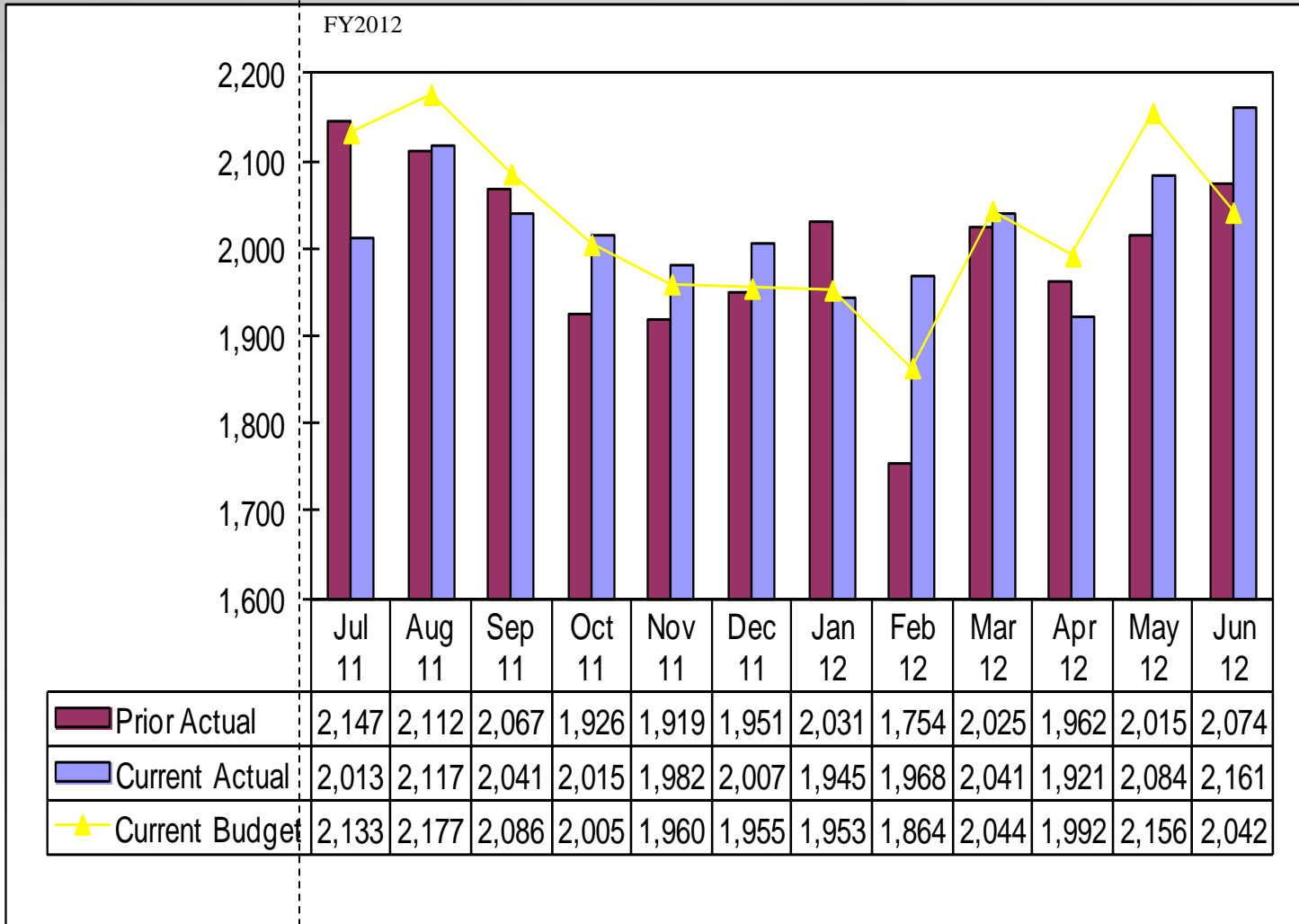


SUMMARY OF OPERATING RESULTS

June 30, 2012

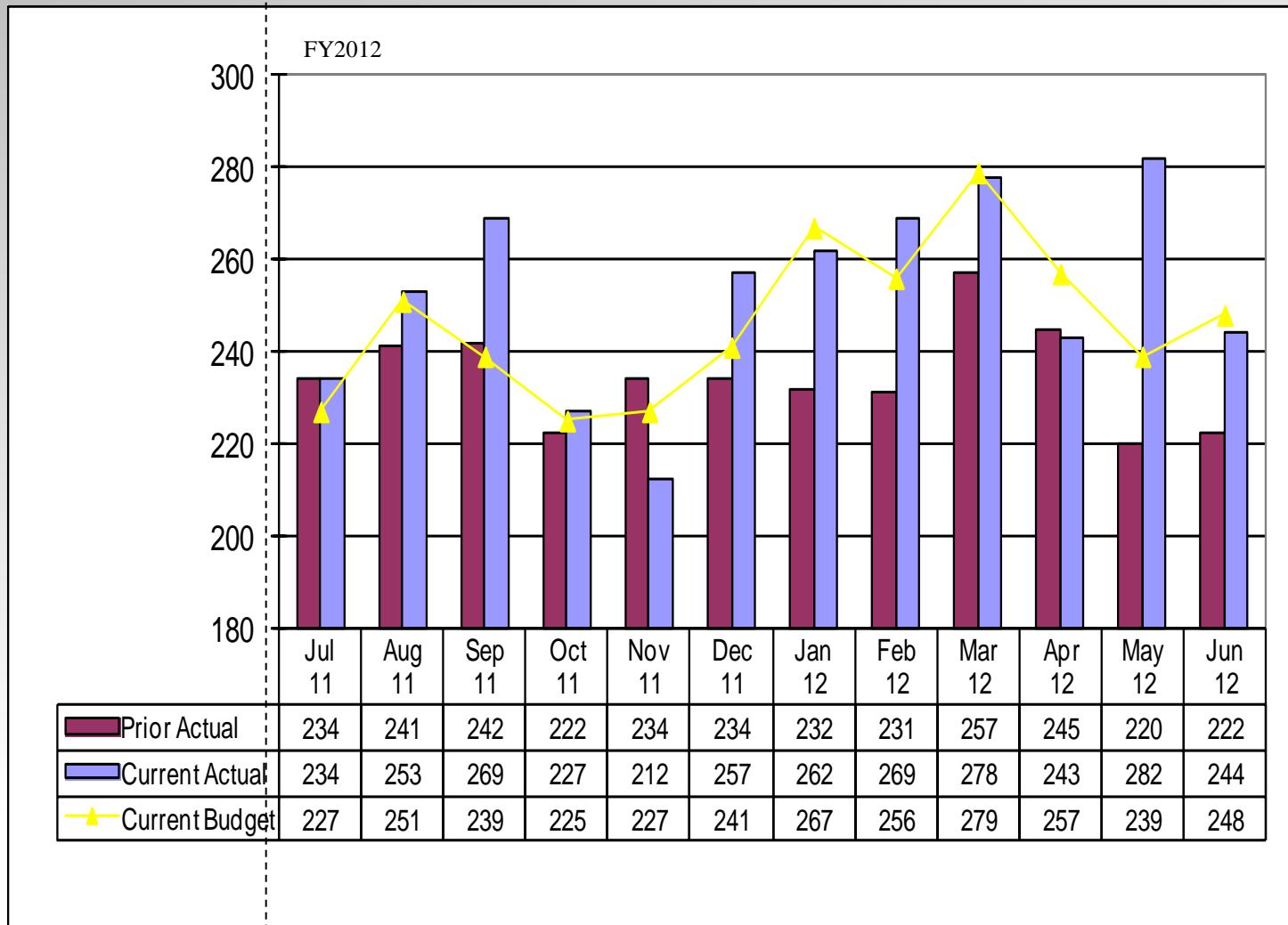
Adult Admissions

(rolling 12 months)



Pediatric Admissions

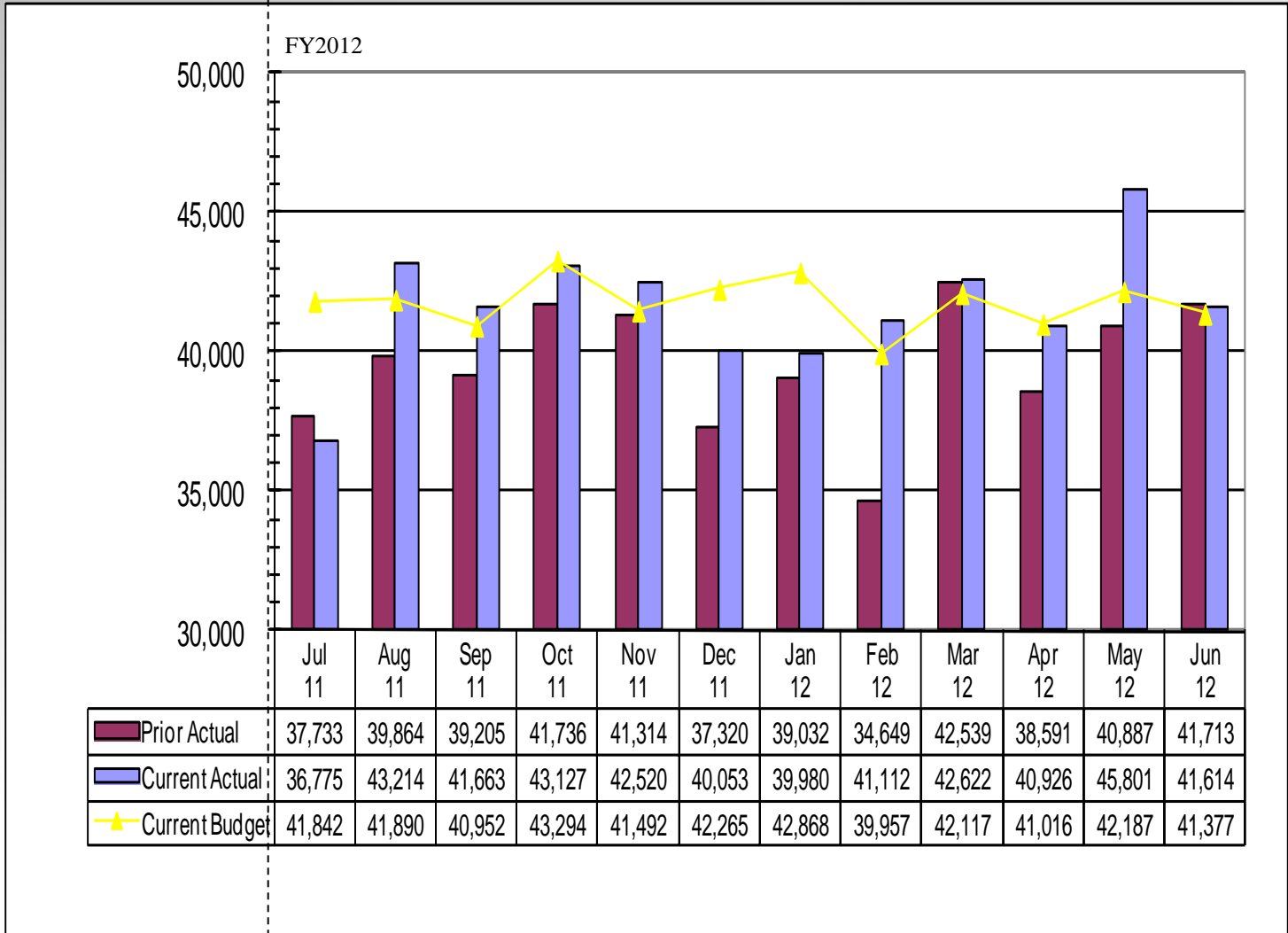
(rolling 12 months)



YTD
2,814
3,030
2,956

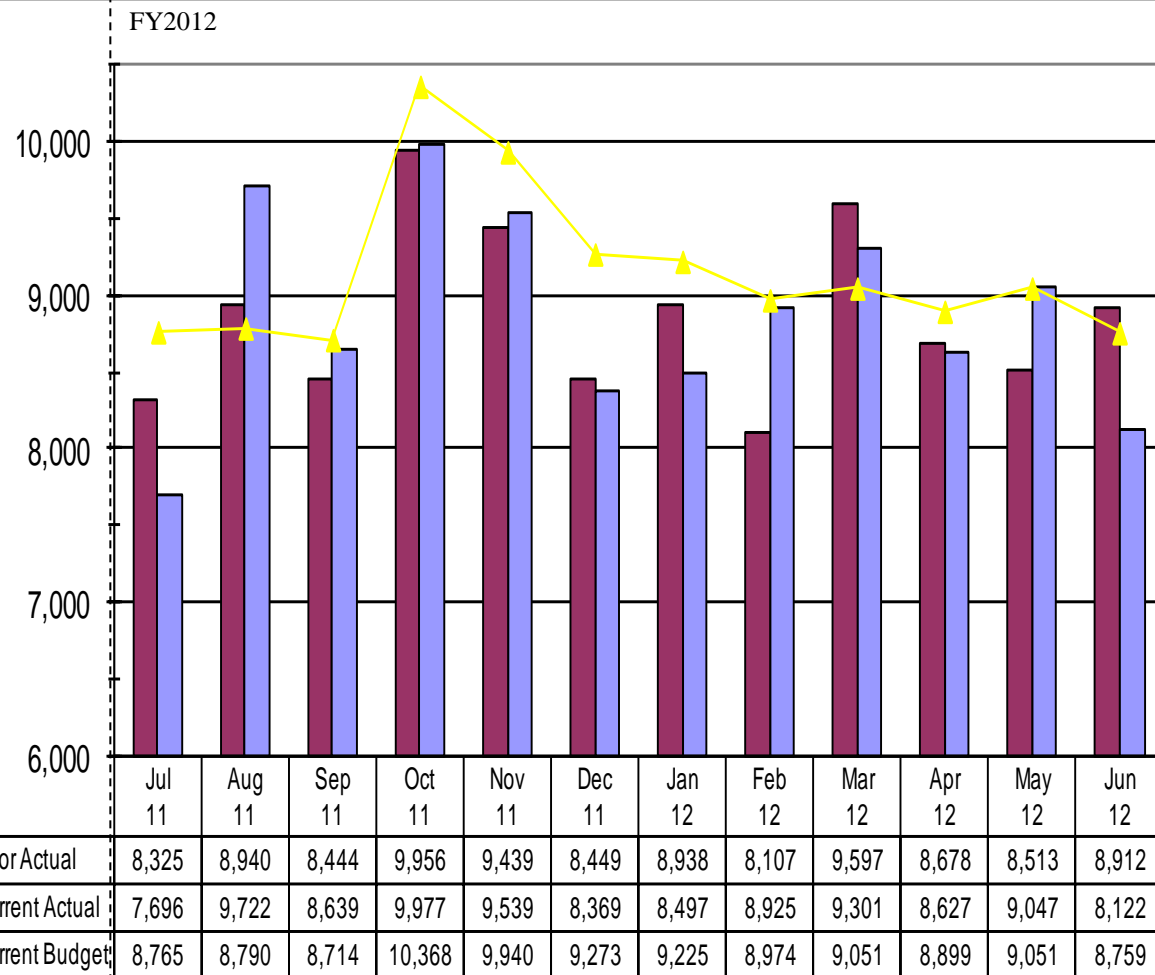
Adult Clinic Visits

(rolling 12 months)



Pediatric Clinic Visits

(rolling 12 months)



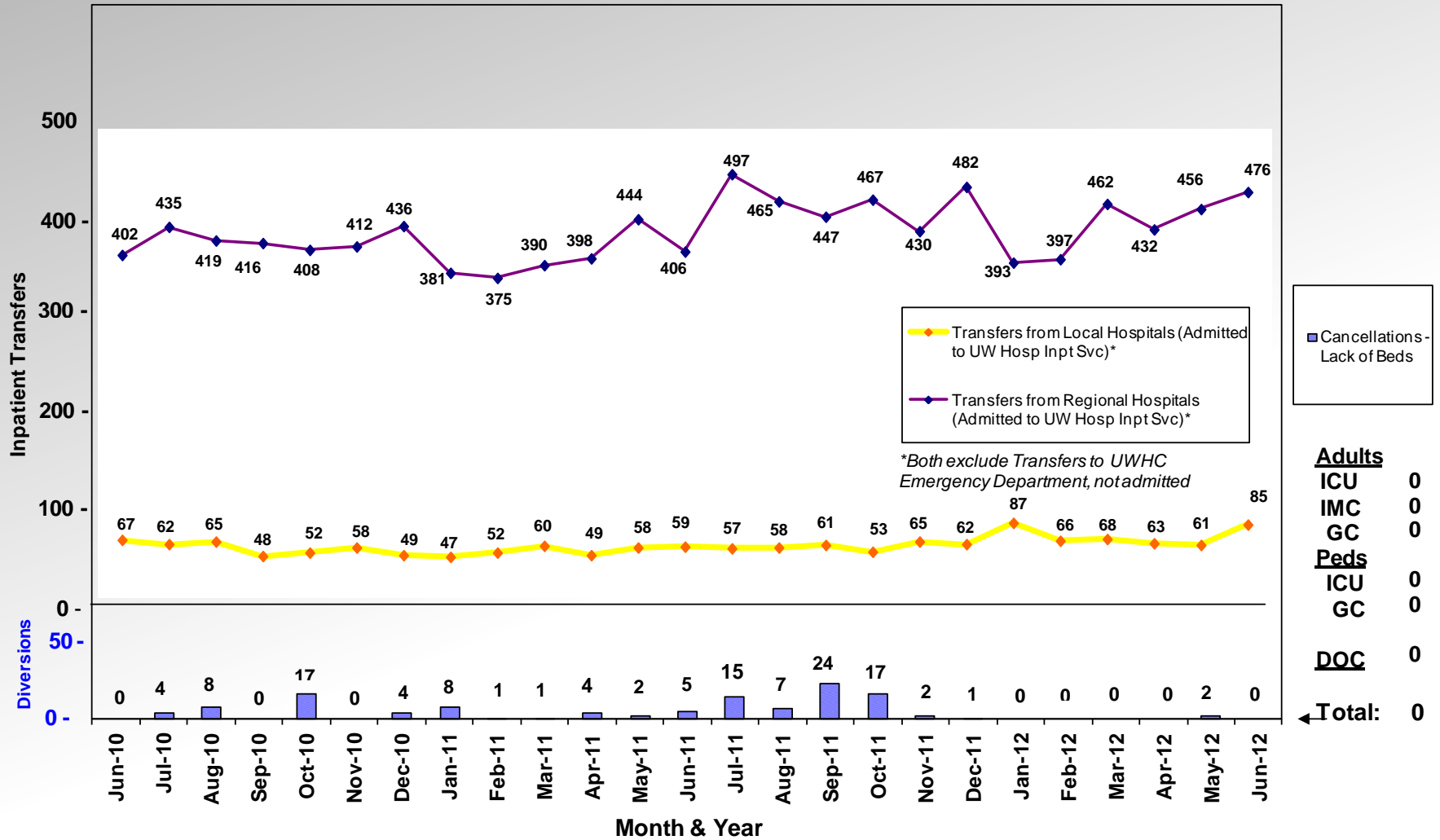
YTD
106,298
106,461
109,809

Other Key Ancillary Service Activity Indicators

Month of June 2012

	Actual 2012	Budget 2012	Actual 2011	% Variances Actual to Budget	2012 to 2011
Inpatient Gross Revenues	\$ 107,726,179	\$ 106,141,169	\$ 98,736,498	1.5%	9.1%
Outpatient Gross Revenues	\$ 103,438,486	\$ 96,409,067	\$ 93,577,914	7.3%	10.5%
Surgical Procedures:					
Inpatient (excludes Misc/Out of OR)	1,081	1,025	1,134	5.5%	-4.7%
Outpatient	700	684	752	2.3%	-6.9%
AFCH	450	419	469	7.4%	-4.1%
Subtotal	2,231	2,128	2,355	4.8%	-5.3%
Misc./Out of OR	273	237	277	15.2%	-1.4%
Total Surgical Procedures	2,504	2,365	2,632	5.9%	-4.9%
Transplants					
Deceased Donor	29	31	41	-6.5%	-29.3%
Living	7	10	8	-30.0%	-12.5%
Total	36	41	49	-12.2%	-26.5%
Cardiology Invasive Lab Procedures					
Cardiovascular Lab	479	674	572	-28.9%	-16.3%
Electrophysiology Lab	136	171	142	-20.5%	-4.2%
Total	615	845	714	-27.2%	-13.9%
Emergency Room Visits	4,004	3,764	3,759	6.4%	6.5%
Radiology Procedures:					
MRI	2,438	2,323	2,523	5.0%	-3.4%
CT Scans	5,348	4,925	5,237	8.6%	2.1%
Other	20,638	19,999	20,131	3.2%	2.5%
Total Radiology Procedures	28,424	27,247	27,891	4.3%	1.9%
Radiation Therapy Procedures	3,512	2,852	3,164	23.1%	11.0%

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



Summary of Operating Results

Month of June 2012

	Actual June 2012	Budget June 2012	Variance Favorable (Unfavorable)	% Variance	Actual June 2011
Operating Revenue	\$ 123,108,193	\$ 92,463,622	\$ 30,644,571	33.1%	\$ 95,488,705
Operating Expenses:					
Salary & Fringe Benefits	49,037,817	47,992,755	(1,045,062)	-2.2%	48,231,146
Supplies & Other expenses	60,325,513	39,760,423	(20,565,090)	-51.7%	42,243,065
Total Operating Expenses	109,363,330	87,753,178	(21,610,152)	-24.6%	90,474,211
Income from Operations (Operating Margin)	\$ 13,744,863	\$ 4,710,444	\$ 9,034,419	>100%	\$ 5,014,494
Non-Operating Income/(Loss or Expense)	848,376	(330,637)	1,179,013	>100%	(586,837)
Net Income/ Loss (Total Margin)	\$ 14,593,239	\$ 4,379,807	\$ 10,213,432	>100%	\$ 4,427,657

Non Operating Income (Loss)

Month of June 2012

	Actual June 2012	Budget June 2012	Variance Favorable (Unfavorable)	% Variance	Actual June 2011
Investment Income & Other Non-Operating Income	\$ (4,527,581)	\$ 925,141	\$ (5,452,722)	>-100%	\$ 808,124
Payment to University of WI School of Medicine and Public Health for capital expenditure support	(3,001,037)	(1,400,000)	(1,601,037)	>-100%	-
Fair Value Gain/Loss on Investments	529,174	-	529,174	100.0%	(2,356,787)
Fair Value Gain/Loss on Swap Agreements	7,375,705	-	7,375,705	100.0%	617,316
Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	87,771	100,410	(12,639)	-12.6%	32,261
Wisconsin Dialysis	75,551	10,246	65,305	> 100%	73,693
UHC/Unity	107,082	(9,426)	116,508	> 100%	297,250
UHC/e-Care	(29,754)	(35,041)	5,287	15.1%	(51,918)
Madison Surgery Center	277,688	138,402	139,286	100.6%	281,984
Madison United Healthcare Linen	(19,188)	16	(19,204)	> -100%	(190,575)
Madison Environmental Resourcing	3,299	(3,008)	6,307	> 100%	(1,416)
Generations Fertility Care	(30,334)	(57,377)	27,043	47.1%	(96,769)
Total	\$ 848,376	\$ (330,637)	\$ 1,179,013	>100%	\$ (586,837)

Other Key Ancillary Service Activity Indicators

Twelve Months Ended June 30, 2012

	Actual FY '12	Budget FY '12	Actual FY '11	% Variances	
				Actual to Budget	FY 12 to FY 11
Inpatient Gross Revenues	\$ 1,272,545,416	\$ 1,268,550,238	\$ 1,161,032,463	0.3%	9.6%
Outpatient Gross Revenues	\$ 1,212,300,020	\$ 1,129,498,960	\$ 1,034,072,797	7.3%	17.2%
Surgical Procedures:					
Inpatient (excludes Misc/Out of OR)	12,845	12,178	12,104	5.5%	6.1%
Outpatient	8,414	8,205	8,241	2.5%	2.1%
AFCH	5,179	4,985	5,112	3.9%	1.3%
Subtotal	26,438	25,368	25,457	4.2%	3.9%
Misc./Out of OR	3,171	2,840	2,759	11.7%	14.9%
Total	29,609	28,208	28,216	5.0%	4.9%
Transplants					
Cadaver	300	377	370	-20.4%	-18.9%
Living	99	96	90	3.1%	10.0%
Total	399	473	460	-15.6%	-13.3%
Cardiology Invasive Lab Procedures					
Cardiovascular Lab	6,869	7,088	N/A *	-3.1%	N/A
Electrophysiology Lab	1,767	1,663	N/A *	6.3%	N/A
Total	8,636	8,751	N/A	-1.3%	N/A
Emergency Room Visits	46,276	44,776	43,806	3.4%	5.6%
Radiology Procedures:					
MRI	29,192	28,159	27,999	3.7%	4.3%
CT Scans	62,439	58,926	57,878	6.0%	7.9%
Other	246,506	237,278	230,933	3.9%	6.7%
Total Radiology Procedures	338,137	324,363	316,810	4.2%	6.7%
Radiation Therapy Procedures	37,493	34,209	33,002	9.6%	13.6%

* Change in Chargemaster billing effective January 2011 makes prior year not applicable

Summary of Operating Results

Twelve Months Ended June 30, 2012
(000) Omitted

	Actual FY '12	Budget FY '12	Actual FY '11	% Variances	
				Actual to Budget	FY 12 to FY 11
Operating Revenue	\$1,173,152	\$1,095,196	\$1,052,662	7.1%	11.4%
Operating Expenses:					
Salary & Fringe Benefits	571,990	575,108	538,542	0.5%	6.2%
Supplies & Other expenses	499,693	465,302	449,572	-7.4%	11.1%
Total Operating Expenses	1,071,683	1,040,410	988,114	-3.0%	8.5%
Income from Operations <i>(Operating Margin of 8.6%)</i>	\$ 101,469	\$ 54,786	\$ 64,548	85.2%	57.2%
Non-Operating Income/(Loss or Expense)	7	4,963	26,419	-99.9%	-100.0%
Net Income	\$101,476	\$59,749	\$90,967	69.8%	11.6%

Non Operating Income (Loss)

Twelve Months Ended June 30, 2012

(000) Omitted

	Actual FY '12	Budget FY '12	Actual FY '11	% Variances	
				Actual to Budget	FY 12 to FY 11
Investment Income & Other Non-Operating Income	\$ 10,372	\$ 11,103	\$ 11,161	-6.6%	-7.1%
Payment to University of WI School of Medicine and Public Health for capital expenditure support	(11,600)	(7,900)	(2,500)	-46.8%	> -100%
Fair Value Gain (Loss) on Investments	(2,719)	-	10,390	-100.0%	> -100%
Fair Value Gain (Loss) on Swap agreements	457	-	1,947	100.0%	> -100%
UWHC portion of Joint Venture Income/Losses:					
Wisconsin Therapies/Chartwell	761	1,225	853	-37.9%	-10.8%
Wisconsin Dialysis	798	125	347	> 100%	> 100%
UHC/Unity	523	(115)	3,246	> 100%	-83.9%
UHC/e-Care	(831)	(427)	(805)	-94.6%	-3.2%
Madison Surgery Center	2,640	1,688	2,294	56.4%	15.1%
Madison United Healthcare Linen	171	-	19	100.0%	> 100%
Madison Environmental Resourcing	21	(36)	29	> 100%	-27.6%
Generations Fertility Care	(586)	(700)	(562)	16.3%	-4.3%
Total	\$ 7	\$ 4,963	\$ 26,419	-99.9%	>-100%

Performance Ratios

	Favorable Direction	FY 12	Budget or Target	Industry Comparisons			UWHCA Bond Covenant
				S&P 500 "A" Rated	Moodys "A" Rated	Fitch "A" Rated	
Operating Margin	↑	8.6%	5.0%	2.8%	2.7%	2.8%	
Total Margin **	↑	8.8%	5.4%	5.2%	5.7%	4.5%	
Days Cash on Hand *	↑	217	183	210	187	191	90
Days in Accounts Receivable	↓	44	48	44	45	44	
Debt Service Coverage Ratio **	↑	9.8	6.4	4.3	4.6	4.1	1.25
Long Term Debt to Capitalization	↓	23.0%	24.0%	32.1%	37.9%	40.7%	65%
Operating Cash Flow	↑	14.6%	9.9%	10.2%	9.8%	9.8%	
Cash-to-Debt	↑	272.0%	223.5%	146.0%	128.4%	116.4%	

* 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
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
November 11	149,398,672	49
December 11	146,725,562	48
January 12	139,900,481	47
February 12	134,929,011	45
March 12	130,269,352	43
April 12	121,953,391	39
May 12	126,177,981	40
June 12	149,863,427	44

Comparison of Charity Care & Bad Debt Expense

	FY 12 Actual	FY 12 Budget	Variance	% Variance	FY 11 Actual	Variance	% Variance
Charity	\$ 53,065,261	\$ 59,951,230	\$ (6,885,969)	-11.5%	\$ 45,674,090	\$ 7,391,171	16.2%
% of Revenue	2.14%	2.50%			2.08%		
Bad Debt	20,077,944	35,970,738	(15,892,794)	-44.2%	18,371,775	\$1,706,169	9.3%
% of Revenue	0.81%	1.50%			0.84%		
Total	\$ 73,143,205	\$ 95,921,968	\$ (22,778,763)	-23.7%	\$ 64,045,865	\$ 9,097,340	14.2%
Gross Revenue	\$ 2,484,845,436	\$ 2,398,049,199	\$ 86,796,237	3.6%	\$ 2,195,105,260	\$ 289,740,176	13.2%
Total Bad Debt & Charity as % of Revenue	2.9%	4.0%			2.9%		

EBITDA Compared to Debt Service & Capital Expenditures

(000 omitted)

	<u>Actual</u>	<u>Budget</u>
<u>Cash Provided:</u>		
Net Income, excluding Fair Value gains/losses & payment to UWSMPH for capital expenditure support	\$115,338	\$67,649
Depreciation	43,606	44,500
Interest Expense	25,668	8,602
EBITDA	<u>\$ 184,612</u>	<u>\$ 120,751</u>
<u>Cash (Used) for Capital Expenditures, Debt Service and Working Capital:</u>		
Capital Expenditures	(52,271)	(74,000)
Est Annual Debt Service	(33,507)	(18,440)
Capital Contribution to UW for Capital Expenditures	(11,600)	(7,900)
Capital Contribution in Joint Ventures	(2,550)	(1,650)
Decrease (increase) in Working Capital	(4,000)	1,340
Total (Used) Provided	<u>(\$103,928)</u>	<u>(\$100,650)</u>
Cash Available for Temporary Investment and Future Capital Expenditures	<u>\$ 80,684</u>	<u>\$ 20,101</u>

Summary of Changes in Net Assets

Twelve Months Ended June 30, 2012

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	115,337,901
Fair value of investments	(2,718,635)
Fair value of swap agreements	456,810
Payments to UW School of Medicine and Public Health for capital expenditure support	(11,600,493)
Capital grants, gifts and donations	3,987,479
Additions to permanent gift endowments	514,012
Increase in net assets	<u>\$105,977,074</u>
Net assets at end of period	<u><u>\$774,796,822</u></u>

Comparison to Local Competitors

June 30, 2012 vs. 2011

	<u>UWHC</u>	<u>Meriter</u>	<u>St. Mary's</u>	<u>Total</u>
% Change in Admissions				
Current Month	4.7%	(10.8)%	(5.5)%	(2.8)%
3 Month Rolling Average	2.9%	(6.6)%	(9.2)%	(3.7)%
12 Month Rolling Average	2.0%	(0.3)%	(0.9)%	0.4%
% Change in Average Daily Census				
Current Month	1.3%	(8.4)%	(0.8)%	(3.5)%
3 Month Rolling Average	(0.2)%	(10.8)%	(11.0)%	(6.1)%
12 Month Rolling Average	0.0%	(3.5)%	(4.9)%	(2.3)%

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	\$ 53,387,579	8.6%	0.19%	0.07% (A)
Short Term Bond Fund				
USBank/Nuveen	\$ 90,090,543	14.5%	5.94%	-0.16% (B)
Intermediate Bond Fund				
USBank/Baird	\$ 220,337,122	35.5%	6.21%	3.62% (C)
Capital Replacement Fund				
Account - UW Foundation	\$ 156,745,642	25.3%	0.24%	0.24% (D)
Endowment Fund - Equity Securities				
UW Foundation	\$ 99,713,045	16.1%	0.16%	-4.17% (E)
Total Unrestricted Funds	\$ 620,273,931	100.0%		

(A) 90-day Treasury Bills

(B) Barclays 1-3 year Gov/ Credit less fees

(C) Barclays Capital Intermediate Gov/ Credit less fees

(D) Average 1 Month LIBOR

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