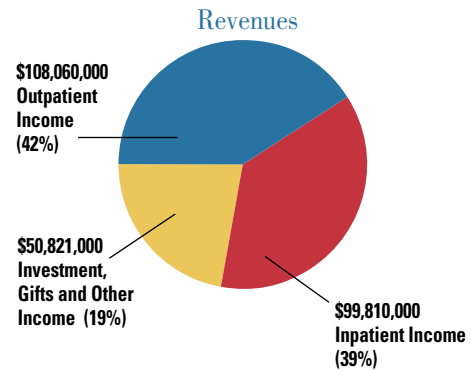
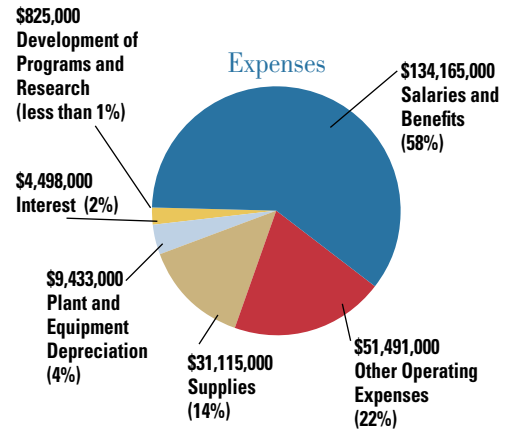


2006 Financial Review

Children's Health System's combined operations (including the Health Foundation) achieved a 10.5 percent operating margin in FY '06. Several factors in the hospital contributed to the favorable results, including increased volumes, a favorable mix of payers and improved reimbursement practices. Strong asset management by Children's Health Foundation and the gift of a large estate comprised about half of this healthy margin, and thus may be considered one-time gains.

Children's Medical Group and Children's Surgical Specialty Group both recorded an increase in volume and revenue over the prior year.



CHKD Health System Operating Statistics

Fiscal Year ending 6/30/06

CHKD	2004	2005	2006
Number of Beds in Service	157	157	157
Patient Days	46,897	46,483	47,770
Admissions	6,497	6,531	6,165
Average Daily Census	128	127	130.9
Surgeries	9,838	10,250	11,379
Outpatient Clinic Visits	103,511	106,045	114,678
Emergency Visits	42,043	41,808	42,932
CSSG			
Office Visits	25,165	27,258	28,864
Surgical Cases	3,905	4,070	4,260
CMG			
Office Visits	299,867	322,288	333,994

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