March 7th
3:00 Eastern

HRC	UBS Credit	UBS
Todd McVoy	Gary Ridell	mike Leder
Jason Brown	Ian Frank	Rick O'Neill
	Andreas White	

(1) HRC asking for a verbal approvement of amendment subject to Balance Sheet / Cash Flow / 10K

(2) Reason: Bank meeting – want to say we have approval

(3) Gary wants to be as sure when commitment – verbal or not is given

(4) Change in reimbursement
Significant changes in 4th qtr

(5) Put together a term sheet from JP Morgan + Wachovia, reduction in UBS commitment, aggressive amortization on term, higher prices, more restrictive on baskets, springing lien on stock of HRC + subs [redacted] – upstream pledges

(6) Balance Sheet
Cash Flow
10K
] will be ready 3/13/03

Todd said there will be no surprises in these documents

(7) Full income statements – Todd said will send them 3/7/03 – afternoon

(8) Todd said he will not make promises + and

(9) Cost cutting
- elimination regional mgmt.
- selling airplanes
- closing 200+ facilities
- personel
- advertising

] 4th qtr charged off

(10) $270 mm of expensives – annual
$44 mm of corporate overhead savings – annual

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(11) Outpatient rehab] business suffering
Diagnostic

inpatient revs] business booming
these make up 75% of business

(12) Schedule of $270 / $441] cost savings

Through Feb. - these expenses were in line with projects

(13) 1.89 - 4th qtr
1.50 - 1.55 } 1st qtr] Revenue

(14) Where is balance sheet?
Todd: - we are a lien company
- changes took a lot of time
- annual mgmt meeting in Orlando
- This weekend is full work weekend

Gary: Can we bracket moving pieces?
Todd: Don't know what are moving pieces
Gary: I have a hard time believing there is no balance sheet
Todd: with amount of charges, lot of work on balance sheet

Cash balance = $390 - same as 3rd qtr. / 4th qtr.

Gary: what is minimum working balance cash?
Todd: $200 mm cash
Gary: Other unusual charges = $145
$175 - was cash charges - A/R
$60 - walking away from leases which were pre-pay
- severance charges

Is cash writing a check?
Gary & Todd agree it is = used the word "cash" because buy-side thinks A/R is cash

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