UMHS Financial Update

May FY 12 Results
HHC Summary – May FY 12

May FY 12 Operating Highlights
- May Operating margin = $5.7M; YTD = ($5.9M)
- May EBITDA/Oper Cash Flow margin = 10.4%; YTD = 7.9%
- May results favorably impacted by net $9.4M Medicare settlement (non-recurring item)
  - Excluding impacts of Medicare settlement operating margin (3.7)M
- Record month for Gross Inpatient charges and Gross Outpatient charges
- Total monthly payroll expense over $100M mark for first time, increased by factors such as
  - Memorial day holiday
  - Extra business day compared to April FY12 & May FY11
  - Continued growth of appointed FTEs, +73 FTEs in May.

Key Metrics:

| Activity - Adjusted Cases | May FY12 vs. May FY11 | May FY12 YTD vs. May FY 11 YTD | FY11 12 mos. vs. FY10 12 mos. |
|---------------------------|-----------------------|--------------------------------|
| 8.0%                      | 4.5%                  | 3.3%                           |

<table>
<thead>
<tr>
<th>Facility Rev per case Fav/(Unfav)</th>
<th>11.4%</th>
<th>2.7%</th>
<th>0.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Exp per case (Fav) / Unfav</td>
<td>9.5%</td>
<td>5.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Labor Efficiency-(Fav)/Unfav</td>
<td>3.5%</td>
<td>1.4%</td>
<td>(0.1)%</td>
</tr>
</tbody>
</table>

Balance Sheet:

<table>
<thead>
<tr>
<th>Unrestricted Cash ($ M / Days)</th>
<th>May FY12</th>
<th>June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term</td>
<td>$90.6/16</td>
<td>$120.8/24</td>
</tr>
<tr>
<td>Long Term</td>
<td>$989.8/180</td>
<td>$1,043.0/204</td>
</tr>
<tr>
<td>Total</td>
<td>$1,080.4/196</td>
<td>$1,163.8/228</td>
</tr>
</tbody>
</table>

Debt to Capitalization Ratio
- May FY12: 40.3%
- June 30, 2011: 36.1%
MS Summary – May FY 12

**Key Metrics May FY12 vs May FY11**

- **Clinical YTD Operating margin ($ M / %)**
  - May FY12: $112.2 / 20.5%
  - May FY11: $104.8 / 20.4%

- **IDC / sq. ft. ($)**
  - May FY12: $116.0
  - May FY11: $123.0

- **FTEs**

  - **Faculty**
    - % Change vs prior year: 2,165.2 / 4%
  - **Staff**
    - % Change vs. prior year: 4,022.4 / 3.0%

**May FY 12 Operating Highlights:**

- May Month margin = $5.4M; May YTD margin = $7.1M
- General Fund: unfavorable ($14.1M) YTD due to lower estimated research indirect costs
- Net Patient Care Revenue up $26.5M YTD (8.2%), $7.3M MTM (25%)
  - May FY 12 gross charges are up 19% over May FY11, 16% of this is attributed to due to increased activity and procedure mix as well as Mi-Chart timing, remaining 3% is due to fee increase.
  - YTD charges up 8% due to activity and procedure mix
- Overall research revenue is down $14M YTD driven by lower federal revenue of $14.8M YTD.
- Total Compensation has increased by $48.3M YTD (6.5%)

**Balance Sheet:**

<table>
<thead>
<tr>
<th></th>
<th>May FY12</th>
<th>June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Days Cash on Hand ($ M / Days)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term</td>
<td>$284.3 / 129.0</td>
<td>$321.0 / 158.0</td>
</tr>
<tr>
<td>Long Term</td>
<td>$605.3 / 275.0</td>
<td>$596.7 / 293.0</td>
</tr>
<tr>
<td>Total Unrestricted</td>
<td>$889.6 / 404.0</td>
<td>$917.7 / 451.0</td>
</tr>
</tbody>
</table>
May FY 12 Operating Highlights

- May FY 12 monthly expense = $6.0M
  - Payroll = $5.0M  Non-Payroll = $1.0M
- FY 12 Monthly Avg: Total Shared Service = $7.3
  - Payroll = $4.6M  Non-Payroll = $2.7
- May Non Payroll expenses favorably impacted by
  - PRMC Q4 Marketing campaign reductions
- YTD Shared Service expense = $80.1M
- FY 12 Original Plan = $94.7M

FTEs

- FTE levels consistent for much of FY 12
- July FY 12 higher FTE levels attributable to 3 bi-weekly payroll periods. Identified inconsistency in Shared Service FTE calcs
- During Sept FY 12, Shared Service FTE calc was changed to be consistent with HHC FTE calc
  - Resulted in significant “FTE accrual” adjustment (173 FTEs) that drove up Sept calculated FTEs
  - After adjusting for significant accrual item, Sept FTE levels now consistent with remaining FY 12 levels
Consolidated UMHS Summary – May FY 12

May FY 12 Operating Highlights:
- May YTD UMHS Total Cash Flow margin of 4.7% running behind FY 12 Plan level of 5.7%
- May MTD Cash flow Margin of 10.6% was the highest achieved for the year
  - Favorably impacted by HHC net settlement of $9.4 M

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<th>June 30, 2011</th>
</tr>
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<tbody>
<tr>
<td>Unrestricted Days Cash on Hand ($ M / Days)</td>
<td>$2,074.1 / 239</td>
<td>$2,192.2 / 271</td>
</tr>
<tr>
<td>Total Net Assets ($ M)</td>
<td>$3,708.0</td>
<td>$3,835.7</td>
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