

Good Shepherd Financial Performance Fiscal Year 2006

Unrestricted Revenues, Gains and Other Support

(Dollars in 000 millions)	2006	2005
Net patient service revenue	\$ 80,765	\$ 76,391
Contributions	3,283	3,487
Other operating revenue	5,320	4,374
Professional services revenue	3,635	3,335
Net assets released from restrictions	1,038	2,033

Total operating revenue	\$ 94,042	\$ 89,620
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Expenses

Salaries and wages	45,573	44,156
Supplies and other expenses	22,919	20,989
Employee benefits	11,820	10,730
Depreciation and amortization	5,546	5,200
Interest	3,514	3,123
Professional fees	1,941	2,494
Provision for doubtful collections	847	(234)

Total expenses	\$ 92,160	\$ 86,458
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Operating income	\$ 1,882	\$ 3,162
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Income from investments	6,725	4,094
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Revenues in Excess of Expenses	\$ 8,607	\$ 7,256
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Change in Net Unrealized Gains and Losses on Investment	6,142	6,479
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Change in Fair Value of Derivative Financial Instrument	1,139	(946)
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Net Assets Released from Restriction for PP&E	3,169	678
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Increase in Unrestricted Net Assets	\$ 19,056	\$ 13,466
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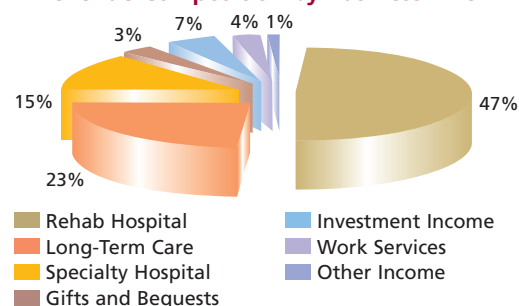
Good Shepherd Uncompensated Care and Community Support

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:

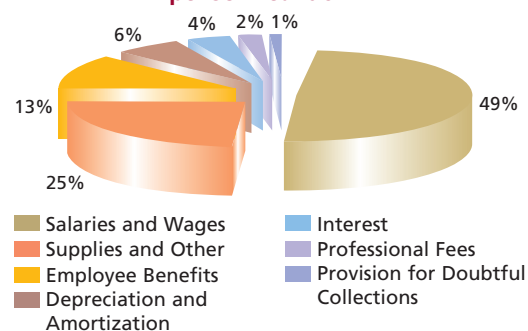
(Dollars in 000 millions)	2006	2005
Cost to provide free care to patients unable to pay	\$ 1,264	\$ 633
Cost of programs in excess of payments received:		
Work/vocational services	585	1,059
Pediatric services	328	357
Supported Independent Living housing	305	352
Muscular Dystrophy Clinic	69	100
Medical assistance costs in excess of payments received for adult rehabilitation	2,198	2,612
Other community benefits	33	0
Total uncompensated care and community support	\$ 4,782	\$ 5,113

Uncompensated care as a percentage of total revenue	5.1%	5.7%
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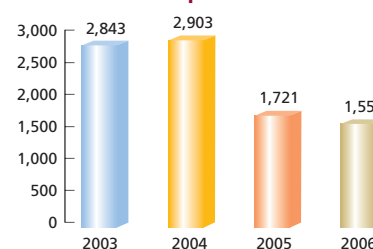
Revenue Composition by Business Line



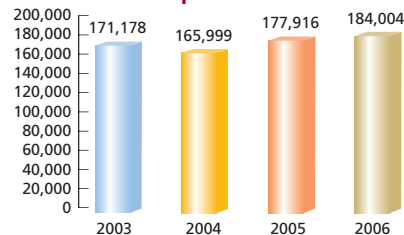
Expense Breakdown



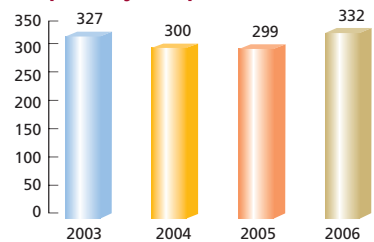
Rehab Hospital Admissions



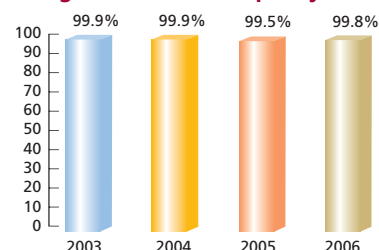
Outpatient Visits



Specialty Hospital Admissions



Long-Term Care Occupancy Rates



Good Shepherd Endowment Fund

Good Shepherd is deeply appreciative of the community and individual support towards the growth of our endowment funds. 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.

Good Shepherd Endowment Funds – Investment Objective and Spending Policy

The Investment Committee, which is a subcommittee of the Finance Committee, is responsible for the management and oversight of all temporarily and permanently restricted, operating and pension investments. The Committee is governed by an Investment Policy, which is applied universally to all of these assets.

Good Shepherd also has an 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 percent of the three-year rolling average fair market value. Under no circumstances will the annual distribution invade the principal or corpus.

Following is a summary of the existing endowment funds at the end of FY06.

Endowment and Income Use

Unrestricted – 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.

John and Mary Lee Pediatric Endowment – Used as a funding mechanism to cover the cost of medical care for needy patients within Good Shepherd's Pediatrics Department.

Joseph and Marjorie Correll Pediatric Chair – Used as a perpetual funding mechanism for Good Shepherd's developmental pediatrician.

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

Romig-DeYoung Community Access – 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. This includes patients with stroke, brain injury or spinal cord injury.

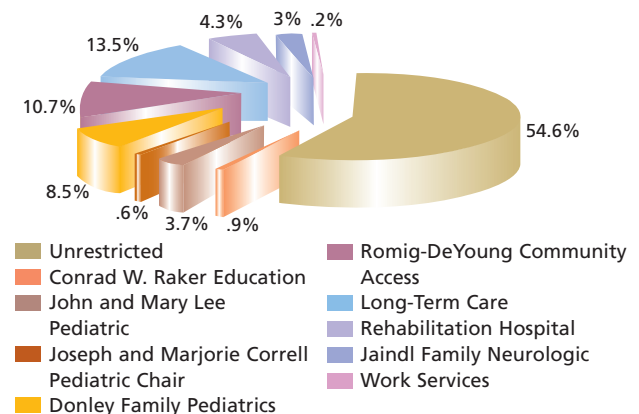
Work Services Endowment – Directed towards operating needs associated with the Work Services Division.

Good Shepherd Endowment Summary June 30, 2006

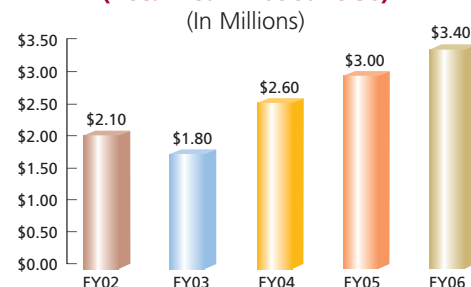
Value (000)

Permanent Endowments	Principal	Market
Unrestricted	\$ 5,898	\$ 8,020
Conrad W. Raker Education	123	134
John and Mary Lee Pediatric	520	542
Joseph and Marjorie Correll Pediatric Chair	67	81
Donley Family Pediatrics	1,100	1,248
Romig-DeYoung Community Access	1,129	1,572
Long-Term Care	1,457	1,980
Rehabilitation Hospital	536	629
Jaindl Family Neurologic	401	444
Work Services	22	23
Total Endowments	\$ 11,253	\$ 14,673

The Distribution of Good Shepherd Endowment Funds



Endowment Funds Cumulative Growth History (Fiscal Year Ends June 30)



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