

Key Financial Info:	
NET PRESENT VALUE	\$90,572
INTERNAL RATE RETURN	56.2%
PAYBACK	3.8
IRRS (U.S. M.I. 30) (M.I. 2) (4) (10%)	6

HEALTH MANAGEMENT ASSOCIATES, INC.
FINANCIAL FEASIBILITY
WALTON REGIONAL MEDICAL CENTER
 Clínica de la Mama Hispanic Maternity Program

PURCHASE PRICE 310,055

STATISTICS	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5TH YEAR	TOTAL
WELL BABY NORMAL DELIVERY (97%)	278	320	329	339	349	1,616
WELL BABY C-SECTION NO CC (3%)	9	11	11	11	12	54
NET REVENUE	835,454	960,772	989,595	1,019,283	1,049,862	4,854,966
EXPENSES:						
OPERATING:						
SALARY	258,991	288,232	286,983	285,399	283,463	1,403,067
BENEFITS	56,811	65,333	67,292	69,311	71,391	330,138
SUPPLIES	71,810	82,582	85,059	87,611	90,239	417,301
OUTSIDE SERVICE	375,600	375,600	375,600	375,600	375,600	1,878,000
OTHER EXPENSES	-	-	-	-	-	-
BAD DEBT EXPENSE	-	-	-	-	-	-
TOTAL OPERATING EXP.	763,212	811,746	814,934	817,921	820,692	4,028,505
OPERATING PROFIT	72,242	149,026	174,661	201,362	229,169	826,461
OPERATING MARGIN %	9%	16%	18%	20%	22%	17%
FIXED:						
DEPRECIATION	62,011	62,011	62,011	62,011	62,011	310,055
INTEREST EXP	6,201	6,201	6,201	6,201	6,201	31,006
TOTAL FIXED EXP.	68,212	68,212	68,212	68,212	68,212	341,061
TOTAL EXPENSE	831,424	879,958	883,146	886,133	888,904	4,369,565
PRE TAX PROFIT HOSP	4,030	80,814	106,449	133,150	160,957	485,401
INCOME TAX @ 38.25	1,542	30,911	40,717	50,930	61,566	185,666
AFTER TAX NET INCOME	2,489	49,903	65,732	82,220	99,391	299,735

RETURN ON CAPITAL INVESTMENT - COMPUTATIONS SECTION										
YEAR	INCREASE IN AFTER-TAX PROFIT	INITIAL INVESTMENT 310,055			REQUIRED TOTAL CASH FLOW	RATE FACTOR	12% PRES. VAL.	CUMM TOTAL		
		DEPREC	OPER CASH FLOW	FUTURE CAPITAL EXP						
1ST	2,489	62,011	64,500	-	64,500	0.893	57,598	57,598		
2ND	49,903	62,011	111,914	-	111,914	0.797	89,195	146,794		
3RD	65,732	62,011	127,743	-	127,743	0.712	90,953	237,747		
4TH	82,220	62,011	144,231	-	144,231	0.636	91,731	329,478		
5TH	99,391	62,011	161,402	-	1,375,016	0.567	871,149	1,200,627		
TOTAL	299,735	310,055	609,790				1,200,627	1,972,243		
Internal Rate of Return	(310,055)				TOTAL PRESENT VALUE	1,200,627				
56.2%	64,500				LESS: INITIAL INVESTMENT	310,055				
	111,914				NET PRESENT VALUE	890,572				
	127,743				PROFITABILITY INDEX	3.87				
	144,231				PAYBACK YEARS	3.8				
	1,536,418									

**WALTON REGIONAL MEDICAL CENTER
ASSUMPTIONS**

	YR1	YR2	YR3	YR4	YR5
GROWTH RATE:					
CURRENT	5.00%	3.00%	3.00%	3.00%	3.00%
NORMAL	N/A	15.00%	3.00%	3.00%	3.00%
C-SECTION	N/A	15.00%	3.00%	3.00%	3.00%
GROWTH RATE:					
NET REVENUE	0.00%	0.00%	0.00%	0.00%	0.00%
ASA % OF NET REVENUE:					
Clinics Only (Inpatient):					
SALARIES	31.00%	30.00%	29.00%	28.00%	27.00%
EMPL BENEFITS	6.80%	6.80%	6.80%	6.80%	6.80%
SALARY/BENEFITS	37.80%	36.80%	35.80%	34.80%	33.80%
SUPPLIES	8.60%	8.60%	8.60%	8.60%	8.60%
OUTSIDE SVCS	44.96%	39.09%	37.93%	36.83%	35.78%
BAD DEBT	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OPERAT	0.00%	0.00%	0.00%	0.00%	0.00%
Total Svc Lines:					
SALARIES	44.00%	40.00%	38.00%	36.00%	35.00%
EMPL BENEFITS	6.80%	6.80%	6.80%	6.80%	6.80%
SALARY/BENEFITS	50.80%	46.80%	44.80%	42.80%	41.80%
SUPPLIES	8.13%	7.64%	7.61%	7.58%	7.56%
OUTSIDE SVCS	0.81%	0.76%	0.76%	0.76%	0.76%
BAD DEBT	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OPERAT	0.00%	0.00%	0.00%	0.00%	0.00%

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Other Assumptions

Well baby normal deliveries projected yr 1 = 278 **Average per month = 22
 Reimbursement per case \$ 2,854

Well baby C-section No CC projected yr 1 = 9
 Reimbursement per case \$ 4,550

Total deliveries in 2007 (current volume) = 287
 Reimbursement per case 5,017 ** Includes OP

Reimbursement based on actual paid claim from 2007.

Moves to new hospital Year 3 -- added capacity.

	FTE	Hrly Rate	Annual Total	
Incremental salaries yr 1 \$	219,000	4.21	\$25.00	\$219,000 **Add 1 nurse 24 hours/day

Salaries include only amounts related to incremental staff related to add'l capacity.

Supply cost per delivery \$ 250
 Based on actual dept costs for 2007 divided by total deliveries.

Outside Services:
 Clinical de la Mama \$ 18,000
 Neo-natology 13,300
 Per month \$ 31,300
 Annual \$ 375,600