



Q2'10 Earnings Call

August 3, 2010

Forward-Looking Statements

Certain statements contained in this presentation constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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: the passage of health care reform legislation and the enactment of additional federal and state health care reform; other changes in federal, state, or local laws and regulations affecting the health care industry; general economic and business conditions, both nationally and regionally; 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; liability and other claims asserted against the Company; competition, including the Company’s ability to attract patients to its hospitals; technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care; changes in business strategy or development plans; the ability to attract and retain qualified personnel, including physicians, nurses and other health care professionals, and 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 Company’s ability to integrate new businesses with its existing operations; the availability and terms of capital to fund the expansion of the Company’s business, including the acquisition of additional facilities; the creditworthiness of counterparties to the Company’s business transactions; adverse fluctuations in interest rates and other risks related to interest rate swaps or any other hedging activities the Company undertakes; the ability to continue to expand and realize earnings contributions from the Company’s Conifer revenue cycle management and patient communication businesses; and its ability to identify and execute on measures designed to save or control costs or streamline operations. 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. The Company specifically disclaims any obligation 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 Q2’10 quarterly earnings release issued on August 3, 2010.

Q2'10 Highlights

- \$268mm adjusted EBITDA, 8.9% increase (Q2'10 versus Q2'09)
- 11.6% EBITDA margin
 - Strongest 2nd quarter margin in 7 years
- Cost efficiencies and unit revenue growth offset soft volumes
- Confident in 2010 adjusted EBITDA Outlook range of \$1.035 - \$1.100 Billion

Strength in commercial CMI, payer mix, and unit revenue growth more than offset soft volumes

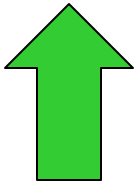
- Commercial admissions declined 7.2% and commercial OP visits declined 5.4% (Q2'10 versus Q2'09)
- 6.2% decline in “commercial and other” admissions
 - Comparable to HCA’s 5.3% decline in same volume metric
- Hidden strength in commercial volumes:
 - Commercial CMI increased 2.8%
 - Over a third of commercial admissions decline due to OB/GYN, including 20% resulting from declining deliveries
 - Commercial payer mix moved to higher paying plans

2.0% commercial revenue growth

Volumes

- ED admissions stable
 - Volume softness largely confined to elective services
- Government admissions stable
- Adjusted admissions declined 0.6%
- Outpatient volumes evidence relative strength
 - Aggregate OP visits down 0.8%
 - 2.0% growth in government OP visits

Favorable cost/ revenue trends



4.6% increase in revenue per admission



5.3% growth in revenue per OP visit

Strength in unit revenues exceeds cost trends

3.8% increase in controllable cost PAPD

Adjusted Free Cash Flow

- \$121mm Adjusted Free Cash Flow (Q2'10)
 - \$21mm YTD 2010
 - \$23mm YTD increase over H1'09
- \$711mm cash at 6/30/10
 - Approx \$600mm, net of cash in insurance subsidiaries

Two offsetting EBITDA items

- \$20mm net favorable Medicare bad debt adjustment
 - \$28mm favorable adjustment to bad debt expense
 - \$8mm unfavorable adjustment to net revenue reflecting the portion of bad debt that will not be reimbursed by Medicare

- \$20mm unfavorable Medicare DSH/SSI⁽¹⁾ adjustment to revenue

Line Item Impacts (\$mm) <i>Favorable / (Unfavorable)</i>	Net Revenue	Bad Debt	Adjusted EBITDA
Medicare Bad Debt	(8.0)	28.0	20.0
SSI Adjustment ⁽¹⁾	(20.0)	-	(20.0)
Net	(28.0)	28.0	-

⁽¹⁾ Supplemental Security Income (“SSI”) ratios are used in the calculation of Medicare disproportionate share (“DSH”) revenue. CMS recently released additional data and instructions regarding federal fiscal year (“FFY”) 2007 ratios, generally resulting in our lowering our estimates of the SSI percentages at certain of our hospitals. Additional detail is provided in our Form 10-Q.

Increases in unit revenues

- 4.6% increase in net inpatient revenues per admission
- 5.3% increase in net outpatient revenues per visit
- Good visibility into future increases:
 - 95% of 2010 commercial contracting completed
 - 75% of 2011
 - 35% of 2012

Costs remain tightly controlled

- 3.8% increase in controllable costs (PAPD)
 - 3.4% SW&B increase (PAPD)
 - 1.2% Supply cost increase (PAPD)
 - 6.8% “Other operating expense” increase (PAPD)
 - Malpractice down \$2mm (*versus* Q2'09) and \$12mm favorable YTD

Bad debt pressure less than initially anticipated

- 7.5% bad debt ratio, flat to Q2'09
 - Favorable \$28mm adjustment for Medicare bad debt
 - Unfavorable \$8mm adjustment recorded on revenue line
- Uncompensated⁽¹⁾ admissions declined by 2.2%
 - Uncompensated⁽¹⁾ outpatient visits increased 1.4%
- Cost⁽²⁾ of providing uncompensated care grew by \$5mm

(1) "Uncompensated" defined as uninsured + charity

(2) Costs of providing uncompensated care were \$126mm in Q2'10 and \$121mm in Q2'09

2010 Outlook Assumptions

Line #		Outlook (6/14/10)
1	Admissions - growth (%)	(1.5) – (0.5)
2	Outpatient visits - growth (%)	1.0 – 2.0
3	Inpatient Revenue per Admission - growth (%)	3.0 – 4.0
4	Outpatient Revenue per Visit - growth (%)	3.0 – 4.0
5	Net operating revenues – growth (%)	3.5 – 5.0
6	Net operating revenues (\$Bil)	9.3 – 9.5
7	Controllable operating expense – growth (includes \$25mm expense for 2010 ARRA/HIT) (%)	2.5 – 4.5
8	Controllable operating expenses (includes \$25mm expense for 2010 ARRA/HIT) (\$Bil)	7.5 – 7.65
9	Bad debt ratio (%)	7.8 - 8.8
10	Bad debt expense (\$mm)	730 - 840
11	Adjusted EBITDA ⁽¹⁾ (\$mm)	1,035 – 1,100
12	Depreciation and Amortization (\$mm)	385 - 420
13	Interest Expense, Net (\$mm)	435 - 415
14	Income from continuing operations before income taxes ⁽¹⁾ (\$mm)	215 – 265
15	Net income from continuing operations ⁽¹⁾ (2010 normalized at 40.0% tax rate) (\$mm)	130 – 160
16	Preferred stock dividends (\$mm)	24
17	Net income attributable to noncontrolling interests (\$mm)	6 – 12
18	Net income attributable to common shareholders (\$mm)	100 – 124
19	E.P.S. ⁽¹⁾ ⁽²⁾ (2010 normalized at an assumed 40% tax rate, continuing operations) (\$)	0.20 - 0.25
20	E.P.S. ⁽¹⁾ ⁽³⁾ (\$)	0.34 – 0.41

(1) Excludes impairment and restructuring charges, litigation and investigation costs, net gain (losses) 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.

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

	Low	High
EBITDA Outlook (Q3'10 - Q4'10)	469	534
Add Back: Stock Compensation Charges	15	19
Changes in Cash from Operating Assets and Liabilities	145	187
Interest Payments	(179)	(199)
Adjusted Net Cash Provided by Operating Activities – Cont. Ops.	450	541
Capital Expenditures – Cont. Ops.	(314)	(364)
Adjusted Free Cash Flow – Cont. Ops.	136	177
Income Tax Payments	(59)	(44)
Payments against Reserves for Restructuring Charges, Litigation Costs and Settlements	(27)	(27)
Net Cash Provided by Operating Activities from Disc. Ops.	0	15
Investing Activities including Outpatient Acquisitions	(52)	(71)
Net Financing Activities	(79)	(61)
Net Increase (Decrease) in Cash and Cash Equivalents	(81)	(11)
Cash and Cash Equivalents at June 30, 2010	711	
Cash and Cash Equivalents at December 31, 2010	630	700
Pro Forma Effect of Debt Financing Activities Not Included Above	(200)	(250)
Pro Forma Cash and Cash Equivalents at December 31, 2010	430	450

Summary

- EBITDA and cash flow continue to strengthen
- Commercial revenues continue to grow as negotiated rate increases, acuity increases, and favorable payer mix shifts more than offset soft commercial volumes
- Upside potential from California provider fee
- Confident in 2010 adjusted EBITDA Outlook range of \$1.035 - \$1.100 Billion