



**Q1'10**  
**Earnings Call**

**May 4, 2010**

# Forward-looking statements

Certain statements contained in this presentation constitute forward-looking statements. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results to be materially different from those expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and regionally; industry capacity; demographic changes; changes in, or the failure to comply with, laws and governmental regulations; the ability to enter into managed care provider arrangements on acceptable terms; changes in Medicare and Medicaid payments or reimbursement, including those resulting from a shift from traditional reimbursement to managed care plans; liability and other claims asserted against the Company; competition, including the Company's failure to attract patients to its hospitals; the loss of any significant customers; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care; a shortage of raw materials, a breakdown in the distribution process or other factors that may increase the Company's cost of supplies; changes in business strategy or development plans; the ability to attract and retain qualified personnel, including physicians, nurses and other health care professionals, including the impact on the Company's labor expenses resulting from a shortage of nurses or other health care professionals; the significant indebtedness of the Company; the availability of suitable acquisition opportunities and the length of time it takes to accomplish acquisitions; the Company's ability to integrate new businesses with its existing operations; and the availability and terms of capital to fund the expansion of the Company's business, including the acquisition of additional facilities. Certain additional risks and uncertainties are discussed in the Company's filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K and quarterly reports on Form 10-Q. Do not rely on any forward-looking statement, as we cannot predict or control many of the factors that ultimately may affect our ability to achieve the results estimated. We make no promise to update any forward-looking statement, whether as a result of changes in underlying factors, new information, future events or otherwise.

## Non-GAAP Information

This document includes certain financial measures such as adjusted EBITDA, which are not calculated in accordance with Generally Accepted Accounting Principles (GAAP). Management recommends that you focus on the GAAP numbers as the best indicator of financial performance. These alternative measures are provided only as a supplement to aid in analysis of the Company.

Reconciliation between non-GAAP measures and related GAAP measures can be found in our Q1'10 quarterly earnings release issued on May 4, 2010.

# Q1'10 Highlights

- \$298mm adjusted EBITDA, 7.2% increase (Q1'10 versus Q1'09)
  - Cost efficiencies and pricing offset soft volumes
- Confirm 2010 EBITDA outlook range of \$985mm to \$1.05 B

# Q1'10 Highlights (cont)

## ■ Volumes

- March volumes materially stronger than January and February
- April's volumes in line with March
- ED's relative strength reflects decline in elective volumes

## ■ Pricing

- Inpatient pricing growth 160 bp stronger than prior 2010 outlook assumptions
- Outpatient pricing growth 400 bp stronger than prior 2010 outlook assumptions
- Higher acuity contributes to revenue growth, especially commercial

# Q1'10 Highlights (cont)

- Cost efficiency
  - 1.3% increase in total controllable cost
  - Malpractice expense continues to decline
  - Savings from new HQ offices
- Bad Debt
  - \$33mm increase in bad debt expense (Q1'10 versus Q1'09)
  - \$6mm increase in cost of providing uncompensated care<sup>(1)</sup> (Q1'10 versus Q1'09)
- Free Cash Flow
  - \$33mm increase

(1) Uncompensated care costs defined as the fixed and variable cost of providing care to uninsured and charity patients

# 2010 Outlook Assumptions - REVISED

Line #			Revised (5/4/10)	Initial Outlook
1	Admissions - growth	(%)	(1.5) – (0.5)	(0.5) - 0.5
2	Outpatient visits - growth	(%)	1.0 – 2.0	3.0 - 4.0
3	Inpatient Revenue per Admission - growth	(%)	3.0 – 4.0	2.0 - 3.0
4	Outpatient Revenue per Visit - growth	(%)	4.0 – 5.0	3.0 - 4.0
5	Net operating revenues – growth	(%)	3.5 – 5.0	4.0 - 6.0
6	Net operating revenues	(\$Bil)	9.3 – 9.5	9.35 - 9.55
7	Controllable operating expense – growth (includes \$40mm expense for 2010 ARRA/HIT)	(%)	3.0 – 5.0	4.0 – 6.0
8	Controllable operating expenses (includes \$40mm expense for 2010 ARRA/HIT)	(\$Bil)	7.55 – 7.70	7.60 - 7.75
9	Bad debt ratio	(%)	No change	7.8 - 8.8
10	Bad debt expense	(\$mm)	No change	730 - 840
11	Adjusted EBITDA <sup>(1)</sup>	(\$mm)	No change	985 – 1,050
12	Depreciation and Amortization	(\$mm)	No change	385 - 420
13	Interest Expense, Net	(\$mm)	No change	435 - 415
14	Income from continuing operations before income taxes <sup>(1)</sup>	(\$mm)	No change	165 - 215
15	Net income from continuing operations <sup>(1)</sup> (2010 normalized at 40.0% tax rate)	(\$mm)	No change	100 - 130
16	Preferred stock dividends	(\$mm)	No change	24
17	Net income attributable to noncontrolling interests	(\$mm)	No change	6 - 12
18	Net income attributable to common shareholders	(\$mm)	No change	70 - 94
19	E.P.S. <sup>(1)</sup> <sup>(2)</sup> (2010 normalized at an assumed 40% tax rate, continuing operations)	(\$)	No change	0.14 - 0.19
20	E.P.S. <sup>(1)</sup> <sup>(3)</sup>	(\$)	0.24 – 0.32	-

(1) Excludes impairment and restructuring charges, litigation and investigation costs, gain from early extinguishment of debt, and net gain (losses) on sales of investments.

(2) Share assumptions refined. Share count is impacted by share price.

(3) Not included in initial 2010 Outlook discussion. Includes valuation allowance for deferred tax assets and other tax adjustments.

# April 1-Dec 31, 2010 – Cash Walk Forward (\$mm)

	Low	High
<b>EBITDA Outlook</b> (Q2'10 - Q4'10)	<b>687</b>	<b>752</b>
Add Back: Stock Compensation Charges	27	31
Changes in Cash from Operating Assets and Liabilities	151	172
Interest Payments	(268)	(288)
<b>Adjusted Net Cash Provided by Operating Activities – Cont. Ops.</b>	<b>597</b>	<b>667</b>
Capital Expenditures – Cont. Ops.	(392)	(442)
<b>Adjusted Free Cash Flow – Cont. Ops.</b>	<b>205</b>	<b>225</b>
Income Tax Payments	(42)	(27)
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(54)	(54)
Net Cash Used In Operating Activities from Disc. Ops.	(52)	(22)
Investing Activities, Reserve Fund, Divestitures and Other	(5)	15
Net Financing Activities	(11)	(26)
Net Increase (Decrease) in Cash and Cash Equivalents	41	111
<b>Cash and Cash Equivalents at March 31, 2010</b>	<b>589</b>	
<b>Cash and Cash Equivalents at December 31, 2010</b>	<b>630</b>	<b>700</b>