

LifeCare Holdings, Inc.

News Release

**For Immediate Release
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**Phillip B. Douglas named as LifeCare Chief Financial Officer
Replaces Retiring James D. Shelton**

Plano, Texas – LifeCare Holdings, Inc. (the “Company”) announced today that Phillip B. Douglas will replace James D. Shelton as Lifecare Chief Financial Officer. Mr. Shelton is resigning to pursue other interests, but will remain with the company through the end of the first quarter in order to ensure an orderly transition.

W. Earl Reed, III, Chairman and Chief Executive Officer commented, “Jim Shelton has been a tremendous asset for LifeCare over his seven-year tenure. Jim has guided the company through some of its most significant periods of growth and challenges. He personally oversaw the sale of LifeCare this past summer and was instrumental in the changeover in the reimbursement system of all of our hospitals to the prospective payment system. We will all miss Jim and wish him well in his next venture.”

Phillip B. Douglas comes to LifeCare with over 25 years of healthcare expertise. Most recently he was Chief Financial Officer of Workscape, Inc., a private-equity owned company, where he was responsible for strategic planning, finance, accounting and development. Prior to Workscape, Mr. Douglas was founder and CEO of Management and Technology Solutions, Inc. (“MTS”), a developer and provider of IT services to physician organizations. MTS was sold to the Trizetto Group, a publicly traded software company. Douglas was previously CFO and Co-Founder of HealthSpring, Inc., a physician practice management company that was later acquired by The MetraHealth Companies. MetraHealth was ultimately acquired by United HealthCare Corporation, where he was appointed to the position of Senior Vice President of Finance for the combined companies. Phil began his career at Coopers and Lybrand (now PriceWaterhouseCoopers) and spent approximately ten years at Humana Inc., serving as Vice President of Finance and Development, and later as Vice President, Venture Capital.

“We are delighted to have attracted someone of Phil’s background and talent to LifeCare,” said Earl Reed. “Phil’s background in healthcare finance, coupled with his experience with the capital markets, information systems and M&A transactions will meaningfully support our efforts to successfully grow the company.”

LifeCare, based in Plano, Texas, operated 18 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.

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