

Senior Management

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■ Profile

Type: Freestanding acute care research and teaching hospital with two campuses with 955 licensed beds including 37 obstetric, 60 medical rehabilitation, 99 psychiatry beds, a satellite outpatient diagnostic center, and a free-standing emergency room.

Location: Miami Beach, Florida

Issue: Second quarter 2008 financial operating results

■ Organization

Established in 1946, Mount Sinai Medical Center (MSMC), with two campuses, is the only licensed hospital in Miami Beach that offers a wide range of tertiary services. MSMC offers a comprehensive range of specialty and subspecialty services and is known for its expertise in thoracic and cardiovascular surgery. MSMC also offers a wide variety of oncology services in its Comprehensive Cancer Center.

The Mount Sinai Medical Center Foundation is a separate tax-exempt organization whose sole purpose is to support the activities of the hospital.

■ Management Discussion

Mount Sinai Medical Center (MSMC) excess expenses over revenues produced a net loss of \$(1.7) million for the second quarter ended June 30, 2008 as compared to a net loss of \$(2.0) million for the quarter ended June 30, 2007 and a budgeted net loss of \$(2.1) million. The results for the second quarter of both the current and prior year include a \$2.5 million unrestricted contribution from the Foundation recorded as revenue to the Medical Center and presented as a contribution from the Foundation in the accompanying financial statements.

Excluding the Foundation transfers, Net Revenue for the current quarter was \$124.4 million compared to \$112.9 million in the prior year and \$121.7 million as budgeted, showing increases of 10.2% and 2.2% as compared to the prior year and budget respectively. This increase in Net Revenue can be primarily attributed to the Medical Center's increase in patient volume. The Medical Center had strong admissions in the second quarter of 2008 showing an increase of 5.6% as compared to the prior year and 8.6% as compared to budget, resulting in increases in Net Revenue due to volume of approximately \$8.7 million and \$10.7 million compared to the prior year and budget respectively. On a year-to-date basis, excluding Foundation transfers, the Medical Center's Net Revenues were \$249.8 million as compared to \$235.5 million in the prior year and \$253.8 million as budgeted, representing an increase of 6.1% as compared to the prior year and a decrease of (1.6%) compared to budget. Bolstered by 167 new admissions year-over-year from the Aventura Free-standing Emergency Department, the Medical Center was able to turn its negative variance in admissions experienced in the first quarter of the year into a 1.3% increase in admissions through the second quarter. As a result, the Medical Center has been able to offset some of its Net Revenue loss associated with rate, due to the decline in high-severity cases, with increases in Net Revenue due to increased volume.

For the quarter, the Medical Center has incurred operational expenses of \$128.6 million in the current year compared to \$117.4 million in the prior year and \$124.8 million as budgeted, showing an increase of 9.5% compared to the prior year and 3.9% compared to budget. On a year-to-date basis, the Medical Center's operational expenses were \$258.1 million compared to \$239.3 million in the prior year and \$255.0 million as budgeted. The Medical Center has experienced an increase in salaries and wages attributed to the impact of annual merit increases, the opening of the Free-standing Emergency Department in Aventura and the implementation of strategic initiatives in the employed physician practices. Additionally, the Medical Center has experienced an increase in supply expenses of approximately 10% over both the prior year and budget. This increase has been primarily driven by the cost of high-priced orthopedic and spinal implants as well as inflationary pricing increases for general medical and surgical supplies. The Medical Center has implemented several strategies to target improved pricing for supply items as well as utilization reviews for new products in order to control supply expense where possible.

**Consolidated Statement of Revenues
and
Expenses
For the Quarter Ended June 30, 2008
(Amounts in 000's)**

	2008 Q2 Actual	2007 Q2 Actual	Variance	2008 Q2 Budget	Variance
Net Patient Service Revenue	\$114,925	\$105,073	\$9,852	\$114,381	\$544
Other Operating Revenues	5,996	5,731	265	5,243	753
Contributions from Foundation	2,500	2,500	-	-	2,500
Net Assets Released from Restrictions	3,454	2,110	1,344	2,110	1,344
Total Operating Revenues	\$126,875	\$115,414	\$11,461	\$121,734	\$5,141
Operating Expenses:					
Salaries and Benefits	\$51,024	\$45,571	\$5,453	\$50,712	\$312
Supplies	21,823	19,175	2,648	18,887	2,936
Malpractice & Other Insurance	5,760	4,627	1,113	5,118	642
Interest Expense	4,387	4,443	(56)	4,425	(38)
Provision for Bad Debts	10,297	11,348	(1,051)	11,233	(936)
Depreciation & Amortization	6,199	6,400	(201)	6,087	112
Other Expenses	29,113	25,874	3,239	27,326	1,787
Total Operating Expenses	\$128,603	\$117,438	\$11,165	\$123,788	\$4,815
Net Income (Loss)	\$(1,728)	\$(2,024)	\$296	\$(2,054)	\$326
Increase (Decrease) in Unrestricted Net Assets	\$(1,728)	\$(2,024)	\$296	\$(2,054)	\$326

	2008 Q2 Actual *	2007 Q2 Actual	Variance	2008 Q2 Budget	Variance
Profitability Ratios (%)					
Operating Margin	(3.4%)	(4.0%)	0.6%	(1.7%)	(1.7%)
EBITDA Margin	5.1%	5.6%	(0.5%)	6.9%	(1.8%)
Operational Ratios (%)					
Personnel Costs as % of Net Operating Revenue	44.4%	43.4%	1.0%	44.3%	0.1%
Supply Costs as % of Net Operating Revenue	19.0%	18.2%	0.7%	16.5%	2.5%
Bad Debt as % of Net Operating Revenue	8.3%	10.1%	(1.8%)	9.2%	(0.9%)

*Note: The above ratios have been adjusted for the normalization of the \$2.5 million Foundation contributions in the current and prior year.

**Consolidated Statement of Revenues
and
Expenses**

Y-T-D Through June 30, 2008 (Amounts in 000's)	2008 YTD Actual	2007 YTD Actual	Variance	2008 YTD Budget	Variance
Net Patient Service Revenue	\$230,112	\$219,818	\$10,294	\$239,103	\$(8,991)
Other Operating Revenues	12,397	11,345	1,052	10,363	2,034
Contributions from Foundation	5,000	5,000	-	-	5,000
Net Assets Released from Restrictions	7,319	4,339	2,980	4,339	2,980
Total Operating Revenues	\$254,828	\$240,502	\$14,326	\$253,805	\$1,023
Operating Expenses:					
Salaries and Benefits	\$103,037	\$94,903	\$8,134	\$105,828	\$(2,791)
Supplies	43,688	39,786	3,902	39,723	3,965
Malpractice & Other Insurance	11,335	9,848	1,487	10,630	705
Interest Expense	8,759	8,894	(135)	8,850	(91)
Provision for Bad Debts	21,505	21,151	354	20,961	544
Depreciation & Amortization	12,057	12,940	(883)	12,173	(116)
Other Expenses	57,818	51,796	6,018	56,839	975
Total Operating Expenses	\$258,195	\$239,318	\$18,877	\$255,004	\$3,191
Net Income (Loss)	\$(3,367)	\$1,184	\$(4,551)	\$(1,199)	\$(2,168)
Increase (Decrease) in Unrestricted Net Assets	\$(3,367)	\$1,184	\$(4,551)	\$(1,199)	\$(2,168)

	2008 YTD Actual *	2007 YTD Actual	Variance	2008 YTD Budget	Variance
Profitability Ratios (%)					
Operating Margin	(3.3%)	(1.6%)	(1.7%)	(0.5%)	(2.9%)
EBITDA Margin	5.0%	7.7%	(2.7%)	7.8%	(2.8%)
Operational Ratios (%)					
Personnel Costs as % of Net Operating Revenue	44.8%	43.2%	1.6%	44.3%	0.5%
Supply Costs as % of Net Operating Revenue	19.0%	18.1%	0.9%	16.6%	2.4%
Bad Debt as % of Net Operating Revenue	8.6%	9.0%	(0.4%)	8.3%	0.3%

*Note: The above ratios have been adjusted for the normalization of the \$5 million Foundation contributions in the current and prior year.

**Consolidated
Balance Sheet**
(Amounts in 000's)

As of
June 30, 2008

As of
June 30, 2007

Current Assets	\$150,144	\$149,971
Assets Limited as to Use	35,973	44,585
Assets held by Mount Sinai Medical Center Foundation, Inc.	94,058	103,902
Other Assets	10,090	10,413
Property, Plant and Equipment, Net	195,467	182,477
Total Assets	\$485,734	\$491,348
Current Liabilities	\$56,903	\$53,993
Other Liabilities	39,360	41,899
Long-Term Debt, Less Current Portion	263,047	268,288
Net Assets - Unrestricted	32,366	23,266
Net Assets – Restricted	94,058	103,902
Total Liabilities and Net Assets	\$485,734	\$491,348

Liquidity and Other Ratios

Days Cash on Hand	51.5	59.8
Days in Accounts Receivable	46.3	42.4
Cushion Ratio (x)	6.8	7.4
Payment Period (Days)	45.8	47.4
Unrestricted Cash / Long Term Debt (%)	24.3%	25.4%
Maximum Annual Debt Service Coverage Ratio (x)	1.8	2.1

Combined Group (1)

Days Cash on Hand	76.0	95.8
Unrestricted Cash / Long Term Debt (%)	35.8%	40.7%
Maximum Debt Service Coverage Ratio (x)	1.6	2.2
Annual Debt Service Coverage Ratio (x)	1.6	2.2

(1) Members of the Combined Group include the Medical Center, less its subsidiaries, and the Foundation

Consolidated Statements of Changes in Net Assets (Amounts in 000's)	YTD as of June 30, 2008	YTD as of June 30, 2007
UNRESTRICTED NET ASSETS		
(Deficiency) Excess Revenues over Expenses	\$(3,367)	\$1,184
Net Assets Released from Restrictions	6,533	2,835
Extraordinary loss on bond defeasance	-	-
Net change in unrealized gains on investments	(221)	-
Increase (decrease) in unrestricted net assets	\$2,944	\$4,019
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted grants and contributions	\$7,319	\$4,376
Change in beneficial interest in net assets of Mount Sinai Medical Center Foundation, Inc.	(10,302)	4,943
Net Assets Released from Restrictions	(7,319)	(4,376)
Increase (decrease) in restricted net assets	\$(10,302)	\$4,943
INCREASE/(DECREASE) IN NET ASSETS	\$(7,359)	\$8,962
NET ASSETS, BEGINNING OF YEAR	133,783	118,205
ASSETS, END OF YEAR	\$126,424	\$127,167

■ **Material Event Disclosure**

Pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(I)(C) and (D) the following is a listing of reportable events over the last quarter.

Reportable Events	Status
Principal and interest payment delinquencies	None
Non-payment related defaults	None
Modifications to rights of Bondholders	None
Optional, contingent or unscheduled bond calls	None
Defeasances	None
Rating changes	None
Adverse tax opinions or events affecting the tax-exempt status of the Bonds	None
Unscheduled draws on debt service reserves reflecting financial difficulties	None
Unscheduled draws on credit enhancements reflecting financial difficulties	None
Substitution of credit or liquidity providers, or their failure to perform	None
Release, substitution or sale of property securing repayment of the Bonds	None

**MOUNT SINAI MEDICAL CENTER
QUARTER UTILIZATION STATISTICS**

	2nd Q 2008	2nd Q 2007	% Var
Inpatient			
Licensed Beds	955	955	0.0%
Staffed Beds for Immediate Use	780	780	0.0%
Percent Occupancy of Staffed Beds	52.3%	50.0%	4.5%
Patient Days (1)	37,127	35,520	4.5%
Admissions (1)	5,685	5,386	5.6%
Average Length of Stay	6.5	6.6	-1.0%
Outpatient Visits			
Emergency Room	13,044	10,723	21.6%
Ambulatory Surgery	1,779	1,678	6.0%
Selected Ancillary Departments			
Cardiac Catheterizations	724	650	11.4%
IP Surgical Procedures	1,538	1,515	1.5%
Open Heart Surgeries	116	141	-17.7%
Cardiac Angioplasties	255	214	19.2%
Laboratory Tests	274,164	258,292	6.1%
MRI Scans	1,794	1,592	12.7%
Live Births	428	434	-1.4%

MOUNT SINAI MEDICAL CENTER
YTD UTILIZATION STATISTICS

	YTD 2008	YTD 2007	% Var	FYE 2007	FYE 2006	FYE 2005	FYE 2004	FYE 2003	FYE 2002
Inpatient									
Licensed Beds	955	955	0.0%	955	955	955	935	935	935
Staffed Beds for Immediate Use	780	780	0.0%	780	780	780	780	780	780
Percent Occupancy of Staffed Beds	27.0%	26.7%	1.0%	52.2%	57.1%	55.5%	55.6%	58.0%	60.9%
Patient Days (1)	76,795	76,056	1.0%	148,472	162,559	157,894	158,270	164,745	173,273
Admissions (1)	11,644	11,490	1.3%	22,240	24,833	24,319	25,564	26,369	26,961
Average Length of Stay	6.6	6.6	-0.4%	6.7	6.5	6.5	6.2	6.2	6.4
Outpatient Visits									
Emergency Room	26,363	22,453	17.4%	43,685	41,691	34,350	33,545	35,594	37,175
Ambulatory Surgery	3,512	3,340	5.1%	6,549	6,287	6,154	6,575	6,751	7,454
Selected Ancillary Departments									
Cardiac Catheterizations	1,521	1,491	2.0%	2,801	4,098	4,531	4,944	5,052	5,559
IP Surgical Procedures	3,133	3,149	-0.5%	6,172	6,828	7,010	6,976	7,329	7,946
Open Heart Surgeries	253	297	-14.8%	517	722	814	912	978	1,197
Cardiac Angioplasties	1,521	1,491	2.0%	936	1,438	1,717	1,920	1,985	2,189
Laboratory Tests	559,569	534,273	4.7%	1,050,640	1,077,634	1,030,946	1,008,173	1,073,864	1,102,636
MRI Scans	3,477	3,327	4.5%	6,529	6,560	6,270	6,330	6,659	6,723
Live Births	916	864	6.0%	1,793	2,018	2,022	1,852	1,970	1,577

Year to Date Payor Mix	2nd Q 2008		2nd Q 2007		% Var
Medicare	41.2%		43.1%		-4.6%
Medicaid	9.3%		7.7%		20.8%
Managed Care / Commercial	42.7%		42.9%		-0.7%
Self Pay	6.9%		6.2%		11.1%

Mount Sinai Medical Center of Florida, Inc. and Subsidiaries
BS as of 06/30/08, (\$000's)

	YTD 2nd Qtr 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
ASSETS:										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 32,134	\$ 15,463	\$ 34,250	\$ 31,580	\$ 12,200	\$ 15,726	\$ 34,551	\$ 10,662	\$ 3,363	\$ 3,537
Temporary investments	31,738	66,918	31,832	40,334	55,507	37,769	5,011	3,925	7,030	16,740
Patient accounts receivable, net	58,815	57,613	59,403	52,187	47,765	54,066	58,350	70,893	79,605	46,433
Other receivables, net	2,276	874	721	1,588	1,787	2,311	1,740	3,378	4,838	3,944
Estimated third-party payor settlements	9,653	8,868	16,555	10,274	8,498	5,377	2,228	(0)	4,839	1,033
Inventories	6,815	7,247	6,768	6,180	6,201	4,604	6,073	6,049	6,846	4,587
Prepaid and other expenses	8,714	2,721	2,807	3,066	3,189	3,672	1,380	1,665	1,955	2,067
Total current assets	\$ 150,145	\$ 159,704	\$ 152,336	\$ 145,209	\$ 135,147	\$ 123,525	\$ 109,333	\$ 96,572	\$ 108,476	\$ 78,341
ASSET'S WHOSE USE IS LIMITED:										
Funds held by trustee	30,472	28,120	28,135	28,800	30,957	42,940	57,554	74,158	75,822	98,085
Self-insurance trust fund	2,896	8,720	14,344	16,003	13,727	14,219	10,601	13,043	13,702	13,313
Other investments	2,605	2,547	2,431	2,331	2,270	3,438	3,581	3,716	3,708	3,464
Total assets whose use is limited	\$ 35,973	\$ 39,387	\$ 44,910	\$ 47,134	\$ 46,954	\$ 60,597	\$ 71,736	\$ 90,917	\$ 93,232	\$ 114,862
Beneficial interest in Mount Sinai Medical Center Foundation Inc. net assets	94,058	104,361	98,960	94,265	88,839	92,227	74,898	103,792	101,109	92,858
PP&E, net	195,467	189,143	176,936	184,305	186,964	181,135	187,479	205,181	208,720	133,397
Other Assets	10,090	10,316	10,537	8,582	7,721	6,709	6,679	7,261	6,242	10,331
TOTAL ASSETS	\$ 485,733	\$ 502,911	\$ 483,679	\$ 479,495	\$ 465,625	\$ 464,193	\$ 450,125	\$ 503,723	\$ 517,779	\$ 429,789
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES:										
Accounts payable and accrued expenses	22,267	30,266	23,014	25,650	24,539	26,883	30,525	48,016	35,686	13,389
Accrued wages, salaries and benefits	16,463	16,373	15,833	19,029	15,803	18,852	17,973	16,311	14,891	10,641
Indigent care assessment, current portion	3,893	4,025	4,432	4,026	4,256	4,031	3,761	5,206	2,896	2,949
Other current liabilities	7,201	5,076	7,981	5,478	6,553	6,384	8,652	10,611	7,488	3,544
Current portion of long-term debt	5,722	5,722	5,351	5,110	4,764	2,707	3,311	253	85,143	2,548
Due to Salick	1,356	2,180	1,844	1,578	879	1,540	358	1,303	2,391	20,699
Total current liabilities	\$ 56,902	\$ 63,642	\$ 58,455	\$ 60,871	\$ 56,794	\$ 60,397	\$ 64,580	\$ 81,700	\$ 148,495	\$ 53,770
LTD, net of current portion	263,047	262,915	268,156	273,137	277,847	271,745	274,260	277,379	164,602	162,689
Indigent Care assesment, net current portion	2,735	2,412	2,105	2,448	2,346	2,535	2,268	2,009	1,787	1,655
Other Long Term liabilities	1,467	1,180	557	767	736	1,596	1,728	1,917	1,145	548
Reserve for self insured claims	35,158	38,979	36,200	32,512	31,272	35,753	22,718	19,705	18,509	19,048
Total liabilities	\$ 359,309	\$ 369,128	\$ 365,473	\$ 369,735	\$ 368,995	\$ 372,026	\$ 365,554	\$ 382,710	\$ 334,538	\$ 237,710
NET ASSETS:										
Unrestricted	32,366	29,422	19,246	15,495	7,791	(60)	9,673	17,221	74,784	91,873
Temporarily restricted	87,456	97,759	92,358	87,663	82,237	85,625	68,296	97,181	101,788	93,621
Permanently restricted	6,602	6,602	6,602	6,602	6,602	6,602	6,602	6,611	6,669	6,585
Total net assets	\$ 126,424	\$ 133,783	\$ 118,206	\$ 109,760	\$ 96,630	\$ 92,167	\$ 84,571	\$ 121,013	\$ 183,241	\$ 192,079
TOTAL	\$ 485,733	\$ 502,911	\$ 483,679	\$ 479,495	\$ 465,625	\$ 464,193	\$ 450,125	\$ 503,723	\$ 517,779	\$ 429,789

Mount Sinai Medical Center of Florida, Inc. and Subsidiaries
OPS as of 06/30/08, (\$000's)

YTD 2nd Qtr 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	
UNRESTRICTED REVENUES AND OTHER SUPPORT:										
Net patient service revenue	\$ 230,112	\$ 429,441	\$ 442,114	\$ 423,478	\$ 400,076	\$ 410,385	\$ 398,783	\$ 395,498	\$ 326,233	\$ 272,327
Other revenue	12,397	23,835	23,351	20,592	20,264	26,222	24,023	32,672	28,811	38,396
Contribution from Foundation	5,000	10,000	10,000	10,000	10,000	-	16,030	-	-	-
Net assets released from temp. restrictions by Foundation	-	831	344	1,138	2,782	397	13,970	-	-	-
Net assets released from temp. restrictions for research and other	7,319	7,309	7,205	6,992	7,186	4,968	2,660	8,465	5,687	5,208
Total unrestricted revenues and other support	\$ 254,828	\$ 471,416	\$ 483,014	\$ 462,200	\$ 440,308	\$ 441,972	\$ 455,466	\$ 436,635	\$ 360,731	\$ 315,931
EXPENSES:										
Wages, salaries and benefits	103,037	190,891	188,847	173,451	161,829	164,085	179,490	189,866	167,028	159,792
Supplies	43,688	78,285	81,557	83,587	78,745	76,890	77,216	78,930	59,715	49,354
Malpractice & other insurance, net	11,335	20,572	21,213	21,911	20,991	28,850	19,575	13,120	8,567	6,591
Administrative and general	33,912	56,329	58,780	56,070	59,357	60,476	73,042	78,577	50,591	40,726
Provision for doubtful accounts	21,505	37,519	41,717	33,532	27,483	38,157	38,884	64,337	21,052	17,210
Depreciation and amortization	12,057	22,997	24,757	25,108	23,877	23,693	25,030	25,125	21,861	18,315
Interest expense	8,759	17,176	17,707	18,036	18,757	19,753	19,077	18,299	13,807	9,480
Indigent care assessment	2,534	4,166	4,594	4,359	4,531	4,577	4,362	6,041	3,593	3,044
Management fees	21,368	42,400	41,597	39,217	37,333	35,178	28,283	27,757	24,422	30,479
Loss on Extinguishment of Debt	-	-	-	-	2,815	-	-	-	-	-
Clinical physician restructuring expenses	-	-	-	-	-	-	(1,077)	(861)	4,250	-
Other operating expenses	-	-	-	-	-	433	72	305	535	4,912
Total expenses	\$ 258,195	\$ 470,335	\$ 480,769	\$ 455,271	\$ 435,718	\$ 452,092	\$ 463,954	\$ 501,496	\$ 375,421	\$ 339,903
INC / (DEFICIENCY) OF REVS. OVER EXPS.	\$ (3,367)	\$ 1,081	\$ 2,245	\$ 6,929	\$ 4,590	\$ (10,120)	\$ (8,488)	\$ (64,861)	\$ (14,690)	\$ (23,972)
UNRESTRICTED NET ASSETS:										
Deficiency of revenues over expenses	(3,367)	1,081	2,245	6,929	4,590	(10,120)	(8,488)	(64,861)	(14,690)	(23,972)
Foundation transfer	-	-	-	-	-	755	-	-	-	-
Contributions from the Mount Sinai Medical Center Foundation, Inc. for CAPEX	3,207	117	20	769	3,544	-	181	456	803	2,067
Net assets released from temporary restrictions used for capital purposes	3,325	8,447	1,555	177	55	157	244	107	29	118
Equity transfer	-	-	-	-	-	-	-	-	-	(161)
Net unrealized gains or (losses) on investments	(221)	531	(69)	(171)	(338)	(525)	515	94	1,063	(1,414)
Extraordinary loss on bond defeasance	-	-	-	-	-	-	-	(707)	(4,294)	-
Increase / (Decrease) in unrestricted net assets	\$ 2,944	\$ 10,176	\$ 3,751	\$ 7,704	\$ 7,851	\$ (9,733)	\$ (7,548)	\$ (64,911)	\$ (17,089)	\$ (23,362)
TEMPORARILY RESTRICTED NET ASSETS:										
Temporarily restricted grants and contributions	7,319	16,587	9,104	8,307	9,968	5,365	16,630	8,465	5,687	5,208
Equity transfer	-	-	-	-	-	-	-	-	-	161
Net assets rel. from temp. restr. for research	(7,319)	(16,587)	(9,104)	(8,307)	(9,968)	(5,365)	(16,630)	(8,465)	(5,687)	(5,208)
Change in beneficial interest in net assets of Mount Sinai Medical Center Foundation, Inc.	(10,302)	5,401	4,695	5,426	(3,388)	17,329	(28,885)	2,741	8,167	11,407
Increase / (Decrease) in temp. rest. net assets	\$ (10,302)	\$ 5,401	\$ 4,695	\$ 5,426	\$ (3,388)	\$ 17,329	\$ (28,885)	\$ 2,741	\$ 8,167	\$ 11,568
PERMANENTLY RESTRICTED NET ASSETS:										
Change in beneficial interest in net assets of Mount Sinai Medical Center Foundation, Inc.	-	-	-	-	-	-	(9)	(58)	84	411
Increase in permanently restricted net assets	-	-	-	-	-	-	(9)	(58)	84	411
INCREASE / (DECREASE) IN NET ASSETS	\$ (7,358)	\$ 15,577	\$ 8,446	\$ 13,130	\$ 4,463	\$ 7,596	\$ (36,442)	\$ (62,228)	\$ (8,838)	\$ (11,383)
NET ASSETS, BEGINNING OF YEAR	\$ 133,783	\$ 118,206	\$ 109,760	\$ 96,630	\$ 92,167	\$ 84,571	\$ 121,013	\$ 183,241	\$ 192,079	\$ 203,462
NET ASSETS, END OF YEAR	\$ 126,425	\$ 133,783	\$ 118,206	\$ 109,760	\$ 96,630	\$ 92,167	\$ 84,571	\$ 121,013	\$ 183,241	\$ 192,079

Mount Sinai Medical Center of Florida, Inc. and Subsidiaries
CashFlows as of 06/30/08, (\$000's)

	YTD 2nd Qtr 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES:										
Increase (decrease) in net assets	\$ (7,358)	\$ 15,577	\$ 8,446	\$ 13,130	\$ 4,463	\$ 7,596	\$ (36,442)	\$ (62,228)	\$ (8,838)	\$ (11,383)
Adj. to rec.Chg. in net assets to net cash provided by operating activities:										
Depreciation and amortization	12,162	22,997	24,757	25,108	23,877	23,693	25,030	25,125	21,861	18,315
Provision for doubtful accounts	21,311	37,519	41,717	33,532	27,483	38,157	38,884	64,337	21,052	17,210
(Gain) loss on disposal of PP&E	-	562	(117)	(68)	(41)	395	742	410	(5)	1,028
Loss on Extinguishment of Bond / Amortization of Bond	132	264	264	265	3,047	-	-	-	-	-
Gain on Sale of Business / Loss on impairment of Assets	-	-	-	-	-	(3,250)	1,026	-	-	3,073
Hurricane insurance proceeds used for Capital Expenditures	-	(2,547)	-	-	-	-	-	-	-	-
Clinical Physician Restructuring Exp	-	-	-	-	-	-	(1,077)	861	-	-
Change in beneficial interest in Mount Sinai Medcial Center Foundation	10,302	(5,401)	(4,695)	(5,426)	3,388	(17,329)	28,894	(2,683)	(8,251)	(11,818)
Change in net unrealized losses (gains) on invest	81	(531)	79	179	276	53	(658)	(67)	(917)	1,414
Increase in accounts receivable	(22,514)	(35,729)	(48,933)	(37,954)	(21,181)	(33,873)	(27,198)	(55,625)	(54,224)	(15,116)
(Increase) Decrease in other receivables	(1,402)	(153)	867	199	524	(571)	1,350	1,460	(894)	880
(Increase) Decrease in estimated third-party settlements	(785)	7,687	(6,281)	(1,776)	(3,121)	(3,149)	(2,698)	5,309	(3,806)	2,416
Increase in inventories	431	(479)	(588)	21	(1,597)	1,469	(24)	797	(2,259)	(513)
Decrease (Increase) in prepaid expenses	(5,993)	86	259	123	483	(2,292)	72	290	112	(101)
Decrease in other assets	126	(1)	(8)	(1,112)	155	(115)	357	(1,909)	2,691	297
(Decrease) Increase in due to Comprehensive Cancer Center	(679)	336	266	699	(661)	1,182	(946)	(1,088)	(18,308)	14,330
Increase (Decrease) in AP and accrued expenses	(4,724)	4,982	(169)	546	(3,886)	(3,642)	(17,526)	12,329	22,298	(5,804)
Increase (Decrease) in accrued wages, salaries and benefits	90	540	(3,196)	3,226	(3,049)	879	1,662	1,420	4,250	(573)
Increase in indigent care assessment	192	(100)	63	(128)	36	537	(1,186)	2,532	79	390
Increase in other current liabilities	1,980	(2,905)	2,503	(1,075)	169	(2,268)	(412)	1,792	3,944	127
Decrease in accrued interest receivable	-	-	-	-	-	-	-	-	1,196	-
Increase in other long-term liabilities	288	623	(210)	31	(860)	(132)	(188)	773	597	189
(Decrease) Increase in reserve for self-insured claims	(3,821)	2,779	3,688	1,240	(4,481)	13,035	3,013	1,198	(539)	1,454
Net cash generated (used) in operating activities	\$ (181)	\$ 46,106	\$ 18,712	\$ 30,760	\$ 25,024	\$ 20,375	\$ 12,675	\$ (4,967)	\$ (19,961)	\$ 15,815
CASH FLOWS FROM INVESTING ACTIVITIES:										
Acq.of Miami Heart Institute (net of cash received, \$4,869)	-	-	-	-	-	-	-	-	(70,131)	-
Purchases of PP&E	(21,636)	(33,222)	(19,773)	(21,508)	(27,846)	(17,560)	(8,392)	(20,730)	(25,752)	(14,853)
Proceeds from the sale of PP&E / Hurrican proceeds used for Capital	0	2636	258	24	15	189	106	47	101	314
Investment in / Proceeds from sales of Business, net	-	-	(2,248)	-	-	3,250	1,000	-	-	-
Purchases of investments	38,488	(148,318)	(70,198)	(23,040)	(47,980)	(36,126)	(8,716)	(2,652)	(6,384)	(30,914)
Proceeds from sales and maturities of temp. invest.	-	113,378	78,735	38,220	30,025	3,350	7,664	5,789	16,179	32,261
Assets whose use is limited:										
Purchases of investments	-	(60,492)	(108,051)	(70,473)	(94,404)	(79,359)	(104,842)	(102,804)	(81,858)	(19,114)
Proceeds from sales of investments	-	66,370	110,210	70,107	108,043	90,367	124,647	104,883	103,124	22,217
Net cash used in investing activities	\$ 16,852	\$ (59,648)	\$ (11,067)	\$ (6,670)	\$ (32,147)	\$ (35,889)	\$ 11,467	\$ (15,467)	\$ (64,721)	\$ (10,089)
CASH FLOWS FROM FINANCING ACTIVITIES:										
Debt financing costs	-	-	-	-	(3,360)	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	104,479	-	-	181,246	153,285	-
Repayment of long-term debt	-	(5,245)	(4,975)	(4,710)	(97,522)	(3,311)	(253)	(153,513)	(68,777)	(2,475)
Net cash provided by (used) in financing activities	\$ -	\$ (5,245)	\$ (4,975)	\$ (4,710)	\$ 3,597	\$ (3,311)	\$ (253)	\$ 27,733	\$ 84,508	\$ (2,475)
Net (decrease) increase in cash and cash equivalents	\$ 16,671	\$ (18,787)	\$ 2,670	\$ 19,380	\$ (3,526)	\$ (18,825)	\$ 23,889	\$ 7,299	\$ (174)	\$ 1,729
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 15,463	\$ 34,250	\$ 31,580	\$ 12,200	\$ 15,726	\$ 34,551	\$ 10,662	\$ 3,363	\$ 3,537	\$ 1,808
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 32,134	\$ 15,463	\$ 34,250	\$ 31,580	\$ 12,200	\$ 15,726	\$ 34,551	\$ 10,662	\$ 3,363	\$ 3,537

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Cash paid for interest, net of amounts capitalized of \$590,000 and \$355,000 in 2007 and 2006, respectively, was \$17,389,962 in 2007 and \$17,682,257 in 2006

Mount Sinai Medical Center of Florida, Inc. and Subsidiaries
Ratios as of 06/30/08, (\$000's)

RATIOS	YTD 2nd Qtr 2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Liquidity:										
Cash & investments	\$ 63,872	\$ 82,381	\$ 66,082	\$ 71,914	\$ 67,707	\$ 53,495	\$ 39,562	\$ 14,587	\$ 10,393	\$ 20,277
Patient AR doubtful allowance	\$ 24,704	\$ 20,153	\$ 24,975	\$ 20,992	\$ 21,974	\$ 20,541	\$ 17,389	\$ 80,480	\$ 47,417	\$ 42,571
Accumulated depreciation	\$ 275,832	\$ 268,723	\$ 285,635	\$ 276,964	\$ 273,762	\$ 256,685	\$ 238,345	\$ 219,909	\$ 199,300	\$ 180,822
Current (%)	263.9%	250.9%	260.6%	238.6%	238.0%	204.5%	169.3%	118.2%	73.1%	145.7%
Cash & investments to debt (%)	24.3%	31.3%	24.6%	26.3%	24.4%	19.7%	14.4%	5.3%	6.3%	12.5%
# days revenue in gross receivable	65.7	66.1	69.7	63.1	63.6	66.4	69.3	139.7	142.1	119.3
# days revenue in net receivable	46.3	49.0	49.0	45.0	43.6	48.1	53.4	65.4	89.1	62.2
# days expenses of cash on hand	51.5	73.4	58.2	66.2	64.3	50.0	36.1	12.9	11.4	24.3
# days expenses in payables	45.8	56.7	51.5	56.0	53.9	56.5	58.9	72.4	163.0	64.5
Net working capital	\$ 93,243	\$ 96,062	\$ 93,881	\$ 84,338	\$ 78,353	\$ 63,128	\$ 44,753	\$ 14,872	\$ (40,019)	\$ 24,571
Leverage:										
Long Term Debt to Assets %	54.2%	52.3%	55.4%	57.0%	59.7%	58.5%	60.9%	55.1%	31.8%	37.9%
Long Term Debt to equity %	813%	894%	1393%	1763%	3566%	-452908%	2835%	1611%	220%	177%
Long Term Debt to capitalization %	89%	90%	93%	95%	97%	100%	97%	94%	69%	64%
Long Term Debt to net plant %	135%	139%	152%	148%	149%	150%	146%	135%	79%	122%
Average age of plant	11.4	11.7	11.5	11.0	11.5	10.8	9.5	8.8	9.1	9.9
Debt:										
Coverage (annual) (X)	1.50	1.80	1.94	2.16	2.01	1.48	1.59	-1.16	0.21	0.32
Cushion (annual) (X)	6.80	8.16	7.16	7.18	6.66	4.88	3.64	4.78	0.80	6.73
Interest coverage (annual) (X)	2.73	2.71	2.61	2.42	2.23	2.01	1.71	1.85	2.03	3.54
Debt service as % Operating Revenue	4.6%	4.9%	4.8%	5.0%	5.3%	5.1%	4.9%	4.2%	27.4%	3.8%
Profitability										
Operating margin (%)	-1.3%	0.2%	0.5%	1.5%	1.0%	-2.3%	-1.9%	-14.9%	-4.1%	-7.6%
EBIDA	\$ 17,449	\$ 41,254	\$ 44,709	\$ 50,073	\$ 47,224	\$ 33,326	\$ 35,619	\$ (21,437)	\$ 20,978	\$ 3,823
EBIDA margin (%)	6.8%	8.8%	9.3%	10.8%	10.7%	7.5%	7.8%	-4.9%	5.8%	1.2%
Return on assets (%)	-0.7%	0.2%	0.5%	1.4%	1.0%	-2.2%	-1.9%	-12.9%	-2.8%	-5.6%
Return on equity (%)	-10.4%	3.7%	11.7%	44.7%	58.9%	16866.7%	-87.7%	-376.6%	-19.6%	-26.1%
Operating ratio (%)	93.2%	91.2%	90.7%	89.2%	89.3%	92.5%	92.2%	104.9%	94.2%	98.8%
Operational										
Personnel Cost % Operating revenue	40.4%	40.5%	39.1%	37.5%	36.8%	37.1%	39.4%	43.5%	46.3%	50.6%
Supplies % Operating revenue	17.1%	16.6%	16.9%	18.1%	17.9%	17.4%	17.0%	18.1%	16.6%	15.6%
Bad debt % Patient Revenue	9.3%	8.7%	9.4%	7.9%	6.9%	9.3%	9.8%	16.3%	6.5%	6.3%
Cash Flow:										
Simple cash flow	\$ 8,690	\$ 24,078	\$ 27,002	\$ 32,037	\$ 28,467	\$ 13,573	\$ 16,542	\$ (39,736)	\$ 7,171	\$ 1,454
Free cash flow	\$ (21,817)	\$ 12,884	\$ (1,061)	\$ 9,252	\$ (2,822)	\$ 2,815	\$ 4,283	\$ (25,697)	\$ (45,713)	\$ 962
Simple cash flow to total liabilities	\$ 0.02	\$ 0.07	\$ 0.07	\$ 0.09	\$ 0.08	\$ 0.04	\$ 0.05	\$ (0.10)	\$ 0.02	\$ 0.01
Free cash Flow to total liabilities	\$ (0.06)	\$ 0.03	\$ (0.00)	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.01	\$ (0.07)	\$ (0.14)	\$ 0.00

MOUNT SINAI MEDICAL CENTER FOUNDATION, INC.
Consolidated Statement of Activities and Changes in Net Assets
YTD 2nd Quarter 2008

	YTD 2nd Quarter 2008	YTD 2nd Quarter 2007	\$ Variance	% Variance
REVENUES:				
Pledges, cash gifts and other bequests, net of discounts	\$ 3,835,407	\$ 7,760,509	\$ (3,925,102)	-50.6%
Membership dues	31,720	45,840	(14,120)	-30.8%
Interest, dividends and other	970,687	1,182,162	(211,475)	-17.9%
Gains/(losses) on investment sales	22,598	472,358	(449,760)	-95.2%
TOTAL REVENUES	4,860,412	9,460,869	(4,600,457)	-48.6%
EXPENSES:				
Salaries & Wages	845,827	784,355	61,472	7.8%
Employee Benefits	163,338	154,593	8,745	5.7%
Supplies	15,637	27,407	(11,770)	-42.9%
Administrative & General	614,883	438,598	176,285	40.2%
Provision for Bad Debt	514,674	425,766	88,908	20.9%
Fund Raising Expenses	459,412	515,970	(56,558)	-11.0%
Other Operating Expenses	22,627	28,001	(5,374)	-19.2%
TOTAL EXPENSES	2,636,398	2,374,690	261,708	11.0%
TRANSFERS TO THE MEDICAL CENTER	\$ 8,531,029	\$ 5,263,792	\$ 3,267,237	62.1%
EXCESS OF REVENUE OVER EXPENSES AFTER TRANSFERS	\$ (6,307,015)	\$ 1,822,387	\$ (8,129,402)	-446.1%

MOUNT SINAI MEDICAL CENTER & MIAMI HEART INSTITUTE
OBLIGATED GROUP
YTD 2nd Quarter 2008

Statement of Operations - YTD 2nd Quarter 2008				
	Mount Sinai Medical Center and Subsidiaries	Less: Medical Center Subsidiaries	Consolidating Entries	Obligated Group
Operating Revenues:				
Net Patient Service Revenue	230,112	-	-	230,112
Contributions from Foundation	12,397	-	-	12,397
Other Operating Revenue	12,319	2	-	12,317
Total Operating Revenues	\$ 254,828	\$ 2	\$ -	\$ 254,826
Operating Expenses				
Clinical Physician Restructuring Exp	-	-	-	-
Other Operating Expenses	258,195	1	-	258,194
Total Operating Expenses	\$ 258,195	\$ 1	\$ -	\$ 258,194
(Loss) Income from Operations	\$ (3,367)	\$ 1	\$ -	\$ (3,368)
Other Income	-	-	-	-
(Deficiency) Excess of Revenues over Exp	\$ (3,367)	\$ 1	\$ -	\$ (3,368)

Balance Sheets - YTD 2nd Quarter 2008				
	Mount Sinai Medical Center and Subsidiaries	Less: Medical Center Subsidiaries	Consolidating Entries	Obligated Group
Unrestricted Cash and Investments	63,872	4		63,868
Cash and Investments whose use is Limited	35,973	-		35,973
Patient Accounts Receivable, net of Allowances	58,815	-		58,815
Property and Equipment, net	195,467	-		195,467
Beneficial interest in assets of Mount Sinai Medical Center Foundation, Inc.	94,058	-		94,058
Other current and non-current assets	37,548		8,818	46,366
Total Assets	\$ 485,733	\$ 4	\$ 8,818	\$ 494,547
AP, accrued expenses and other current liabilities	56,902	(95)	7,159	64,156
Long-Term Debt	263,047	-		263,047
Other liabilities	39,360	-		39,360
Total liabilities	\$ 359,309	\$ (95)	\$ 7,159	\$ 366,563
Total Net Assets	\$ 126,424	\$ 99	\$ -	\$ 126,325
Total Liabilities and Net Assets	\$ 485,733	\$ 4	\$ 7,159	\$ 492,888

Mount Sinai Medical Center

Bond Covenant - Days Cash on Hand Calculation

	YTD 2nd Quarter 2008	FYE 2007	FYE 2006	FYE 2005	FYE 2004	FYE 2003	FYE 2002
Cash & Cash Equivalents & Unrestricted Funds							
Obligated Group	63,872	82,381	66,082	71,910	67,703	52,972	36,572
Foundation	30,389	37,489	40,674	39,425	42,765	43,916	29,809
Less:							
Current Portion of Long-Term Debt	(5,722)	(5,722)	(5,351)	(5,110)	(4,764)	(73,047)	(3,311)
	88,539	114,148	101,405	106,225	105,704	23,841	63,070
<i>Divided by:</i>							
Operating Expenses:							
Obligated Group	258,195	470,335	480,769	455,269	434,187	452,503	450,168
Foundation	2,636	5,438	4,575	4,365	19,968	6,447	34,201
Less:							
Depreciation & Amortization	(12,057)	(22,997)	(24,757)	(25,108)	(24,109)	(23,693)	(25,030)
Bad Debt Expense:							
Obligated Group	(21,505)	(37,519)	(41,717)	(33,531)	(27,483)	(38,157)	(38,884)
Foundation	(515)	(1,500)	(1,046)	(950)	(842)	(27)	(600)
Adjusted Operating Expenses	226,755	413,756	417,824	400,044	401,721	397,073	419,855
Number of Days in Period	181	365	365	365	365	365	365
Average Expense per Day	1,253	1,134	1,145	1,096	1,101	1,088	1,150
Days Cash on Hand	70.67	100.70	88.58	96.92	96.04	21.92	54.83

MOUNT SINAI MEDICAL CENTER
 COMBINED GROUP
 LONG-TERM DEBT SERVICE COVERAGE RATIO - ANNUAL DEBT SERVICE
 EXCLUDING CO. 4, 16 & 17

	Annualized For the period Ended 06/30/08
Total revenues	\$509,654,000
Less: Total expenses	(\$516,392,000)
Net Gain/(Loss)	(6,738,000)
+ Depreciation and amortization	24,114,000
+ Interest expense on Long Term Debt	17,518,000
Income available before other items	\$ 34,894,000
Other items:	
- Foundation - Increase in net assets before change in unrealized gain/losses on investment	(12,614,030)
+ Foundation Capital Contributions	6,414,464
+ Contributions other than Foundation	6,652,106

		Maximum Annual Debt Service	Annual Debt Service
INCOME AVAILABLE FOR DEBT SERVICE	\$ 35,346,540	\$ 35,346,540	\$ 35,346,540
Annual Debt Service Requirement		22,954,643	22,572,494
LONG-TERM DEBT SERVICE COVERAGE RATIO		1.54	1.57
REQUIRED RATIO		1.25	1.25