

Good Shepherd Financial Performance Fiscal Year 2005

Unrestricted Revenues, Gains and Other Support

(dollars in 000 millions)	2005	2004
Net patient service revenue	\$ 76,391	\$ 75,970
Contributions and bequests	3,487	3,713
Other operating revenue	4,374	4,499
Professional services revenue	3,335	3,395
Net assets released from restrictions	2,033	1,008

Total operating revenue	\$ 89,620	\$ 88,587
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Expenses

Salaries and wages	44,156	43,631
Supplies and other expenses	20,989	20,083
Employee benefits	10,730	10,875
Depreciation and amortization	5,200	5,049
Interest	3,123	2,195
Professional fees	2,494	1,572
Provision for doubtful collections	(234)	866

Total expenses	\$ 86,458	\$ 84,272
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Operating income	\$ 3,162	\$ 4,315
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Income from investments	4,094	3,946
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Revenues in Excess of Expenses	\$ 7,256	\$ 8,261
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Change in Net Unrealized Gains and Losses on Investment	6,479	11,002
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Change in Fair Value of Derivative Financial Instrument	(946)	982
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Minimum Pension Liability Adjustment	0	1,194
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Net Assets Released from Restriction for PP&E	678	950
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Increase in Unrestricted Net Assets	\$ 13,466	\$ 22,388
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Good Shepherd Charitable Care and Community Support

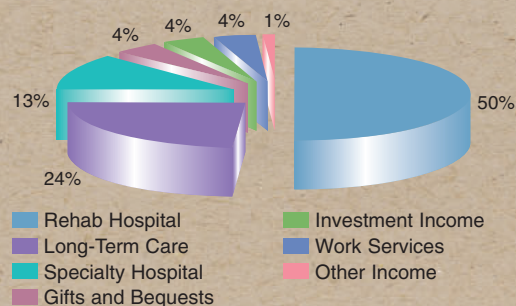
In achieving our mission, Good Shepherd provides services at amounts that are significantly less than the cost to provide the actual service, and approximates the following:

(dollars in 000 millions)	2005	2004
Cost to provide free care to patients unable to pay	\$ 413	\$ 463
Cost of programs in excess of payments received:		
Work/vocational services	1,059	748
Pediatric services	404	504
Supported Independent Living housing	352	319
Muscular Dystrophy Clinic	100	3
Medical assistance costs in excess of payments received	2,612	2,770

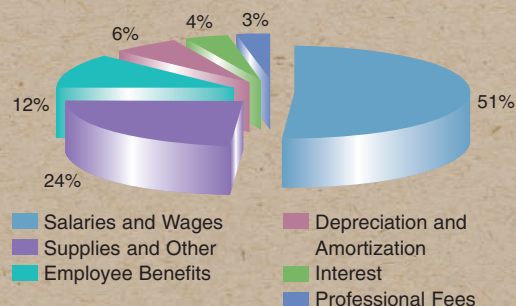
Total charitable care and community support	\$ 4,940	\$ 4,807
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Charitable care as a percentage of total revenue	5.5%	5.4%
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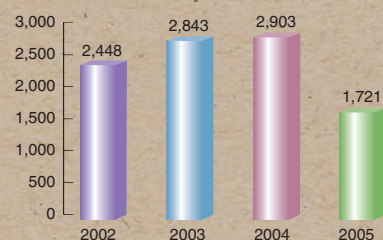
Revenue Composition by Business Line



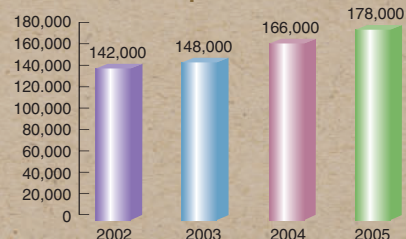
Expense Breakdown



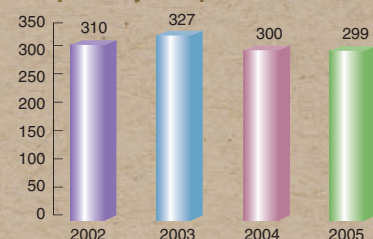
Rehab Hospital Admissions



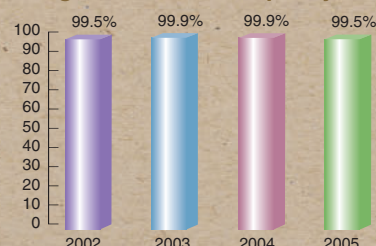
Outpatient Visits



Specialty Hospital Admissions



Long-Term Care Occupancy Rates



Good Shepherd Endowment Fund

Good Shepherd is deeply appreciative of the community and individual support of our endowment funds. All the current endowments are considered permanent endowments. Permanent endowments are received from donors with the requirement that the principal remain intact in perpetuity. Income is allocated based on the purpose of the fund. Over the years, endowments have grown either in terms of additional funding received and/or market appreciation through investment returns.

Good Shepherd Endowment Funds – Investment Objective and Spending Policy

The Board of Trustees of Good Shepherd Home has delegated the management and oversight of unrestricted, temporarily restricted, permanently restricted and pension investment to the Finance Committee. The Finance Committee is governed by an Investment Policy that is applied universally to all invested assets.

Good Shepherd implemented the Endowment Spending Policy that is overseen by the Finance Committee and the Board of Trustees. Under this policy, the annual distribution from each endowment account will be 5% of the three-year rolling average fair market value. Under no circumstances will the annual distribution invade the original principal or corpus.

Following is a summary of the existing endowment funds at the end of FY05.

Endowment and Income Use

Unrestricted Endowment – Used towards general operations of the entities within Good Shepherd.

Conrad W. Raker Educational Endowment – Used as a funding mechanism for the education and training of Good Shepherd employees.

Donley Family Pediatrics Endowment – Used towards supporting operating expenses associated with the Developmental Pediatrics Program.

Romig-deYoung Community Access Endowment – Used for the psychosocial and recreational enrichment of residents through community outings as well as interstate trips including, but not limited to, concerts, restaurants, sporting events, amusement parks and recreational areas. Monies from this fund also will be used to purchase transportation vehicles and equipment for community access by residents.

Long-Term Care Endowment – Directed towards operating needs associated with the Conrad W. Raker Center and Good Shepherd Home-Bethlehem.

Rehabilitation Hospital Endowment – Directed towards operating needs associated with the rehabilitation hospitals.

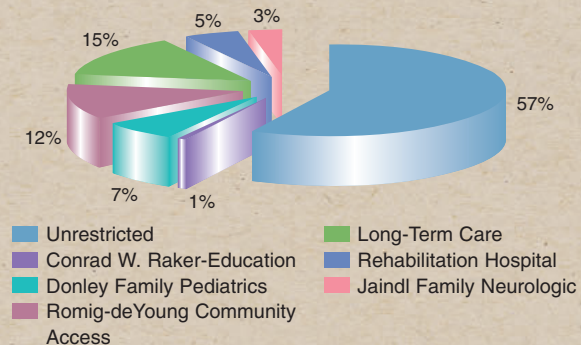
Jaindl Family Neurologic Endowment – Used towards operating costs associated with the neurorehabilitation program at Good Shepherd Rehabilitation Hospital for patients with stroke, brain injury or spinal cord injury.

Good Shepherd Endowment Summary June 30, 2005

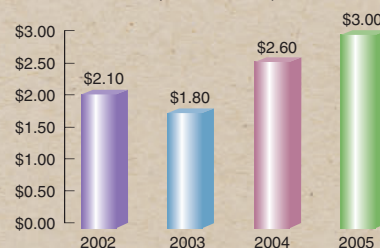
Value (000)

Permanent Endowments	Principal	Market
Unrestricted	\$ 5,762	\$ 7,658
Conrad W. Raker-Education	72	79
Donley Family Pediatrics	849	962
Romig-deYoung Community Access	1,129	1,528
Long-Term Care	1,468	1,949
Rehabilitation Hospital	536	613
Jaindl Family Neurologic	300	330
Total Endowments	\$ 10,117	\$ 13,118

The Distribution of Good Shepherd Endowment Funds



Endowment Funds Market Value Growth History (Fiscal Year Ends June 30) (In Millions)



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