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Contact: Anne Hancock
615/254-0575

CAPELLA HEALTHCARE SECURES NEW FUNDING FOR GROWTH

Franklin, Tenn. – Capella Healthcare, community hospital operator headquartered in Franklin, Tenn., has completed a public debt financing transaction, officials announced today.

The newly issued debt positions Capella for future growth and allowed the company to lock in attractively priced long-term funding. The transaction consists of \$500 million in senior unsecured notes, due in 2017. Proceeds will be used to refinance first lien credit facilities and a second-lien term loan. Capella also reached agreement with lenders on a \$100 million asset-based revolving credit facility.

“Realigning our capital structure simply made sense and will allow us greater flexibility in pursuing our growth strategy,” said Dan Slipkovich, Founder and CEO of Capella Healthcare.

“Our plans for growth include expansion of services at our existing hospitals and selective acquisition of additional community hospitals.”

Capella partners with mid-size communities to build strong local healthcare systems, and presently operates 13 hospitals in seven states. With this debt financing and the ongoing backing of equity partner GTCR Golder Rauner of Chicago, Capella has access to significant resources for the expansion and improvement of its hospitals and the services they provide.

Named one of Tennessee’s Fastest Growing Companies in 2009 by the *Nashville Business Journal*, the company has experienced more than 250 percent growth in revenue over the past three years. Capella attributes continued success to its focus on quality patient care, being an employer of choice, physician alignment and re-investment in Capella hospitals.

About Capella Healthcare

Based in Franklin, Tenn., Capella Healthcare partners with communities to build strong local healthcare systems that are known for quality patient care. Capella’s senior leadership team has more than 200 years of combined experience managing over 200 hospitals. With the financial backing of GTCR Golder Rauner, the company has access to significant resources for the expansion and improvement of its hospitals and the services they provide. Capella operates thirteen hospitals across the nation. For more information, please visit www.capellahealth.com.

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