## Total Renal Care Reports 3rd Quarter and 9 Months Earnings

TORRANCE, Calif., Nov. 10 / PRNewswire/ -- Total Renal Care Holdings, Inc. (NYSE: TRL), the second-largest (and largest independent) worldwide provider of integrated dialysis services, today announced revenues, earnings and earnings per share for the third quarter and nine months ended September 30, 1999.

On a normalized basis, before the unusual items described below, the Company's revenues were \$371 million for the third quarter and \$1,087 million for the nine months. Normalized net income and earnings per share were \$11.4 million and \$0.14 for the third quarter, respectively.

The Company recognized \$17.1 million in aggregate unusual items in the third quarter:

- -- An \$8.0 million charge to accounts receivable relating to the Minnesota
  - Laboratory that includes a \$4.1 million increase to the allowance for doubtful accounts and a \$3.9 million increase in contractual allowances
  - -- \$3.6 million for severance and related payments for departed senior executives, for certain employees in the Company's Argentina operations and certain costs for a retention program for current employees.
  - -- A \$3.3 million charge relating to the now-divested corporate jet, including \$2.6 million of non-cash costs recognized as "other gains (losses)" on the income statement.
  - -- A \$1.1 million charge arising from obtaining the amendments and waiver from our bank syndicate in August 1999.
  - -- An additional \$1.1 million relating to closing of a dialysis facility as well as a settlement of an old Renal Treatment Centers lawsuit.

Kent J. Thiry, who joined the Company as Chairman of the Board and CEO on October 18, said, "We are now focused on a total review and evaluation of the company, in order to restore its value for shareholders while preserving its strength in the marketplace. We continue to work through the infrastructure and financial challenges that were created by the historical rapid growth of the Company and plan to complete this comprehensive review prior to releasing our year-end 1999 financial statements. In addition, we have retained Donaldson, Lufkin & Jenrette to advise the Company on refinancing options, which include raising capital. We are also separately exploring the sale of selected assets outside the continental United States, in order to pay down some of our debt."

George B. DeHuff, III, TRL's President and Chief Operating Officer, said, "The charges taken during the quarter include certain unusual expenses arising from our continuing review of all our billing and accounting systems as well as our expense structure. Our ongoing review of the accounts receivable, reserves and billing and collection practices will include but not be limited to our Tacoma billing office, Florida laboratory and international operations, during the fourth quarter. We will complete this review prior to releasing our year-end 1999 financial statements and it may result in increased allowances. Our collection efforts continue to be strong in Berwyn and we have seen improvement through the third quarter and during October in the Tacoma billing office."

During the third quarter of 1999, the Company slowed its acquisition program and has added approximately 600 patients and 9 dialysis centers, including approximately 550 patients in 8 domestic facilities and approximately 50 patients in 1 center internationally. The Company does not plan to complete any acquisitions during the fourth quarter of 1999 and into early 2000 except for one small transaction that it is contractually obligated to complete.

Additionally, the Company has opened 20 new owned or managed facilities in 1999 and expects to complete approximately 5 additional facilities by the end of this year. The Company's same-store treatment growth for the third quarter was 7.0% and was 6.5% for the nine months of 1999. The Company's Days Sales Outstanding for the third quarter were 115 days, which is flat in relation to second quarter.

The Company also announced that its lenders have agreed to a waiver of certain covenants in its credit facilities with which the Company would not have been in compliance.

	Quarter End	Quarter En	ıd Year En	ıd
	Sept. 30,	Dec. 31,	Dec. 31,	
	1998	1998	1998	
Treatments	1,284,0	00 1,342	2,000 4,912	2,000
Patients	36,400	39,500	39,500	
Centers	477	508	508	
Normalized Reve	enue/Treatment	\$248	\$253	\$245

	Quarter End	Quarter En	d Quarter E	nd
	March 31,	June 30,	Sept. 30,	
	1999	1999	1999	
Treatments	1,391,00	00 1,467	,000 1,510	0,000
Patients	42,100	44,000	45,000	
Centers	541	564	569	
Normalized Reve	enue/Treatment	\$253	\$248	\$246

Total Renal Care Holdings, Inc, based in Torrance, California, is the second-largest (and largest independent) worldwide provider of integrated dialysis services for patients suffering from chronic kidney failure. The Company owns and operates high-quality, free-standing kidney dialysis centers and home peritoneal dialysis programs in 34 states, as well as Washington, D.C., Puerto Rico, Guam, Argentina and several European countries. It also provides high quality acute hemodialysis services to inpatients at approximately 320 hospitals. As of October 15, 1999, Total Renal Care operated 570 outpatient dialysis facilities serving approximately 45,000 patients, including more than 4,000 patients in 51 centers under Total Renal Care management. Total Renal Care also operates ESRD laboratory and pharmacy facilities, as well as vascular access management, transplant services and ESRD clinical research programs.

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding potential strengthening of operations and financial performance and involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the uncertainties associated with governmental regulation, general economic and other market conditions, and the "risk factors" set forth in the Company's filings with the Securities and Exchange Commission, including but not limited to (1) the risks inherent in the Company's growth strategy, (2) possible changes in Medicare and Medicaid reimbursement rates, (3) dependence on physician referrals, (4) risks associated with operations outside the United States, and (5) the amount of leverage the Company has obligations to pay. The forward-looking statements should be considered in light of these risks and uncertainties.

TOTAL RENAL CARE HOLDINGS, INC.
NORMALIZED INCOME STATEMENT
ADJUSTED FOR UNUSUAL ITEMS

THREE MONTHS ENDED SEPTEMBER 30, 1999 (in 000's, except EPS data)

Actual Adjustments Normalized

Net operating revenues \$366,968 \$3,900 (a) \$370,868

Operating expenses: Facilities 250,765 (857)(b)249,908 General and administrative 32,725 28,656 (4,069)(c)Provision for doubtful accounts 17,002 (4,100)(a)12.902 Depreciation & amortization 29,175 29.175 Total operating expenses 329,667 320,641 Operating income 37,301 50.227 Interest expense (28,862)434 (d) (28,428)Other financing costs 629 (e) (629)0 Interest income 1,241 1,241 Other gains (losses) (3,320)3,152 (f) (168)Pre-tax income 5,731 22,872 2,285 9,900 Income taxes Minority interest 1,586 1,586 Net income 1,860 11,386 Earnings per share \$0.02 \$0.14 Shares outstanding 81,561 81,561

<sup>(</sup>a) \$3,900 increase in contractual allowances relating to revenues at the Company's Minneapolis Laboratory and a \$4,100 increase in provision

- for doubtful accounts relating to the Minnesota Laboratory.
- (b) Employee severance costs associated with the restructuring of the Company's Argentina operations.
- (c) Includes \$1,719 of executive severance, \$729 in cash expense associated with the now divested corporate jet, \$540 for RTC litigation settlement, and \$1,081 for employee retention program costs, primarily for stock option amendments, of which \$955 was a non-cash charge.
- (d) \$434 of penalty interest expense in connection with the August waiver.
- (e) \$629 for expense related to August bank credit amendments.
- (f) Includes a \$2,577 non-cash loss on the disposition of the corporate jet and \$575 in costs associated with the closing of a dialysis facility.

TOTAL RENAL CARE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Three months and Nine months ended September 30, 1999 and 1998

## Three Months

1999 1998

## STATEMENTS OF INCOME

Net operating revenues \$366,968,000 \$318,585,000

Operating expenses:

 Facilities
 250,765,000
 200,925,000

 General and administrative
 32,725,000
 18,274,000

 Provision for doubtful accounts
 17,002,000
 8,997,000

 Depreciation and amortization
 29,175,000
 24,205,000

Write-off of investments

and loans -- --

Merger and related costs --

Total operating expenses 329,667,000 252,401,000 Operating income 37,301,000 66,184,000

Interest expense, net of

capitalized interest (28,862,000) (19,805,000)
Other financing costs (629,000) --

Interest income and other 1,241,000 963,000
Other gains (losses) (3,320,000) --

Income before income taxes,

minority interests,

extraordinary item and cumulative effect of change

in accounting principle 5,731,000 47,342,000 Income taxes 2,285,000 18,102,000

Income before minority interests, extraordinary item and cumulative effect of change in accounting

principle 3,446,000 29,240,000

Minority interests in income

of consolidated subsidiaries 1,586,000 1,859,000

Income (loss) before extraordinary item and cumulative effect of change in

accounting principle 1,860,000 27,381,000

Extraordinary loss, net of

tax of \$ 7,668,000 -- --

Cumulative effect of change in accounting principle, net of

tax of \$4,300,000 --

Net income (loss) \$1,860,000 \$27,381,000

Earnings (loss) per common

share:

Income (loss) before extraordinary item and

cumulative effect of change in

accounting principle \$ 0.02 \$0.34

Extraordinary loss, net of tax Cumulative effect of change in accounting principle, net of

tax

Net income (loss) \$0.02 \$0.34

Weighted average number of

common shares outstanding 81,165,000 80,858,000

Earnings (loss) per common share-assuming dilution: Income (loss) before extraordinary item and cumulative effect of change in

accounting principle \$0.02 \$ 0.33

Extraordinary loss, net of tax Cumulative effect of change in accounting principle, net of tax

Net income (loss) \$0.02 \$0.33

Weighted average number of common

shares and equivalents outstanding -- assuming

dilution 81,561,000 87,052,000

Nine Months

1999 1998

STATEMENTS OF INCOME

Net operating revenues \$1,072,405,000 \$865,684,000

Operating expenses:

Facilities 734,528,000 551,244,000
General and administrative 86,003,000 52,789,000

Provision for doubtful

accounts 63,187,000 23,539,000

Depreciation and

amortization 83,592,000 66,604,000

Write-off of investments

and loans 16,600,000 -
Merger and related costs -- 79,435,000

Total operating expenses 983,910,000 773,611,000

Operating income 88,495,000 92,073,000

Interest expense, net of

 capitalized interest
 (75,999,000)
 (50,866,000)

 Other financing costs
 (629,000)
 (9,823,000)

 Interest income and other
 4,505,000
 3,627,000

Other gains (losses) (3,520,000)

Income before income taxes,

minority interests, extraordinary item and cumulative effect of change in accounting

principle 12,852,000 35,011,000 Income taxes 5,608,000 31,062,000 Income before minority interests, extraordinary item and cumulative effect of change in accounting principle of change in accounting principle 7,244,000 3,949,000 Minority interests in income of consolidated subsidiaries 4,817,000 6,425,000 Income (loss) before extraordinary item and cumulative effect of change in accounting principle 819,000 (868,000)Extraordinary loss, net of tax of \$7,668,000 12,744,000 Cumulative effect of change in accounting principle, net of tax of \$4,300,000 6,896,000 Net income (loss) \$819,000 \$ (20,508,000) Earnings (loss) per common share: Income (loss) before extraordinary item and cumulative effect of change in \$(0.01) accounting principle \$ 0.01 Extraordinary loss, net of tax (0.16)Cumulative effect of change in accounting principle, net of tax (0.09)Net income (loss) \$0.01 (0.26)Weighted average number of 81,148,000 common shares outstanding 79,982,000 Earnings (loss) per common share-assuming dilution: Income (loss) before extraordinary item and cumulative effect of change in accounting principle \$0.01 \$(0.01) Extraordinary loss, net (0.16)of tax Cumulative effect of change in accounting principle, net of tax (0.09)Net income (loss) \$0.01 (0.26)Weighted average number of common shares and equivalents outstanding 79,982,000 - assuming dilution 81,600,000 SOURCE Total Renal Care Holdings, Inc.