,428	57,590	823	6,647	3,750	2,017	-	7,279	1,592	-	132,535	130,165
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	71,646	22,092	13,763	3,749	88,849	3,879	16,835	11,328	5,674	-	18,612	5,700	-	262,127	259,023
Adjusted Discharges	13,275	6,052	4,361	1,055	15,960	1,060	2,938	3,208	1,730	-	4,434	2,177	-	56,250	55,483
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	21,965	12,060	9,227	-	22,209	-	8,462	8,366	8,191	3,941	12,270	6,077	-	112,768	114,264
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,017,055	1,017,055	959,982
Cases	47,171	22,847	17,589	2,915	34,668	4,108	15,316	17,396	11,307	4,874	19,699	11,255	-	209,145	207,767
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,318	337	285	684	2,737	226	210	228	310	-	223	87	-	6,645	6,534
OP Surgical Cases	4,291	1,061	840	1,076	3,587	2,160	986	834	759	274	529	236	-	16,633	16,275
Total Surgical Cases	5,609	1,398	1,125	1,760	6,324	2,386	1,196	1,062	1,069	274	752	323	-	23,278	22,809
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,337	609	369	-	1,746	-	198	122	-	-	388	161	-	4,930	4,792
Cath Lab Procedures	972	308	-	-	1,534	-	36	-	-	-	2	-	-	2,852	3,321
Open Heart Surgeries	137	-	-	-	155	-	-	-	-	-	-	-	-	292	266
Endoscopy Procedures	1,446	688	709	-	1,551	-	218	874	-	-	277	181	-	5,944	5,979
Radiology Procedures	38,957	23,584	15,619	3,664	59,679	1,488	12,622	13,292	11,610	4,550	24,551	13,954	-	223,570	225,625
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,333
Staffed Beds	442	119	66	28	705	17	82	52	27	-	79	18	-	1,635	1,554
Occupancy as % of Staffed Beds	88.5%	86.4%	82.2%	93.1%	88.7%	51.1%	88.1%	78.0%	81.2%	-	99.7%	97.9%	-	88.0%	91.1%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	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, 2016	September 30, 2015
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	384	105	60	28	633	9	74	44	24	-	86	18	-	1,465	1,479
Discharges	19,913	7,493	4,905	2,139	30,386	661	3,456	3,365	1,911	-	5,677	1,794	-	81,700	82,675
Average Length of Stay	5.3	3.8	3.3	3.6	5.7	3.7	5.9	3.6	3.3	-	4.1	2.7	-	4.9	4.8
Patient Days	105,177	28,713	16,307	7,687	173,363	2,465	20,184	11,920	6,458	-	23,512	4,932	-	400,718	403,869
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	209,982	66,914	43,129	11,627	264,331	11,953	51,027	34,429	18,012	-	60,640	19,441	-	791,485	777,066
Adjusted Discharges	39,755	17,462	12,973	3,235	46,330	3,205	8,737	9,719	5,330	-	14,642	7,072	-	168,460	165,288
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	68,894	36,926	28,415	-	66,198	-	25,719	24,453	24,387	11,681	38,512	18,374	-	343,559	341,918
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	3,115,823	3,115,823	2,935,622
Cases	142,379	68,783	52,240	9,041	100,810	12,437	45,456	50,081	33,178	14,047	61,020	33,240	-	622,712	613,185
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	3,957	1,039	970	2,094	8,000	656	608	747	872	-	729	255	-	19,927	19,792
OP Surgical Cases	13,053	3,117	2,539	3,186	10,713	6,500	2,988	2,517	2,246	784	1,714	828	-	50,185	47,790
Total Surgical Cases	17,010	4,156	3,509	5,280	18,713	7,156	3,596	3,264	3,118	784	2,443	1,083	-	70,112	67,582
<b><u>OTHER STATISTICS</u></b>															
Total Births	3,780	1,642	1,079	-	4,834	-	534	350	-	-	1,104	462	-	13,785	13,414
Cath Lab Procedures	3,120	913	-	-	4,443	-	124	-	-	-	570	-	-	9,170	10,086
Open Heart Surgeries	366	-	-	-	409	-	-	-	-	-	-	-	-	775	796
Endoscopy Procedures	4,306	2,004	2,204	-	4,812	-	710	2,428	-	-	997	572	-	18,033	17,894
Radiology Procedures	117,211	71,586	47,058	11,390	178,271	4,500	39,261	39,341	34,622	12,813	76,784	46,447	-	679,284	682,209
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,333
Staffed Beds	438	122	71	30	709	19	83	55	29	-	86	18	-	1,660	1,602
Occupancy as % of Staffed Beds	87.7%	85.9%	84.2%	93.2%	89.2%	48.6%	88.8%	79.2%	82.1%	-	99.7%	98.8%	-	88.3%	92.3%