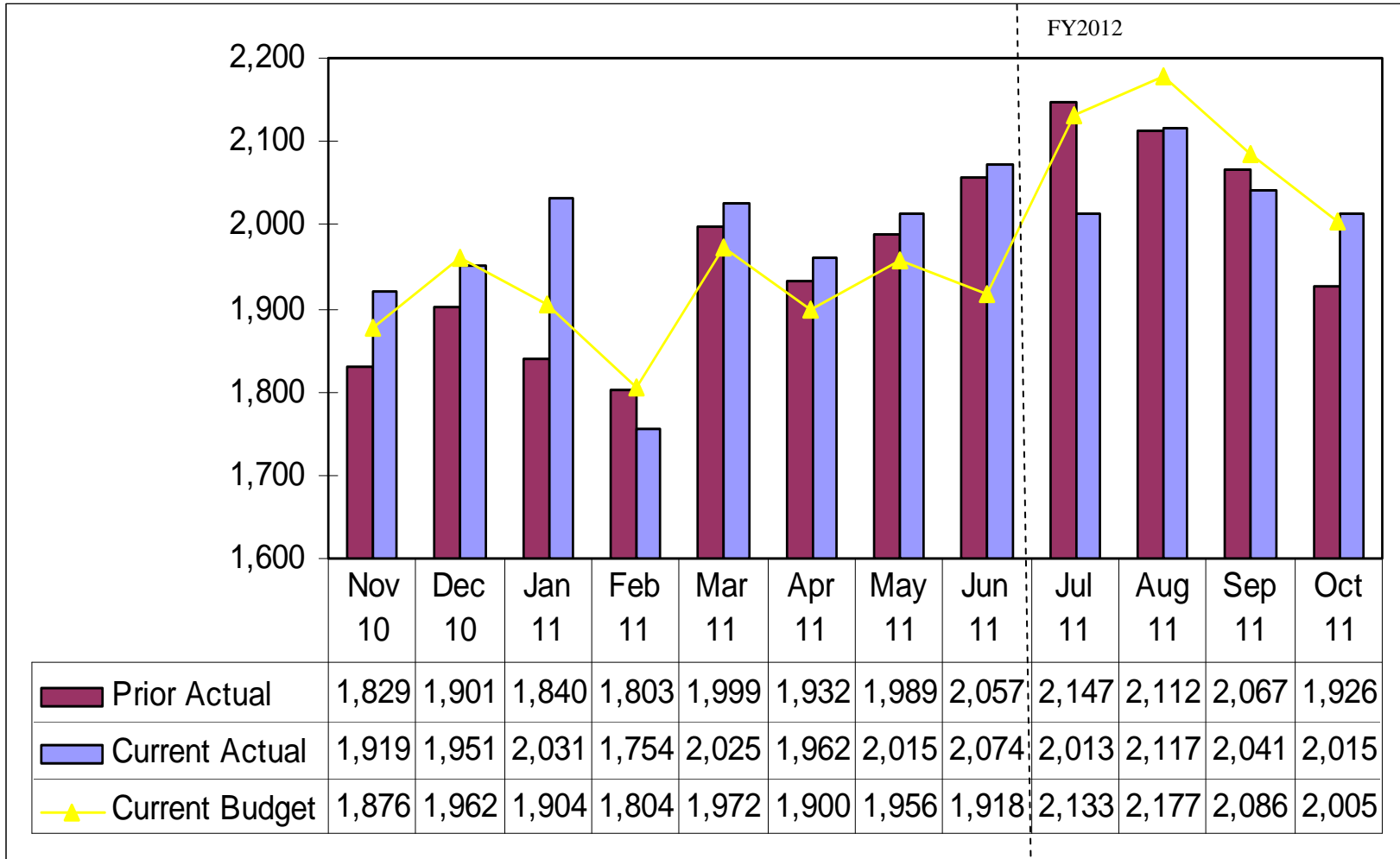


# SUMMARY OF OPERATING RESULTS

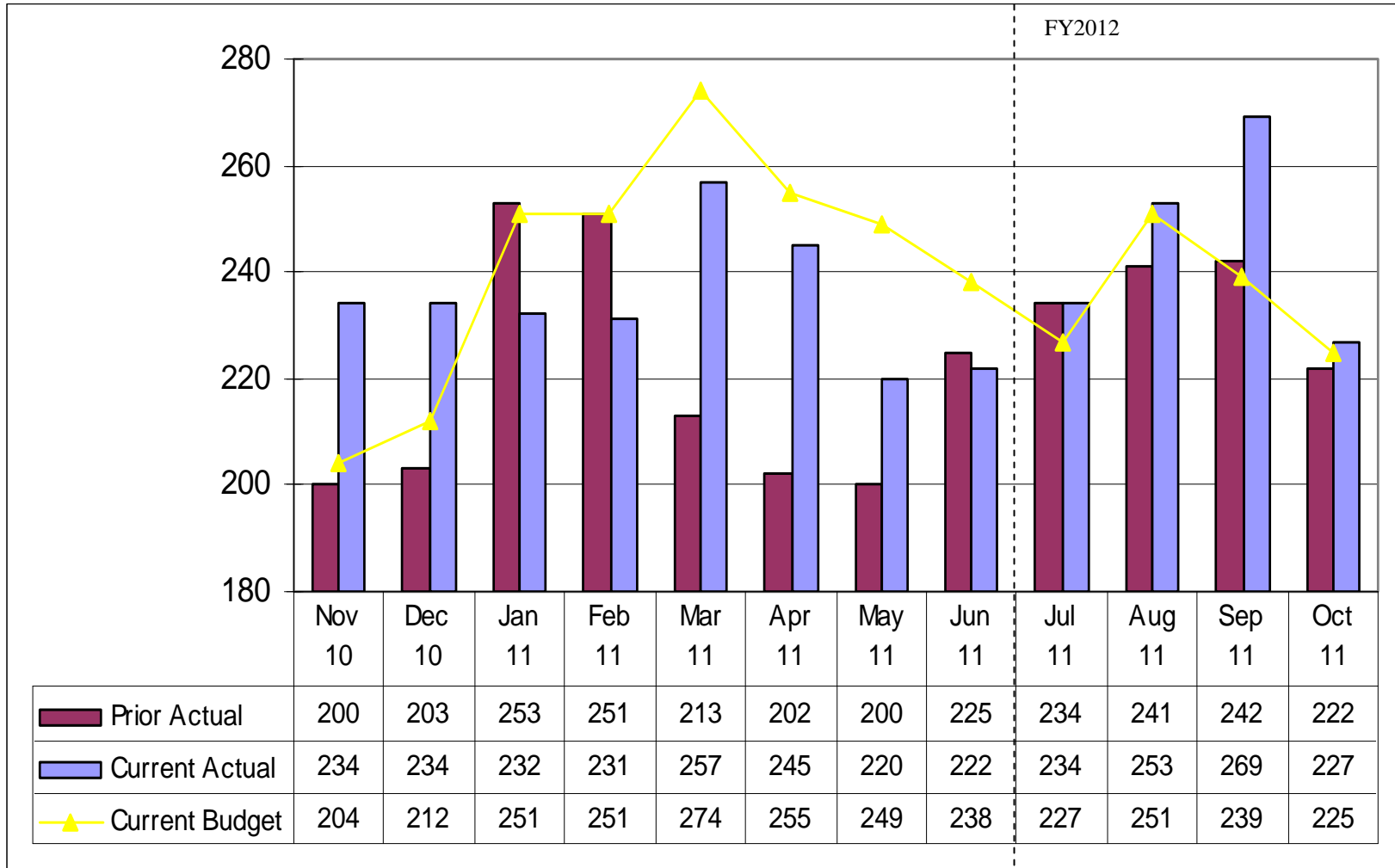
October 31, 2011



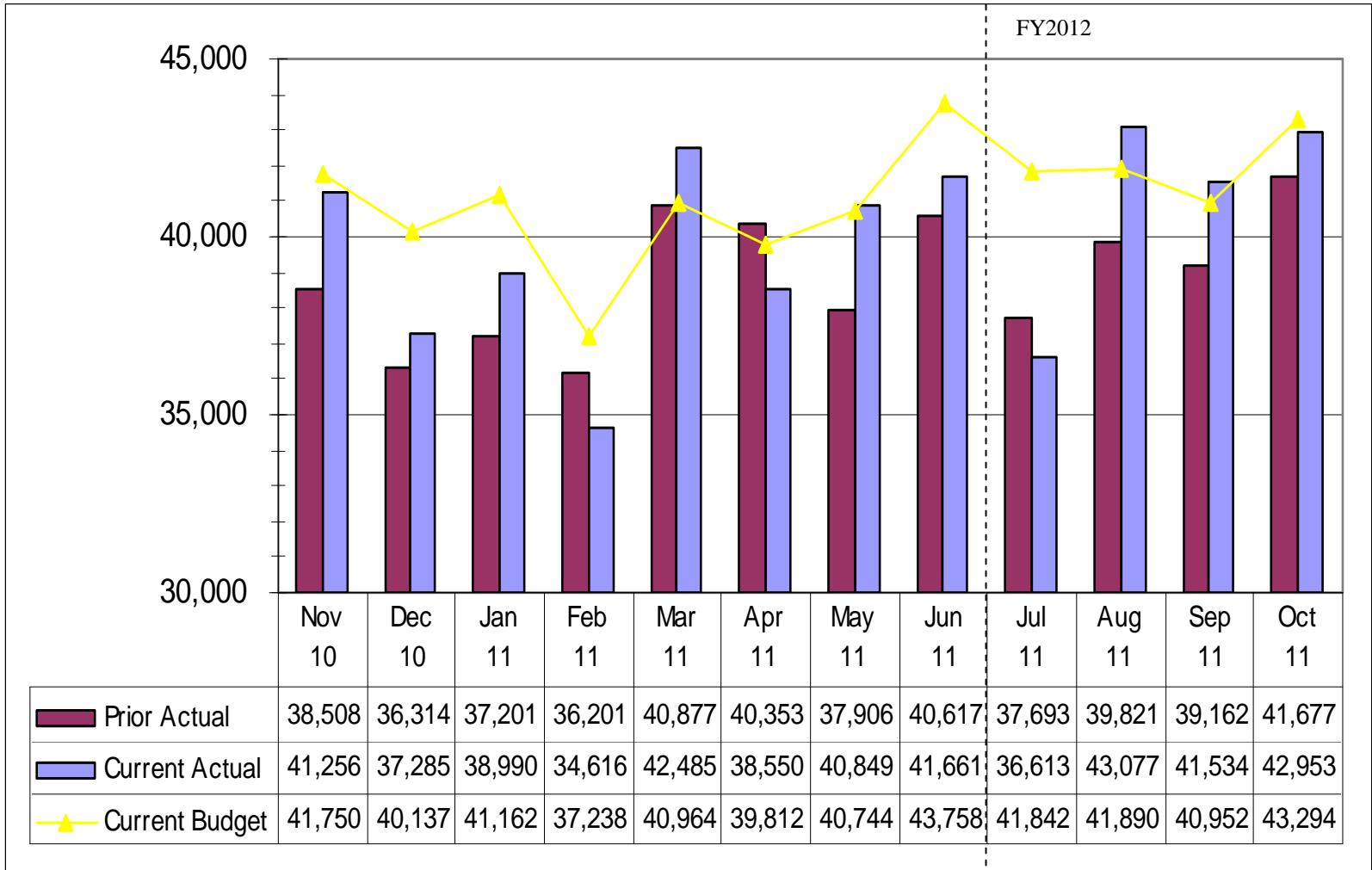
# Adult Admissions (rolling 12 months)



# Pediatric Admissions (rolling 12 months)

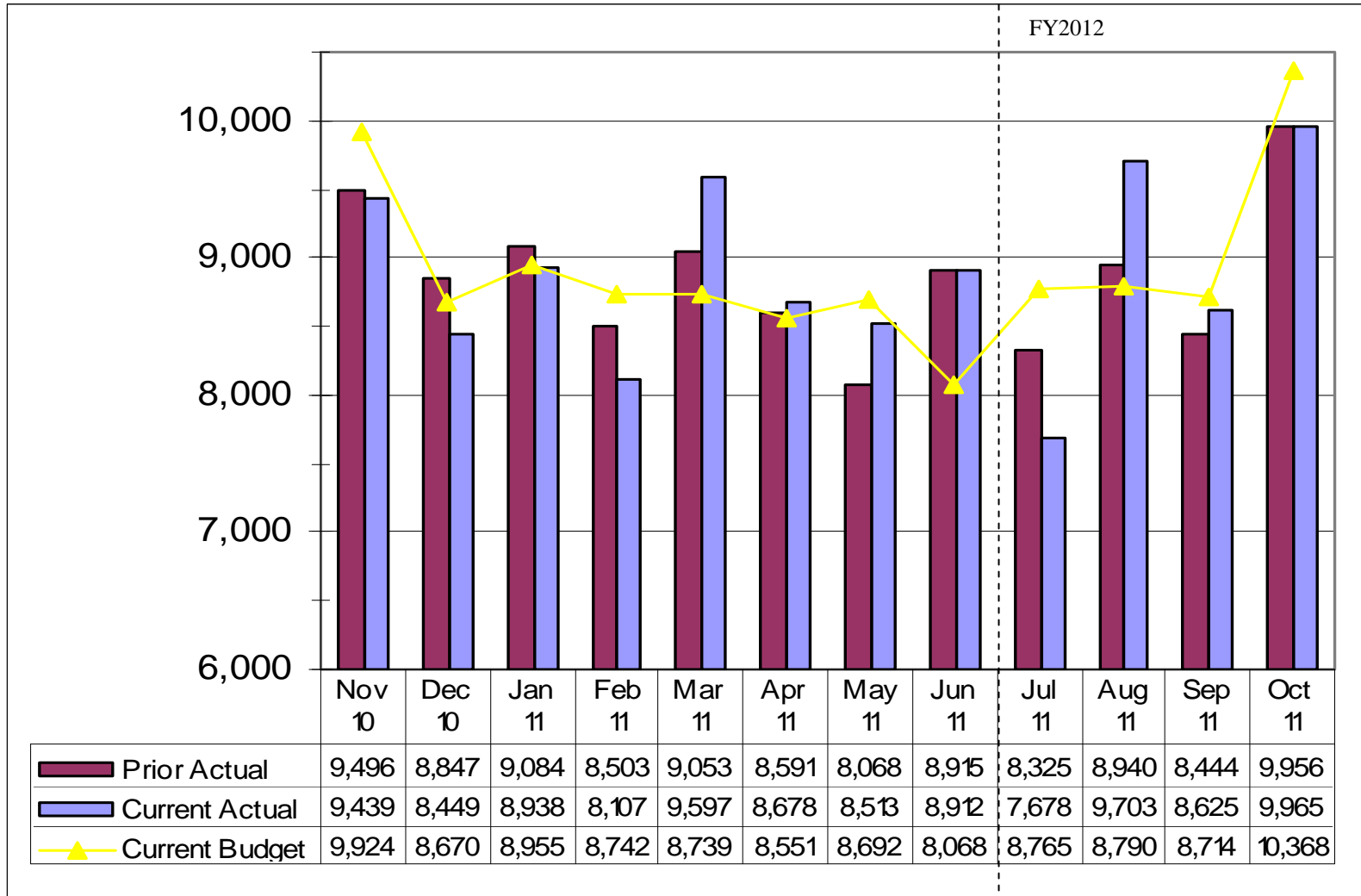


# Adult Clinic Visits (rolling 12 months)



# Pediatric Clinic Visits

(rolling 12 months)



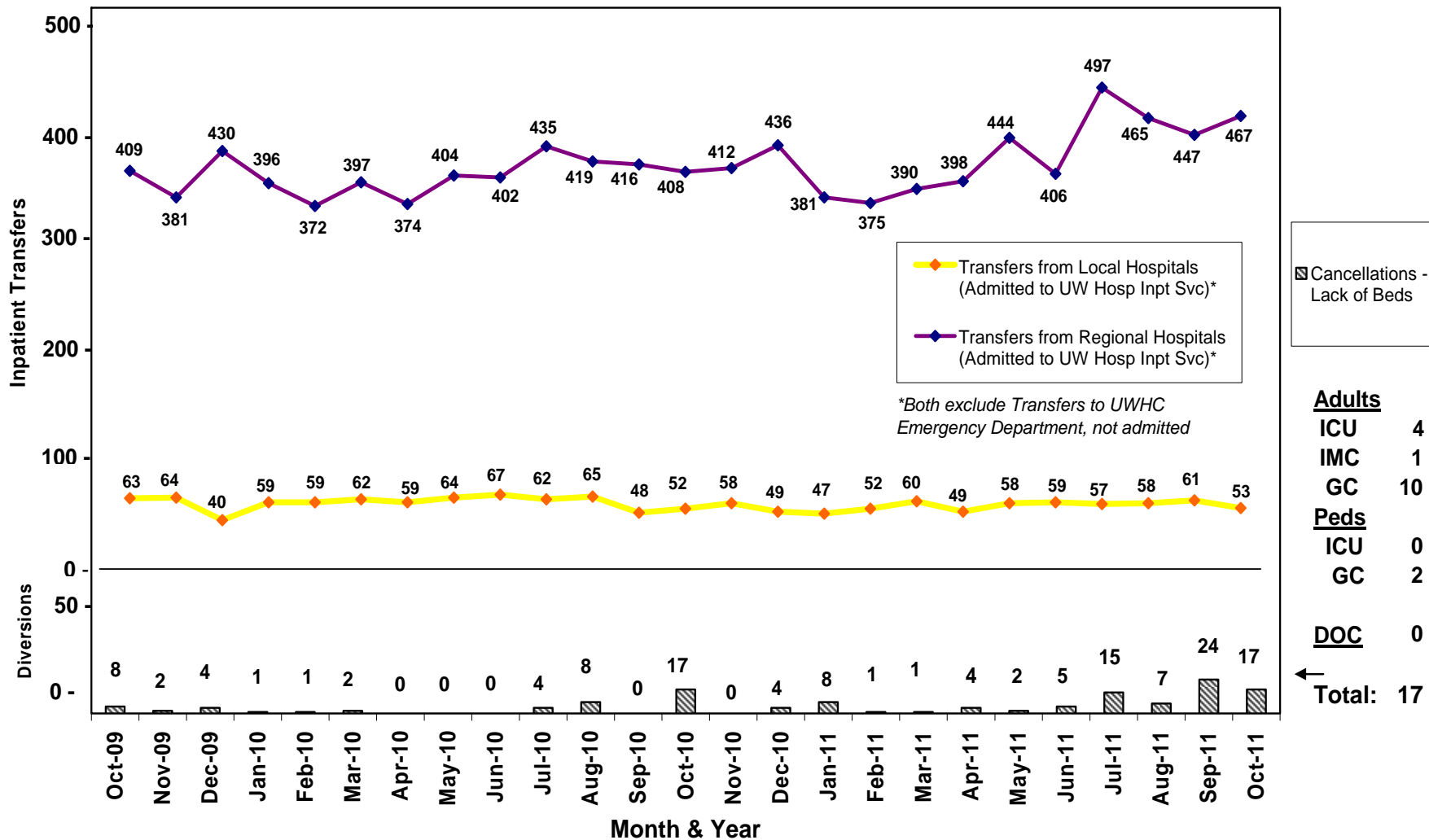
YTD
35,665
35,971
36,637

# Other Key Ancillary Service Activity Indicators

## Month of October 2011

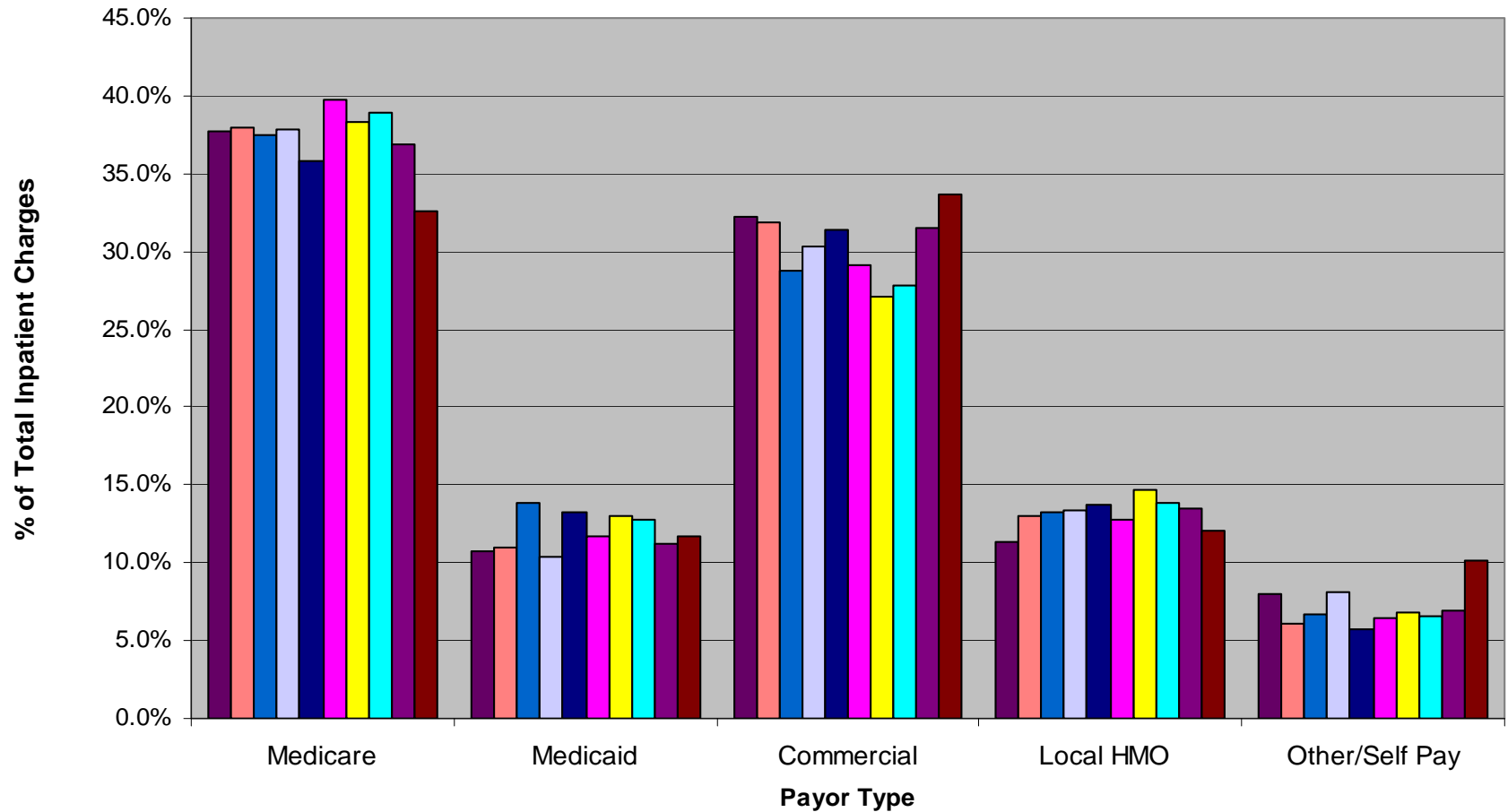
	Actual 2011	Budget 2011	Actual 2010	% Variances Actual to Budget	2011 to 2010
Inpatient Gross Revenues	\$ 107,793,647	\$ 106,859,951	\$ 98,285,316	0.9%	9.7%
Outpatient Gross Revenues	\$ 98,507,337	\$ 94,018,396	\$ 84,560,208	4.8%	16.5%
<b>Surgical Procedures:</b>					
Inpatient (excludes Misc/Out of OR)	1,015	911	933	11.4%	8.8%
Outpatient	630	616	640	2.3%	-1.6%
AFCH	403	374	355	7.8%	13.5%
Subtotal	2,048	1,901	1,928	7.7%	6.2%
Misc./Out of OR	214	213	210	0.5%	1.9%
Total Surgical Procedures	2,262	2,114	2,138	7.0%	5.8%
<b>Transplants</b>					
Deceased Donor	13	33	26	-60.6%	-50.0%
Living	9	8	6	12.5%	50.0%
Total	22	41	32	-46.3%	-31.3%
Emergency Room Visits	3,924	3,900	3,735	0.6%	5.1%
<b>Radiology Procedures:</b>					
MRI	2,416	2,345	2,295	3.0%	5.3%
CT Scans	5,481	4,911	4,918	11.6%	11.4%
Other	21,580	19,762	19,345	9.2%	11.6%
Total Radiology Procedures	29,477	27,018	26,558	9.1%	11.0%
Radiotherapy Procedures	2,931	2,829	2,575	3.6%	13.8%

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



# In Patient Charges Payor Mix

FY 2010 - FY 2012 2nd Quarter Projected





# Summary of Operating Results

## Month of October 2011

---

	Actual October 2011	Budget October 2011	Variance Favorable (Unfavorable)	% Variance	Actual October 2010
Operating Revenue	\$ 95,668,881	\$ 91,732,889	\$ 3,935,992	4.3%	\$ 86,975,595
Operating Expenses:					
Salary & Fringe Benefits	48,458,860	48,401,417	(57,443)	-0.1%	44,769,582
Supplies & Other expenses	38,451,934	38,549,604	97,670	0.3%	36,642,553
Total Operating Expenses	86,910,794	86,951,021	40,227	0.0%	81,412,135
Income from Operations <i>(Operating Margin)</i>	\$ 8,758,087	\$ 4,781,868	\$ 3,976,219	83.2%	\$ 5,563,460
Non-Operating Income	6,997,504	1,074,444	5,923,060	551.3%	4,553,346
Net Income <i>(Total Margin)</i>	\$ 15,755,591	\$ 5,856,312	\$ 9,899,279	169.0%	\$ 10,116,806

# Non Operating Income (Loss)

## Month of October 2011

---

	Actual October 2011	Budget October 2011	Variance Favorable (Unfavorable)	% Variance	Actual October 2010
Investment Income & Other Non-Operating Income	\$ 1,910,900	\$ 925,415	\$ 985,485	> 100%	\$ 916,830
Fair Value Gain/Loss on Investments	4,135,824	-	4,135,824	100.0%	1,958,401
Fair Value Gain/Loss on Swap Agreements	1,138,306	-	1,138,306	100.0%	883,144
Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	45,553	103,757	(58,204)	-56.1%	91,687
Wisconsin Dialysis	55,719	10,587	45,132	> 100%	17,103
UHC/Unity	(363,650)	(9,740)	(353,910)	> -100%	634,594
UHC/e-Care	(52,942)	(36,209)	(16,733)	-46.2%	(110,585)
Madison Surgery Center	155,682	143,015	12,667	8.9%	105,941
Madison United Healthcare Linen	20,544	17	20,527	> 100%	51,043
Madison Environmental Resourcing	7,583	(3,108)	10,691	> 100%	5,188
Generations Fertility Care	(56,015)	(59,290)	3,275	5.5%	-
<b>Total</b>	<b>\$ 6,997,504</b>	<b>\$ 1,074,444</b>	<b>\$ 5,923,060</b>	<b>551.3%</b>	<b>\$ 4,553,346</b>

# Other Key Ancillary Service Activity Indicators

## Four Months Ended October 31, 2011

			% Variances		
	Actual FY '12	Budget FY '12	Actual FY '11	Actual to Budget	FY 12 to FY 11 to
Inpatient Gross Revenues	\$ 437,239,952	\$ 431,189,920	\$ 402,263,697	1.4%	8.7%
Outpatient Gross Revenues	\$ 392,077,664	\$ 377,848,232	\$ 340,057,344	3.8%	15.3%
<b>Surgical Procedures:</b>					
Inpatient (excludes Misc/Out of OR)	4,271	4,012	3,972	6.5%	7.5%
Outpatient	2,718	2,708	2,591	0.4%	4.9%
AFCH	1,701	1,646	1,627	3.3%	4.5%
Subtotal	8,690	8,366	8,190	3.9%	6.1%
Misc./Out of OR	1,030	937	926	9.9%	11.2%
Total	9,720	9,303	9,116	4.5%	6.6%
<b>Transplants</b>					
Cadaver	105	131	123	-19.8%	-14.6%
Living	41	32	34	28.1%	20.6%
Total	146	163	157	-10.4%	-7.0%
Emergency Room Visits	15,877	15,695	14,994	1.2%	5.9%
<b>Radiology Procedures:</b>					
MRI	9,552	9,472	9,137	0.8%	4.5%
CT Scans	21,736	19,887	19,916	9.3%	9.1%
Other	83,313	79,983	78,509	4.2%	6.1%
Total Radiology Procedures	114,601	109,342	107,562	4.8%	6.5%
Radiotherapy Procedures	11,992	11,456	11,177	4.7%	7.3%

# Summary of Operating Results

Four Months Ended October 31, 2011

(000) Omitted

	Actual FY '12	Budget FY '12	Actual FY '11	% Variances	
				Actual to Budget	FY 12 to FY 11 to
Operating Revenue	\$383,787	\$369,442	\$353,619	3.9%	8.5%
Operating Expenses:					
Salary & Fringe Benefits	189,747	191,980	177,544	1.2%	6.9%
Supplies & Other expenses	154,570	153,472	146,896	-0.7%	5.2%
Total Operating Expenses	344,317	345,452	324,440	0.3%	6.1%
Income from Operations <i>(Operating Margin of 10.3%)</i>	\$ 39,470	\$ 23,990	\$ 29,179	64.5%	35.3%
Non-Operating Income	(3,655)	1,792	10,141	-304.0%	-136.0%
Net Income	\$35,815	\$25,782	\$39,320	38.9%	-8.9%

# Non-Operating Income (Loss)

Four Months Ended October 31, 2011

(000) Omitted

	Actual FY '12	Budget FY '12	Actual FY '11	% Variances	
				Actual to Budget	FY 12 to FY 11 to
Investment Income & Other Non-Operating Income	\$ 5,830	\$ 3,701	\$ 4,262	57.5%	36.8%
Payment to University of WI School of Medicine and Public Health for capital expenditure support	(2,500)	(2,500)	(2,500)	0.0%	0.0%
Fair Value Gain (Loss) on Investments	(2,534)	-	7,216	-100.0%	> -100%
Fair Value Gain (Loss) on Swap agreements	(4,826)	-	(1,708)	-100.0%	> -100%
UWHC portion of Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	227	412	381	-44.9%	-40.4%
Wisconsin Dialysis	245	42	71	> 100%	> 100%
UHC/Unity	(550)	(39)	2,249	> -100%	> -100%
UHC/e-Care	(223)	(144)	(453)	-54.9%	50.8%
Madison Surgery Center	743	567	488	31.0%	52.3%
Madison United Healthcare Linen	143	-	128	100.0%	11.7%
Madison Environmental Resourcing	13	(12)	7	> 100%	85.7%
Generations Fertility Care	(223)	(235)	-	5.1%	-100.0%
<b>Total</b>	<b>\$ (3,655)</b>	<b>\$ 1,792</b>	<b>\$ 10,141</b>	<b>-304.0%</b>	<b>-136.0%</b>

# Performance Ratios

	Industry Comparisons						
	Favorable Direction	FY 12	Budget or Target	S&P 500 "A" Rated	Moody's "A" Rated	Fitch "A" Rated	UWHCA Bond Covenants
Operating Margin	↑	10.3%	6.5%	2.8%	2.6%	2.6%	
Total Margin **	↑	11.1%	6.9%	4.6%	5.3%	4.1%	
Days Cash on Hand *	↑	203	183	202	180	194	90, 75 & 45
Days in Accounts Receivable	↓	46	48	44	44	44	
Debt Service Coverage Ratio **	↑	10.3	7.4	4.2	4.6	2.9	1.25 & 1.0
Long Term Debt to Capitalization	↓	25.0%	24.0%	32.6%	38.6%	41.9%	65%
Operating Cash Flow	↑	14.7%	11.2%	10.1%	10.0%	11.0%	
Cash-to-Debt	↑	234.5%	223.5%	145.2%	127.3%	113.8%	

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

\*\* Excludes unrealized gain/loss on investments

# Accounts Receivable Monitoring Program

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	<u>Net Accounts Receivable</u>	<u>Net Days Revenue Outstanding</u>
October 10	134,925,285	48
November 10	125,470,874	45
December 10	119,859,156	44
January 11	128,139,016	47
February 11	117,739,968	45
March 11	114,394,570	41
April 11	112,755,932	40
May 11	113,154,847	39
June 11	125,692,595	43
July 11	132,783,942	45
August 11	138,635,907	45
September 11	143,462,902	47
October 11	143,334,591	46

# Comparison of Charity Care & Bad Debt Expense

	FY 12 Actual	FY 12 Budget	Variance	% Variance	FY 11 Actual	Variance	% Variance
Charity	\$ 11,292,804	\$ 20,225,954	\$ (8,933,150)	-44.2%	\$ 14,123,881	\$ (2,831,077)	-20.0%
% of Revenue	1.36%	2.50%			1.90%		
Bad Debt	21,826,717	12,137,503	9,689,214	79.8%	15,507,129	\$6,319,588	40.8%
% of Revenue	2.63%	1.50%			2.09%		
<b>Total</b>	<b>\$ 33,119,521</b>	<b>\$ 32,363,457</b>	<b>\$ 756,064</b>	<b>2.3%</b>	<b>\$ 29,631,010</b>	<b>\$ 3,488,511</b>	<b>11.8%</b>
Gross Revenue	\$ 829,317,616	\$ 809,038,152	\$ 20,279,464	2.5%	\$ 742,321,041	\$ 86,996,575	11.7%
Total Bad Debt & Charity as % of Revenue	4.0%	4.0%			4.0%		



# EBITDA Compared to Debt Service & Capital Expenditures

(000) Omitted

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	Actual	Budget
<b><u>Cash Provided:</u></b>		
Net Income, excluding Fair Value gains/losses & payment to UWSMPH for capital expenditure support	\$45,675	\$28,282
Depreciation	14,176	14,583
Interest Expense	2,891	2,919
EBITDA	\$ 62,742	\$ 45,784
<b><u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u></b>		
Capital Expenditures	(16,691)	(25,967)
Est Annual Debt Service	(4,844)	(4,147)
Capital Contribution to UW for Capital Expenditures	(2,500)	(2,500)
Capital Contribution in Joint Ventures	(1,250)	(950)
Decrease (increase) in Working Capital	(7,820)	447
Total (Used) Provided	(\$33,105)	(\$33,117)
Cash Available for Temporary Investment and Future Capital Expenditures	\$ 29,637	\$ 12,667

# Summary of Changes in Net Assets

Four Months Ended October 31, 2011

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Net assets at beginning of period	<u>\$668,819,748</u>
Net income, excluding fair value gains/losses and payments to UWMSPH for capital expenditure support	45,675,385
Fair value of investments	(2,534,281)
Fair value of swap agreements	(4,826,411)
Payments to UW School of Medicine and Public Health for capital expenditure support	(2,500,000)
Capital grants, gifts and donations	820,847
Additions to permanent gift endowments	1,800
Increase in net assets	<u>\$36,637,340</u>
Net assets at end of period	<u><u>\$705,457,088</u></u>

# Comparison to Local Competitors October 31, 2011 vs. 2010

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	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
<b>% Change in Admissions</b>				
Current Month	4.4%	6.6%	4.2%	4.9%
3 Month Rolling Average	1.6%	4.2%	1.7%	2.4%
12 Month Rolling Average	1.9%	(0.1)%	1.3%	1.1%
<b>% Change in Average Daily Census</b>				
Current Month	1.0%	(0.9)%	(2.3)%	(0.4)%
3 Month Rolling Average	(1.5)%	(1.6)%	(2.0)%	(1.7)%
12 Month Rolling Average	(0.2)%	(1.3)%	2.5%	0.3%

# UWHC Investment Balances & Returns

<u>Account</u>	<u>October Market Value Balances</u>	<u>Investment Allocation</u>	<u>October YTD Investment Return</u>	<u>Benchmark</u>
<b>Operating Account and Commercial Paper</b>				
US Bank	\$ 80,649,016	14.8%	0.11%	0.03% (A)
<b>Intermediate Bond Fund</b>				
USBank/ Baird	\$ 212,770,681	39.0%	2.85%	2.11% (B)
<b>Capital Replacement Fund</b>				
Account - UW Foundation	\$ 156,481,835	28.7%	0.22%	0.22% (C)
<b>Endowment Fund - Equity Securities</b>				
UW Foundation	<u>\$96,271,602</u>	<u>17.6%</u>	-3.40%	-5.79% (D)
<b>Total Unrestricted Funds</b>	<u><u>\$ 546,173,135</u></u>	<u><u>100.0%</u></u>		

(A) 90-day Treasury Bills

(B) Barclays Capital Intermediate Gov/ Credit less fees

(C) Average 1 Month LIBOR

(D) 75% of Russell Global plus 25% of Barclays Global Aggregate Bond less fees