

SUMMARY OF OPERATING RESULTS

**Fiscal Year End - Preliminary
June 30 2011**



Summary of Inpatient Activity

Twelve months ended June 30, 2011

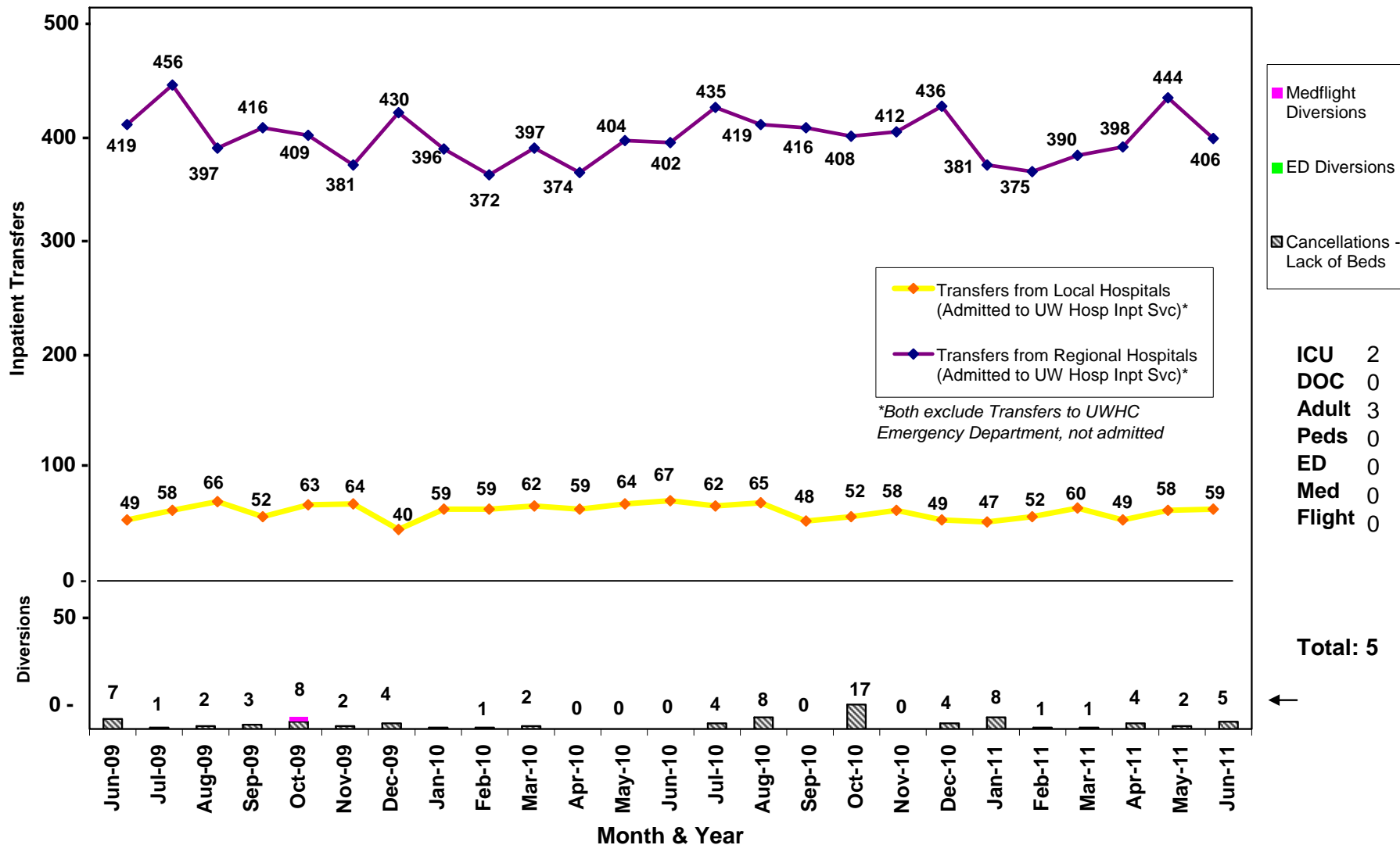
	Actual FY '11	Budget FY '11	Actual FY '10	% Variances	
				Actual to Budget	FY 11 to FY 10
Admissions	26,797	26,314	25,901	1.8%	3.5%
Patient Days	138,717	141,775	136,817	-2.2%	1.4%
Average Length of Stay	5.2	5.4	5.3	-3.7%	-1.9%
Average Daily Census	380	388	375	-2.2%	1.4%
Intensive Care Days	21,827	23,010	21,820	-5.1%	0.0%
Case Mix Index	1.88	1.92	1.88	-2.1%	0.0%

Summary of Clinic Visits

Twelve months ended June 30, 2011

	Actual FY '11	Budget FY '11	Actual FY '10	% Variances	
				Actual to Budget	FY 11 to FY 10
600 Highland	240,420	253,015	240,719	-5.0%	-0.1%
East Clinics	80,478	77,465	78,137	3.9%	3.0%
West Clinics	126,040	128,720	126,159	-2.1%	-0.1%
University Station	88,265	89,639	88,883	-1.5%	-0.7%
Research Park	35,801	36,442	34,185	-1.8%	4.7%
All Other	9,339	9,630	9,646	-3.0%	-3.2%
Total	580,343	594,911	577,729	-2.4%	0.5%

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



Other Key Ancillary Service Activity Indicators

Twelve Months Ended June 30, 2011

	Actual FY '11	Budget FY '11	Actual FY '10	% Variances	
				Actual to Budget	FY 11 to FY 10
Inpatient Gross Revenues	\$ 1,161,032,463	\$ 1,168,416,949	\$ 1,050,391,621	-0.6%	10.5%
Outpatient Gross Revenues	\$ 1,034,072,797	\$ 1,003,024,516	\$ 923,273,295	3.1%	12.0%
Surgical Procedures:					
Inpatient (excludes Misc/Out of OR)	12,002	11,335	11,178	5.9%	7.4%
Outpatient	8,241	7,400	7,613	11.4%	8.2%
AFCH	5,112	4,652	4,719	9.9%	8.3%
Subtotal	25,355	23,387	23,510	8.4%	7.8%
Misc./Out of OR	2,861	2,400	2,822	19.2%	1.4%
Total	28,216	25,787	26,332	9.4%	7.2%
Transplants					
Deceased Donor	370	400	360	-7.5%	2.8%
Living	90	90	89	0.0%	1.1%
Total	460	490	449	-6.1%	2.4%
Emergency Room Visits	43,806	40,703	42,534	7.6%	3.0%
Radiology Procedures:					
MRI	27,999	28,089	27,481	-0.3%	1.9%
CT Scans	57,878	58,723	56,733	-1.4%	2.0%
Other	230,600	231,614	226,052	-0.4%	2.0%
Total Radiology Procedures	316,477	318,426	310,266	-0.6%	2.0%
Radiotherapy Procedures	33,002	35,179	35,588	-6.2%	-7.3%

Summary of Operating Results

Twelve Months Ended June 30, 2011

(000) Omitted

	Actual FY '11	Budget FY '11	Actual FY '10	% Variances	
				Actual to Budget	FY 11 to FY 10
Operating Revenue	\$1,052,662	\$1,027,654	\$994,225	2.4%	5.9%
Operating Expenses:					
Salary & Fringe Benefits	538,542	536,123	515,896	-0.5%	4.4%
Supplies & Other expenses	449,572	440,131	421,463	-2.1%	6.7%
Total Operating Expenses	988,114	976,254	937,359	-1.2%	5.4%
Income from Operations <i>(Operating Margin of 6.1%)</i>	\$ 64,548	\$ 51,400	\$ 56,866	25.6%	13.5%
Non-Operating Income	28,919	8,000	13,182	261.5%	119.4%
Net Income	\$93,467	\$59,400	\$70,048	57.4%	33.4%

Non Operating Income (Loss) Preliminary

Twelve Months Ended June 30, 2011

(000) Omitted

	Actual FY '11	Budget FY '11	Actual FY '10	% Variances	
				Actual to Budget	FY 11 to FY 10
Investment Income & Other Non-Operating Income	\$ 11,161	\$ 7,489	\$ 6,535	49.0%	70.8%
Fair Value Gain (Loss) on Investments	10,390	-	4,442	100.0%	> 100%
Fair Value Gain (Loss) on Swap agreements	1,947	-	(3,903)	100.0%	> 100%
UWHC portion of Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	853	500	759	70.6%	12.4%
Wisconsin Dialysis	347	45	71	> 100%	> 100%
UHC/Unity	3,246	300	4,204	> 100%	-22.8%
UHC/e-Care	(805)	(1,008)	(928)	20.1%	13.3%
Madison Surgery Center	2,294	1,612	1,849	42.3%	24.1%
Madison United Healthcare Linen	19	50	143	> -100%	> -100%
Madison Environmental Resourcing	29	12	10	> 100%	> 100%
Generations Fertility Care	(562)	(1,000)	-	43.8%	> -100%
Total	\$ 28,919	\$ 8,000	\$ 13,182	261.5%	119.4%

Performance Ratios

	Industry Comparisons						
	Favorable Direction	FY 11	Budget or Target	S&P 500 "A" Rated	Moody's "A" Rated	Fitch "A" Rated	UWHCA Bond Covenants
Operating Margin	↑	6.1%	5.0%	2.9%	3.0%	3.0%	
Total Margin **	↑	7.6%	5.7%	3.0%	5.1%	3.5%	
Days Cash on Hand *	↑	197	161	193	170	184	90, 75 & 45
Days in Accounts Receivable	↓	43	48	46	46	45	
Debt Service Coverage Ratio **	↑	7.5	6.6	3.3	4.6	3.0	1.25 & 1.0
Long Term Debt to Capitalization	↓	26.0%	28.0%	34.3%	38.9%	42.1%	65%
Operating Cash Flow	↑	11.2%	10.5%	10.0%	9.9%	9.4%	
Cash-to-Debt	↑	219.6%	181.1%	137.2%	117.6%	105.5%	

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

** Excludes unrealized gain/loss on investments

Accounts Receivable Monitoring Program

	<u>Net Accounts Receivable</u>	<u>Net Days Revenue Outstanding</u>
June 10	123,872,679	45
July 10	132,736,256	48
August 10	134,925,121	46
September 10	136,464,752	48
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

Comparison of Charity Care & Bad Debt Expense

	FY 11 Actual	FY 11 Budget	Variance	% Variance	FY 10 Actual	Variance	% Variance
Charity	\$ 45,674,090	\$ 54,286,037	\$ (8,611,947)	-15.9%	\$ 47,040,886	\$ (1,366,796)	-2.9%
% of Revenue	2.08%	2.50%			2.38%		
Bad Debt	18,371,775	32,571,622	(14,199,847)	-43.6%	20,911,437	(\$2,539,662)	-12.1%
% of Revenue	0.84%	1.50%			1.06%		
Total	\$ 64,045,865	\$ 86,857,659	\$ (22,811,794)	-26.3%	\$ 67,952,323	\$ (3,906,458)	-5.7%
Gross Revenue	\$ 2,195,105,260	\$ 2,171,441,465	\$ 23,663,795	1.1%	\$ 1,973,664,916	\$ 221,440,344	11.2%
Total Bad Debt & Charity as % of Revenue	2.9%	4.0%			3.4%		

EBITDA Compared to Debt Service & Capital Expenditures

(000) Omitted

	Actual	Budget
<u>Cash Provided:</u>		
Net Income, excluding Fair Value gains/losses	\$81,130	\$59,400
Depreciation	45,839	48,200
Interest Expense	7,915	8,200
EBITDA	\$ 134,884	\$ 115,800
 <u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u>		
Capital Expenditures	(35,519)	(50,700)
Est Annual Debt Service	(15,721)	(17,600)
Capital Contribution to UW for Capital Expenditures	(2,500)	(2,500)
Decrease (increase) in Working Capital	13,155	(5,900)
Total (Used) Provided	(\$40,585)	(\$76,700)
 Cash Available for Temporary Investment and Future Capital Expenditures	 \$ 94,299	 \$ 39,100

Summary of Changes in Net Assets

Twelve Months Ended June 30, 2011

Net assets at beginning of period	<u>\$573,923,452</u>
Net income	81,129,844
Fair value of investments	10,389,628
Fair value of swap agreements	1,947,345
Capital grants, gifts and donations	3,285,881
Additions to permanent gift endowments	643,598
Payments to UW School of Medicine and Public Health for capital expenditure support	(2,500,000)
Increase in net assets	<u>\$94,896,296</u>
Net assets at end of period	<u><u>\$668,819,748</u></u>

Comparison to Local Competitors

June 30, 2011 vs. 2010

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	0.6%	4.7%	6.6%	3.6%
3 Month Rolling Average	2.0%	(0.5)%	6.7%	2.8%
12 Month Rolling Average	3.5%	(1.7)%	(2.1)%	0.2%
% Change in Average Daily Census				
Current Month	4.0%	(0.7)%	9.2%	4.4%
3 Month Rolling Average	1.9%	2.8%	7.7%	3.9%
12 Month Rolling Average	1.4%	0.2%	1.9%	1.2%

UWHC Investment Balances & 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	\$ 52,804,224	10.2%	0.00%	0.00% (A)
Intermediate Bond Fund				
USBank/ Baird	\$ 206,663,818	40.1%	3.91%	3.74% (D)
Capital Replacement Fund				
Account - UW Foundation	\$ 156,368,960	30.3%	0.26%	0.25% (B)
Endowment Fund - Equity Securities				
UW Foundation	\$ 99,554,902	19.3%	16.07%	29.98% (C)
Total Unrestricted Funds	<u>\$ 515,391,904</u>	<u>100.0%</u>		

(A) Average Financial and Non-Financial Commercial Paper less fees

(B) Average 1 Month LIBOR

(C) Average S & P 500 Index

(D) Barclays Capital Intermediate Gov/ Credit-YTD