

**Adjusted Condensed Consolidated Statements of Income**  
(In thousands, except per share data)

	Three Months Ended September 30, 2009			Nine Months Ended September 30, 2009				
	As Reported	Non- GAAP Adj.	Expiration of Lease <sup>(4)</sup>	As Adjusted	As Reported	Non- GAAP Adj.		
Revenue	\$ 132,924		\$ (496)	\$ 132,428	\$ 395,387		\$ (1,412)	\$ 393,975
Expense:								
Cost of services (exclusive of facility rent and depreciation and amortization shown separately below).....	107,264	(76) <sup>(1)</sup>	(507)	106,681	316,753	(177) <sup>(1)</sup>	(1,185)	315,391
Facility rent—cost of services.....	3,707		(137)	3,570	11,132		(416)	10,716
General and administrative expense.....	4,883			4,883	15,261			15,261
Depreciation and amortization.....	3,239	(13) <sup>(2)</sup>	(111)	3,115	9,413	(388) <sup>(2)</sup>	(153)	8,872
Total expenses.....	119,093	(89)	(755)	118,249	352,559	(565)	(1,754)	350,240
Income from operations .....	13,831	89	259	14,179	42,828	565	342	43,735
Other income (expense):								
Interest expense.....	(1,249)			(1,249)	(3,718)			(3,718)
Interest income.....	81			81	220			220
Other expense, net.....	(1,168)			(1,168)	(3,498)			(3,498)
Income before provision for income taxes	12,663	89	259	13,011	39,330	565	342	40,237
Provision for income taxes .....	4,977	35 <sup>(3)</sup>	103	5,115	15,537	223 <sup>(3)</sup>	136	15,896
Net income.....	<u>\$ 7,686</u>	<u>54</u>	<u>156</u>	<u>\$ 7,896</u>	<u>\$ 23,793</u>	<u>342</u>	<u>206</u>	<u>\$ 24,341</u>
Net income per share:								
Basic.....	<u>\$ 0.37</u>			<u>\$ 0.38</u>	<u>\$ 1.16</u>			<u>\$ 1.18</u>
Diluted .....	<u>\$ 0.37</u>			<u>\$ 0.38</u>	<u>\$ 1.14</u>			<u>\$ 1.16</u>
Weighted average common shares outstanding:								
Basic.....	<u>20,616</u>			<u>20,616</u>	<u>20,591</u>			<u>20,591</u>
Diluted .....	<u>20,928</u>			<u>20,928</u>	<u>20,910</u>			<u>20,910</u>

(1) Represents acquisition-related costs expensed, which were previously capitalizable during 2008.

(2) Represents amortization costs related to patient base intangible assets acquired. Patient base intangible assets are amortized over a period of four to eight months, depending on the classification of the patients and the level of occupancy in a new acquisition on the acquisition date.

(3) Represent s the tax impact of the acquisition costs and patient base non-GAAP adjustments represented in entries (1) and (2).

(4) Represents the impact on net income, including tax effect, of the expiration of the Company's lease at one of its assisted living facilities in Arizona.