



FINANCIAL AND STATISTICAL REPORT
December 31, 2016
(UNAUDITED)

PAGE

1. Consolidating Statements of Revenues and Expenses for the three months ended December 31, 2016 and 2015
2. Consolidating Statements of Revenues and Expenses for the years ended December 31, 2016 and 2015
3. Consolidating Balance Sheets as of December 31, 2016 and 2015
4. Statements of Cash Flows for the years ended December 31, 2016 and 2015
5. Combined Group Statistics for the three months ended December 31, 2016 and 2015
6. Combined Group Statistics for the years ended December 31, 2016 and 2015

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2016 AND 2015
(UNAUDITED)

(in thousands of dollars)

	December 31, 2016				December 31, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,040,820	\$ 120,198	\$ -	\$ 1,161,018	\$ 951,958	\$ 107,462	\$ -	\$ 1,059,420
Provision for bad debts	(40,727)	(6,402)	-	(47,129)	(52,043)	(5,596)	-	(57,639)
Net patient service revenues less provision for bad debts	1,000,093	113,796	-	1,113,889	899,915	101,866	-	1,001,781
Other revenue	40,114	20,071	(6,373)	53,812	52,555	8,425	(684)	60,296
Total operating revenues	1,040,207	133,867	(6,373)	1,167,701	952,470	110,291	(684)	1,062,077
Operating expenses								
Salaries and employee benefits	523,052	69,242	(10,060)	582,234	502,194	62,027	(9,591)	554,630
Supplies and other	320,958	54,687	3,754	379,399	291,243	54,021	8,980	354,244
Total operating expenses	844,010	123,929	(6,306)	961,633	793,437	116,048	(611)	908,874
Operating cash flow	196,197	9,938	(67)	206,068	159,033	(5,757)	(73)	153,203
Depreciation and amortization	50,120	9,889	83	60,092	44,362	9,286	-	53,648
Impairment charge	-	11,850	-	11,850	-	8,572	-	8,572
Interest	12,676	3,402	-	16,078	18,464	2,484	-	20,948
Operating income (loss)	133,401	(15,203)	(150)	118,048	96,207	(26,099)	(73)	70,035
Non-operating income (expense)								
Investment income (loss)	11,225	1,596	196	13,017	(3,578)	(28)	197	(3,409)
Income tax expense	(224)	(596)	-	(820)	(3,484)	1,350	-	(2,134)
Gain on extinguishment of debt	6,304	-	-	6,304	-	-	-	-
Other, net	2	1	-	3	17	(6)	-	11
Excess (deficit) of revenues over expenses	\$ 150,708	\$ (14,202)	\$ 46	\$ 136,552	\$ 89,162	\$ (24,783)	\$ 124	\$ 64,503

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(UNAUDITED)

(in thousands of dollars)

	December 31, 2016				December 31, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 3,838,462	\$ 470,531	\$ -	\$ 4,308,993	\$ 3,600,703	\$ 460,540	\$ -	\$ 4,061,243
Provision for bad debts	(180,121)	(24,414)	-	(204,535)	(171,686)	(24,272)	-	(195,958)
Net patient service revenues less provision for bad debts	3,658,341	446,117	-	4,104,458	3,429,017	436,268	-	3,865,285
Other revenue	184,251	78,018	(26,604)	235,665	187,100	91,625	(16,009)	262,716
Total operating revenues	3,842,592	524,135	(26,604)	4,340,123	3,616,117	527,893	(16,009)	4,128,001
Operating expenses								
Salaries and employee benefits	2,047,820	278,115	(39,300)	2,286,635	1,941,371	256,837	(45,076)	2,153,132
Supplies and other	1,234,586	208,263	13,552	1,456,401	1,173,041	202,994	29,820	1,405,855
Total operating expenses	3,282,406	486,378	(25,748)	3,743,036	3,114,412	459,831	(15,256)	3,558,987
Operating cash flow	560,186	37,757	(856)	597,087	501,705	68,062	(753)	569,014
Depreciation and amortization	199,491	40,814	83	240,388	174,774	38,758	-	213,532
Impairment charge	-	11,850	-	11,850	-	8,572	-	8,572
Interest	66,792	15,040	-	81,832	63,343	25,179	-	88,522
Operating income (loss)	293,903	(29,947)	(939)	263,017	263,588	(4,447)	(753)	258,388
Non-operating income (expense)								
Investment income (loss)	123,747	17,563	1,104	142,414	(55,590)	(5,326)	877	(60,039)
Income tax expense	(1,090)	(2,281)	-	(3,371)	(3,756)	(3,266)	-	(7,022)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	217	-	217
Gain on extinguishment of debt	6,304	-	-	6,304	-	-	-	-
Other, net	(5)	29	-	24	18	16	-	34
Excess (deficit) of revenues over expenses	\$ 422,859	\$ (14,636)	\$ 165	\$ 408,388	\$ 204,260	\$ (12,806)	\$ 124	\$ 191,578

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	December 31, 2016 (Unaudited)				December 31, 2015			
	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	\$ 211,061	\$ 49,927	\$ -	\$ 260,988	\$ 302,757	\$ 51,646	\$ -	\$ 354,403
Accounts receivable, net	460,749	50,900	-	511,649	387,947	44,565	-	432,512
Short-term investments	260,261	58	-	260,319	465,715	57	-	465,772
Current portion of assets limited as to use	194	12,090	-	12,284	195	13,541	-	13,736
Current assets held for sale	-	14,173	-	14,173	-	-	-	-
Deferred tax asset	-	-	-	-	-	7,311	-	7,311
Receivable for settlement with third-party payors	9,734	4,163	-	13,897	10,181	418	-	10,599
Other current assets	166,425	15,413	(88)	181,750	150,438	20,312	(60)	170,690
Total current assets	<u>1,108,424</u>	<u>146,724</u>	<u>(88)</u>	<u>1,255,060</u>	<u>1,317,233</u>	<u>137,850</u>	<u>(60)</u>	<u>1,455,023</u>
Assets limited as to use	7,158	41,917	-	49,075	7,186	39,508	-	46,694
Long-term assets held for sale	-	57,193	-	57,193	-	-	-	-
Long-term investments	1,750,494	264,194	-	2,014,688	1,533,438	273,161	-	1,806,599
Property and equipment, net	1,656,602	284,290	(250)	1,940,642	1,604,010	250,092	-	1,854,102
Intangible assets and goodwill, net	246,191	50,420	(363)	296,248	240,757	67,458	-	308,215
Investments in affiliates	68,272	19,118	(55,344)	32,046	83,525	7,872	(58,151)	33,246
Other assets	82,592	24,419	-	107,011	81,612	22,541	(2,273)	101,880
Total assets	<u>\$ 4,919,733</u>	<u>\$ 888,275</u>	<u>\$ (56,045)</u>	<u>\$ 5,751,963</u>	<u>\$ 4,867,761</u>	<u>\$ 798,482</u>	<u>\$ (60,484)</u>	<u>\$ 5,605,759</u>
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 64,735	\$ 1,889	\$ -	\$ 66,624	\$ 161,473	\$ 16,874	\$ -	\$ 178,347
Short-term borrowings	83,528	99	-	83,627	86,594	191	-	86,785
Accounts payable	142,432	17,760	-	160,192	140,906	7,683	(60)	148,529
Accrued liabilities	318,492	38,396	(88)	356,800	335,032	50,327	(2,273)	383,086
Current liabilities held for sale	-	13,498	-	13,498	-	-	-	-
Estimated third-party payor settlements	28,462	4,834	-	33,296	22,310	2,034	-	24,344
Due to (from) related organizations	(146,402)	146,402	-	-	(479,497)	479,497	-	-
Total current liabilities	<u>491,247</u>	<u>222,878</u>	<u>(88)</u>	<u>714,037</u>	<u>266,818</u>	<u>556,606</u>	<u>(2,333)</u>	<u>821,091</u>
Long-term debt, net of current portion	1,294,663	31,147	-	1,325,810	1,586,516	16,530	-	1,603,046
Deferred tax liability	-	-	-	-	-	3,843	-	3,843
Long-term liabilities held for sale	-	1,682	-	1,682	-	-	-	-
Derivative financial instruments	50,305	-	-	50,305	57,941	-	-	57,941
Employee benefits and other liabilities	150,056	57,371	-	207,427	176,728	54,341	-	231,069
Total liabilities	<u>1,986,271</u>	<u>313,078</u>	<u>(88)</u>	<u>2,299,261</u>	<u>2,088,003</u>	<u>631,320</u>	<u>(2,333)</u>	<u>2,716,990</u>
Net assets								
Unrestricted - attributable to Novant Health	2,930,598	484,762	(122,839)	3,292,521	2,777,569	108,910	(66,112)	2,820,367
Unrestricted - noncontrolling interests	675	32,576	66,882	100,133	-	5,702	7,961	13,663
Total unrestricted net assets	<u>2,931,273</u>	<u>517,338</u>	<u>(55,957)</u>	<u>3,392,654</u>	<u>2,777,569</u>	<u>114,612</u>	<u>(58,151)</u>	<u>2,834,030</u>
Temporarily restricted	2,189	46,578	-	48,767	2,189	41,569	-	43,758
Permanently restricted	-	11,281	-	11,281	-	10,981	-	10,981
Total net assets	<u>2,933,462</u>	<u>575,197</u>	<u>(55,957)</u>	<u>3,452,702</u>	<u>2,779,758</u>	<u>167,162</u>	<u>(58,151)</u>	<u>2,888,769</u>
Total liabilities and net assets	<u>\$ 4,919,733</u>	<u>\$ 888,275</u>	<u>\$ (56,045)</u>	<u>\$ 5,751,963</u>	<u>\$ 4,867,761</u>	<u>\$ 798,482</u>	<u>\$ (60,484)</u>	<u>\$ 5,605,759</u>

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(UNAUDITED)

<i>(in thousands of dollars)</i>	December 31, 2016	December 31, 2015
Cash flows from operating activities		
Increase in net assets	\$ 563,933	\$ 223,605
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	241,688	220,315
Gain on sale of real estate	(4,234)	(7,605)
Gain on sale of business	-	(40,027)
Impairment charge	11,850	8,572
Gain on extinguishment of debt	(6,304)	-
Change in funded status of defined benefit plans	(43,466)	(23,514)
Increase in unrestricted net assets related to consolidated affiliated entities	(101,709)	-
Share of earnings in affiliates, net of distributions	587	(1,894)
Net realized and unrealized losses (gains) on assets limited as to use and investments	(124,132)	84,734
Change in fair value of interest rate swap	(7,636)	(2,401)
Contributions restricted for capital	(2,314)	(3,856)
Provision for bad debts	204,535	195,958
Changes in operating assets and liabilities		
Accounts receivable	(320,730)	(258,855)
Accounts payable and accrued liabilities	(23,604)	13,682
Deferred taxes, net	1,627	(422)
Other assets and liabilities, net	5,385	13,725
Net cash provided by operating activities	<u>395,476</u>	<u>422,017</u>
Cash flows from investing activities		
Capital expenditures	(288,282)	(227,793)
Proceeds from sale of affiliates	-	80,980
Proceeds from sale of long-term investments	812,729	521,832
Purchase of long-term investments	(892,732)	(696,028)
Proceeds from sales of short-term investments	605,914	465,050
Purchase of short-term investments	(400,551)	(560,059)
Proceeds from sale of property and equipment	3,503	9,338
Investments in consolidated affiliated entities	13,198	2,568
Repayment of notes receivable and other, net	(1,182)	(1,863)
Net cash used in investing activities	<u>(147,403)</u>	<u>(405,975)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(374,566)	(36,872)
Bond proceeds received from trustee	-	2,877
Proceeds from sale of accounts receivable, net	37,709	35,086
Proceeds from contributions restricted for capital and long-term investment	584	1,252
Cash receipts (payments) for repurchase agreements, net	(3,066)	3,556
Proceeds from (payments for) line of credit and other financing	(2,149)	3,665
Net cash provided by (used in) financing activities	<u>(341,488)</u>	<u>9,564</u>
Net increase (decrease) in cash and cash equivalents	(93,415)	25,606
Cash and cash equivalents		
Beginning of year	<u>354,403</u>	<u>328,797</u>
End of quarter	<u>\$ 260,988</u>	<u>\$ 354,403</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 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	
														December 31, 2016	December 31, 2015
<u>INPATIENT STATISTICS</u>															
Average Daily Census	394	104	65	31	636	9	72	42	25	-	77	18	-	1,473	1,439
Discharges	7,020	2,642	1,759	905	10,315	241	1,157	1,145	680	-	1,700	604	-	28,168	26,788
Average Length of Stay	5.2	3.7	3.3	3.1	5.7	3.5	5.9	3.4	3.2	-	4.1	2.8	-	4.8	5.0
Patient Days	36,233	9,588	5,943	2,820	58,476	833	6,658	3,844	2,261	-	7,051	1,697	-	135,404	132,346
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	72,406	22,707	15,965	4,293	89,633	4,336	15,921	10,864	6,026	-	18,223	6,167	-	266,541	260,038
Adjusted Discharges	14,028	6,257	4,725	1,378	15,811	1,254	2,767	3,236	1,812	-	4,394	2,195	-	57,857	54,694
<u>OUTPATIENT STATISTICS</u>															
ED Visits	23,120	12,427	9,467	-	21,602	-	8,238	7,592	8,154	3,999	11,782	6,072	-	112,453	111,776
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,116,245	1,116,245	1,060,836
Cases	48,264	24,075	17,759	3,591	35,408	4,318	15,138	16,461	11,543	4,991	26,914	15,821	-	224,283	207,766
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,319	378	316	896	2,806	235	226	276	314	-	209	101	-	7,076	6,783
OP Surgical Cases	4,590	1,091	946	1,305	3,727	2,309	994	832	789	369	569	293	-	17,814	17,163
Total Surgical Cases	5,909	1,469	1,262	2,201	6,533	2,544	1,220	1,108	1,103	369	778	394	-	24,890	23,946
<u>OTHER STATISTICS</u>															
Total Births	1,317	579	380	-	1,665	-	161	125	-	-	368	148	-	4,743	4,503
Cath Lab Procedures	980	295	-	-	1,424	-	28	-	-	-	-	-	-	2,727	3,080
Open Heart Surgeries	100	-	-	-	128	-	-	-	-	-	-	-	-	228	218
Endoscopy Procedures	1,360	644	786	-	1,566	-	225	873	-	-	280	278	-	6,012	6,145
Radiology Procedures	39,695	25,083	16,261	4,518	60,990	1,477	13,189	12,445	12,323	4,720	24,837	15,377	-	230,915	229,114
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	446	119	76	34	714	21	81	53	31	-	77	18	-	1,670	1,574
Occupancy as % of Staffed Beds	88.3%	87.6%	85.6%	91.0%	89.0%	43.1%	89.0%	78.9%	78.3%	-	100.0%	100.6%	-	88.2%	91.4%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE YEARS ENDED DECEMBER 31, 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	Years Ended	
														December 31, 2016	December 31, 2015
<u>INPATIENT STATISTICS</u>															
Average Daily Census	386	105	61	29	633	9	73	43	24	-	84	18	-	1,465	1,469
Discharges	26,933	10,135	6,664	3,044	40,701	902	4,564	4,550	2,591	-	7,377	2,398	-	109,859	109,463
Average Length of Stay	5.3	3.8	3.3	3.4	5.7	3.6	6.0	3.5	3.3	-	4.1	2.8	-	4.9	4.9
Patient Days	141,360	38,301	22,250	10,507	231,839	3,298	26,842	15,764	8,719	-	30,563	6,629	-	536,072	536,215
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	282,286	89,623	59,086	15,922	353,961	16,288	66,902	45,286	24,032	-	78,866	25,548	-	1,057,800	1,037,000
Adjusted Discharges	53,783	23,716	17,697	4,613	62,140	4,455	11,375	13,071	7,142	-	19,036	9,242	-	226,270	219,988
<u>OUTPATIENT STATISTICS</u>															
ED Visits	92,014	49,353	37,882	-	87,800	-	33,957	32,045	32,541	15,680	50,294	24,446	-	456,012	453,694
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	4,232,185	4,232,185	3,996,458
Cases	190,643	92,858	69,999	12,632	136,218	16,755	60,594	66,542	44,721	19,038	87,934	49,061	-	846,995	820,951
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	5,276	1,417	1,286	2,990	10,806	891	834	1,023	1,186	-	938	356	-	27,003	26,575
OP Surgical Cases	17,643	4,208	3,485	4,491	14,440	8,809	3,982	3,349	3,035	1,153	2,283	1,121	-	67,999	64,953
Total Surgical Cases	22,919	5,625	4,771	7,481	25,246	9,700	4,816	4,372	4,221	1,153	3,221	1,477	-	95,002	91,528
<u>OTHER STATISTICS</u>															
Total Births	5,097	2,221	1,459	-	6,499	-	695	475	-	-	1,472	610	-	18,528	17,917
Cath Lab Procedures	4,100	1,208	-	-	5,867	-	152	-	-	-	570	-	-	11,897	13,165
Open Heart Surgeries	466	-	-	-	537	-	-	-	-	-	-	-	-	1,003	1,014
Endoscopy Procedures	5,666	2,648	2,990	-	6,378	-	935	3,301	-	-	1,277	850	-	24,045	24,039
Radiology Procedures	156,906	96,669	63,319	15,908	239,261	5,977	52,450	51,786	46,945	17,533	101,621	61,824	-	910,199	911,323
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	440	121	72	31	711	21	83	54	29	-	84	18	-	1,664	1,595
Occupancy as % of Staffed Beds	87.8%	86.3%	84.5%	92.6%	89.2%	43.3%	88.8%	79.2%	81.1%	-	99.7%	99.2%	-	88.0%	92.1%