

OUTLOOK & MEDIANS FOR HEALTHCARE

Moody's Investors Service has recently released data on Fiscal Year 2007 Not-for-Profit Hospital Medians for both the not-for-profit hospitals and healthcare systems. The medians are based on an analysis of audited fiscal year 2007 financial statements for 410 free-standing hospitals and single-state healthcare systems and 16 multi-state healthcare systems, representing 94% of Moody's publicly-rated portfolio that are eligible to be included in the medians. The median rating for the sector remains A3.

MEDIANS BY BROAD RANGE CATEGORY, 2007

	<u>All Ratings</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Below Baa</u>
Median Sample Size	410	51	196	132	31
Operating Margin *	2.1%	3.9%	2.6%	0.7%	-1.6%
Excess Margin *	4.9%	7.8%	5.6%	3.1%	-0.3%
Maximum Annual Debt Service Coverage (x) *	3.9	5.9	4.7	2.9	1.8
Cash on Hand (Days) *	156.6	248.6	180.0	112.3	55.7
Cushion Ratio (x) *	14.2	27.4	17.1	9.5	4.9
Debt-to-Capitalization *	38.6%	30.6%	35.3%	47.3%	58.1%

MEDIANS FISCAL YEARS 2003-2007

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sample Size	16	16	16	16	16
Operating Margin *	2.7%	2.9%	2.7%	3.3%	3.4%
Excess Margin *	5.0%	5.4%	6.3%	6.1%	6.7%
Maximum Annual Debt Service Coverage (x) *	4.8	5.0	5.2	5.5	5.7
Cash on Hand (Days) *	167.9	181.1	191.1	182.8	193.9
Cushion Ratio (x) *	16.6	18.6	21.7	21.0	23.2
Debt-to-Capitalization *	39.7%	35.8%	34.1%	31.7%	32.9%

* Definitions

Operating Margin (%) – (total operating revenue – total operating expenses) / total operating revenue

Excess Margin (%) – (total operating revenue – total operating expenses + nonoperating income) / (total operating revenue + non operating income)

Maximum Annual Debt Service Coverage (x) – net revenue available for debt service / estimated future peak principal payments and interest expense

Cash on Hand (days) – (unrestricted cash and investments x 365) / (total operating expenses – depreciation and amortization expenses)

Cushion Ratio (x) – unrestricted cash and investments / estimated future peak debt service

Debt-to-Capitalization (%) – (long-term debt + short-term debt) / (long-term debt + short-term debt + unrestricted fund balance)

To receive a complete copy of this report, please contact Moody's at (212) 553-4431 or go to www.moody.com. (Source: Moody's Investors Service – Not-for-Profit Hospital Medians for Fiscal Year 2007; August 2008)