

**COMMUNITY HEALTH NETWORK, INC.  
& AFFILIATED ENTITIES  
Continuing Disclosure Information  
As of and for the Year Ended December 31, 2013**

Community Health Network, Inc., an Indiana non-profit corporation and its non-profit and for-profit affiliates (collectively the “Network”) comprises a full-service integrated health delivery system in central Indiana. The Network is a central Indiana health system consisting of eight acute care and/or specialty hospitals, seven immediate care centers, over 500 primary care and specialty employed physicians, forty ambulatory care centers, ten freestanding surgery centers, seven outpatient imaging centers, two ambulatory endoscopy centers, four nursing homes and assisted living facilities.

The principal operating subsidiaries consist of the following:

- Community Health Network, Inc. (formerly Community Hospitals of Indiana, Inc.) -(Credit Group member)
- Indiana Heart Hospital, LLC d/b/a Community Heart and Vascular Hospital- (Credit Group member)
- Visionary Enterprises, Inc. -(Credit Group member)
- Community Howard Regional Health, Inc.- (Credit Group member)
- Community Hospital of Anderson and Madison County, Inc.- (Credit Group member)
- Indiana Osteopathic Hospital, Inc. and Affiliates d/b/a Community Westview Hospital
- Community Physicians of Indiana, Inc. d/b/a Community Physicians Network
- Community Health Network Foundation, Inc.
- Community Home Health Services, Inc.
- Indiana ProHealth Network, LLC

Effective December 31, 2011, Community Health Network, Inc. merged into Community Hospitals of Indiana, Inc. with Community Hospitals of Indiana, Inc. being the surviving corporation. Upon the merger, Community Hospitals of Indiana, Inc. was renamed Community Health Network, Inc.

Effective August 1, 2011, the Network affiliated with Community Westview Hospital. Community Westview Hospital’s profits and losses are reflected in the Network’s consolidated statement of operations beginning August 1, 2011.

Effective July 1, 2012, the Network affiliated with Howard Regional Health System, Inc. Subsequently, Howard was renamed Community Howard Regional Health, Inc. Community Howard’s profits and losses are reflected in the Network’s consolidated statement of operations beginning July 1, 2012.

The financial data provided in the historical financial information section represents the consolidated financial statements of the Network. The operating data provided below is for the Network’s inpatient facilities. The facilities include:

- Community Health Network, Inc. (East (“CHE”), North (“CHN”) and South (“CHS”) campuses)
- Indiana Heart Hospital, LLC d/b/a Community Heart and Vascular Hospital (“CHVH”)
- Community Howard Regional Health, Inc. (“CHRH”)
- Community Hospital of Anderson and Madison County, Inc. (“CHA”)
- Community Westview Hospital (“Westview”)

## Historical Inpatient Utilization

Historical inpatient utilization of the Network is presented in the following table.

	<u>Operated Beds</u>	<u>Discharges</u>	<u>Patient Days</u>	<u>Length of Stay (Days)</u>	<u>Occupancy %</u>
<b>2011:</b>					
CHN	420	18,763	93,818	5.0	61.2
CHE	186	9,262	46,212	5.0	68.1
CHS	127	8,206	29,651	3.6	64.0
CHVH	56	3,501	13,421	3.8	65.7
CHA	137	6,216	22,464	3.6	44.9
CHRH	-	-	-	-	-
Westview	68	746	5,203	7.0	50.0
<b>Totals</b>	<u>994</u>	<u>46,694</u>	<u>210,769</u>	<u>4.5</u>	<u>59.0</u>
<b>2012:</b>					
CHN	420	19,533	98,192	5.0	63.9
CHE	186	9,953	48,456	4.9	71.2
CHS	127	8,356	29,154	3.5	62.7
CHVH	56	2,835	11,457	4.0	55.9
CHA	137	6,015	22,048	3.7	44.0
CHRH	90	2,940	11,971	4.1	72.3
Westview	68	1,579	11,124	7.0	44.7
<b>Totals</b>	<u>1,084</u>	<u>51,211</u>	<u>232,402</u>	<u>4.5</u>	<u>58.6</u>
<b>2013:</b>					
CHN	420	19,992	94,324	4.7	61.5
CHE	163	9,540	41,253	4.3	69.3
CHS	158	8,572	30,538	3.6	53.0
CHVH	56	2,880	11,358	3.9	55.6
CHA	140	5,572	20,602	3.7	40.3
CHRH/CHRSC	90	5,356	22,996	4.3	70.0
Westview	68	1,490	9,770	6.6	39.4
<b>Totals</b>	<u>1,095</u>	<u>53,402</u>	<u>230,841</u>	<u>4.3</u>	<u>57.8</u>

Note- The CHRH line includes Community Howard Regional Specialty Care, LLC (“CHRSC”), a 20 bed rehabilitation hospital.

## Payor Mix

The payor mix is a significant factor in determining net patient services revenues. The payor mix presented below is based upon the most recent actual payor mix. The summary baseline payor mix (% gross charges) in the table below is based on FY 2013 actual data.

Payor Mix	Medicare	Medicaid	Self-Pay	Commercial	Total
CHE	46.1%	20.2%	9.9%	23.8%	100.0%
CHN	35.3%	13.2%	4.9%	46.6%	100.0%
CHS	43.6%	11.5%	7.3%	37.6%	100.0%
CHVH	60.8%	6.0%	3.2%	30.0%	100.0%
CHA	50.6%	12.2%	5.8%	31.4%	100.0%
CHRH	50.4%	12.2%	6.5%	30.9%	100.0%
Westview	39.0%	9.0%	5.7%	46.3%	100.0%
Total	44.6%	13.3%	6.5%	35.6%	100.0%

## Case Mix Index (“CMI”)

The CMI measures the relative intensity for inpatient cases. A higher CMI reflects a more complicated case and usually results in higher charge, longer length of stay, and higher cost. The overall CMI is a weighted average of all services at a hospital. This may include non-medical services such as mental health or labor and delivery services. These services may have a very low CMI and drive the overall CMI lower as these services are expanded. The overall CMIs, excluding newborns, are shown in the following table:

CMI	2013	2012
CHE	1.41	1.41
CHN	1.43	1.39
CHS	1.42	1.43
CHVH	2.72	2.55
CHA	1.32	1.25
CHRH	1.33	1.38
Westview	1.40	1.40
Network- Total	1.44	1.40

## Historical Financial Information

The following summary financial data should be read in conjunction with the consolidated financial statements and the related notes thereto of Community Health Network, Inc. and Affiliates. The audited consolidated financial statements at December 31, 2013 and 2012 are posted on the Digital Assurance Certification, L.C.C. ("DAC") website at [www.dac-ey.com](http://www.dac-ey.com). The Network currently participates in the DAC disclosure system.

### Community Health Network, Inc. and Affiliates Summary Financial Information Consolidated Balance Sheets

(\$ in millions)	<b>2013</b>	<b>December 31 2012</b>	<b>2011</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 253.5	\$ 190.0	\$ 164.3
Restricted cash	-	-	2.9
Patient accounts receivable, net	204.7	228.1	185.4
Other current assets	165.8	174.2	86.0
Total current assets	624.0	592.3	438.6
Assets limited as to use			
Board designated funds	540.2	475.0	401.2
Funds held by trustee, net of current portion	65.5	36.9	13.6
Reinsurance trust assets	11.9	13.7	12.8
Property, plant and equipment, net	792.1	789.1	682.2
Capitalized software costs, net	59.7	56.4	12.3
Deferred financing costs, net	6.8	7.1	7.0
Due to unconsolidated affiliates and related parties	(.8)	(.3)	.7
Prepaid pension and postretirement assets	-	-	1.0
Other assets	44.2	33.7	27.9
Total assets	\$ 2,143.6	\$ 2,003.9	\$ 1,597.3
<b>Liabilities and Net Assets</b>			
Current liabilities			
Current portion of long-term debt	\$ 27.2	\$ 16.2	\$ 17.1
Short-term borrowings	50.0	50.0	43.1
Other current liabilities	263.9	214.7	187.7
Total current liabilities	341.1	280.9	247.9
Accrued postretirement benefit cost	-	5.0	4.5
Accrued pension benefit cost	11.1	25.7	52.5
Other liabilities	12.4	28.7	9.8
Pension underfunded liability- long-term	104.8	191.8	132.3
Long-term debt, net of current portion	632.8	609.5	413.9
Total liabilities	1,102.2	1,141.6	860.9
Net assets			
Unrestricted	1,011.6	835.3	715.7
Temporarily restricted	7.2	5.8	4.7
Permanently restricted	4.4	4.4	4.3
Total net assets before non-controlling interest	1,023.2	845.2	724.7
Non-controlling interest	18.2	16.8	11.7
Total net assets	1,041.4	862.3	736.4
Total liabilities and net assets	\$ 2,143.6	\$ 2,003.9	\$ 1,597.3

**Community Health Network, Inc. and Affiliates**  
**Summary Financial Information**  
**Consolidated Statements of Operations and Changes in Net Assets**

(\$ in millions)	<b>Year Ended December 31</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Change in Unrestricted Net Assets</b>			
Total unrestricted revenues and gains	\$ 1,763.4	\$ 1,666.8	\$ 1,358.7
Operating expenses			
Salaries, benefits and pension	999.6	931.3	733.8
Supplies and other expenses	608.4	579.7	470.4
Depreciation and amortization	81.0	75.4	64.5
Provision for bad debts	.1	.3	1.2
Interest and financing costs	20.1	32.4	13.2
Total operating expenses	<u>1,709.2</u>	<u>1,619.1</u>	<u>1,283.1</u>
Income from operations	54.2	47.7	75.6
Realized and unrealized gains (losses) on investments, net	61.4	65.5	(16.4)
Excess of net assets acquired in Howard/Westview Acquisitions	-	87.3	34.6
Other, net	(1.1)	1.2	.1
Excess of revenues over expenses before income taxes	<u>114.5</u>	<u>201.7</u>	<u>93.9</u>
Provision (benefit) for income taxes	7.5	5.2	(2.9)
Excess of revenues over expenses	<u>107.0</u>	<u>196.5</u>	<u>96.8</u>
Less: Excess of revenues attributable to non-controlling interest	(17.9)	(15.6)	(14.9)
Excess of revenues over expenses attributable to Network	89.1	180.9	81.9
Change in (under) over funding of pension liability	86.9	(60.4)	(102.5)
Change in non-controlling interest and other changes	<u>1.7</u>	<u>4.2</u>	<u>.7</u>
Increase (decrease) in unrestricted net assets	<u>177.7</u>	<u>124.7</u>	<u>(19.9)</u>
Increase (decrease) in temporarily restricted net assets	<u>1.4</u>	<u>1.1</u>	<u>(.3)</u>
Increase (decrease) in permanently restricted net assets	<u>-</u>	<u>.1</u>	<u>.1</u>
Increase (decrease) in net assets	<u>179.1</u>	<u>125.9</u>	<u>(20.1)</u>
Net assets, beginning of year	<u>862.3</u>	<u>736.4</u>	<u>756.5</u>
Net assets, end of year	<u>\$1,041.4</u>	<u>\$ 862.3</u>	<u>\$ 736.4</u>

## Management Discussion of Historical Financial Performance

### *Year Ended December 31, 2013*

#### *Revenues*

The Network's operating margin for the year ended December 31, 2013 was 3.1% or \$54.2 million as compared to a planned operating margin of 5.0% or \$90.8 million and a prior year margin of 2.9% or \$47.7 million. The Network's 2012 operating margin was approximately 4.0% as adjusted for the extraordinary loss the Network incurred as a result of the bond refinancing in November 2012.

Overall, the Network's gross patient revenue increased 18.0% as compared to prior year and 2.6% as compared to forecast. The increase in gross patient revenue was primarily driven by outpatient revenue as well as physician revenue. The increase in gross revenues was primarily driven by a 6.25% annual rate increase combined with increases in utilization. The Network experienced the following increases in utilization during 2013 as compared to prior year and as adjusted for the Community Howard affiliation effective July 1, 2012:

- 4.6% increase in inpatient admissions
- 10.9% increase in emergency room visits
- 16.6% increase in employed physicians wRVUs
- 13.9% increase in imaging scans
- .4% increase in outpatient surgeries
- 8.8% increase in inpatient surgeries
- 10.5% increase in births

During 2013, the Network experienced a significant increase in charity care provided. The Network's charity care provided was \$182.0 million as compared to prior year charity care of \$116.0 million and forecasted charity care of \$131.1 million. As a result, the Network's revenue deductions as a percentage of gross patient revenues was 62.1% as compared to a prior year of 57.8% and a forecast of 60.5%. The Network's uncompensated care as a percentage of gross patient revenues was 5.8% as compared to prior year of 4.9% and a forecast of 4.7%. As a result of the significant increase in charity care levels during 2013, the Network has implemented a new charity care policy effective January 1, 2014 to align with the Network's mission to be deeply committed to the communities we serve, we enhance health and well-being.

In addition to the favorable inpatient and outpatient utilization, the Network recognized favorable settlements from the State of Indiana's Disproportionate Share ("DSH") program. Specifically, the Network's East and Anderson facilities recognized \$4.3 million and \$1.7 million, respectively related to the State's 2012 DSH program. Additionally, the Network's East and Anderson facilities recognized \$6.3 million and \$2.1 million, respectively related to the State's 2013 DSH program.

In June 2012, the Network began voluntary participation in the State of Indiana's Hospital Assessment Fee ("HAF") program. The Office of Medicaid Planning and Policy deemed the program to be effective retroactive to July 1, 2011. The HAF program was effective until June 30, 2013 with options to renew the program. As a result of the HAF program, the Network was required to pay retroactive fees of approximately \$43.4 million for the period from July 1, 2011 through June 30, 2012. In return for participation in the HAF program, the Network receives increased fee for service and managed care program reimbursement. The Network received reimbursement of approximately \$78.2 million for the period from July 1, 2011 through June 30, 2012. Going forward, the fees and the reimbursements are settled monthly. No cash physically changes hands. Instead, fees owed are netted against future reimbursements. In March 2014, the HAF program was renewed retroactive to July 1, 2013. The Statute associated with the HAF program is effective through June 30, 2017. The bulletin issued by the State addresses rates for State fiscal years 2014 and 2015. As a result of the retroactive date of July 1, 2013, the Network has accrued both the estimated reimbursement and expense for the period July 1, 2013 through December 31, 2013 in estimated third-party payor settlements on the December 31, 2013 consolidated balance sheet. The consolidated balance sheet at December 31, 2013 includes \$46,036 and \$35,240 in estimated third-party payor settlements receivables and payables, respectively, related to the HAF program.

During 2013, the Network also qualified for additional meaningful use dollars under the America Recovery and Reinvestment Act of 2009. The Network recognized \$13.3 million and \$10.4 million of electronic health records incentive payments/meaningful use dollars for the years ended December 31, 2013 and 2012, respectively.

Effective June 2013, the Network contributed its Hook Rehabilitation business to a rehabilitation hospital joint venture in return for a 51% ownership interest. The Network accounts for its investment under the joint venture equity method of accounting.

### ***Expenses***

The Network's total operating expenses increased during 2013 due to the following reasons:

- Affiliation with Community Howard Regional Health on July 1, 2012 (added approximately 1,100 employees);
- Increased supply costs due to increase volumes combined with enhanced service mix;
- Increase employee costs and facility costs due to increased employment of both primary care and specialty physicians;
- Those increases were offset by a \$5.8 million gain recognized in August 2013 related to the termination of the Network's postretirement medical plan that was no longer being utilized by employees.

### ***Other***

The Network's total margin for 2013 was \$89.1 million as compared to a prior period total margin of \$182.6 million. The decrease in total margin is primarily due to the recognition of \$87.3 million of contribution income associated with the acquisition of Community Howard Regional Health not being repeated in 2013. The Network recognized unrealized gains of \$26.4 million and \$35.0 million of realized gains on its board designated funds for the year ended December 31, 2013. The Network marks to market its investments on a monthly basis.

The net days in accounts receivable for the hospitals was 44.6 days as of December 31, 2013 compared to 51.9 days as of December 31, 2012.

In connection with the preparation of our consolidated financial statements, the Network made an adjustment to its December 31, 2012 balance sheet to reflect the proper classification of the pension underfunded liability. Previously, we reported \$20.7 million as a current liability. This amount has been adjusted to be appropriately classified as a long-term liability. The adjustment was immaterial to our consolidated statement of operations and changes in net assets.

### ***Year Ended December 31, 2012***

#### ***Revenues***

The Network's operating margin for the year ended December 31, 2012 is 2.9% or \$47.7 million as compared to a planned operating margin of 4.2% or \$63.0 million and a prior year margin of 5.6% or \$75.7 million. The Network's 2012 operating margin was approximately 4.0% as adjusted for the extraordinary loss the Network incurred as a result of the bond refinancing in November 2012. Overall, the Network experienced strong growth in utilization during 2012. The Network experienced the following favorable increases in inpatient activity during 2012 as compared to 2011:

- 9.7% increase in inpatient admissions with the Network's east and north hospitals increasing admissions by 7.5% and 4.1%, respectively.
- 11.1% increase in inpatient surgeries with the Network's north and Anderson hospitals increasing surgeries by 6.2% and 13.5%, respectively
- 4.7% increase in births with the Network's east and south hospitals increasing births by 6.5% and 24.8%, respectively



The Network also experienced growth in outpatient services in 2012 as compared to 2011 as follows:

- 25.3% increase in employed physician office visits
- 18.1% increase in emergency room visits
- 3.0% increase in imaging scans

In addition to the favorable inpatient and outpatient utilization, the Network recognized favorable settlements from some long term initiatives it had been working on. The Network received favorable cost report settlements from CMS related to periods from 1999 through 2006. Additionally, in June 2012, the Network was notified that the Anderson hospital was eligible for State Disproportionate Share (“DSH”) monies for 2010 and 2011 and the east hospital was eligible for State DSH for 2012.

In June 2012, the Network began voluntary participation in the State of Indiana’s Hospital Assessment Fee (“HAF”) program. The Office of Medicaid Planning and Policy deemed the program to be effective retroactive to July 1, 2011. The HAF program is effective until June 30, 2013 with options to renew the program. As a result of the HAF program, the Network was required to pay retroactive fees of approximately \$43.4 million for the period from July 1, 2011 through June 30, 2012. In return for participation in the HAF program, the Network receives increased fee for service and managed care program reimbursement. The Network received reimbursement of approximately \$78.2 million for the period from July 1, 2011 through June 30, 2012. Going forward, the fees and the reimbursements will be settled monthly. No cash physically changes hands. Instead, fees owed are netted against future reimbursements.

During 2012, the Network also qualified for additional meaningful use dollars under the America Recovery and Reinvestment Act of 2009. The Network recognized \$10.4 million and \$12.6 million of electronic health records incentive payments/meaningful use dollars for the years ended December 31, 2012 and 2011, respectively.

Deductions from revenue (excluding bad debts) were 57.8% of total gross patient revenue for the year ended December 31, 2012 as compared to 60.0% for the year ended December 31, 2011. Included within deductions from revenue are charity care charges of \$116.0 million and \$78.8 million for the years ended December 31, 2012 and 2011, respectively. The increase in charity care is primarily due to an increase in self-pay payor mix combined with an increase in the Federal Poverty guidelines used by the Network for its financial assistance policy.

### ***Expenses***

The Network’s total operating expenses increased during 2012 due to the following reasons:

- Affiliation with Community Howard Regional Health on July 1, 2012 (\$78.5 million) (added approximately 1,100 employees);
- Implementation of new clinical information system throughout 2012 (\$38.2 million)(implementation completed on time and on budget);
- Extraordinary loss associated with 2012 bond financing (\$17.9 million);
- Recognition of retroactive hospital assessment fees (\$42.1 million);
- Increased supply costs due to increase volumes;
- Increase employee costs due to increased employment of both primary care and specialty physicians (14.1% increase in employed physician FTEs during 2012);
- Write-off of clinical information system for physician practices (\$3.6 million)

### ***Other***

The Network's total margin for 2012 was \$182.6 million as compared to a prior period total margin of \$81.9 million. The increase in total margin is due to the favorable operating margin experienced during 2012 combined with favorable investment performance on the Network's board designated funds, as well as recognition of \$87.3 million of contribution income associated with the acquisition of Community Howard Regional Health. The Network recognized unrealized gains of \$41.3 million and \$24.2 million of realized gains on its board designated funds for the year ended December 31, 2012. The Network marks to market its investments on a monthly basis.

The net days in accounts receivable for the hospitals was 51.2 days as of December 31, 2012 compared to 52.9 days as of December 31, 2011.

## ***Year Ended December 31, 2011***

### ***Revenues***

The Network's operating margin for the year ended December 31, 2011 is 5.6% or \$75.6 million as compared to a planned operating margin of 4.3% or \$58.3 million and a prior year margin of 3.6% or \$45.0 million. In 2010, the Network began a cost restructuring initiative in order to align the Network with the expected impact of the Patient Protection and Affordable Care Act in 2014 and to prepare for anticipated declines in governmental payor reimbursement rates. The Network successfully completed Phase I of the cost restructuring initiative in late 2011 recognizing an approximate \$100 million benefit over an 18 month period.

Overall, the Network experienced strong growth in utilization during 2011 while successfully managing its cost structure with the cost restructuring initiatives put into place at the end of 2010. The Network experienced the following favorable increases in inpatient activity during 2011 as compared to 2010:

- 6.4% increase in inpatient admissions with the Network's south hospital increasing admissions by 13.7%. The increase in admissions at the Network's south hospital is directly attributable to the south expansion being open for a full year in 2011 as compared to 2010 and the opening of certain primary care medical pavilions during 2011.
- 6.5% increase in inpatient surgeries
- 10.3% increase in births

Overall, the Network increased its inpatient market share from 21.2% in 2010 to 22.6% in 2011.

The Network also experienced growth in outpatient services in 2011 as compared to 2010 as follows:

- 5.1% increase in primary care office visits
- 14.7% increase in cardiovascular office visits
- 2.2% increase in imaging scans

Deductions from revenue (excluding bad debts) were 60.0% of total gross patient revenue for the year ended December 31, 2011 as compared to 58.4% for the year ended December 31, 2010. The increase in deductions is primarily due to the shift in payer mix towards Medicare/Medicaid during 2011. The shift in payer mix was experienced by all Network hospitals. The increase in deductions from revenue was offset by the receipt of \$8.1 million of Upper Payment Limit payments received by the Network's east hospital in recognition of its provision of services to the underserved.

During 2011, the Network also qualified for meaningful use dollars under the America Recovery and Reinvestment Act of 2009. The Network recognized \$12.6 million of electronic health records incentive payments/meaningful use dollars during 2011 which were subsequently collected in Q1 2012.

### ***Expenses***

Total operating expenses increased by \$69.6 million, or 5.7% from the prior year. Salaries and benefits expense increased by \$63.1 million or 9.5%. This increase in salaries and benefits is primarily due to the employment of additional primary care and specialty physicians and related staff due to the Network's integration and patient access strategies completed during 2011. Other expenses including supplies increased \$12.0 million or 2.6% primarily due to the increased volumes described above combined with an increase in the specialty service mix including more orthopedics and spine cases as well as increased cancer volumes.

During 2011, the provision for bad debts expense increased by \$8.7 million or 13.3% from the prior year. Bad debt expense as a percentage of net patient revenue was 5.6% in 2011 compared to 5.4% in 2010. The increase in bad debt expense is primarily attributable to the increased volumes combined with patient's continued challenges associated with their abilities to pay given the state of the economy. The Network's bad debt expense plus charity care charges as a percentage of gross patient revenue remained consistent at 4.6% as compared to 2010.

Depreciation expense decreased \$5.7 million or 8.1% as compared to prior year. The decrease in depreciation expense is primarily due to a one-time write off of a clinical information system recorded in 2010 that was not repeated in 2011.

**Other**

The Network's total margin for 2011 was \$81.9 million and is primarily driven by the operating activities discussed above combined with the decline in investment earnings and increase in unrealized market losses on the Network's investment portfolios. The Network's investment (loss) income, net was (\$16.4) million for 2011 as compared to investment (loss) income, net of \$51.7 million for 2010. The 2011 investment income is comprised of approximately \$46.8 million of unrealized losses and approximately \$30.4 million of realized gains.

The net days in accounts receivable for the hospitals was 52.9 days as of December 31, 2011 compared to 56.9 days as of December 31, 2010.

**Long-Term Debt**

The Network has outstanding debt from a number of bond issues and other debt obligations. The table below outlines the existing outstanding debt and the outstanding principal balances (net of current portion) as of December 31, 2013.

<b>Outstanding Debt</b>	<b>Network Entity</b>	<b>Fixed / Variable</b>	<b>Rate</b>	<b>Long Term Balance (\$ in millions)</b>	<b>Scheduled Maturity</b>
Series 2000 A & B	CHNw	Variable	.05%	\$35.0	2028
Series 2005 A and B	CHRH	Variable	.03%-.05%	44.5	2035
Series 2009 A	CHNw	Variable	.05%	37.3	2039
Series 2012A	CHNw	Fixed	4.75%	397.2	2042
Series 2012B	CHNw	Variable	1.05%	72.7	2039
Term Loan	CHNw	Fixed	1.33%/3.27%	49.5	2020
Term Loan	WV	Variable	1.5%	5.7	2026
Term Loan	CHRH	Variable	3.16%	8.8	2025
Other debt obligations	Various	Fixed	Various	9.3	Various
Less current portion				27.2	
Totals				\$632.8	
Estimated maximum annual debt service- total Network based on RBI rates				\$33.5	
<i>Note –long-term debt is provided on a total Network basis.</i>					

The Series 2000, 2005 A/B and 2009 Bonds are backed by letters of credit with a remaining term of approximately 2 years and effective rates of SIFMA plus a spread.

In addition to the scheduled long-term debt presented above, the Network had \$50.0 million of short-term debt outstanding as of December 31, 2013. The outstanding debt bears interest at LIBOR plus a spread. The line of credit was paid down in January, 2014. As of January 31, 2014, the balance outstanding on the line of credit is zero.

## Historical Debt Service Coverage

The following table presents the calculation of debt service coverage for the Network for the years ended December 31, 2013 and 2012.

(in millions of \$)	Year Ended December 31,	
	2013	2012
<b>Debt Service Coverage</b>		
Income Available for Debt Service:		
Excess of revenues over expenses	\$ 89.1	\$ 180.9
Less:unrealized gain on investments	(26.4)	(41.3)
Less:contribution income on affiliations	-	(87.3)
Plus:interest	20.1	32.4
Plus:depreciation and amortization	81.0	75.4
Total Income Available	\$ 163.8	\$ 160.1
Total Maximum Annual Debt Service	33.5	33.5
Debt Service Coverage Ratio	4.9x	4.8x

*Note – the debt service coverage ratio is provided on a total Network basis using variable interest rates.*

## Liquidity

The Network has established investment policies for the investment of working capital, funded depreciation, insurance reserves and pension funds. Professional money managers are utilized to invest these monies and the Network employs the assistance of an investment advisor in the selection of money managers. The Network conducts a quarterly review of each investment manager's performance. The cash and investment position of the Network as of December 31, 2013 and 2012 is presented in the following table:

(in millions of \$)	December 31	
	2013	2012
<b>Liquidity</b>		
Cash and cash equivalents	\$ 253.5	\$ 190.0
Board designated funds	540.2	475.0
Total Cash and Investments	793.7	665.0
Days Cash and Investments	177.0	157.0
Long-term debt	\$ 710.0	\$ 675.7
Cash / Long-Term Debt	111.8%	98.4%

*Note – the liquidity ratios are provided on a total Network basis.*

## Capitalization

The following table sets forth the historical capitalization of the Network as of December 31, 2013 and 2012.

(in millions of \$) <b>Debt to Capitalization</b>	<b>December 31</b>	
	<b>2013</b>	<b>2012</b>
Long-term debt	\$710.0	\$675.7
Net Assets	1,041.4	862.3
Debt to Capitalization Ratio	40.5%	43.9%

*Note – the capitalization ratios are provided on a total Network basis.*