



SUMMARY OF OPERATING RESULTS

*Fiscal Year Ended
June 30, 2009*

Inpatient Activity

12 months ended June 30, 2009

	Actual FY '09	Budget FY '09	Actual FY '08	% Variances	
				Actual to Budget	FY 09 to FY 08
Admissions	25,450	25,013	24,936	1.7%	2.1%
Patient Days	136,774	132,718	132,263	3.1%	3.4%
Average Length of Stay	5.4	5.3	5.3	1.9%	1.9%
Average Daily Census	375	364	362	3.1%	3.9%
Intensive Care Days	22,241	20,257	20,729	9.8%	7.3%
Case Mix Index	1.79	1.82	1.80	-1.6%	-0.6%

Clinic Visits

12 months ended June 30, 2009

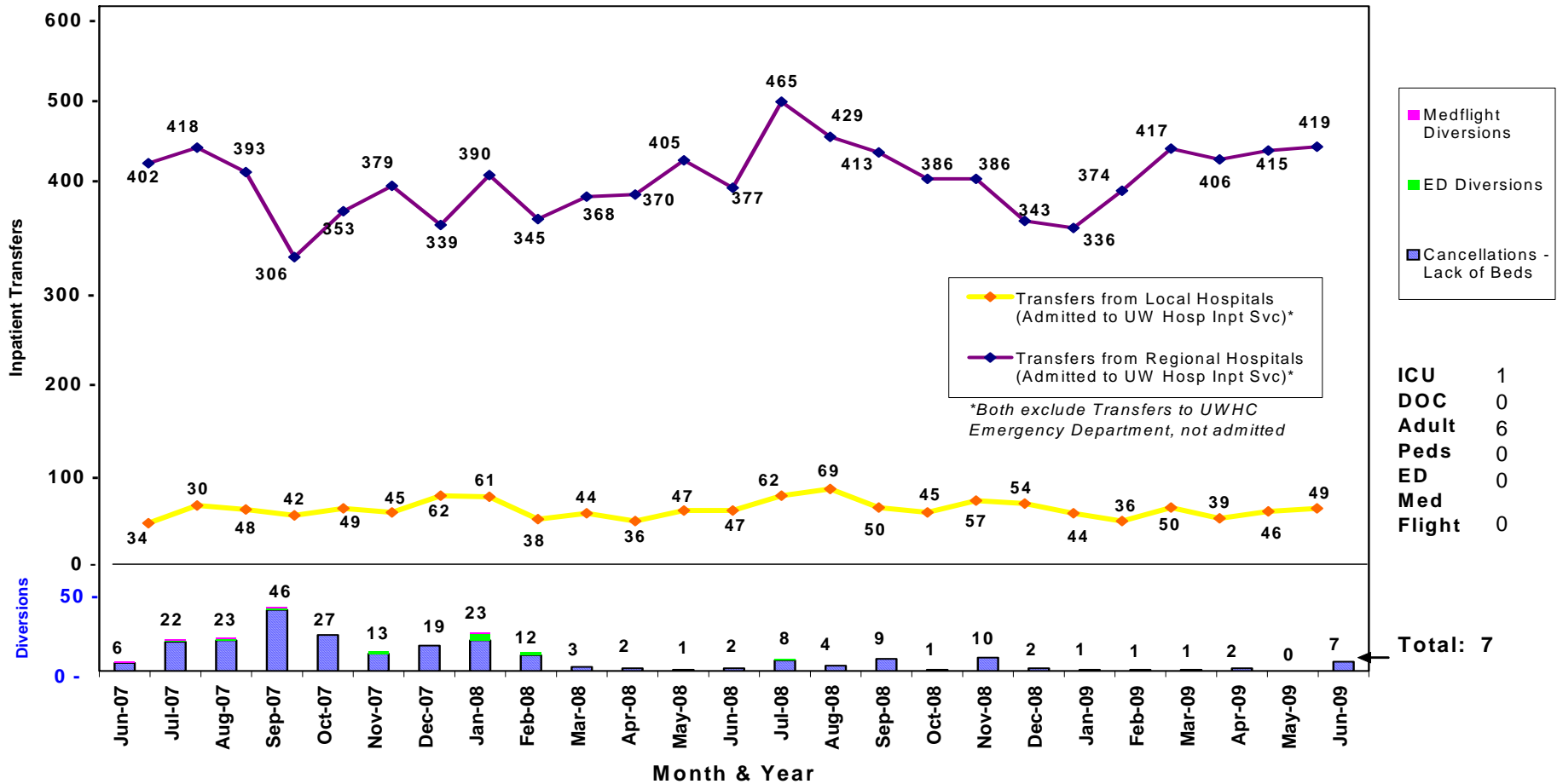
	Actual FY '09	Budget FY '09	Actual FY '08	% Variances	
				Actual to Budget	FY 09 to FY 08
600 Highland	229,442	237,347	222,976	-3.3%	2.9%
East Clinics	79,607	80,325	76,365	-0.9%	4.2%
West Clinics	124,910	133,976	125,343	-6.8%	-0.3%
University Station	90,586	93,035	90,525	-2.6%	0.1%
Research Park	33,050	31,824	30,759	3.9%	7.4%
All Other	8,866	8,830	8,411	0.4%	5.4%
Total	566,461	585,337	554,379	-3.2%	2.2%

Other Key Ancillary Service Activity Indicators

12 months ended June 30, 2009

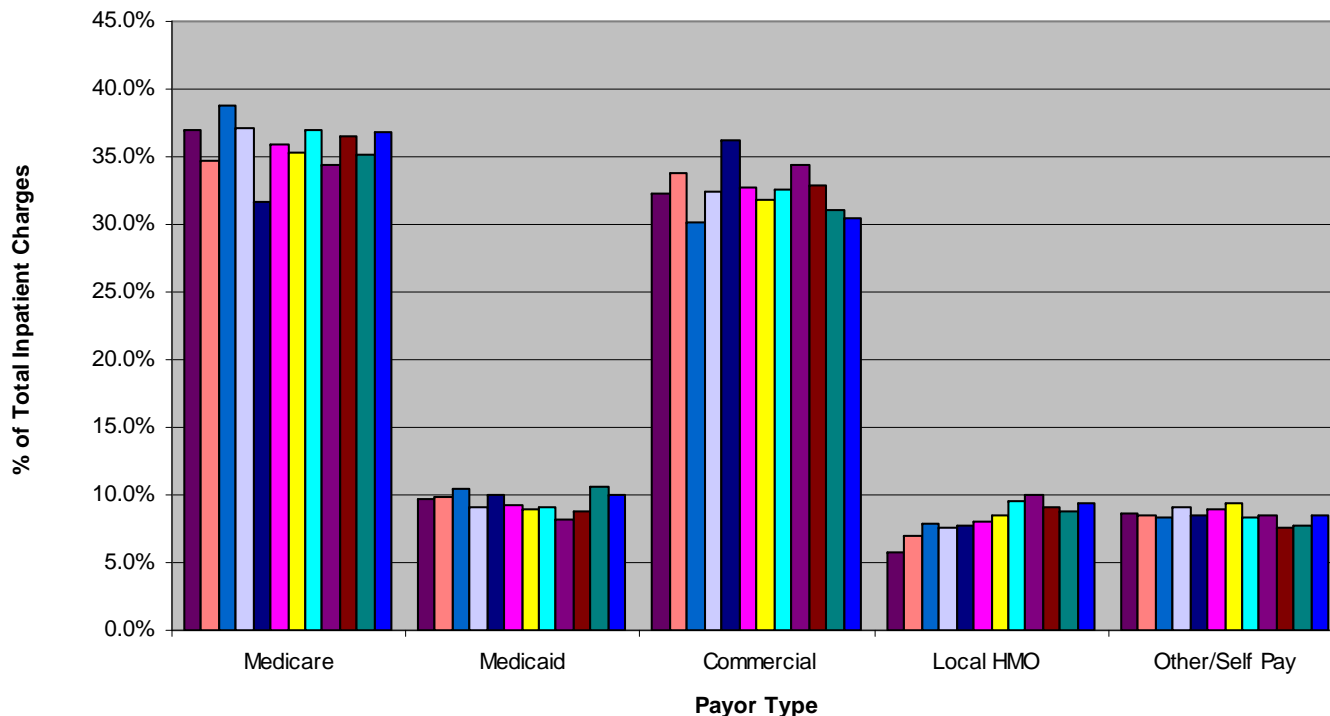
	Actual FY '09	Budget FY '09	Actual FY '08	% Variances	
				Actual to Budget	FY 09 to FY 08
Inpatient Gross Revenues	\$ 976,066,464	\$ 947,391,365	\$ 873,144,632	3.0%	11.8%
Outpatient Gross Revenues	\$ 806,659,400	\$ 822,288,213	\$ 716,660,908	-1.9%	12.6%
Surgical Procedures:					
Inpatient	11,602	11,985	12,451	-3.2%	-6.8%
Outpatient	7,571	7,716	8,792	-1.9%	-13.9%
AFCH	3,300	2,837	0	16.3%	100.0%
Subtotal	22,473	22,538	21,243	-0.3%	5.8%
Misc/Out of OR	2,488	2,240	2,510	11.1%	-0.9%
Total	24,961	24,778	23,753	0.7%	5.1%
Transplants					
Cadaver	392	405	413	-3.2%	-5.1%
Living	98	108	95	-9.3%	3.2%
Total	490	513	508	-4.5%	-3.5%
Cardiology Invasive Lab Procedures					
Cardiovascular Lab	10,131	10,214	9,997	-0.8%	1.3%
Electrophysiology Lab	1,064	874	932	21.7%	14.2%
Total	11,195	11,088	10,929	1.0%	2.4%
Clinical Lab Tests/Service	3,177,208	3,588,462	3,490,494	-11.5%	-9.0%
Emergency Room Visits	42,858	42,328	39,920	1.3%	7.4%
Radiology Procedures					
MRI	27,095	31,973	25,329	-15.3%	7.0%
CT Scans	61,302	60,989	58,831	0.5%	4.2%
Other	206,918	202,745	201,828	2.1%	2.5%
Total	295,315	295,707	285,988	-0.1%	3.3%
Radiotherapy Procedures	32,747	31,064	31,172	5.4%	5.1%

Regional Hospital Transfers and Diversions & Cancelled Hospital Transfers Due to Lack of Beds



Major Payor Category Inpatient Charges Payor Mix

FY 2007 - FY 2009 4th Quarter



- Medicare inpatient charges payor mix increased in FY09 Q4, which is unfavorable to financial performance
- Medicaid mix decreased slightly in the 4th quarter, which is favorable to financial performance
- Commercial care mix decreased in the 4th quarter, which is unfavorable to financial performance
- Local HMO shows an upward trend, which is unfavorable to financial performance
- Other/Self Pay mix increased in the 4th quarter, which is unfavorable to financial performance

Summary of Operating Results

12 Months Ended June 30, 2009

(000) omitted

	Actual FY '09	Budget FY '09	Actual FY '08	% Variances	
				Actual to Budget	FY 09 to FY 08
Operating Revenue	\$931,489	\$925,190	850,981	0.7%	9.5%
Operating Expenses	899,519	902,722	840,585	-0.4%	7.0%
Income from Operations <i>(Operating Margin of 3.6% - excludes Non-recurring/Unusual items)</i>	\$31,970	\$22,468	\$10,396	42.3%	207.5%
Non-Operating Income	17,435	17,032	22,021	2.4%	-20.8%
Subtotal	<u>\$49,405</u>	<u>\$39,500</u>	<u>\$32,417</u>	25.1%	52.4%
Non-recurring/Unusual items **					
Prior Year cost reports settlement/re-opening	3,486	0	1,891	100.0%	84.3%
Retiree Health Insurance	(3,506)	0	(4,147)	-100.0%	-15.5%
Net Income Available for Capital Expenditures (FASB)*	<u>\$49,385</u>	<u>\$39,500</u>	<u>\$30,161</u>	25.0%	63.7%

* This amount excludes the market value gains (losses) on the hospital's investment portfolios.

** Represents transactions which are considered to be non-recurring/unusual and, therefore, are excluded from Income from Operations.

Comparison to Audit Report

FY ended June 30, 2009

(000) omitted

	Audit Actual FY '09	Internal Actual FY '09	
Operating Revenue	\$957,535	\$931,489	
Medicaid Hospital Assessment Tax		22,025	(A)
Prior Year cost report re-openings & adjustments		4,021	(B)
Total Operating Revenue	<u>\$957,535</u>	<u>\$957,535</u>	-
Operating Expenses:	915,574	899,519	
Medicaid Hospital Assessment Tax		22,025	(A)
Prior Year cost report expenses		535	(C)
GASB 45		3,506	(D)
Interest Expense		(10,011)	(E)
Total Operating Expenses	<u>915,574</u>	<u>915,574</u>	-
Income/loss from Operations	\$41,961	\$41,961	-
Non-Operating Income:	17,435	17,435	-
Interest Expense	(10,011)	(10,011)	(E)
Fair Value of Hospital Investments	(12,685)		(F)
Subtotal	<u>\$36,700</u>	<u>\$49,385</u>	<u>(12,685)</u>
Non-recurring item **			
Prior Year cost report re-openings & adjustments	-	(3,486)	(B) - (C)
GASB 45	-	3,506	(D)
Other		(20)	
Net Income Available for Capital Expenditures	<u>\$36,700</u>	<u>\$49,385</u>	<u>(12,685)</u>
Fair Value of investments - UWHC & Unity		(12,685)	(F)
Net Income per Financial Statements	<u>\$36,700</u>	<u>\$36,700</u>	-

Performance Ratios

	Industry Comparisons					
	<u>FY 09</u>	<u>Budget or Target</u>	<u>S&P 500 "A" Rated</u>	<u>Moodys "A" Rated</u>	<u>Fitch "A" Rated</u>	<u>UWHCA Bond Covenant</u>
Operating Margin	3.4%	2.4%	3.0%	2.6%	3.2%	
Total Margin **	5.1%	4.2%	6.3%	5.6%	5.6%	
Days Cash on Hand *	136	124	205	180	185	90, 75 & 45
Days in Accounts Receivable	41	46	50	50	52	
Debt Service Coverage Ratio **	5.7	5.6	4.7	4.7	3.1	2.0, 1.25 & 1.0
Long Term Debt to Capitalization	33.0%	32.0%	32.1%	35.3%	38.9%	65%
Operating Cash Flow	9.2%	6.4%	10.5%	9.5%	9.1%	
Cash-to-Debt	130.6%	122.2%	140.1%	133.9%	111.6%	

* Days Cash on Hand calculated as a rolling 12 month average

** Excludes unrealized gain/loss on investments

Accounts Receivable Monitoring Program

	Net Accounts Receivable	Net Days Revenue Outstanding
July 08	104,520,777	44
August 08	112,454,012	46
September 08	109,046,050	43
October 08	106,394,935	42
November 08	117,633,474	46
December 08	109,471,729	44
January 09	108,794,653	46
February 09	109,241,511	48
March 09	109,827,613	45
April 09	108,227,909	42
May 09	101,952,966	40
June 09	108,195,704	41

Comparison of Charity Care & Bad Debt Expense

	FY 09 Actual	FY 09 Budget	Variance	% Variance	FY 08 Actual	Variance	% Variance
Charity	\$ 40,305,549	\$ 48,721,027	\$ (8,415,478)	-17.3%	\$ 48,900,632	\$ (8,595,083)	-17.6%
% of Revenue	2.26%	2.74%			3.08%		
Bad Debt	23,140,425	23,996,924	(856,499)	-3.6%	9,673,900	\$13,466,525	139.2%
% of Revenue	1.30%	1.37%			0.61%		
Total	\$ 63,445,974	\$ 72,717,950	\$ (9,271,976)	-12.8%	\$ 58,574,532	\$ 4,871,442	8.3%
Gross Revenue	\$ 1,782,725,865	\$ 1,769,679,578	\$ 13,046,287	0.7%	\$ 1,589,805,540	\$ 192,920,325	12.1%
Total Bad Debt & Charity as % of Revenue	3.6%	4.1%			3.7%		

EBITDA Compared to Debt Service & Capital Expenditure (000) Omitted

	<u>Actual</u>	<u>Budget</u>
<u>Cash Provided:</u>		
Net Income Available for Capital Expenditures	\$49,385	\$39,500
Market Value Gain/(Loss) on Unrestricted Investments	(12,685)	0
Depreciation	44,209	42,700
Interest Expense	10,011	10,700
EBITDA	<u>\$ 90,920</u>	<u>\$ 92,900</u>
<u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u>		
Capital Expenditures	(59,097)	(74,234)
Less: Capital Funding From Capital Contributions & Loan Proceeds	16,809	19,512
Investment in Joint Ventures	(2,100)	(2,248)
Net Capital Expenditures	<u>(44,388)</u>	<u>(56,970)</u>
Est Annual Debt Service	(15,416)	(18,726)
Decrease (increase) in Working Capital	(12,314)	4,340
Total (Used) Provided	<u>(\$72,118)</u>	<u>(\$71,356)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ 18,802</u>	<u>\$ 21,544</u>

Summary of Changes in Net Assets

Twelve Months Ended June 30, 2009

Net assets at beginning of period	<u>\$478,315,639</u>
Net income	49,385,162
Change in fair value of investments	(12,685,301)
Net loss on defeasance of debt	(2,541,080)
Capital grants, gifts and donations	1,162,935
Additions to permanent gift endowments	22,050
Increase in net assets	<u>\$35,343,766</u>
Net assets at end of period	<u><u>\$513,659,405</u></u>

Comparison to Local Competitors

June 30, 2009 vs. 2008

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	2.8%	1.1%	(1.5)%	0.9%
3 Month Rolling Average	1.5%	(0.6)%	0.7%	0.7%
12 Month Rolling Average	2.1%	(2.2)%	5.8%	2.1%
% Change in Average Daily Census				
Current Month	16.7%	(5.3)%	(9.9)%	2.1%
3 Month Rolling Average	11.0%	(4.8)%	(6.9)%	1.0%
12 Month Rolling Average	3.4%	(3.2)%	0.1%	0.7%

UWHC Investment & Returns

<u>Account</u>	<u>June Market Value Balances</u>	<u>Investment Allocation</u>	<u>June YTD Investment Return</u>	<u>Benchmark</u>
Operating Account and Commercial Paper				
US Bank & M&I Bank	\$ 47,051,119	14.4%	1.26%	0.82% (A)
Intermediate Bond Fund				
USBank/ Baird	\$ 69,962,934	21.4%	8.71%	5.28% (D)
Capital Replacement Fund				
Account - UW Foundation	\$ 155,567,588	47.7%	1.45%	1.42% (B)
Endowment Fund - Equity Securities				
UW Foundation	\$53,738,642	16.5%	-19.23%	-30.29% (C)
Total Unrestricted Funds	<u>\$ 326,320,283</u>	<u>100.0%</u>		

(A) Average Financial and Non-Financial Commercial Paper

(B) Average 1 Month LIBOR

(C) Average S & P 500 Index

(D) Barclays Capital Intermediate Gov/ Credit-YTD