

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

	Three Months Ended December 31, 2009			Year Ended December 31, 2009				
	As Reported	Non- GAAP Adj.	Expiration of Lease	As Adjusted	As Reported	Non- GAAP Adj.	Expiration of Lease	As Adjusted
Revenue	\$ 146,615			\$ 146,615	\$ 542,002		\$ (1,411)	\$ 540,591
Expense:								
Cost of services (exclusive of facility rent and depreciation and amortization shown separately below)	117,565	(172) ⁽¹⁾	(16)	117,377	434,318	(349) ⁽¹⁾	(1,201)	432,768
Facility rent—cost of services	3,571			3,571	14,703		(416)	14,287
General and administrative expense.....	5,506			5,506	20,767			20,767
Depreciation and amortization	3,863	(385) ⁽²⁾		3,478	13,276	(773) ⁽²⁾	(153)	12,350
Total expenses.....	130,505	(557)	(16)	129,932	483,064	(1,122)	(1,770)	480,172
Income from operations	16,110	557	16	16,683	58,938	1,122	359	60,419
Other income (expense):								
Interest expense.....	(1,973)			(1,973)	(5,691)			(5,691)
Interest income.....	59			59	279			279
Other expense, net	(1,914)			(1,914)	(5,412)			(5,412)
Income before provision for income taxes	14,196	557	16	14,769	53,526	1,122	359	55,007
Provision for income taxes	5,503	216 ⁽³⁾	6	5,725	21,040	441 ⁽³⁾	141	21,622
Net income.....	<u>\$ 8,693</u>	<u>341</u>	<u>10⁽⁴⁾</u>	<u>\$ 9,044</u>	<u>\$ 32,486</u>	<u>681</u>	<u>218⁽⁴⁾</u>	<u>\$ 33,385</u>
Net income per share:								
Basic	<u>\$ 0.42</u>			<u>\$ 0.44</u>	<u>\$ 1.58</u>			<u>\$ 1.62</u>
Diluted	<u>\$ 0.41</u>			<u>\$ 0.43</u>	<u>\$ 1.55</u>			<u>\$ 1.60</u>
Weighted average common shares outstanding:								
Basic.....	<u>20,637</u>			<u>20,637</u>	<u>20,603</u>			<u>20,603</u>
Diluted	<u>20,966</u>			<u>20,966</u>	<u>20,925</u>			<u>20,925</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 three to eight months, depending on the classification of the patients and the level of occupancy in a new acquisition on the acquisition date.

(3) Represents 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.