

Anne Arundel Health System, Inc.
Liquidity Covenant - Days Cash on Hand
Twelve Months Ending June 30, 2010
(in thousands)

Per Debt Covenants, greater than 90 days

Unrestricted Cash and Investments:

Cash and cash equivalents	\$ 37,208
Short-term investments	676
Long-term investments	<u>177,364</u>

215,249

Less: short-term indebtedness

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Total Unrestricted Cash and Investments (A)

\$ 215,249

Total Operating Expenses

\$ 464,921

Less: depreciation & amortization expense

27,294

Less: interest expense

13,116

Adjusted operating expenses

424,510

Days in the period

365 days

Adjusted expenses per day (B)

\$ 1,163

Days Cash on Hand (A)/(B)

185 days

Anne Arundel Health System, Inc.
Debt to Capitalization
For the Period Ending June 30, 2010
(in thousands)

Per Debt Covenants, less than 65%

Outstanding Debt Principal (A)	<u>\$ 448,215</u>
Outstanding Debt Principal	448,215
Unrestricted Net Assets	308,139
Temporarily Restricted Net Assets	16,690
Add:	
Decline in value of derivative transaction	45,710
Unrealized losses on investments	17,790
Outstanding Debt Principal and Net Assets (B)	<u>836,544</u>
Debt to Capitalization (A)/(B)	<u><u>53.6%</u></u>

Anne Arundel Health System, Inc.
Coverage Ratio
Twelve Months Ending June 30, 2010
(in thousands)

Per Debt Covenants, greater than 1.25

Net Income Available for Debt Service

Excess of revenues over expenses	\$ 26,957
Add:	
Depreciation and Amortization	27,294
Interest Expense	13,116
Mark-to-market adjustments for contracts under SFAS No. 133	10,818
Loss on extinguishment of debt	1,967
Less:	
Change in unrealized gain on trading securities, net	(19,835)
Net Income Available for Debt Service (A)	<u>\$ 60,317</u>
Maximum Annual Debt Service (2013)	
Total maximum annual debt service (B)	<u>\$ 31,345</u>

Maximum Annual Debt Service Coverage Ratio (A)/(B) 1.92