

LifeCare Holdings, Inc.

**News Release
For Immediate Release
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LifeCare Holdings, Inc. Announces Third Quarter Results

Plano, TEXAS – LifeCare Holdings, Inc. (the “Company”) today announced its operating results for the three month and nine month periods ended September 30, 2006. The Company will host a teleconference on Thursday, November 16th, at 10:00 a.m. CST to discuss its operating results. Participants may join the teleconference by dialing 877-645-6127. Please reference conference ID #2032790.

On August 11, 2005, we consummated an acquisition (“Transaction”) pursuant to which a corporation formed by investment funds associated with The Carlyle Group and certain members of our management and board of directors, merged with and into our Company, with our Company continuing as the surviving corporation. We have reported our operating results and financial position for the periods subsequent to the transaction as the Successor Period and all periods prior to the transaction as Predecessor Periods. Additionally, we have provided selected financial and operational information on a “same store” basis, which excludes the operations associated with our three hospitals in New Orleans, which were closed in the aftermath of Hurricane Katrina, and our hospital in West Chester, Pennsylvania, which was opened in September of 2005.

In connection with the Transaction, we borrowed \$255.0 million under a senior credit facility and issued \$150.0 million of senior subordinated notes. The Company may from time to time elect to repurchase a portion of these notes. We also entered into a revolving working capital loan agreement (“Revolver”) that provides \$75.0 million of borrowing capacity. To date, we have made no borrowings pursuant to the Revolver, and our cash balance at September 30, 2006 was approximately \$32 million.

At September 30, 2006, the Company’s hospital operations included 894 licensed beds in 19 locations in nine states.

Three Months Ended September 30, 2006 Compared to Three Months Ended September 30, 2005

Net Revenues

Our net patient service revenue decreased by \$8.1 million, or 9.4%, for the three months ended September 30, 2006, to \$77.4 million from \$85.5 million for the comparable period in 2005. This decrease was principally the result of the closure of our three New Orleans hospitals, which contributed \$7.5 million in net revenue in the third quarter of 2005. Excluding the New Orleans and West Chester hospitals, our net patient service revenue decreased by \$3.3 million, or 4.2%, in the 2006 period to \$74.8 million from \$78.1 million during the same period in 2005.

This decrease included a decrease of \$0.9 million due to a decrease in patient days and a decrease of \$2.4 million due to a decrease in revenue per patient day. The decreased revenue per patient day was primarily the result of the unfavorable reimbursement changes implemented by CMS for all discharges on or after July 1, 2006 and the DRG weighting change which became effective October 1, 2005, partially offset by an increase in the percentage of our revenues generated from commercial payors and our continued focus on treating higher acuity patients.

Total Expenses

Total expenses decreased by \$100.6 million to \$81.0 million for the three months ended September 30, 2006 as compared to \$181.6 million for the comparable period in 2005. Included in the expenses for the 2005 period are impairment charges of \$43.8 million related to goodwill, identifiable intangibles and long-lived assets and \$60.7 million in expenses associated with the Transactions, including \$54.5 million of stock compensation expense related to the Transactions. For the three months ended September 30, 2006 our New Orleans and West Chester operations had total expenses of \$2.7 million as compared to \$7.5 million during the same period in 2005. Exclusive of the impairment charges, Transaction related expenses and expenses attributable to our New Orleans and West Chester operations, total expenses increased by \$8.8 million to \$78.4 million for the three months ended September 30, 2006 from \$69.6 million for the three months ended September 30, 2005.

Of this \$8.8 million increase in total expenses, approximately \$3.7 million was attributable to an increase in net interest expense and \$0.4 million was attributable to an increase in depreciation and amortization expense. The increase in net interest expense was the result of the additional borrowings that occurred in connection with the Transaction during 2005. Depreciation and amortization expense increased during the three-month period ended September 30, 2006 primarily due to an increase in depreciation expense as a result of adjusting property and equipment to fair market value as of the date of the Transaction and amortization expense recorded on the identifiable intangible assets established as a result of the Transaction.

The remaining \$4.7 million of the total \$8.8 million increase was the result of increases in salaries, wages and benefits, supplies, outside services and contract labor expenses incurred as the result of inflationary increases and the overall increase in patient acuity during the 2006 period as compared to the same period in 2005.

Credit Agreement EBITDA

For the quarter ended September 30, 2006, the adjusted EBITDA as defined in our senior credit facility, which we refer to as Credit Agreement EBITDA, was \$10.4 million, a decrease of \$7.7 million, or 42.7% from the prior year period. Credit Agreement EBITDA reflects the elimination of the impact of Hurricane Katrina on our operations, start-up costs associated with our West Chester hospital and certain other non-recurring/operational expenditures as defined in our credit agreement. When adjusted to reflect the elimination of New Orleans prior to Hurricane Katrina during 2005 and our West Chester hospital EBITDAM earnings for the third quarter of 2006 (same store), our Credit Agreement EBITDA decreased by \$6.2 million, or 38.0%, from the prior year period. As a percent of net patient service revenue, same store Credit Agreement EBITDA decreased to 13.5% for the 2006 period as compared to 20.8% for the same period in 2005. The decrease in Credit Agreement EBITDA, on a dollar and percentage of net patient service revenue basis, was due to the impact of the lower Medicare LTCH DRG weights that were effective October 1, 2005, the unfavorable reimbursement changes implemented by CMS for all discharges on or after July 1, 2006 and increases in expenses attributable to the increase in patient acuity and inflationary factors.

Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005

Net Revenues

Our net patient service revenue decreased by \$21.1 million, or 7.9%, for the nine months ended September 30, 2006, to \$246.0 million from \$267.1 million for the comparable period in 2005. This decrease was principally the result of the closure of our three New Orleans hospitals, which contributed \$29.9 million in net revenue in the nine months ended September 30, 2005. Exclusive of the decrease in

net patient service revenue attributable to the New Orleans and West Chester hospitals, our net patient service revenue increased by \$3.0 million, or 1.3%, in the 2006 period to \$240.3 million from \$237.3 million during the same period in 2005.

This increase was comprised of \$3.9 million attributable to an increase in patient days and \$4.4 million due to an increase in revenue per patient day, offset by a net decrease of \$5.3 million for adjustments related to previously filed cost reports. The increase in revenue per patient day was primarily the result of an increase in the percentage of our revenues generated from commercial payors and our continued focus on treating higher acuity patients. During the nine months ended September 30, 2006, we recorded a reduction in net patient service revenue of \$3.6 million whereas during the nine months ended September 30, 2005, we recorded an increase in net patient service revenue of \$1.7 million related to changes in estimates and settlements on cost reports filed with the Medicare program. The most significant cost report valuation adjustment recognized during the nine-month period ended September 30, 2006, relates to two of the Company's hospitals. In these cases, the actual cost to charge ratio, which is used to determine the reimbursement for short stay and high cost outliers, was outside the 10% limit of the cost to charge ratio amount used by CMS to process interim claims such that it resulted in a reconciliation of payments to the actual cost to charge ratio for these cost report periods.

Total Expenses

Total expenses decreased by \$66.3 million to \$262.7 million for the nine months ended September 30, 2006 as compared to \$329.0 million for the comparable period in 2005. Included in the expenses for the 2006 period is an impairment charge of \$24.6 million related to goodwill and a gain of \$1.3 million related to the early extinguishment of debt. For the nine months ended September 30, 2006 our New Orleans operations had total expenses of \$(3.9) million as compared to \$23.5 million during the same period in 2005. Included in the New Orleans expenses for the nine months ended September 30, 2006 is a credit of \$5.3 million related to the recording of additional insurance proceeds. Exclusive of the goodwill impairment charge, the gain on early extinguishment of debt and net expenses attributable to our New Orleans and West Chester operations, total expenses increased by \$37.6 million to \$236.9 million for the nine months ended September 30, 2006 from \$199.3 million for the nine months ended September 30, 2005.

Of this \$37.6 million increase in total expenses, approximately \$18.6 million was attributable to an increase in net interest expense and \$3.3 million was attributable to an increase in depreciation and amortization expense. The increase in net interest expense was the result of the additional borrowings that occurred in connection with the Transaction during 2005. Depreciation and amortization expense increased during the nine-month period ended September 30, 2006 primarily due to an increase in depreciation expense as a result of adjusting property and equipment to fair market value as of the date of the Transaction and amortization expense recorded on the identifiable intangible assets established as a result of the Transaction.

The remaining \$15.7 million of the total \$37.6 million increase was the result of a combination of the increase in patient days and increases in salaries, wages and benefits, supplies, outside services and contract labor expenses incurred as the result of inflationary increases and the overall increase in patient acuity during the 2006 period as compared to the same period in 2005.

Credit Agreement EBITDA

For the nine months ended September 30, 2006, the adjusted EBITDA as defined in our senior credit facility, which we refer to as Credit Agreement EBITDA, was \$45.4 million, a decrease of \$15.2 million, or 25.1% from the prior year period. Credit Agreement EBITDA reflects the elimination of the impact of Hurricane Katrina on our operations, start-up costs associated with our West Chester hospital and certain other non-recurring/operational expenditures as defined in our credit agreement. When

adjusted to reflect the elimination of New Orleans prior to Hurricane Katrina during 2005 and our West Chester hospital EBITDAM earnings for the second and third quarters of 2006 (same store), our Credit Agreement EBITDA decreased by \$7.4 million, or 14.2%, from the prior year period. As a percent of net patient service revenue, same store Credit Agreement EBITDA decreased to 18.8% for the 2006 period as compared to 22.1% for the same period in 2005. The decrease in Credit Agreement EBITDA, on a dollar and percentage of net patient service revenue basis, was due to the impact of the lower Medicare LTCH DRG weights that were effective October 1, 2005, the unfavorable reimbursement changes implemented by CMS for all discharges on or after July 1, 2006 and increases in expenses attributable to the increase in patient acuity and the adjustments to previously filed cost reports.

CMS Fiscal 2007 Reimbursement Changes

On May 2, 2006 CMS issued the final regulations for the 2007 fiscal year starting on July 1, 2006 regarding the prospective payment system for LTACHs. The final rules included, among other things, (i) a change in the payment provisions related to short-stay outliers; (ii) an increase in the outlier fixed-loss amount from \$10,501 to \$14,887; (iii) an increase in the labor-related share of the prospective payment system federal rate from 72.855% to 75.665%; (iv) eliminating the surgical case exception to the three-day or less interruption of stay policy; and (v) a freeze on the fiscal 2007 federal rate at the 2006 level.

The new payment methodology for short-stay outliers reimburses long-term acute care hospital providers at the lowest of (i) 100% of patient cost; (ii) 120% of the per diem amount based on the diagnosis related group; (iii) the full diagnosis related group payment; or (iv) a blend of an amount comparable to what would otherwise be paid under the short-term acute care inpatient payment system ("IPPS DRG") computed as a per diem, capped at the full IPPS DRG comparable payment amount, and 120% of the LTACH DRG per diem payment.

CMS has estimated that exclusive of the freeze of the federal rate for fiscal 2007, these changes will result in a decrease in Medicare reimbursement of 3.7% for LTACH providers. Based upon our Medicare patient activity for the third quarter of 2006, we have estimated that these changes, including updates to the wage indices for the geographical location of our hospitals, resulted in a \$2.6 million, or 4.5%, reduction in our Medicare revenue for the quarter.

On August 1, 2006 CMS issued changes to the Medicare hospital payment system, including changes to the relative weights and lengths of stay for the diagnosis related groups treated by LTACHs. This final rule will be effective for Medicare discharges on or after October 1, 2006. CMS estimates these changes will result in reducing payments to LTAC providers by 1.3% based on the current reimbursement regulations that are in place. This reduction will be in addition to the reduction discussed previously as a result of the fiscal 2007 rule changes. We are in the process of evaluating the impact that these recent changes will have on our Medicare net patient service revenue in future periods. Historically, however, the actual impact of regulation changes on our Medicare net patient service revenue has closely approximated CMS's estimates. The actual impact of these reimbursement changes in subsequent periods could be materially different from CMS's estimate.

The final regulation also includes (i) changes in the regulations applicable to grandfathered hospitals-within-hospitals and grandfathered satellite facilities, and (ii) changes in the methodology for determining cost-to-charge ratios for LTACHs and the reconciliation of high-cost and short-stay outlier payments under the Medicare payment system for such hospitals.

These are only estimates of the effects of the final fiscal year 2007 rule and the changes to the relative weights and lengths of stay. The actual impact of these reimbursement changes in subsequent periods could be materially different from our estimates.

When combined with the October 1, 2005 DRG relative weight re-weighting rules that resulted in an estimated aggregate reduction in our Medicare reimbursement of approximately 5.2%, the final fiscal year 2007 rules that will also reduce our Medicare reimbursement by approximately 4.5%, the elimination of the annual market basket increase and the reduction in the DRG relative weights, which is estimated at 1.3%, that will become effective on October 1, 2006, we have estimated that the cumulative impact of these changes taken as a whole is approximately 14.5%, or a \$36 million reduction in Medicare reimbursement on an annual basis.

Forward-Looking Statements

This press release includes forward-looking statements regarding, among other items, operations, proposed regulations and their possible affect on the Company's results. Such statements are subject to a number of uncertainties and risks that could significantly affect current plans. Furthermore, actual results may differ materially from those experienced or implied by such forward-looking statements. Factors that could cause results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, risks relating to operating in a regulated environment, implementing our business plan, maintaining relationships with physicians in our markets, availability of sufficient nurses and therapists, competition, retaining key management, ability to service our debt requirements and availability of insurance. Further information about factors that could affect the Company's financial and other results is included in our Form S-4 as filed on April 14, 2006, as amended, which can be viewed on the SEC's website. Many of the factors that will determine the Company's future results are beyond the ability of management to control or predict. As a result, you should not place undue reliance on forward-looking statements, which reflect management's views only as the date hereof. The Company undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

Credit Agreement EBITDA is used in the calculations of the interest coverage and leverage ratios that are included in the covenants contained in our existing senior secured credit agreement. Credit Agreement EBITDA is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for operating income, net income, cash flows from operations or other statement of operations or cash flow data prepared in conformity with GAAP, or as measures of profitability or liquidity. In addition the calculation of Credit Agreement EBITDA is susceptible to varying interpretations and calculation, and the amounts presented may not be comparable to similarly titled measures of other companies. Credit Agreement EBITDA may not be indicative of historical operating results, and we do not mean for it to be predictive of future results of operations or cash flows.

Accompanying Schedules

We have reported our operating results and financial position for all periods subsequent to August 11, 2005, as Successor Periods and all periods prior to August 11, 2005, as Predecessor Periods. For purposes of presenting a comparison of our 2005 results to the 2006 periods, we have presented our 2005 results in the accompanying schedules as the mathematical addition of our operating results for the Predecessor Period from January 1, 2005 or July 1, 2005, as applicable, through August 10, 2005 and our operating results for the Successor Period from August 11, 2005 to September 30, 2005 ("Combined"). We believe that this presentation provides the most meaningful information about our operating results.

This approach is not consistent with GAAP and may yield results that are not strictly comparable on a period-to-period basis.

LifeCare, based in Plano, Texas, operates 19 long term acute care hospitals located in nine states. Long term acute care hospitals specialize in the treatment of medically complex patients who typically require extended hospitalization. For more information on LifeCare, visit our website at [www. Lifecare-hospitals.com](http://www.Lifecare-hospitals.com).

Schedule 1
Condensed Consolidated Statements of Operations
For the Three Months Ended September 30, 2005 and 2006
(In thousands)
(Unaudited)

	<u>Combined 2005</u>	<u>Successor 2006</u>	<u>% Change</u>
Net patient service revenue	\$ 85,537	\$ 77,437	-9.5%
Expenses:			
Salaries, wages and benefits	40,592	36,224	-10.8%
Stock compensation associated with merger	54,530	-	NM
Supplies	8,010	8,027	0.2%
Rent	4,501	4,714	4.7%
Other operating expense	20,302	19,297	-5.0%
Provision for doubtful accounts	1,417	1,326	-6.4%
Depreciation and amortization	2,553	2,948	15.5%
Goodwill impairment charges	43,000	-	NM
Long-lived asset impairment charges	803	-	NM
	<u>175,708</u>	<u>72,536</u>	<u>-58.7%</u>
Operating income	(90,171)	4,901	-105.4%
Interest expense, net	5,861	8,502	45.1%
Income before income taxes	(96,032)	(3,601)	-96.3%
Provision for income taxes	(18,603)	(215)	-98.8%
Net income	<u>\$ (77,429)</u>	<u>\$ (3,386)</u>	<u>-95.6%</u>
Reconciliation to Credit Agreement EBITDA:			
Operating Income - per above	\$ (90,171)	\$ 4,901	-105.4%
Adjusted for:			
Depreciation and amortization	2,553	2,948	15.5%
Stock compensation expense	54,530	287	-99.5%
South Texas relocation expenses	-	956	NM
Other merger related expenses	5,093	-	NM
New Orleans operations	1,563	229	-85.3%
Start-up losses	268	488	82.1%
Impairment charges	43,803	-	NM
Other credit agreement add-back items	480	578	20.4%
Credit Agreement EBITDA	<u>\$ 18,119</u>	<u>\$ 10,387</u>	<u>-42.7%</u>

Schedule 1A
Condensed Consolidated Statements of Operations
For the Nine Months Ended September 30, 2005 and 2006
(In thousands)
(Unaudited)

	Combined 2005	Successor 2006	% Change
Net patient service revenue	\$ 267,111	\$ 246,014	-7.9%
Expenses:			
Salaries, wages and benefits	113,959	108,575	-4.7%
Stock compensation associated with merger	54,530	-	NM
Supplies	24,443	24,863	1.7%
Rent	13,524	13,539	0.1%
Other operating expense	61,871	60,119	-2.8%
Provision for doubtful accounts	4,398	4,288	-2.5%
Depreciation and amortization	5,398	8,802	63.1%
Goodwill impairment charges	43,000	24,600	-42.8%
Long-lived asset impairment charges	803	-	NM
Insurance recovery	-	(5,333)	NM
	<u>321,926</u>	<u>239,453</u>	<u>-25.6%</u>
Operating income	(54,815)	6,561	-112.0%
Interest expense, net	7,118	24,585	245.4%
Gain on early extinguishment of debt	-	(1,329)	NM
	<u>(61,933)</u>	<u>(16,695)</u>	<u>-73.0%</u>
Income before income taxes	(5,248)	4,509	-185.9%
Provision for income taxes	-	-	-
Net income	<u>\$ (56,685)</u>	<u>\$ (21,204)</u>	<u>-62.6%</u>
Reconciliation to Credit Agreement EBITDA:			
Operating Income - per above	\$ (54,815)	\$ 6,561	-112.0%
Adjusted for:			
Depreciation and amortization	5,398	8,802	63.1%
Cost report adjustment	-	3,871	NM
Stock compensation expense	54,530	468	-99.1%
South Texas relocation expenses	-	1,074	NM
Other merger related expenses	6,791	-	NM
New Orleans operations, net of proceeds	1,563	(3,870)	-347.6%
Start-up losses	313	1,467	368.7%
Goodwill impairment charge	43,803	24,600	-43.8%
Other credit agreement add-back items	3,067	2,444	-20.3%
	<u>60,650</u>	<u>45,417</u>	<u>-25.1%</u>
Credit Agreement EBITDA	<u>\$ 60,650</u>	<u>\$ 45,417</u>	<u>-25.1%</u>

Schedule 2
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

Assets	December 31, 2005	September 30, 2006
Current assets:		
Cash and cash equivalents	\$ 19,843	\$ 32,201
Accounts receivable, net	63,283	69,617
Estimated third-party payer settlements	8,267	-
Income taxes receivable	17,380	7,035
Deferred income taxes	8,020	8,433
Other current assets	13,034	7,002
Total current assets	<u>129,827</u>	<u>124,288</u>
Property and equipment, net	61,100	68,823
Goodwill and other identifiable intangibles, net	338,550	338,024
Other assets	14,637	15,038
	<u>\$ 544,114</u>	<u>\$ 546,173</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Payables and accruals	\$ 39,384	\$ 38,986
Estimated third-party payer settlements	-	3,943
Current installments of long-term debt	2,550	2,550
Current installments of obligations under capital leases	5,364	4,101
Total current liabilities	<u>47,298</u>	<u>49,580</u>
Obligations under capital leases, excluding current installments	4,767	1,819
Long-term debt, excluding current installments	401,813	396,900
Accrued insurance	7,194	9,222
Deferred income taxes	14,539	12,019
Other noncurrent liabilities	2,411	6,678
Total liabilities	<u>478,022</u>	<u>476,218</u>
Stockholder's equity	<u>66,092</u>	<u>69,955</u>
	<u>\$ 544,114</u>	<u>\$ 546,173</u>

Schedule 3
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2005 and 2006
(In thousands)
(Unaudited)

	<u>Combined 2005</u>	<u>Successor 2006</u>
Cash flows from operating activities:		
Net income (loss)	\$ (56,685)	\$ (21,204)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,792	9,691
Provision for doubtful accounts	4,399	4,288
Impairment charges	43,803	24,600
Gain on early extinguishment of debt	—	(1,329)
Accrued interest on shares subject to mandatory redemption	733	—
Deferred income taxes	(2,004)	(2,933)
Equity compensation amortization	—	467
Changes in operating assets and liabilities:		
Patient accounts receivable	(21,989)	(10,622)
Current income taxes	(15,799)	10,345
Insurance proceeds receivable	—	6,212
Prepaid expenses and other current assets	845	(967)
Other assets	(628)	(1,429)
Estimated third-party payer settlements	(1,798)	12,209
Accounts payable and accrued expenses	61,002	(398)
Other liabilities	2,770	6,295
Net cash provided by operating activities	<u>20,441</u>	<u>35,225</u>
Cash used in investing activities:		
Merger transaction, net of cash acquired	(516,844)	—
Purchases of property and equipment	(2,963)	(16,000)
Insurance recoveries for property and equipment	—	788
Net cash used in investing activities	<u>(519,807)</u>	<u>(15,212)</u>
Cash flows used in financing activities:		
Equity investment by Holdco	130,900	—
Proceeds from credit facility	255,000	—
Proceeds from senior subordinated notes	150,000	—
Deferred financing costs	(12,613)	—
Payments of notes payable and long-term debt	(11,773)	(3,443)
Payments on obligations under capital leases	(3,359)	(4,212)
Net cash used in financing activities	<u>508,155</u>	<u>(7,655)</u>
Net increase in cash and cash equivalents	8,789	12,358
Cash and cash equivalents, beginning of period	6,678	19,843
Less: Ending cash on August 10, 2005 acquired in Transactions included in investing activities	(9,790)	—
Cash and cash equivalents, end of period	<u>\$ 5,677</u>	<u>\$ 32,201</u>

Schedule 4
Selected Operating Statistics

	Combined	Successor
	Three months ended September 30, 2005	Three months ended September 30, 2006
Number of hospitals within hospitals (end of period)	13	13
Number of freestanding hospitals (end of period)	6	6
Number of total hospitals (end of period)	19	19
Licensed beds (end of period)	910	894
Average licensed beds (1)	984	867
Admissions	2,270	2,033
Patient days	59,083	55,327
Occupancy rate	65.3%	69.4%
Percent net patient service revenue from Medicare	76.6%	72.0%
Percent net patient service revenue from commercial payors and Medicaid (2)	23.4%	28.0%
Net patient service revenue per patient day	\$1,431	\$1,400

	Combined	Successor
	Nine Months ended September 30, 2005	Nine Months ended September 30, 2005
Number of hospitals within hospitals (end of period)	13	13
Number of freestanding hospitals (end of period)	6	6
Number of total hospitals (end of period)	19	19
Licensed beds (end of period)	910	894
Average licensed beds (1)	995	884
Admissions	7,071	6,219
Patient days	184,670	170,453
Occupancy rate	68.0%	70.6%
Percent net patient service revenue from Medicare	76.5%	71.5%
Percent net patient service revenue from commercial payors and Medicaid (2)	23.5%	28.5%
Net patient service revenue per patient day	\$1,426	\$1,443

(1) The average licensed beds for the three months ended September 30, 2005 include the three New Orleans hospitals that were closed during 2005 for the period of time prior to closure.

(2) The percentage of net patient service revenue from Medicaid is less than one percent for each of the periods presented.

Schedule 5
Selected Information on a Same Store Basis
For the Three and Nine Month Periods Ended September 30, 2005 and 2006
(In thousands)
(Unaudited)

	Three months ended		% Change
	September 30, 2005	September 30, 2006	
Net patient service revenue - as reported	\$ 85,537	\$ 77,437	-9.5%
Less: New Orleans and West Chester	<u>(7,460)</u>	<u>(2,636)</u>	<u>-64.7%</u>
Net patient service revenue on a same store basis	<u>\$ 78,077</u>	<u>\$ 74,801</u>	<u>-4.2%</u>
Credit Agreement EBITDA as reported	\$ 18,119	\$ 10,387	-42.7%
Less: New Orleans and West Chester (1)	<u>(1,869)</u>	<u>(305)</u>	<u>-83.7%</u>
Credit Agreement EBITDA on a same store basis	<u>\$ 16,250</u>	<u>\$ 10,082</u>	<u>-38.0%</u>
As reported EBITDA margin	21.2%	13.4%	-36.7%
Credit Agreement EBITDA margin on a same store basis	20.8%	13.5%	-35.2%
	Nine months ended		% Change
	September 30, 2005	September 30, 2006	
Net patient service revenue - as reported	\$ 267,111	\$ 246,014	-7.9%
Less: New Orleans and West Chester	<u>(29,849)</u>	<u>(5,684)</u>	<u>-81.0%</u>
Net patient service revenue on a same store basis	<u>\$ 237,262</u>	<u>\$ 240,330</u>	<u>1.3%</u>
Credit Agreement EBITDA as reported	\$ 60,650	\$ 45,417	-25.1%
Less: New Orleans and West Chester (1)	<u>(8,121)</u>	<u>(328)</u>	<u>-96.0%</u>
Credit Agreement EBITDA on a same store basis	<u>\$ 52,529</u>	<u>\$ 45,089</u>	<u>-14.2%</u>
As reported EBITDA margin	22.7%	18.5%	-18.7%
Credit Agreement EBITDA margin on a same store basis	22.1%	18.8%	-15.3%

(1) Pursuant to the Credit Agreement, New Orleans losses after Hurricane Katrina and start-up losses for the West Chester hospital have already been added back to arrive at Credit Agreement EBITDA as reported. The amount adjusted for the quarter and year-to-date periods ending September 30, 2005 represents New Orleans operations EBITDAM prior to the hurricane. The adjustment for the quarter and year-to-date periods ending September 30, 2006, represents the EBITDAM earnings of the West Chester hospital during the second and third quarters of 2006.