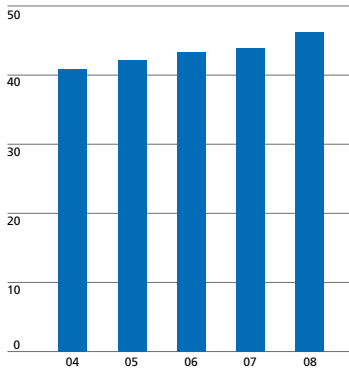


Northwestern Memorial HealthCare

Fiscal Year 2008

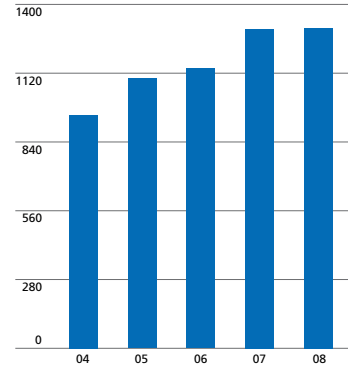
Admissions

(In thousands)



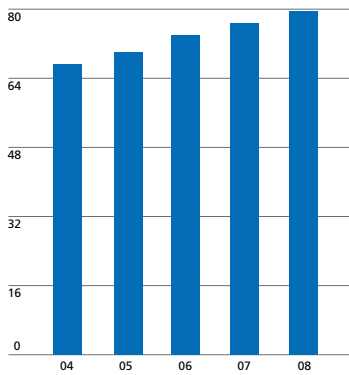
Operating Revenue

(Dollars in millions)



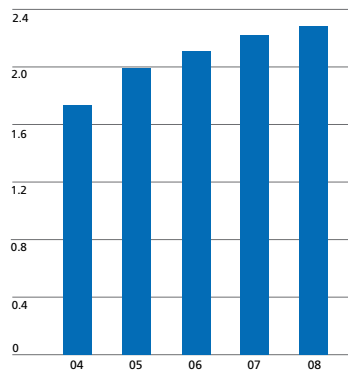
Emergency Department Visits

(In thousands)



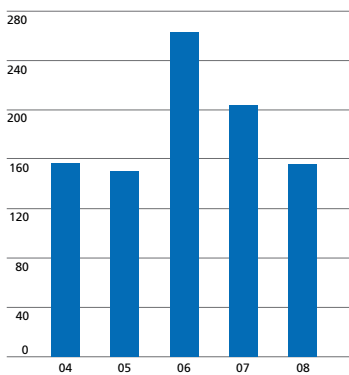
Nursing Workforce

(In thousands)

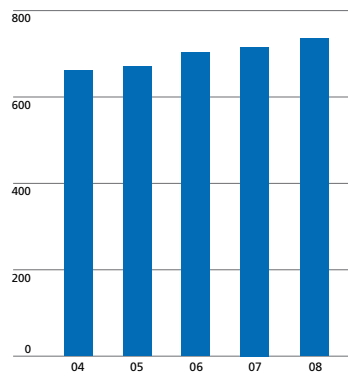


Capital Expenditures

(Dollars in millions)



Sponsored Residencies and Fellowships

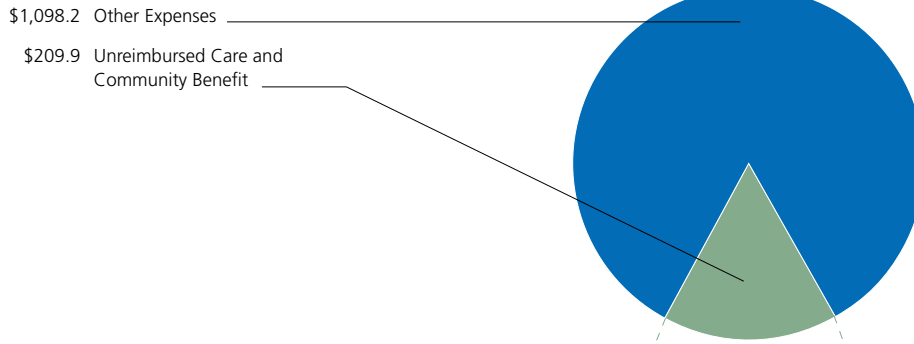


Northwestern Memorial HealthCare

Fiscal Year 2008

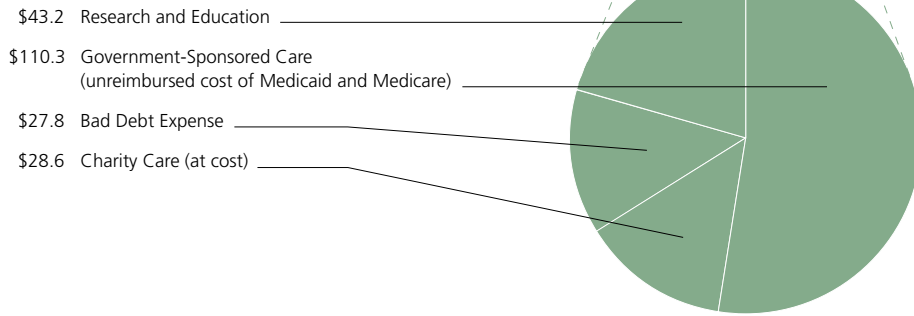
Total Expenses

(Dollars in millions)



Unreimbursed Care and Community Benefit*

(Dollars in millions)



* This report is prepared according to the Illinois Attorney General's guidelines for reporting nonprofit hospital community benefit. Community benefit costs for fiscal year 2008 will be finalized as part of the February 2009 submission of the Attorney General's report.

Medicaid Volume Among Acute Care Hospitals in Illinois

Total Medicaid Patient Days

1. Saints Mary and Elizabeth Medical Center	96,376
2. Sinai Health System	70,325
3. The University of Chicago Hospitals	68,538
4. University of Illinois Medical Center	62,981
5. Rush University Medical Center	54,519
6. Advocate Christ and Hope Children's Hospital	53,204
7. John H. Stroger, Jr. Hospital of Cook County	52,514
8. Northwestern Memorial Hospital	49,090
9. Swedish Covenant Hospital	39,374
10. Advocate Northside	39,303
11. Children's Memorial Hospital	38,555
12. Mercy Hospital and Medical Center	35,229
13. Saint Bernard Hospital and Health Care Center	32,987
14. OSF St. Francis Medical Center	30,560
15. Rockford Health System	30,524
16. Loyola University Health System	29,750
17. Michael Reese Hospital and Medical Center	29,269
18. Loretto Hospital	29,133
19. Memorial Medical Center	27,739
20. Jackson Park Hospital and Medical Center	27,108

Total Medicaid Patient Admissions

1. Saints Mary and Elizabeth Medical Center	18,644
2. Sinai Health System	15,954
3. The University of Chicago Hospitals	11,323
4. Advocate Christ and Hope Children's Hospital	11,106
5. University of Illinois Medical Center	10,644
6. Mercy Hospital and Medical Center	10,104
7. Northwestern Memorial Hospital	8,711
8. Rush University Medical Center	8,684
9. John H. Stroger, Jr. Hospital of Cook County	8,427
10. Swedish Covenant Hospital	8,217
11. Advocate Northside	7,888
12. Saint Bernard Hospital and Health Care Center	7,671
13. Norwegian American Hospital	7,204
14. Saint Anthony Hospital	6,748
15. St. James Hospital and Health Centers	6,423
16. Swedish American Hospital	6,363
17. Jackson Park Hospital and Medical Center	6,224
18. Silver Cross	6,079
19. Rockford Health System	5,937
20. Ingalls Health System	5,640

Source: Illinois Department of Healthcare and Family Services, for the state fiscal year ended June 30, 2007.

Northwestern Memorial HealthCare and Subsidiaries

Fiscal Year 2008

Northwestern Memorial HealthCare is the corporate parent of Northwestern Memorial Hospital and Northwestern Memorial Foundation.

Northwestern Memorial Hospital is one of the country's premier academic medical center hospitals and a major referral center for the Midwest and beyond. Northwestern Memorial provides a total of 873 beds in the Feinberg Pavilion, Prentice Women's Hospital and the Stone Institute of Psychiatry. It is the primary teaching hospital for Northwestern University's Feinberg School of Medicine and virtually every medical specialty is represented by the medical staff of 1,571 physicians who also carry appointments with the Feinberg School. In fiscal year 2008, 10 of Northwestern Memorial's medical specialties were ranked among the nation's best by *U.S. News & World Report* magazine with six specialties ranked the highest in Illinois. Also in fiscal year 2008, the hospital earned a place on *Working Mother* magazine's list of "100 Best Companies for Working Mothers" and *Hospitals & Health Networks* magazine's list of America's "100 Most Wired" hospitals and health systems for state-of-the-art technology supporting patient care. Consumers in the eight-county Chicago region ranked Northwestern Memorial as their "most preferred" hospital in market research for the 14th consecutive year. Also in that survey, for the fourth consecutive year, the hospital was the sole winner of the "Consumer Choice" award for having the *best doctors, best nurses, best overall quality and best image and reputation*. Northwestern Memorial has earned Magnet recognition, the gold standard for nursing excellence, and was included for the second time in 2008 on The Leapfrog Group's "Top Hospitals" list for quality and safety of care practices. Northwestern Memorial is the corporate parent of Northwestern Memorial Physicians Group, Northwestern Memorial Insurance Company and Northwestern HealthCare Corporation.

Northwestern Memorial Physicians Group is a primary care medical group practice with 97 physicians and allied healthcare providers covering the specialties of internal medicine, obstetrics and gynecology, pediatrics, dermatology, occupational medicine, integrative medicine, wellness and disease prevention, executive health and perioperative care. Patient care and service are provided in 15 medical offices located in the Chicago neighborhoods of Streeterville, Bucktown, Lincoln Park, the Loop, River North and in north suburban Northbrook. There were 337,021 patient visits provided during fiscal year 2008.

Northwestern Memorial Insurance Company is an integral part of Northwestern Memorial's risk financing structure. It facilitates the provision of professional and general liability coverage to the hospital and its subsidiary and affiliated organizations, as well as professional liability coverage to Northwestern Medical Faculty Foundation, a multi-specialty physician group committed to providing quality care to patients as part of the medical staff at Northwestern Memorial. The physicians also are members of the faculty at the Feinberg School, where most are actively involved in research projects.

Northwestern HealthCare Corporation contracts with managed care payors on behalf of the hospital's medical staff, who are Northwestern HealthCare Corporation members, and coordinates efforts to ensure the highest quality clinical care and physician service. During fiscal year 2008, its 18 payor agreements provided 4 million Chicago-area residents with access to physicians on the medical staff at Northwestern Memorial.

Northwestern Memorial Foundation provides philanthropic support for Northwestern Memorial through fundraising and grantmaking. During fiscal year 2008, the foundation raised \$29.5 million and made grants of \$38.4 million to hospital programs, research, education and community services. Grants made to community partners including Near North Health Service Corporation, Erie Family Health Center and the James and Catherine Denny Primary Care and Preventive Medicine Center at the Lawson House YMCA continue to improve access to quality healthcare in medically underserved neighborhoods in Chicago.

Fiscal Year 2008 Statistics

Northwestern Memorial Hospital

Inpatient Admissions	46,182
Patient Days	218,758
Average Daily Census	615.7
Average Length of Stay	4.74 days
Deliveries	11,498
Hospital Outpatient Registrations	521,264
Surgical Cases – Inpatient	12,316
Surgical Cases – Outpatient	19,468
Emergency Department Visits	79,560
Beds	873
Medical Staff	1,571
Employees	7,144
Volunteer Hours	99,000

Northwestern Memorial Physicians Group

Physicians and Allied Healthcare Providers	97
Medical Offices	15
Patient Visits	337,021

Northwestern HealthCare Corporation

Managed Care Contracts	18
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Northwestern Memorial Foundation

Gifts received to support hospital programs, research, education and community services	\$29.5 million
Grants awarded for hospital programs, research, education and community services	\$38.4 million

Northwestern Memorial HealthCare and Subsidiaries Consolidated Balance Sheets

(In thousands)	As of August 31	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,796	\$ 30,675
Short-term investments and current portion of assets limited as to use	197,408	76,765
Patient accounts receivable, net	208,043	184,588
Other current assets	81,213	211,116
Total current assets	519,460	503,144
Investments and other assets limited as to use, less current portion	1,647,137	1,678,156
Property and equipment, net	1,173,553	1,141,219
Prepaid pension cost and other assets	222,029	222,013
Total assets	\$ 3,562,179	\$ 3,544,532
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 177,577	\$ 223,114
Other current liabilities	171,407	236,697
Total current liabilities	348,984	459,811
Long-term debt, less current maturities	785,700	612,978
Other liabilities	455,632	381,389
Net assets	1,971,863	2,090,354
Total liabilities and net assets	\$ 3,562,179	\$ 3,544,532

Northwestern Memorial HealthCare and Subsidiaries Consolidated Statements of Operations and Changes in Unrestricted Net Assets

(In thousands)	Fiscal Year Ended August 31	
	2008	2007
Revenue		
Net patient service revenue	\$1,179,142	\$ 1,176,075
Other operating revenue	126,355	122,781
Total revenue	1,305,497	1,298,856
Expenses		
Salaries and professional fees and benefits	576,281	535,950
Purchased services and other	193,600	195,366
Supplies	210,263	189,302
Depreciation	123,719	104,764
Insurance	98,230	74,200
Provision for uncollectible accounts	27,777	36,566
Interest	21,263	12,756
Illinois Hospital Assessment	24,153	62,797
Total expenses	1,275,286	1,211,701
Operating income	30,211	87,155
Nonoperating		
Investment return	(79,036)	141,689
External grants	(32,779)	(112,326)
Other	(41,636)	22,630
Total nonoperating	(153,451)	51,993
Excess of revenue over expenses	(123,240)	139,148
Other changes in unrestricted net assets		
Net assets released from restrictions to finance property and equipment additions	7,094	8,414
Other	(4,751)	2,283
Increase in unrestricted net assets	\$ (120,897)	\$ 149,845