

Table 1

CHILDREN'S HOSPITALS AND CLINICS
Admitting Physician Distribution and Utilization by Specialty
for the Year Ended December 31, 2006

<u>Specialty</u>	<u>Number of Physicians</u>	<u>Percent of Total</u>	<u>Hospital Admissions</u>	<u>Percent of Total</u>
Primary Care:				
Pediatrics	362	29.3%	5,692	43.4%
Family Practice	80	6.5%	68	0.5%
Specialty Care:				
Adolescent Medicine	7	0.6%	86	0.7%
Allergy/Immunology	22	1.8%	25	0.2%
Anesthesiology	46	3.7%	81	0.6%
Cardiology	23	1.9%	293	2.2%
Critical Care	12	1.0%	784	6.0%
Dentistry/Pedodontics	56	4.5%	4	0.0%
Dermatology	8	0.6%	0	0.0%
Emergency Medicine	37	3.0%	554	4.2%
Endocrinology	13	1.1%	212	1.6%
ENT/Otolaryngology	62	5.0%	248	1.9%
Gastroenterology	12	1.0%	119	0.9%
Genetics	4	0.3%	0	0.0%
Hematology/Oncology	16	1.3%	937	7.1%
Infectious Disease	9	0.7%	141	1.1%
Neonatology	25	2.0%	1,668	12.7%
Nephrology	10	0.8%	110	0.8%
Neurology	30	2.4%	304	2.3%
Neurosurgery	25	2.0%	256	2.0%
OB/GYN	18	1.5%	2	0.0%
Ophthalmology	62	5.0%	3	0.0%
Pain Management	1	0.1%	6	0.0%
Pathology	6	0.5%	0	0.0%
Pediatrics, Behav & Develop	10	0.8%	12	0.1%
Physical Med & Rehabilitation	8	0.6%	0	0.0%
Psychiatry	7	0.6%	0	0.0%
Pulmonology	10	0.8%	140	1.1%
Radiology	92	7.5%	0	0.0%
Rheumatology	2	0.2%	1	0.0%
Surgery, General	15	1.2%	111	0.8%
Surgery, Pediatric	10	0.8%	632	4.8%
Surgery, Subspecialties	123	10.0%	222	1.7%
Urology	11	0.9%	400	3.1%
Totals	<u>1,234</u>	<u>100%</u>	<u>13,111</u>	<u>100%</u>

Table 2
CHILDREN'S HEALTH CARE
Net Change in Admitting Physicians

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Beginning of year	1,230	1,266	1,298	1,305	1,259
Net change	<u>36</u>	<u>32</u>	<u>7</u>	<u>(46)</u>	<u>(25)</u>
End of year	1,266	1,298	1,305	1,259	1,234

Table 3
CHILDREN'S HEALTH CARE
Employee Collective Bargaining Agreements

<u>Occupation</u>	<u>Number of Employees at 12/31/06</u>	<u>Union or Association</u>	<u>Contracts Expiration Dates at 12/31/06</u>
Registered Nurses	1,539	Minnesota Nurses Assoc. <i>(new expiration date 6/1/2010)</i>	6/1/2007
Service Workers	283	Hospital & Nursing Employees Union, Local	2/28/2009
Other	17	Local No. 113, Local No. 653, and Local No. 70	various
Total Contract Employees	<u>1,839</u>		

Table 4

PEDIATRIC PATIENTS BY METROPOLITAN HOSPITAL SYSTEM
(Excluding Chemical Dependency, Psychiatry Patients, Newborns, and Neonates)
11 County Metropolitan Service Area

<u>System</u>	<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>	
Children's	8,250	52.0%	8,393	49.8%	8,450	52.0%	8,065	53.0%
Fairview/University	2,310	14.6%	2,143	13.7%	2,270	14.6%	2,300	15.1%
Hennepin County	1,241	7.8%	1,187	8.2%	1,131	7.8%	1,061	7.0%
Allina	1,104	7.0%	1,062	7.2%	1,180	7.0%	1,200	7.9%
Regions	279	1.8%	128	3.3%	118	1.8%	129	0.8%
North Memorial	729	4.6%	668	4.9%	628	4.6%	559	3.7%
Gillette	653	4.1%	691	4.3%	779	4.1%	761	5.0%
Methodist	516	3.3%	460	3.4%	496	3.3%	408	2.7%
HealthEast	257	1.6%	237	1.8%	204	1.6%	222	1.5%
Other	<u>529</u>	3.3%	<u>553</u>	3.4%	<u>580</u>	3.2%	<u>519</u>	3.4%
Totals	<u>15,868</u>	100.0%	<u>15,522</u>	100.0%	<u>15,836</u>	100.0%	<u>15,224</u>	100.0%

Source: MHA Data.

Table 5

PEDIATRIC PATIENTS BY METROPOLITAN HOSPITAL SYSTEM
(Excluding Chemical Dependency, Psychiatry Patients, Newborns and Neonates)
Non-Metropolitan and Out of State Service Area

This table has been adjusted to exclude neonates. MHIP data on Children's neonate experience is commingled with United Hospital's experience on the St. Paul campus due to the shared nursery arrangement.

<u>System</u>	<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>	
Children's	1,770	45.9%	1,757	50.2%	1,863	47.3%	1,877	49.1%
Fairview/University	1,013	31.2%	863	24.6%	972	27.1%	977	25.6%
Gillette	517	11.8%	499	14.2%	567	13.8%	538	14.1%
Allina	137	3.5%	98	2.8%	141	3.7%	131	3.4%
Regions	40	1.1%	49	1.4%	49	1.1%	49	1.3%
North Memorial	58	2.2%	52	1.5%	46	1.6%	58	1.5%
Hennepin County	71	1.3%	75	2.1%	86	1.9%	83	2.2%
Other	113	2.3%	88	2.5%	104	3.0%	84	2.2%
Methodist	17	0.4%	19	0.5%	7	0.4%	15	0.4%
HealthEast	4	0.3%	3	0.1%	10	0.1%	10	0.3%
Totals	<u>3,740</u>	100.0%	<u>3,503</u>	100.0%	<u>3,845</u>	100.0%	<u>3,822</u>	100.0%

Source: MHA Data.

Table 6

CHILDREN'S HOSPITALS AND CLINICS
Number of Staffed and Licensed Beds

<u>Licensed</u>	<u>Minneapolis</u>	<u>St. Paul</u>	<u>Total</u>
Regular Beds	153	116	269
Leased Beds	0	10	10
Bassinets	68	57	125
Total	221	183	404
Staffed Beds	193	133	326

Table 7
CHILDREN'S HOSPITALS AND CLINICS
Admissions and Patient Days

<u>Admissions</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Perinatal Services	1,539	1,652	1,756	1,581	1,707
Intensive Care Services	1,450	1,465	1,859	1,942	1,734
Medical and Surgical Services	<u>9,813</u>	<u>9,886</u>	<u>9,861</u>	<u>9,891</u>	<u>9,670</u>
Total	<u>12,802</u>	<u>13,003</u>	<u>13,476</u>	<u>13,414</u>	<u>13,111</u>
<u>Patient Days</u>					
Perinatal Services	33,646	34,528	36,671	37,890	37,292
Intensive Care Services	7,312	7,182	7,695	7,764	9,478
Medical and Surgical Services	<u>38,482</u>	<u>37,107</u>	<u>38,155</u>	<u>40,151</u>	<u>39,039</u>
Total	<u>79,440</u>	<u>78,817</u>	<u>82,521</u>	<u>85,805</u>	<u>85,809</u>

Table 8
CHILDREN'S HOSPITALS AND CLINICS
Volume of Certain Outpatient Services

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Outpatient Surgical Cases	14,177	14,447	14,243	14,953	15,607
Emergency Room Visits	69,900	69,577	67,818	73,360	76,737
Clinic Visits	<u>113,677</u>	<u>120,792</u>	<u>122,119</u>	<u>126,465</u>	<u>119,111</u>
Total	197,754	204,816	204,180	214,778	211,455

Table 9
CHILDREN'S HOSPITALS AND CLINICS
Percent of Revenue by Payor
(Consolidated)

	Year Ended December 31				
	2002	2003	2004	2005	2006
Medicaid	16.7%	14.1%	22.0%	16.4%	16.8%
Medicaid Managed Care	11.8%	16.7%	12.5%	19.5%	19.9%
IIMO/PPO	39.7%	38.8%	38.5%	36.7%	33.2%
Blue Cross and Blue Shield	23.4%	24.9%	22.5%	24.0%	26.1%
Commercial Insurance and Other Payors	4.8%	4.0%	3.2%	2.4%	2.6%
Self-Pay	3.6%	1.5%	1.3%	1.0%	1.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Capitalization Table

	Dec. 2006 <u>(\$000)</u>	Dec. 2005 <u>(\$000)</u>
Series 1995 B Bonds	24,000	24,800
Series 1998 A Bonds	9,175	10,795
Series 2004A Bonds	49,950	50,950
Series 2004B Bonds	47,600	49,175
Other	0	42
Total long term debt	<u>130,725</u>	<u>135,762</u>
Total fund balances excluding restricted funds	<u>334,960</u>	<u>293,154</u>
Total long term debt and fund balances (excluding restricted funds)	465,685	428,916
Ratio of long-term debt to total capitalization (excluding restricted funds)	28.07%	31.65%

CHILDREN'S HOSPITAL AND CLINICS OF MINNESOTA
Consolidated*
Summary of Revenues and Expenses and
Other Changes in Unrestricted Net Assets (\$000)

	<u>2005</u>	<u>2006</u>
Revenue		
Net Patient Service Revenue	\$414,399	\$436,835
Other	19,472	22,437
Foundation Transfers	<u>5,662</u>	<u>7,512</u>
Total Revenue	<u>439,533</u>	<u>466,784</u>
Expenses		
Salaries, Benefits and Other	392,282	426,628
Depreciation and Amortization	22,715	24,880
Interest Expense	<u>4,924</u>	<u>5,534</u>
Total Expenses	<u>419,921</u>	<u>457,042</u>
Operating Income	19,612	9,742
Nonoperating Gains		
Investment Income, Net**	13,163	20,786
Income on Investments Accounted for Under Equity Method	<u>1,428</u>	<u>2,059</u>
Total Nonoperating Gains, Net	<u>14,591</u>	<u>22,845</u>
Excess of Revenue Over Expenses	<u>34,203</u>	<u>32,587</u>
Other Changes		
Net Change in Unrealized Appreciation on Investments	(715)	8,370
Net Assets Released from Restrictions -- Capital Acquisitions	888	849
Application of FAS 158 on the RSVP Plan		
Increase in Unrestricted Net Assets	<u>\$34,376</u>	<u>\$41,806</u>

* Includes Children's Foundation, which is not a member of the Obligated Group. Children's Foundation accounted for \$ 2,196 and \$ 5,691 in increases in unrestricted net assets for the fiscal years ended December 31, 2005 and 2006, respectively.

** As required by generally accepted accounting principles, realized investment income includes unrealized gains and losses on derivative positions of (\$4,359) and (\$1,097) for the fiscal years ended December 31, 2005 and 2006, respectively.

CHILDREN'S HOSPITAL AND CLINICS OF MINNESOTA
Consolidated*
Summary Statements of Financial Position
(\$000)

	December 31, 2005	December 31, 2006
Assets		
Cash, Cash Equivalents and Short Term Investments	\$ 41,549	\$ 38,635
Other Current Assets	60,305	62,756
Donor Restricted Cash and Investments	44,446	47,294
Investments – Securities Lending Agreements	54,253	46,505
Unrestricted Investments	164,327	204,606
Other Assets	32,394	31,974
Collateral Held for Securities Lending Agreements	55,204	47,328
Land, Building & Equipment -- Net	162,002	167,522
Total Assets	<u>\$614,480</u>	<u>\$646,620</u>
Liabilities		
Current Liabilities	\$68,992	\$71,421
Payable under Securities Lending Agreements	55,204	47,328
Fair Value of Interest Rate Swaps	5,197	3,669
Long Term Debt – Less Current Portion	130,089	125,082
Other Long Term Liabilities	13,875	13,414
Total Liabilities	<u>273,357</u>	<u>260,914</u>
Net Assets		
Unrestricted	293,154	334,960
Temporarily Restricted	19,792	20,217
Permanently Restricted	28,177	30,529
Total Net Assets	<u>341,123</u>	<u>385,706</u>
Total Liabilities and Net Assets	<u>\$614,480</u>	<u>\$646,620</u>

* Includes Children's Foundation, which is not a member of the Obligated Group. Children's Foundation had total net assets, which include both restricted and unrestricted net assets, of \$46,248 and \$ 51,939 as of December 31, 2005 and 2006, respectively. The unrestricted net assets of Children's Foundation were \$ 379 and \$ 1,193 as of December 31, 2005 and 2006, respectively.