Total Renal Care Reports Net Revenues Up 61% and Net Income Up 99% For Third Quarter 1998 Earnings Per Share at 35 cents, Up 94% From Same Year-ago Quarter

TORRANCE, Calif .-- (BUSINESS WIRE) -- Nov. 3, 1998--

Third Quarter/Recent Highlights:

- -- Revenues up 61% to \$318,585,000 for the quarter
- -- Earnings up 99% to \$29,109,000 for the quarter
- -- Cash Flow (EBITDA) margin improved to 28.7% for the guarter
- -- Addition of 54 centers and more than 3,300 patients since July
- 1, 1998 for a total of approximately 36,400 patients at September 30,

1998 (including 21 centers and 1,000 patients under management)

-- Addition of 15 centers, and approximately 1,500 patients since October 1, 1998 for a current total of approximately 37,900 patients (including 14 centers and 1,200 patients under management)

Continuing to report strong quarterly financial results, Total Renal Care Holdings, Inc. (NYSE: TRL), the second largest domestic and largest independent worldwide provider of dialysis services, today announced record revenues, earnings, and earnings per share for the third quarter of 1998.

Revenues increased 61% to \$318.6 million in the third quarter of 1998 from \$197.7 million in the corresponding period of 1997. Earnings increased 99% to \$29.1 million from \$14.6 million and earnings per share increased 94% to \$0.35 on 87.1 million weighted average shares outstanding, compared with earnings per share of \$0.18 on 80.5 million weighted average shares outstanding for the prior-year third quarter period.

"The success of our aggressive, yet disciplined growth strategy in 1998 has continued to result in an impressive financial track record quarter after quarter," said Victor M.G. Chaltiel, TRL Chairman, President and Chief Executive Officer. "With more than 8,000 patients added year-to-date, plus the 1,200 patients under Satellite Dialysis Centers and those currently under a definitive agreement or an agreement in principle, we believe that we are well-positioned for another extraordinary year of growth in 1999."

Revenues increased 62% to \$865.7 million in the first nine months of 1998 from \$535.4 million in the corresponding period of 1997. Earnings (before merger costs of \$92.8 million and \$15.6 million of non cash expenses related to a change in accounting principle requiring start-up and organizational costs to be expensed immediately rather than capitalized and the write-off of deferred financing charges all of which were recognized in the first quarter, and \$25.8 million from an extraordinary item and related charge associated with the refinancing of existing credit lines and early retirement of underlying interest swap arrangements recognized in the second quarter) increased 92% to \$76.7 million up from \$39.9 million. Earnings per share (before extraordinary item and related charge, and merger costs and accounting change) increased 86% to \$0.93, compared with earnings per share of \$0.50 for the same prior year nine month period.

"Obviously, we are very pleased with the continuation of our exceptional 1998 performance into the last half of 1998," commented Mr. Chaltiel.

As previously disclosed, the Company's Florida-based laboratory subsidiary is the subject of a third party carrier review and payment suspension. Notwithstanding the provision by the Company of extensive supporting documentation, the carrier still maintains that 99.3% of the tests performed by the laboratory during the review period were not properly supported by the prescribing physicians' medical justification and has issued a formal overpayment determination in the amount of approximately \$5.6 million. The carrier has informed the local offices of the Department of Justice and the Department of Health and Human Services of the overpayment determination. The Company continues to cooperate fully with the carrier and believes that the carrier's position is wrong, legally and factually. The Company has instituted formal appeal proceedings relating to the overpayment determination and will pursue all possible remedies available under the law.

Torrance-based Total Renal Care Holdings, Inc. is the second largest domestic 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 33 states, as well as Washington, D.C., Puerto Rico, Guam, Argentina and Europe, and also provides high-quality acute hemodialysis services to inpatients at approximately 306 hospitals. Currently, TRL will operate 492 outpatient dialysis facilities and provide services to approximately 37,900 patients, with approximately 2,200 patients in 35 centers under TRL management (including patients to be served under the Satellite Dialysis Centers agreement, which is effective December 1, 1998). The company additionally operates ESRD laboratory and pharmacy facilities, as well as vascular access management, transplant services and ESRD clinical research programs.

For information on Total Renal Care Holdings, Inc., via facsimile at no cost, call 1-800-PRO-INFO and dial company code TRL.

Expansion Highlights

 Quarter Ended
 Year Ended

 Sept. 30, Dec. 31, 1997
 Dec. 31, 1997

Treatments 489,922 553,218 1,869,854 Patients 13,700 15,800 15,800 Centers 174 197 197 Revenue per Treatment \$232 \$236 \$234

Quarter Ended

March 31, June 30, Sept. 30, 1998 1998

Treatments 1,099,627 1,186,597 1,283,734 **Patients** 30,700 33,100 36,400 Centers 391 423 477 Revenue per Treatment \$235 \$243 \$248

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 operations integration and market opportunities 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. The forward-looking statements should be considered in light of these risks and uncertainties.

TOTAL RENAL CARE HOLDINGS CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Nine Months 1998 1997 1998 1997

Net operating

revenues \$318,585,000 \$197,749,000 \$865,684,000 \$535,401,000

Operating expenses:

Facilities 200,925,000 131,670,000 549,544,000 360,771,000

General and

administrative 17,174,000 13,208,000 50,589,000 35,244,000

Provision for doubtful

accounts 8,997,000 5,390,000 23,539,000 14,786,000

Depreciation

and

amortization 22,435,000 14,194,000 62,474,000 38,023,000

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0 0 92,835,000
                                                  0
Merger costs
 Total operating
 expenses
              249,531,000 164,462,000 778,981,000 448,824,000
Operating income 69,054,000 33,287,000 86,703,000 86,577,000
Interest expense (19,805,000) (7,525,000) (50,866,000) (17,179,000)
Interest swap-
early
termination
                          0 (9,823,000)
costs
                                              0
                963,000
                             883,000 3,627,000 2,346,000
Interest income
Income before
income taxes,
minority
interests,
extraordinary
item and
cumulative effect
of a change
in accounting
principle
             50,212,000 26,645,000 29,641,000 71,744,000
                19,244,000 11,163,000 28,924,000 28,661,000
Income taxes
Income before
minority
interests,
extraordinary
item and
cumulative
effect of a
change in
accounting
             30,968,000 15,482,000
                                       717,000 43,083,000
principle
Minority
interests in
income of
consolidated
subsidiaries
               1,859,000
                            850,000 4,817,000 3,193,000
Income (loss)
before
extraordinary
item and
cumulative
effect of a
change in
accounting
principle
             29,109,000 14,632,000 (4,100,000) 39,890,000
Extraordinary
loss, net of
tax of
$7,668,000
                    0
                             0 12,744,000
                                                 0
Cumulative effect
of a change in
accounting
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principal, net of tax of \$4,300,000 0 0 6,896,000 0 Net (loss) income \$29,109,000 \$14,632,000 (\$23,740,000) \$39,890,000 Earnings (loss) per common share: Net income (loss) before extraordinary item and cumulative effect of change in accounting \$0.19 (\$0.05)\$0.52 principle \$0.36 Extraordinary \$0.00 \$0.00 \$0.00 loss (\$0.16)Cumulative effect of change in accounting \$0.00 \$0.00 (\$0.09)\$0.00 Net (loss) income \$0.36 \$0.19 (\$0.30)\$0.52 Weighted average number of common shares outstanding 80,858,000 77,752,000 79,982,000 Earnings (loss) per common share assuming dilution: Net income (loss) before extraordinary item and cumulative effect of change in accounting (\$0.05)principle \$0.35 \$0.18 \$0.50 Extraordinary loss \$0.00 \$0.00 \$0.00 (\$0.16)Cumulative effect of change in \$0.00 \$0.00 (\$0.09)\$0.00 accounting Net (loss) income \$0.35 \$0.18 (\$0.30)\$0.50 Weighted average number of common shares and equivalents outstanding assuming dilution 87,052,000 80,532,000 79,982,000 79,683,000

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