

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 quarter
- 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 Sept. 30, 1997	Dec. 31, 1997	Year Ended 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, 1998	June 30, 1998	Sept. 30, 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 1998	1997	Nine Months 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

Merger costs	0	0	92,835,000	0
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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
costs 0 0 (9,823,000) 0
Interest income 963,000 883,000 3,627,000 2,346,000

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

Income taxes 19,244,000 11,163,000 28,924,000 28,661,000

Income before
minority
interests,
extraordinary
item and
cumulative
effect of a
change in
accounting
principle 30,968,000 15,482,000 717,000 43,083,000

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

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
principle \$0.36 \$0.19 (\$0.05) \$0.52
Extraordinary
loss \$0.00 \$0.00 (\$0.16) \$0.00
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 77,405,000

Earnings (loss)
per common
share -
assuming
dilution:
Net income
(loss) before
extra-
ordinary item
and cumulative
effect of
change in
accounting
principle \$0.35 \$0.18 (\$0.05) \$0.50
Extraordinary loss \$0.00 \$0.00 (\$0.16) \$0.00
Cumulative effect
of change in
accounting \$0.00 \$0.00 (\$0.09) \$0.00
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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