

Sisters of Charity of Leavenworth Health System, Inc.
SCLHS and Affiliates
Consolidated Balance Sheets (Unaudited)
For the Six Months Ended June 30, 2010
(in Millions)

Assets	YTD 2010	December 31, 2009
Current Assets:		
Cash and Cash equivalents	\$ 90.7	\$ 136.4
Securities Lending Agreements Investments	-	38.9
Due From Broker	9.7	8.5
Current portion of Investments	345.9	444.2
Accounts Receivable:		
Patient (Less Allowance for Uncollectible Accounts)	321.5	311.7
Pledges and Other	30.0	49.3
Inventory	45.0	44.7
Other Assets	30.6	26.0
Total Current Assets	873.2	1,059.7
Investments		
Investments, Net of Current Portion	1,276.6	871.6
Less Securities on Loan	-	(37.7)
Total Investments	1,276.6	833.9
Assets Limited as to Use:		
Restricted Funds – Self-Insured Risks	108.6	114.6
Trustee-Held Funds	93.1	37.4
Total Assets Limited as to Use	201.6	152.0
Securities on Loan	-	37.7
Land, Buildings, and Equipment, Net	2,039.3	2,031.1
Other Assets:		
Investments in Joint Ventures	28.5	32.8
Pledges Receivable, Net	65.9	51.8
Prepaid Pension Cost	29.7	28.8
Notes Receivable	5.3	5.4
Other Assets	19.7	16.4
Total Other Assets	149.1	135.2
Total Assets	\$ 4,539.8	\$ 4,249.6

Liabilities and Net Assets	YTD 2010	December 31, 2009
Current Liabilities:		
Current Maturities of Long-Term Obligations	\$ 337.0	\$ 436.7
Accrued Interest Payable	8.8	7.5
Due to Broker	15.1	20.8
Securities Lending Agreements Payable	-	38.9
Accounts Payable	119.1	158.0
Accrued Salaries, Wages, and Benefits	114.7	102.0
Other Accrued Expenses	37.8	56.9
Total Current Liabilities	632.5	820.8
Other NonCurrent Liabilities:		
Reserve for Self-Insured Risks	82.2	78.0
Accrued Pension Payable	14.6	14.0
Accrued Swap Payable	10.7	10.8
Other Liabilities	20.7	15.8
Total Other NonCurrent Liabilities	128.2	118.6
Capital Structure:		
Bonds Payable	1,410.6	906.5
Other Notes and Capital Leases Payable	25.4	123.3
	1,436.0	1,029.8
Less Current Maturities	337.0	436.7
Total Capital Structure	1,099.0	593.1
Total Liabilities	1,859.7	1,532.5
Net Assets:		
Non-Controlling Interest	235.7	335.4
Unrestricted	2,293.7	2,218.6
Temporarily restricted	122.0	134.4
Permanently restricted	28.8	28.7
Total Net Assets	2,680.1	2,717.1
Total Liabilities, Minority Interest, and Net Assets	\$ 4,539.8	\$ 4,249.6

Sisters of Charity of Leavenworth Health System, Inc.
Consolidated Statements of Operations (Unaudited)
For the Six Months Ended June 30, 2010
(in Millions)

	YTD 2010	December 31, 2009
Patient Services		
Operating Revenue:		
Net Patient Service Revenue	\$ 1,271.6	\$ 2,429.6
Other Operating Revenue	35.8	68.5
Net Assets Released from Restrictions	13.7	28.5
Net Gain from Joint Ventures	5.6	10.7
Net Gain from Disposal of Assets	-	0.3
Total Operating Revenue	1,326.7	2,537.6
Operating Expenses:		
Salaries and Wages	502.3	1,003.2
Employee Benefits	126.0	239.2
Other Operating Expenses	514.1	911.7
Provision for Bad Debts	70.9	137.5
Depreciation and Amortization	100.1	174.5
Total Operating Expenses	1,313.4	2,466.1
Income from Operations	13.3	71.5
Non-Operating Gains (Losses)		
Income Tax Expense	(1.0)	(2.8)
Investment Income (Losses)	12.4	98.1
Mission Fund Expenditures	(0.9)	(2.4)
Interest and Amortization	(22.8)	(32.0)
Early Extinguishment of Debt (Losses)	(22.3)	-
Total Non-Operating Gains (Losses), Net	(34.5)	60.9
Consolidated Excess (Deficit) of Revenue Over Expenses	(21.2)	132.4
Attributable to Noncontrolling Interest	(1.3)	(1.4)
Total Excess (Deficit) of Revenue Over Expenses attributable to SCLHS	(19.9)	133.8
Other Changes in Unrestricted Net Assets		
Change in Unrealized Value of Interest Rate Swaps	(6.0)	9.6
Minority Interest in Joint Venture	98.7	(28.8)
Contributions to Related Organizations	(2.8)	(44.8)
Pension Related Charges Other Than Periodic Costs	-	46.2
Net Assets Released for Capital Acquisitions	6.4	39.2
Total Other Changes	96.3	21.4
Increase (Decrease) in Unrestricted Net Assets	\$ 75.1	\$ 153.8

Sisters of Charity of Leavenworth Health System, Inc.
Consolidated Statements of Changes in Net Assets (Unaudited)
For the Six Months Ended June 30, 2010
(in Millions)

Unrestricted Net Assets	Total YTD 2010	Controlling 2010	Noncontrolling 2010	December 31, 2009
Excess (Deficit) of Revenue over Expenses	\$ (21.2)	\$ (19.9)	\$ (1.3)	\$ 132.4
Change in Unrealized Value of Interest Rate Swaps	(6.0)	(6.0)		9.6
Minority Interest in Joint Venture	98.7	98.7		(28.8)
Contributions to Related Organizations	(2.8)	(2.8)		(44.8)
Pension Related Charges Other Than Periodic Costs	-	-		46.2
Net Assets Released for Capital Acquisitions	6.4	6.4		39.2
	75.1	76.4	(1.3)	153.8
Temporarily restricted Net Assets				
Contributions	6.9	6.9		26.7
Net Investment Activity	(0.6)	(0.6)		4.1
Net Assets Released from Restrictions	(18.7)	(18.7)		(65.6)
	(12.4)	(12.4)	-	(34.8)
Permanently restricted Net Assets				
Contributions	(0.1)	(0.1)		0.3
Net Investment Activity	0.1	0.1		1.0
	0.0	0.0	-	1.3
Increase (Decrease) in Net Assets	62.7	64.0	(1.3)	120.3
Transfer of Noncontrolling Interest	235.7		235.7	335.4
Beginning Net Assets	2,381.7	2,381.7		2,261.4
Ending Net Assets	\$ 2,680.1	\$ 2,445.8	\$ 234.4	\$ 2,717.1

Sisters of Charity of Leavenworth Health System, Inc.
Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended June 30, 2010
(in Millions)

	YTD 2010	December 31, 2009
Operating Activities		
Increase (Decrease) in Net Assets	\$ 62.7	\$ 120.3
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	100.5	175.6
Loss on Defeasance	8.1	-
Provision for Bad Debts	70.9	137.5
Change in Accounts Receivable, Net of Allowances	(69.5)	(117.7)
Change in Noncontrolling Interest	(1.3)	28.8
Change in Unrealized Value of Interest Rate Swaps	6.0	(9.6)
Restricted Contributions	(6.8)	(27.0)
Pension Related Charges Other Than Periodic Costs	-	(46.2)
Net Assets Released for Capital Acquisitions	(6.4)	(39.2)
Net Gain from Joint Ventures	(5.6)	(10.7)
Net Gain from Disposal of Assets	0.0	(0.3)
Increase (Decrease) in Investments Classified as Trading	(370.9)	198.6
Increase (Decrease) in Other Assets	(7.1)	18.5
Increase (Decrease) in Liabilities	(133.2)	(237.8)
Net Cash Provided (Used) by Operating Activities	(352.6)	190.8
Investing Activities	-	
Acquisition of Land, Buildings, and Equipment	(108.3)	(395.0)
Decrease in Alternative Investments	1.5	109.9
Decrease in Investments in Joint Ventures	9.8	17.7
Net Cash Used in Investing Activities	(97.0)	(267.4)
Financing Activities	-	
Restricted Contributions	7.2	27.0
Net Assets Released for Capital Acquisitions	6.4	39.2
Proceeds From Issuance of Long-Term Debt, Net of Original Issue Discount and Financing Costs	1,017.0	158.0
Payments on Bonds, Notes, and Capital Leases Payable	(626.7)	(108.2)
Net Cash Provided by Financing Activities	403.9	116.0
Net Increase (Decrease) in Cash and Cash Equivalents	(45.7)	39.4
Beginning Cash and Cash Equivalents	136.4	67.2
Beginning Cash and Cash Equivalents due to change of control	-	29.8
Ending Cash and Cash Equivalents	\$ 90.7	\$ 136.4