FORM 8-K

Current report filing

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FILER

IASIS Healthcare LLC CIK:**1294632**| IRS No.: **201150104** | State of Incorp.:**DE** | Fiscal Year End: **0930** Type: **8-K** | Act: **34** | File No.: **333-117362** | Film No.: **061000248** SIC: **8062** General medical & surgical hospitals, nec	Mailing Address *117 SEABOARD LANE* *BUILDING E* *FRANKLIN TN 37067*	Business Address *117 SEABOARD LANE* *BUILDING E* *FRANKLIN TN 37067* *(615) 844-2747*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2006

IASIS HEALTHCARE LLC
(Exact name of registrant as specified in its charter)

Delaware	333-117362	20-1150104
(State or other jurisdiction of organization)	(Commission File Number)	(IRS Employer Identification No.)

117 Seaboard Lane, Building E Franklin, Tennessee	37067
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (615) 844-2747

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[] Pre-commencement communications pursuant to Rule 13e-4(c) under the

Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

The information in this Report, including the Exhibit attached hereto, is furnished pursuant to Item 2.02 of this Form 8-K. Consequently, it is not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

On August 3, 2006, IASIS Healthcare LLC (the "Company") issued a press release announcing its results for the fiscal third quarter and nine months ended June 30, 2006. For information regarding the results, reference is made to the press release dated August 3, 2006, and certain supplemental financial information, which are attached hereto as Exhibit 99.1 and incorporated herein by reference.

The press release contains non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, the Company has provided reconciliations within the press release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Adjusted EBITDA represents net earnings before interest expense, income tax expense, depreciation and amortization, (loss) gain on sale of assets, minority interests and management fees. Management fees represent advisory fees to Texas Pacific Group (TPG), the Company's majority financial sponsor. Management routinely calculates and communicates adjusted EBITDA and believes that it is useful to investors because it is commonly used as an analytical indicator within the healthcare industry to evaluate hospital performance, allocate resources and measure leverage capacity and debt service ability. In addition, the Company uses adjusted EBITDA as a measure of performance for its business segments and for incentive compensation purposes. Adjusted EBITDA should not be considered as a measure of financial performance under GAAP, and the items excluded from adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to net earnings, cash flows generated by operating, investing, or financing activities or other financial statement data presented in the condensed consolidated financial statements as an indicator of financial performance or liquidity. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release dated August 3, 2006, and supplemental financial information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IASIS HEALTHCARE LLC

By: /s/ John M. Doyle

John M. Doyle
Chief Accounting Officer

Date: August 3, 2006

EXHIBIT INDEX

No.	Exhibit
99.1	Press Release dated August 3, 2006, and supplemental financial information.

Exhibit 99.1

IASIS Healthcare Announces Third Quarter 2006 Results

FRANKLIN, Tenn.--(BUSINESS WIRE)--Aug. 3, 2006--IASIS Healthcare(R) LLC ("IASIS") today announced financial and operating results for the fiscal third quarter and nine months ended June 30, 2006.

Net revenue for the third quarter was $421.0 million, an increase of 7.9%, compared with $390.0 million for the prior year quarter. Adjusted EBITDA for the third quarter was $62.5 million, compared with $55.4 million for the prior year quarter. A table describing adjusted EBITDA and reconciling net earnings to adjusted EBITDA is included in this press release in the attached Supplemental Consolidated Statements of Operations Information. Net earnings for the third quarter were $15.9 million, compared with $10.5 million for the prior year quarter.

IASIS' results for the third quarter of 2006 include $8.3 million of business interruption insurance proceeds received in connection with the temporary closure and disruption of operations at The Medical Center of Southeast Texas, in Port Arthur, Texas, as a result of Hurricane Rita. The Company is currently working with its insurer to process a final settlement for these losses. The timing and amount of any additional proceeds have not yet been determined.

In commenting on the quarterly results, David R. White, chairman and chief executive officer of IASIS, said, "We are pleased with our operating results for the third fiscal quarter. Increases in admissions and revenue can be attributed to our commitment to be an operations-driven company. This commitment includes a constant focus on improving performance by investing capital in our facilities, including new technologies, expanding services that fulfill the healthcare needs of our communities and effectively managing costs."

Effective June 1, 2006, IASIS implemented a company-wide uninsured discount program offering discounts to all uninsured patients receiving healthcare services, resulting in $6.8 million in discounts being provided to uninsured patients in the third quarter of 2006. The Company's uninsured discount program had the effect of reducing net revenue and the provision for bad debts by generally corresponding amounts. The implementation of this uninsured discount program did not have a significant impact on the Company's net earnings. A table describing the impact of adjusting for the uninsured discount program is included in this press release in the attached Supplemental Operating Measures Adjusted for Comparative Analysis.

Net patient revenue per adjusted admission increased 4.3% in the third quarter, compared with the prior year quarter. Adjusting for the impact of uninsured discounts, net patient revenue per adjusted admission increased 6.6% in the third quarter, compared with the prior year quarter. Admissions and adjusted admissions increased 1.2% and 1.0%, respectively, in the third quarter, compared with the prior year quarter.

Net revenue for the nine months ended June 30, 2006 remained consistent with the same prior year period at $1.2 billion. Adjusted EBITDA for the nine months ended June 30, 2006 was $159.7 million, compared with $166.9 million for the same prior year period. Net earnings were $28.5 million for the nine months ended June 30, 2006 compared with $36.2 million for the same prior year period.

For the nine months ended June 30, 2006, net patient revenue per adjusted admission increased 4.7%, compared with the same prior year period. Admissions and adjusted admissions decreased 1.3% and 0.8%, respectively, for the nine months ended June 30, 2006, compared with the same prior year period.

On July 21, 2006, IASIS announced the signing of a definitive agreement to acquire Glenwood Regional Medical Center, a 242-bed acute care community hospital located in West Monroe, Louisiana. Pending approval of the Louisiana Attorney General, passage of a public referendum in Ward 5 of Ouachita Parish and the satisfaction of other closing conditions, the transaction is expected to close in the fourth calendar quarter of 2006.

On the acquisition of Glenwood Regional Medical Center, Mr. White added, "We are particularly excited about the opportunity to expand our operations and geographic reach into a new market and to enhance our portfolio of hospitals with an outstanding facility, which we believe has even greater potential."

A listen-only simulcast and 30-day replay of IASIS' fiscal third quarter conference call will be available by clicking the "For Investors" link on the Company's website at www.iasishealthcare.com beginning at 11:00 a.m. Eastern Time on August 3, 2006. A copy of this press release will also be available on the Company's website.

IASIS, located in Franklin, Tennessee, is a leading owner and operator of medium-sized acute care hospitals in high-growth urban and suburban markets. The Company operates its hospitals with a strong community focus by offering and developing healthcare services targeted to the needs of the markets it serves, promoting strong relationships with physicians and working with local managed care plans. IASIS owns or leases 14 acute care hospitals and one behavioral health hospital with a total of 2,199 beds in service and has total annual net revenue of approximately $1.6 billion. These hospitals are located in five regions: Salt Lake City, UT; Phoenix, AZ; Tampa-St. Petersburg, FL; three cities in Texas, including San Antonio; and Las Vegas, NV. IASIS is currently constructing Mountain Vista Medical Center, a new 172-bed hospital located in Mesa, Arizona. IASIS also owns and operates a Medicaid managed health plan in Phoenix that serves over 115,000 members. In addition, the Company has ownership interests in three ambulatory surgery centers. For more information on IASIS, please visit the Company's website at www.iasishealthcare.com.

Some of the statements we make in this press release are forward-looking within the meaning of the federal securities laws, which are intended to be covered by the safe harbors created thereby. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations including, but not limited to, the discussions of our operating and growth strategy (including possible acquisitions and dispositions), financing needs, projections of revenue, income or loss, capital expenditures and future operations. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual results in future periods to differ materially from those anticipated in the forward-looking statements. Those risks and uncertainties include, among others, the risks and uncertainties related to our ability to generate sufficient cash to service our existing indebtedness, our substantial level of indebtedness that could adversely affect our financial condition, our ability to retain and negotiate favorable contracts with managed care plans, changes in legislation that may significantly reduce government healthcare spending and our revenue, our hospitals' competition for patients from other hospitals and healthcare providers, our hospitals facing a growth in bad debts resulting from increased self-pay volume and revenue, our ability to recruit and retain quality physicians, our hospitals' competition for staffing which may increase our labor costs and reduce profitability, our failure to consistently enhance our hospitals with the most recent technological advances in diagnostic and surgical equipment that would adversely affect our ability to maintain and expand our markets, our failure to comply with extensive laws and government regulations, the outcome of (and expenses incurred in connection with) an ongoing OIG investigation, the possibility that we may become subject to federal and state investigations in the future, our ability to satisfy regulatory requirements with respect to our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, a failure of our information systems that would adversely affect our ability to properly manage our operations, an economic downturn or other material change in any one of the regions in which we operate, potential liabilities because of claims brought against our facilities, increasing insurance costs that may reduce our cash flows, the impact of certain factors, including severe weather conditions and natural disasters, on our revenue and volume trends at our hospitals, the recent hurricane activity in the regions in which we operate that may result in increased property insurance premiums and deductibles, continuing uncertainty relating to insurance claims made by us, and the total remediation costs, for the Medical Center of Southeast Texas stemming from Hurricane Rita, our ability to control costs at Health Choice, the possibility of Health Choice's contract with the Arizona Health Care Cost Containment System being discontinued or experiencing materially reduced reimbursements, the possibility that Health Choice's contract with the Centers for Medicare & Medicaid Services to be a Medicare Advantage Prescription Drug Special Needs Plan may result in reduced profitability, significant competition from other healthcare companies and state efforts to regulate the sale of not-for-profit hospitals that may affect our ability to acquire hospitals, difficulties with the integration of acquisitions that may disrupt our ongoing operations, difficulties with construction of our new hospital that may require unanticipated capital expenditures, the significant capital expenditures that would be involved in the construction of other new hospitals that could have an adverse effect on our liquidity, the rising costs for construction materials and labor that could have an adverse impact on the return on investment relating to our new hospital and other expansion projects, state efforts to regulate the construction or expansion of hospitals that could impair our ability to operate and expand our operations, our dependence on key personnel, the loss of one or more of which could have a material adverse effect on our business, potential responsibilities and costs under environmental laws that could lead to material expenditures or liability, the possibility of a decline in the fair value of our reporting units that could result in a material non-cash change to earnings and those risks, uncertainties and other matters detailed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2005.

Although we believe that the assumptions underlying the forward-looking statements contained in this press release are reasonable, any of these assumptions could prove to be inaccurate, and, therefore, there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, you should not regard the inclusion of such information as a representation by the Company or any other person that our objectives and plans will be achieved. We undertake no obligation to publicly release any revisions to any forward-looking statements contained herein to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

IASIS HEALTHCARE LLC
Consolidated Statements of Operations (Unaudited)
(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Net revenue:				
Acute care revenue	$ 314,994	$ 299,891	$ 919,855	$ 886,384
Premium revenue	105,969	90,088	298,541	263,827
Total net revenue	420,963	389,979	1,218,396	1,150,211
Costs and expenses:				
Salaries and benefits	120,325	113,452	351,332	332,685
Supplies	48,814	46,208	143,742	140,863
Medical claims	90,141	77,409	253,570	226,177
Other operating expenses	65,762	55,315	181,850	162,556
Provision for bad debts	32,800	33,792	110,302	96,762
Rentals and leases	8,913	8,385	26,256	24,236
Interest expense, net	17,438	17,332	52,376	49,405
Depreciation and amortization	16,251	18,922	54,667	51,409
Management fees	1,047	963	3,142	2,884
Business interruption insurance recoveries	(8,320)	--	(8,320)	--
	393,171	371,778	1,168,917	1,086,977
Earnings before gain (loss) on sale of assets, minority interests and income taxes	27,792	18,201	49,479	63,234
Gain (loss) on sale of assets, net	(710)	2	(840)	(80)
Minority interests	(1,718)	(779)	(2,388)	(3,052)

Earnings before income taxes	25,364	17,424	46,251	60,102
Income tax expense	9,452	6,958	17,756	23,879
Net earnings	$ 15,912	$ 10,466	$ 28,495	$ 36,223

IASIS HEALTHCARE LLC
Consolidated Balance Sheets
(in thousands)

	June 30, 2006	Sept. 30, 2005
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97,063	$ 89,097
Accounts receivable, net	183,710	166,456
Inventories	32,572	29,866
Deferred income taxes	44,691	56,003
Prepaid expenses and other current assets	36,973	25,236
Total current assets	395,009	366,658
Property and equipment, net	686,267	647,596
Goodwill	754,795	754,375
Other intangible assets, net	39,750	42,000
Other assets, net	48,302	42,095
Total assets	$1,924,123	$1,852,724
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 61,052	$ 58,684
Salaries and benefits payable	29,504	24,887
Accrued interest payable	9,280	18,489
Medical claims payable	77,989	60,201
Other accrued expenses and other current liabilities	48,050	30,550
Current portion of long-term debt and capital lease obligations	7,598	7,757

Total current liabilities	233,473	200,568
Long-term debt and capital lease obligations	891,221	897,051
Deferred income taxes	80,950	74,883
Other long-term liabilities	41,381	36,801
Minority interest	31,656	26,474
Equity:		
Member's equity	645,442	616,947
Total liabilities and equity	$1,924,123	$1,852,724

IASIS HEALTHCARE LLC
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended June 30,	
	2006	2005
Cash flows from operating activities:		
Net earnings	$ 28,495	$ 36,223
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	54,667	51,409
Amortization of loan costs	2,209	5,064
Minority interests	2,388	3,052
Deferred income taxes	16,959	22,742
Loss on sale of assets, net	840	80
Changes in operating assets and liabilities:		
Accounts receivable	(17,254)	(16,776)
Inventories, prepaid expenses and other current assets	(14,441)	(8,575)
Accounts payable and other accrued liabilities	30,719	(4,449)
Net cash provided by operating activities	104,582	88,770
Cash flows from investing activities:		
Purchases of property and equipment	(93,246)	(113,541)
Cash paid for acquisition	--	(617)
Change in other assets	(176)	977
Net cash used in investing activities	(93,422)	(113,181)

Cash flows from financing activities:		
Payment of debt and capital leases	(5,989)	(8,993)
Proceeds from borrowings	--	2,274
Debt financing costs incurred	--	(487)
Distribution of minority interests	(1,702)	(3,129)
Proceeds received from hospital syndications	4,497	3,897
Net cash used in financing activities	(3,194)	(6,438)
Increase (decrease) in cash and cash equivalents	7,966	(30,849)
Cash and cash equivalents at beginning of period	89,097	98,805
Cash and cash equivalents at end of period	$ 97,063	$ 67,956
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 63,756	$ 54,671
Cash paid for income taxes, net	$ 514	$ 2,420

IASIS HEALTHCARE LLC
Segment Information (Unaudited)
(in thousands)

	For the Three Months Ended June 30, 2006			
	Acute Care	Health Choice	Elims.	Cons.
Acute care revenue	$ 314,994	$ --	$ --	$ 314,994
Premium revenue	--	105,969	--	105,969
Revenue between segments	2,538	--	(2,538)	--
Net revenue	317,532	105,969	(2,538)	420,963
Salaries and benefits	117,031	3,294	--	120,325
Supplies	48,737	77	--	48,814
Medical claims	--	92,679	(2,538)	90,141
Other operating expenses	62,365	3,397	--	65,762
Provision for bad debts	32,800	--	--	32,800

Rentals and leases	8,665	248	--	8,913
Business interruption insurance recoveries	(8,320)	--	--	(8,320)
Adjusted EBITDA (1)	56,254	6,274	--	62,528
Interest expense, net	17,438	--	--	17,438
Depreciation and amortization	15,400	851	--	16,251
Management fees	1,047	--	--	1,047
Earnings before loss on sale of assets, minority interests and taxes	22,369	5,423	--	27,792
Loss on sale of assets, net	(710)	--	--	(710)
Minority interests	(1,718)	--	--	(1,718)
Earnings before income taxes	$ 19,941	$ 5,423	$ --	$ 25,364
Segment assets	$1,790,877	$ 133,246		$1,924,123
Goodwill	$ 749,038	$ 5,757		$ 754,795

	For the Three Months Ended June 30, 2005			
	Acute Care	Health Choice	Elims.	Cons.
Acute care revenue	$ 299,891	$ --	$ --	$ 299,891
Premium revenue	--	90,088	--	90,088
Revenue between segments	2,100	--	(2,100)	--
Net revenue	301,991	90,088	(2,100)	389,979
Salaries and benefits	110,612	2,840	--	113,452
Supplies	46,160	48	--	46,208
Medical claims	--	79,509	(2,100)	77,409
Other operating expenses	52,567	2,748	--	55,315
Provision for bad debts	33,792	--	--	33,792
Rentals and leases	8,167	218	--	8,385
Adjusted EBITDA (1)	50,693	4,725	--	55,418
Interest expense, net	17,332	--	--	17,332

Depreciation and amortization	18,124	798	--	18,922
Management fees	963	--	--	963
Earnings before gain on sale of assets, minority interests and taxes	14,274	3,927	--	18,201
Gain on sale of assets, net	2	--	--	2
Minority interests	(779)	--	--	(779)
Earnings before income taxes	$ 13,497	$ 3,927	$ --	$ 17,424
Segment assets	$1,708,573	$ 89,856		$1,798,429
Goodwill	$ 748,618	$ 5,757		$ 754,375

(1) Adjusted EBITDA represents net earnings before interest expense, income tax expense, depreciation and amortization, (loss) gain on sale of assets, minority interests and management fees. Management fees represent advisory fees to Texas Pacific Group (TPG), the Company's majority financial sponsor. Management routinely calculates and communicates adjusted EBITDA and believes that it is useful to investors because it is commonly used as an analytical indicator within the healthcare industry to evaluate hospital performance, allocate resources and measure leverage capacity and debt service ability. In addition, the Company uses adjusted EBITDA as a measure of performance for its business segments and for incentive compensation purposes. Adjusted EBITDA should not be considered as a measure of financial performance under generally accepted accounting principles (GAAP), and the items excluded from adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to net earnings, cash flows generated by operating, investing, or financing activities or other financial statement data presented in the condensed consolidated financial statements as an indicator of financial performance or liquidity. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

IASIS HEALTHCARE LLC
Segment Information (Unaudited)
(in thousands)

For the Nine Months Ended June 30, 2006

Acute Health

	Care	Choice	Elims.	Cons.
Acute care revenue	$ 919,855	$ --	$ --	$ 919,855
Premium revenue	--	298,541	--	298,541
Revenue between segments	7,047	--	(7,047)	--
Net revenue	926,902	298,541	(7,047)	1,218,396
Salaries and benefits	341,941	9,391	--	351,332
Supplies	143,548	194	--	143,742
Medical claims	--	260,617	(7,047)	253,570
Other operating expenses	172,161	9,689	--	181,850
Provision for bad debts	110,302	--	--	110,302
Rentals and leases	25,457	799	--	26,256
Business interruption insurance recoveries	(8,320)	--	--	(8,320)
Adjusted EBITDA (1)	141,813	17,851	--	159,664
Interest expense, net	52,376	--	--	52,376
Depreciation and amortization	52,130	2,537	--	54,667
Management fees	3,142	--	--	3,142
Earnings before loss on sale of assets, minority interests and taxes	34,165	15,314	--	49,479
Loss on sale of assets, net	(840)	--	--	(840)
Minority interests	(2,388)	--	--	(2,388)
Earnings before income taxes	$ 30,937	$ 15,314	$ --	$ 46,251
Segment assets	$1,790,877	$ 133,246		$1,924,123
Capital expenditures	$ 96,968	$ 278		$ 97,246
Goodwill	$ 749,038	$ 5,757		$ 754,795

For the Nine Months Ended June 30, 2005

	Acute Care	Health Choice	Elims.	Cons.
Acute care revenue	$ 886,384	$ --	$ --	$ 886,384

Premium revenue	--	263,827	--	263,827
Revenue between segments	6,597	--	(6,597)	--
Net revenue	892,981	263,827	(6,597)	1,150,211
Salaries and benefits	324,328	8,357	--	332,685
Supplies	140,718	145	--	140,863
Medical claims	--	232,774	(6,597)	226,177
Other operating expenses	154,277	8,279	--	162,556
Provision for bad debts	96,762	--	--	96,762
Rentals and leases	23,584	652	--	24,236
Adjusted EBITDA (1)	153,312	13,620	--	166,932
Interest expense, net	49,405	--	--	49,405
Depreciation and amortization	49,010	2,399	--	51,409
Management fees	2,884	--	--	2,884
Earnings before loss on sale of assets, minority interests and taxes	52,013	11,221	--	63,234
Loss on sale of assets, net	(80)	--	--	(80)
Minority interests	(3,052)	--	--	(3,052)
Earnings before income taxes	$ 48,881	$ 11,221	$ --	$ 60,102
Segment assets	$1,708,573	$ 89,856		$1,798,429
Capital expenditures	$ 112,930	$ 611		$ 113,541
Goodwill	$ 748,618	$ 5,757		$ 754,375

(1) Adjusted EBITDA represents net earnings before interest expense, income tax expense, depreciation and amortization, loss on sale of assets, minority interests and management fees. Management fees represent advisory fees to TPG, the Company's majority financial sponsor. Management routinely calculates and communicates adjusted EBITDA and believes that it is useful to investors because it is commonly used as an analytical indicator within the healthcare industry to evaluate hospital performance, allocate resources and measure leverage capacity and debt service ability. In addition, the Company uses adjusted EBITDA as a measure of performance for its business segments and for incentive compensation purposes. Adjusted EBITDA should not be considered as a measure of financial performance under

GAAP, and the items excluded from adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to net earnings, cash flows generated by operating, investing, or financing activities or other financial statement data presented in the condensed consolidated financial statements as an indicator of financial performance or liquidity. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

IASIS HEALTHCARE LLC

Consolidated Financial and Operating Data (1) (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Consolidated Hospitals (1):				
Number of hospitals at end of period	14	14	14	14
Beds in service at end of period	2,199	2,225	2,199	2,225
Average length of stay (days)	4.57	4.45	4.59	4.43
Occupancy rates (average beds in service)	50.9%	48.4%	51.6%	49.0%
Admissions	22,275	22,005	66,596	67,480
Percentage change	1.2%		(1.3%)	
Adjusted admissions	36,692	36,314	108,675	109,514
Percentage change	1.0%		(0.8%)	
Patient days	101,769	98,023	305,613	299,032
Adjusted patient days	161,680	155,926	481,835	467,913
Outpatient revenue as a % of gross patient revenue	36.7%	36.6%	36.0%	35.1%

(1) Consolidated financial and operating data is presented on a same facility basis for the periods presented.

IASIS HEALTHCARE LLC

Supplemental Consolidated Statements of Operations Information

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Consolidated Results:				
Net earnings	$ 15,912	$ 10,466	$ 28,495	$ 36,223
Add:				
Interest expense, net	17,438	17,332	52,376	49,405
Income tax expense	9,452	6,958	17,756	23,879
Depreciation and amortization	16,251	18,922	54,667	51,409
Loss (gain) on sale of assets, net	710	(2)	840	80
Minority interests	1,718	779	2,388	3,052
Management fees	1,047	963	3,142	2,884
Adjusted EBITDA (1)	$ 62,528	$ 55,418	$ 159,664	$ 166,932

(1) Adjusted EBITDA represents net earnings before interest expense, income tax expense, depreciation and amortization, loss (gain) on sale of assets, minority interests and management fees. Management fees represent advisory fees to TPG, the Company's majority financial sponsor. Management routinely calculates and communicates adjusted EBITDA and believes that it is useful to investors because it is commonly used as an analytical indicator within the healthcare industry to evaluate hospital performance, allocate resources and measure leverage capacity and debt service ability. In addition, the Company uses adjusted EBITDA as a measure of performance for its business segments and for incentive compensation purposes. Adjusted EBITDA should not be considered as a measure of financial performance under GAAP, and the items excluded from adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to net earnings, cash flows generated by operating, investing, or financing activities or other financial statement data presented in the condensed consolidated financial statements as an indicator of financial performance or liquidity. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

IASIS HEALTHCARE LLC
Supplemental Operating Measures Adjusted for Comparative Analysis
(Unaudited)
Three Months Ended June 30, 2006
(in thousands, except for statistical measures)

	Uninsured	Non-GAAP Adjusted

	GAAP Amounts	Discounts (2)	Amounts (3)
Acute Care Segment:			
Net revenue (1)	$ 317,532	$ 6,773	$ 324,305
Salaries and benefits	117,031	--	117,031
Supplies	48,737	--	48,737
Other operating expenses	62,365	--	62,365
Provision for bad debts	32,800	6,773	39,573
Rentals and leases	8,665	--	8,665
Net patient revenue per adjusted admission	$ 8,488	$ 184	$ 8,672
Percent change from prior year	4.3%		6.6%

	GAAP % of Revenues		Non-GAAP % of Revenues (3)	
	2006	2005	2006	2005
Acute Care Segment:				
Net revenue (1)	100.0%	100.0%	100.0%	100.0%
Salaries and benefits	36.9	36.6	36.1	36.6
Supplies	15.3	15.3	15.0	15.3
Other operating expenses	19.6	17.4	19.2	17.4
Provision for bad debts	10.3	11.2	12.2	11.2
Rentals and leases	2.7	2.7	2.7	2.7

(1) Acute care revenue represents total net revenue of the segment prior to the elimination of revenue between segments.

(2) Includes the impact of discounts provided to uninsured patients for the period. Effective June 1, 2006, IASIS implemented a company-wide uninsured discount program offering discounts to all uninsured patients receiving healthcare services, who do not qualify for assistance under state Medicaid, other federal or state assistance plans or charity care. In the acute care segment, IASIS recorded $6.8 million of uninsured discounts during the third quarter of 2006.

(3) Acute care revenue, the provision for bad debts and certain operating expense categories as a percentage of acute care revenue have been adjusted to present certain financial measures on a basis comparative with prior periods (non-GAAP financial measures). Management believes these non-GAAP financial measures are useful to investors for the purpose of providing disclosures of our results of operations consistent with those used by management. While management believes these non-GAAP financial measures provide useful information for period-to-period comparisons, investors are

encouraged to use GAAP measures when evaluating financial performance or liquidity.

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