

ABC Hospital Debt Capacity Analysis												HISTORICAL																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																

* CAH benefit is highest in earliest years due to higher interest expense.

NOTES:

- (1) The assumed interest rate is the All-in-TIC which includes the impact of all issuance costs.
- (2) The debt capacity factor represents the amount of debt that can be supported by each additional \$1 of cash flow.
- (3) Net income includes net investment income, net miscellaneous income, and other income.
- (4) Term includes 25 year term with 25 year amortization period.



ABC Hospital				S&P		Fitch	S&P		Potential Rating
	FYE 2011	FYE 2012	FYE 2013	2012 Medians "BBB"	"A"	2012 Medians "BBB"	2012 Small Hosp. "Not I.G."	"BBB"	S&P Comparison Last Fiscal Yr
Profitability Ratios									
Operating Margin (%)	2.4	1.9	1.6	1.3	2.9	0.9	-1.8	3.4	BBB
Excess/Profit Margin (%)	1.3	1.9	3.0	2.5	5.0	1.6	-1.6	4.3	BBB-
Cash Flow (EBITDA) Margin (%)	7.0	7.9	9.8	9.5	10.4	10.1	6.9	14.1	BBB
Liquidity Ratios									
Days Cash on Hand Ratio	57.9	66.2	42.7	130.7	225.9	130.5	96.5	205.2	Not I.G.
Cushion Ratio	3.5	3.9	2.5	9.4	20.4	9.5	5.6	10.8	Not I.G.
Cash to Debt (%)	32.8	41.8	28.7	98.2	161.0	93.9	56.5	125.1	Not I.G.
Days in Accounts Receivable	42.0	42.4	40.0	49.8	49.9	50.0	54.6	51.4	A
Capital Structure Ratios									
Debt Service Coverage Ratio (EBITDA)	1.8	2.0	2.5	2.7	4.8	2.3	1.5	2.7	BBB
Capital Expenditures/Depreciation Exp (%)	86.3	235.6	104.2	94.4	106.3	75.0	68.5	81.3	A
MADS / Revenues (%)	3.9	4.0	3.9	3.8	2.8	3.4	4.3	4.6	BBB
Debt to Capitalization (%)	62.0	63.0	60.6	36.5	29.8	53.3	43.4	29.6	Not I.G.
Average Age of Plant (years)	21.1	17.9	14.5	10.3	10.5	10.7	11.4	9.6	Not I.G.
Operational Ratios									
Bad Debt Expense / Revenues (%)	8.8	9.0	10.4	#N/A	#N/A	#N/A	n/a	n/a	-
Personnel Costs / Revenues (%)	40.9	65.9	65.8	55.6	56.1	53.1	54.7	53.0	Not I.G.

1. Fitch median numbers taken from "2013 Median Ratios for Nonprofit Hospitals and Healthcare Systems", which reflect financial performance for 2012.
2. S&P median numbers taken from: "U.S. Not-For-Profit Stand-Alone Hospital Ratios: Operating Pressures Led to Mixed Results in 2012", which reflect financial performance for 2012.
3. S&P Publishes a small hospital report every two years; last one published in 2013 for 2012 performance.
4. Moody's median numbers taken from: "Not-for-Profit Hospital Medians Show Balance Sheet ... 2013 Median Ratios. . .", which reflect financial performance for 2012.
5. Some ratios like DCOH and MADS as % of revenue are calculated differently by the rating agencies

