

***ProHealth Care Inc.***  
***Quality Summary***  
***Quarter Ended June 30, 2009***

Oconomowoc Memorial Hospital:

Oconomowoc Memorial Hospital distinguishes itself from other hospitals in the areas of clinical quality and patient safety. Oconomowoc Memorial routinely performs 15-20% better than expected on risk-adjusted mortality and severity adjusted patient safety index based on comparisons of similar hospitals through the Thomson-Reuters 100 Top Hospital benchmarks. Patient safety and mortality are key drivers for building a reputation as a clinical leader in the community.

Oconomowoc Memorial Hospital also received the Press Ganey National Summit Award for Emergency Department patient satisfaction achieved over the past 3 years. The Oconomowoc Memorial Hospital Emergency Department achieved a 95<sup>th</sup> percentile rank for 12 consecutive quarters and continues to maintain that level of performance today.

Oconomowoc Memorial Hospital has committed to preventing costly errors that harm patients. High cost and potentially preventable events such as central line infections, ventilator associated pneumonias and pressure ulcers have been a focus of efforts to eliminate these events. As of June 30, 2009, Oconomowoc Memorial Hospital has had no ventilator associated pneumonias in the past 2 years, one central line infection in 18 months and has decreased the pressure ulcer rate from 7.1% 18 months ago to zero for the past 2 quarters.

Waukesha Memorial Hospital:

From Q3 of 2008 to Q1 2009, Waukesha Memorial Hospital has invested significant resources to decrease the risk-adjusted mortality rate from 22% higher than expected to 8% lower than expected compared to similar hospitals. This improvement places Waukesha Memorial Hospital at the top 10<sup>th</sup> percentile of performance compared to the Thomson-Reuters 100 Top Hospital benchmarks.

Inpatient satisfaction scores for Waukesha Memorial Hospital consistently score in the top 10% nationally as measured by Press Ganey. This past year Waukesha Memorial Hospital also had the honor of being ranked the highest performing general hospital in the market area on the Centers for Medicare and Medicaid Services HCAHPS Patient Experience of Care Survey.

Waukesha Memorial Hospital has committed to preventing costly errors that harm patients. High cost and potentially preventable events such as ventilator associated pneumonias and pressure ulcers have been the focus of efforts to reduce or eliminate these events. As of June 30, 2009, Waukesha Memorial Hospital has had zero ventilator associated pneumonias for 3 straight quarters, and has decreased the pressure ulcer rate by 45% from prior year with ongoing efforts to get to zero.

The culmination of all these efforts around patient safety, clinical quality and patient experience of care led to Waukesha Memorial Hospital winning the Thomson-Reuters 100 Top Hospitals award.

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combined Balance Sheets

June 30, 2009

(In thousands)

<b>Assets</b>	<b>June 30, 2009</b>
Current assets:	
Cash and cash equivalents	\$ 2,279
Assets whose use is limited or restricted	9,185
Patient accounts receivable, net of estimated uncollectibles of \$6,813,000 in 2009 and \$7,154,000 in 2008	65,067
Other receivables	19,729
Inventory of supplies	8,402
Prepaid expenses and other current assets	6,692
Total current assets	111,354
Noncurrent assets whose use is limited or restricted	235,917
Debt service and construction funds	63,931
Net property, plant, and equipment	334,742
Other assets:	
Due from affiliated organizations	—
Deferred financing expenses, net	2,709
Investment in Waukesha Health System, Inc.	83,788
Other	17,868
Total other assets	104,365
Total assets	\$ 850,309

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combined Balance Sheets

June 30, 2009

(In thousands)

<b>Liabilities and Net Assets</b>	<b>June 30, 2009</b>
Current liabilities:	
Current installments of long-term debt	\$ 5,270
Accounts payable	5,228
Accrued expenses	28,494
Estimated payable to Medicare and Medicaid	284
Other current liabilities	—
Total current liabilities	39,276
Long-term debt, less current installments, and unamortized bond discount	332,472
Other long-term liabilities	47,090
Total liabilities	418,838
Commitments and contingencies	
Total net assets	431,471
Total net assets	431,471
Total liabilities and net assets	\$ 850,309

**PROHEALTH CARE, INC. OBLIGATED GROUP**

## Combined Statements of Operations

Year to Date June 30, 2009 and 2008

(In thousands)

	<b>2009</b>	<b>2008</b>
Net patient service revenue	\$ 412,900	375,613
Other operating revenue	8,314	7,907
Total revenue	421,214	383,520
Expenses:		
Salaries and wages	140,970	130,716
Employee benefits	42,026	40,266
Medical supplies and drugs	74,806	69,062
State Tax Assessment	12,286	—
Contracted services and other	53,988	50,456
Provision for bad debts	19,032	14,250
Depreciation and amortization	28,170	26,726
Interest	10,152	9,078
Total expenses	381,430	340,554
Income from operations	39,784	42,966
Nonoperating gains (losses), net	(23,300)	688
Revenue and gains in excess of expenses	16,484	43,654
Other changes in unrestricted net assets:		
Additional minimum pension liability	—	—
Unrealized derivative losses arising during the year	—	—
Change in net unrealized gains and losses on other than trading securities	—	—
Net assets released from restrictions for plant and equipment additions	—	—
Other, net	—	—
Increase in unrestricted net assets	\$ 16,484	43,654

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combining Balance Sheet Information

June 30, 2009

(In thousands)

Assets	Obligated Group				
	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Elimination and Reclass entries	Total Obligated Total
Current assets:					
Cash and cash equivalents	\$ (828)	2,673	434	—	2,279
Assets whose use is limited or restricted	—	7,899	1,286	—	9,185
Patient accounts receivable, net		52,795	12,272	—	65,067
Other receivables	13,281	24,846	2,197	(20,595) (a)	19,729
Inventory of supplies	—	6,211	2,191	—	8,402
Prepaid expenses and other current assets	889	4,961	842	—	6,692
Total current assets	13,342	99,385	19,222	(20,595)	111,354
Noncurrent assets whose use is limited or restricted	—	213,173	22,744	—	235,917
Debt service and construction funds	—	35,333	28,598	—	63,931
Net property, plant, and equipment	5,307	241,528	87,907	—	334,742
Other assets:					
Due from affiliated organizations	—	—	—	—	—
Deferred financing expenses, net	—	2,178	531	—	2,709
Investment in Waukesha Health System, Inc.	83,788	—	—	—	83,788
Other	7,786	5,048	5,034	—	17,868
Total other assets	91,574	7,226	5,565	—	104,365
Total assets	\$ 110,223	596,645	164,036	(20,595)	850,309

Combining eliminations:

(a) Elimination of intercompany receivables and payables

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combining Balance Sheet Information

June 30, 2009

(In thousands)

Liabilities and Net Assets	Obligated Group				
	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Elimination entries	Total Obligated Total
Current liabilities:					
Current installments of long-term debt	\$ —	3,664	1,606	—	5,270
Accounts payable	2,644	16,830	6,349	(20,595) (a)	5,228
Accrued expenses	4,243	20,137	4,114	—	28,494
Estimated payable to Medicare and Medicaid	—	197	87	—	284
Other current liabilities	—	—	—	—	—
Total current liabilities	6,887	40,828	12,156	(20,595)	39,276
Long-term debt, less current installments and unamortized bond discount	—	239,820	92,652	—	332,472
Other long-term liabilities	13,398	28,359	5,333	—	47,090
Total liabilities	20,285	309,007	110,141	(20,595)	418,838
Total net assets	89,938	287,638	53,895	—	431,471
	—	—	—	—	—
Total net assets	89,938	287,638	53,895	—	431,471
Total liabilities and net assets	\$ 110,223	596,645	164,036	(20,595)	850,309

Combining eliminations:

(a) Elimination of intercompany receivables and payables

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combining Statement of Operations Information

Year to date June 30, 2009

(In thousands)

	<b>Obligated Group</b>				
	<b>ProHealth Care, Inc.</b>	<b>Waukesha Memorial Hospital, Inc.</b>	<b>Oconomowoc Memorial Hospital, Inc.</b>	<b>Elimination entries</b>	<b>Total</b>
Net patient service revenue	\$ —	333,857	79,043	—	412,900
Other operating revenue	54,092	4,432	2,272	(52,482)	8,314
Total revenue	54,092	338,289	81,315	(52,482)	421,214
Expenses:					
Salaries and wages	29,012	88,963	22,995	—	140,970
Employee benefits	9,761	26,313	5,952	—	42,026
Medical supplies and drugs	1,308	59,822	13,676	—	74,806
State Tax Assessment	—	9,899	2,387	—	12,286
Contracted services and other	13,636	70,219	22,615	(52,482)	53,988
Provision for bad debts	—	14,625	4,407	—	19,032
Depreciation and amortization	375	22,352	5,443	—	28,170
Interest	—	8,642	1,510	—	10,152
Total expenses	54,092	300,835	78,985	(52,482)	381,430
Income (loss) from operations	—	37,454	2,330	—	39,784
Nonoperating (losses) gains, net	—	(21,088)	(2,212)	—	(23,300)
Revenue and gains in excess of (less than) expenses	—	16,366	118	—	16,484
Other changes in unrestricted net assets:					
Additional minimum pension liability	—	—	—	—	—
Change in net unrealized gains and losses on other than trading securities	—	—	—	—	—
Unrealized derivative losses arising during the year	—	—	—	—	—
Net assets released from restrictions for plant and equipment additions	—	—	—	—	—
Other, net	—	—	—	—	—
Transfer from (to) affiliated organizations	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ —	16,366	118	—	16,484

**PROHEALTH CARE, INC. OBLIGATED GROUP**

Combining Statement of Operations Information

Year to date June 30, 2008

(In thousands)

<b>Obligated Group</b>					
	<b>ProHealth Care, Inc.</b>	<b>Waukesha Memorial Hospital, Inc.</b>	<b>Oconomowoc Memorial Hospital, Inc.</b>	<b>Elimination entries</b>	<b>Total</b>
Net patient service revenue	\$ —	304,382	71,231	—	375,613
Other operating revenue	48,046	3,681	2,199	(46,019)	7,907
Total revenue	48,046	308,063	73,430	(46,019)	383,520
Expenses:					
Salaries and wages	25,239	84,480	20,997	—	130,716
Employee benefits	8,787	25,733	5,746	—	40,266
Medical supplies and drugs	1,311	55,494	12,257	—	69,062
State Tax Assessment	—	—	—	—	—
Contracted services and other	12,404	64,434	19,637	(46,019)	50,456
Provision for bad debts	—	11,024	3,226	—	14,250
Depreciation and amortization	305	21,465	4,956	—	26,726
Interest	—	7,946	1,132	—	9,078
Total expenses	48,046	270,576	67,951	(46,019)	340,554
Income (loss) from operations	—	37,487	5,479	—	42,966
Nonoperating (losses) gains, net	—	1,362	(674)	—	688
Revenue and gains in excess of (less than) expenses	—	38,849	4,805	—	43,654
Other changes in unrestricted net assets:					
Additional minimum pension liability	—	—	—	—	—
Change in net unrealized gains and losses on other than trading securities	—	—	—	—	—
Unrealized derivative losses arising during the year	—	—	—	—	—
Net assets released from restrictions for plant and equipment additions	—	—	—	—	—
Other, net	—	—	—	—	—
Transfer from (to) affiliated organizations	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ —	38,849	4,805	—	43,654



**OPERATIONS - NUMBER OF AVAILABLE BEDS**

As of June 30, 2009, the Hospitals had a total of 368 staffed acute care beds, which were classified as follows:

<b><u>Service</u></b>	<b><u>Number of Available Beds</u></b>
General Medical/Surgical	236
Intensive, Coronary and Intermediate Care	36
Obstetrics	41
Pediatrics	16
Rehabilitation	0
Psychiatric	22
Oncology	17
Total Available Beds	<u><u>368</u></u>

---

Source: Records of Corporation

### **OPERATIONS - SELECTED OPERATING STATISTICS**

The following table presents certain combined operating statistics of the Hospitals for the period ended June 30, 2009.

	<u>6/30/2009</u>
Inpatient Admissions (1)	16,232
Average Length of Stay (days) (1)	4.23
Average Inpatient Daily Census	251.5
Case Mix Index	1.36
Outpatient Visits	287,481
Emergency Room Visits	44,674
Surgical Cases	
Open Heart	295
Inpatient	4,629
Outpatient	6,785
Ambulatory Surgery Center	<u>1,928</u>
Total Surgical Cases	13,637
Catherization Lab Procedures	5,680
Medical Oncology Visits	16,540
Radiation Oncology Procedures	10,541
Cardiovascular Procedures	45,979
Radiology Procedures	128,910
CyberKnife Cases (WMH)	54
Clinic Visits	
Waukesha Health Care	217,111
Medical Associates	<u>188,296</u>
Total Clinic Visits	405,407

(1) Figures exclude neonatal intensive care unit and new born activity.

---

Source: Records of Corporation

**Sources of Net Patient Service Revenue**

The following table indicate the sources of the Hospitals' net patient service revenues for the nine months ending June 30, 2009

	<b><u>June 30, 2009</u></b>
Medicare	28.5%
Commercial Insurance	4.1%
HMO/PPO and other managed care entities	62.1%
Medicaid	3.6%
Self-Pay	1.7%
Total	<b><u>100.0%</u></b>

## **LIQUIDITY AND FUTURE CAPITAL REQUIREMENTS**

	<u>6/30/2009</u>
Cash and Cash Equivalents	19,152
Investments	10,700
Assets limited by Board designation	<u>222,812</u>
Total cash and investments	<u><u>252,664</u></u>
 Days Cash on Hand	 127

---

Source: Records of Corporation