CORPORATE PARTICIPANTS

Andreas Dirnagl  
JPMorgan - Analyst

Bill Carpenter  
LifePoint Hospitals, Inc. - President and CEO

David Dill  
LifePoint Hospitals, Inc. - CFO

PRESENTATION

Andreas Dirnagl - JPMorgan - Analyst

Good afternoon, ladies and gentlemen. Once again, I'm Andreas Dirnagl, senior healthcare services analyst for JPMorgan, and I'm here to introduce LifePoint Hospitals. Representing the Company this afternoon is Chairman, President and CEO Bill Carpenter, as well as CFO David Dill. LifePoint, as you may know, is a general acute care hospital company that focuses on non-urban communities. I will leave it at that, with the one exception that there will be, as always, a breakout session following this presentation. That will be held in the Georgian room. With that, I will turn it over to Bill.

Bill Carpenter - LifePoint Hospitals, Inc. - President and CEO

Andreas, thank you very much. Thanks to JPMorgan. Thanks to all of you for being here late in the afternoon. One correction. Thank you for the promotion, but I am President and Chief Executive Officer of LifePoint, promoted to that position about 18 months ago now. When we did that, we made a conscious decision to separate the role of chairman and CEO. We thought that that is the most appropriate thing to do from a corporate governance point of view. We think it's consistent with what is in the best interest of good corporate governance. So, Owen Shell serves as our Chairman, outside Chairman, nonexecutive Chairman.

In any event, LifePoint Hospitals, as Andreas said, a company focused on non-urban hospitals across the country. It is our mission to make communities healthier, a mission recognized across the Company. That means much more than just healthcare in our communities. It means and recognizes that our hospitals play an integral role in each of the communities where we're located. If our hospitals do well, if our hospitals are successful, we will take care of more patients in our community. And as a result of that, we will drive value for our stockholders.

This slide tells you that we will make forward-looking statements in this meeting. We promise to do that. I trust that you've already read all of that and that you will.

Let me tell you a little bit about us. LifePoint was formed nine years ago, with 23 hospitals in nine states. Today we're 48 hospitals in 18 states -- 49 hospitals, one held for sale. That geographic dispersion is important when you think about us. The financial diversity that we gain across 18 states is important; no particular hot spot with respect to any particular state or any particular hospital.

Our niche is as a non-urban provider. We are the sole, or a significant, market provider in every single one of our hospitals; in most cases, the sole provider. That's important for a number of reasons. It's important for managed care contracting, of course, and more about why that's important today than it has been in the past. It's also important for our growth potential. We have the ability to grow market share in every single one of our markets, whether or not the individual market is growing.

The reason for that is that in a typical LifePoint community, we are losing -- approximately 45 to 50% of our patients, of our market share, goes to the next largest city. So, with the ability to add services, add service lines in our communities, and to add physicians in our communities, we have the ability to grab market share, as I say, even in a case where our community itself is not growing.
Our operating philosophy is pretty simple. We focus on five things -- patients, physicians, employees, community, and our stakeholders. We base every decision in the Company on these five things, and they are very, very important to us.

By expanding the scope and quality of care, we have the ability to attract more patients to our community. We've got to do a better job in each case. We've got to do a better job on getting our story out in our communities, even among our own doctors, so that they understand the capabilities that we're adding to our communities.

We need to do a better job of proving to our patients, and our potential patients, that we are high-quality providers. Bigger is better. That's the sentiment a lot of times in our communities. We've got to change that perception. So, we're doing things in order to accomplish that, strategic initiatives. I'll talk about some of those in a minute. I'm not satisfied about the point of view that we are not the highest-quality provider across the Company. We have to prove ourselves in that regard. I'm committed to this. It's important to me. It's important to our Chief Operating Officer, Bill Gracey. It's important to our Chief Medical Officer, recently added Chief Medical Officer, Lanny Copeland. I want to be able to look any of our constituents in the eye and to say we are a high-quality provider, and that it makes sense for you to stay home and get your healthcare as opposed to going anywhere else for your care.

Our growth strategy is based on recruiting the right physicians to our markets, and giving them the tools that they need in order to take care of our patients. We're going to do that through increasing service lines that are profitable for the Company. Not just through physician recruitment, but physician recruitment, of course, is a key part of that strategy.

When we recruit those doctors and we give them the right tools in order to take care of patients, we then have to break down historical referral patterns that exist in our markets, patterns that exist among primary care physicians sending their more complicated cases to the next largest downtown hospital. So, we have to do things that will allow us to break those referral patterns down.

Our employees, a part of the strategy designed around employees -- in a small town, your employees are the best or the worst marketers for your hospital. In a small town, everybody knows everybody. And if something is not going well in the hospital, everybody in town knows it. So, we want our employees to be happy for all the right reasons, but including the fact that they are our best marketers in the community. We want our hospitals to be viewed as a community asset. As you do that, loyalty develops to the hospital, and people stay in town for healthcare.

We understand the importance of driving stockholder value. That's what our strategic initiatives are designed around. That's what they are designed to achieve. We also have a great balance sheet, great flexibility given to us by that balance sheet. We're not afraid to use it appropriately. Our stock buyback that we announced previously is an indication of that.

Let me get into, quickly, our key strategic priorities. We've had a great session of one-on-ones today, and a lot of great focus and attention on these strategic initiatives. Our ops teams will continue over time to manage expenses. You've grown to know our company as one with some of the best margins in the industry. We're going to keep after that. But we've got to develop strategies, as I said a minute ago, to grow market share in every single one of our markets.

Physician recruitment will be a significant part of that; always has been and always will be. We exceeded our goal of physician recruitment last year. Our goals with respect to physician recruitment this year are even more targeted at specific service lines that will support our growth initiative. We've also done a great job of retaining doctors, as we have done in the past.

Everyone in our industry has had pressure on volumes. LifePoint is no different in that regard. I'm not just talking about a lack of a flu season, although we have the same pressures in that regard. You've all seen the CDC studies. You've all seen the various information that's come out from the drugstore chains and others with respect to the flu season. So, certainly, the flu season has been nonexistent across the Company this year. But I'm not talking about that sort of short-term volume pressure; I'm talking about long-term strategies that are developed in order to grab additional market share for our markets. Again, we have the
opportunity in our markets to grab additional market share because key service lines are leaving our communities and going to other larger communities.

We've recently focused, for instance, on diagnostic imaging and on outpatient services, outpatient surgery specifically. Over the last year, we have added 29 multi-slice CTs. To date, we have deployed about 24 or 25 of those. Many of those are 64-slice CTs. As a result of that, we've seen a significant increase in outpatient CT volume, over 23% increase in CT revenue last year, CT volume up 17% in '07. This is the kind of good investment for us that I'm talking about with respect to our growth initiative.

We think there is considerable opportunity to expand services in many of our markets. This past year we have done deep dives at our six largest hospitals. We will conduct what we call a leveraged rollout of a growth strategy in the rest of our hospitals over the course of this year. Opportunities designed to grow share in each one of those markets.

Expect to see a concerted effort from us this year in efforts to streamline outpatient processes for added patient and physician convenience. We'll continue to invest in technology that we'll add in more advanced areas, more advanced surgical areas at our hospitals.

On top of these efforts, we are involved in a number of markets in adding new service lines -- again, focused on the most profitable services first. Services such as, as examples, we are targeting services across the Company in cardiovascular care; cancer care, including oncology, surgery, GI services all related to cancer care; emergency services. We expect solid EBITDA growth over the next several years as a result of each of these initiatives.

With respect to our value-added corporate center and our strategies around that, we've always been proud at LifePoint of our lean corporate office staff. We will continue to be a lean corporate office staff by comparison. But, we have the ability to bring additional expertise across our hospitals, notably in areas like purchasing, revenue cycle and clinical quality. To the extent we can provide expertise from the corporate center in a more leveraged way in order to support our hospitals without them having to duplicate resources across 48 hospitals, we should do that. And our results to date under this initiative have been very, very positive.

We've always had a good reputation as operators of hospitals. Our margins, I think, speak for themselves in that regard. Still, we have a number of hospitals with significant opportunities for EBITDA growth potential. We have created a new division, under a heading of operation excellence, which is devoted to helping these hospitals break through to the next level of EBITDA growth. This division will also lead our sort of initiatives across the Company with respect to such areas as contract labor improvement, professional fee improvement, and other industry-wide issues.

This division will also be actively involved in any due diligence process that we conduct with respect to any new acquisition, and will take responsibility for any new acquisition hospital for some period of time after it is acquired. At a point of time when that hospital is fully integrated into our system, that hospital would roll out then into a more normal geographic sort of system. This strategy [is] really just beginning, and we're getting underway.

With respect to M&A, another part of our strategy, we've identified some 150 hospitals that we are in the process of developing relationships with. This is a time in our industry when, I think, there is a window of opportunity for us to do things while some of our colleagues, some of our peers have been involved in some financial transactions that have them on the sidelines with respect to M&A. So we want to be aggressive. We want to be aggressive in our search, but not aggressive in our pricing. So, we'll be disciplined with regard to this part of our strategy.

Finally, in the center of this slide, you see a focus on talent. This is very important to me and to our leadership team. We've got to grow our own. In rural markets, in small communities it's important that we have programs in place to develop leadership across the Company. We have to be able to grow the next hospital CEO at our hospitals in the types of communities where we're located.
In addition, we are adding people to support the strategies -- our growth team, our new ops excellence division that I mentioned a minute ago, and our new chief medical officer, who is focused on our quality efforts.

We have recently -- very recently, within the past week -- realigned our corporate office staff to directly align our operations leadership with our strategy. Joe Koford, one of our division presidents, has been named group president with responsibility for growth for the growth initiative that I just talked about. Mike Wiechart, one of our most seasoned operators, has been given responsibility as group president with responsibility for operations excellence. Scott Raplee, our operations CFO, will take responsibility, direct responsibility, for each of our divisions, and they will report to them. Bill Gracey, as our Chief Operating Officer, has primary responsibility for quality, for growth in all of the operations, of course. Lanny Copeland, our Chief Medical Officer, reports to Bill. And David Dill has taken responsibility for our development efforts in order to make sure that any hospital that we bring into the system fits perfectly well with our overall financial strategy.

So, these initiatives, these initiatives that I have described today, support directly our high five vision, and will, I am confident, drive long-term stockholder value. I look forward over the course of the next several months to sharing details with you about each of these initiatives and results of each of these initiatives. We spent the past year in a planning stage, planning around these initiatives, which create, form the strategy for the Company. This year, '08, becomes really about execution, execution on these strategies. And when we have results to share with you, we'll do that. From those results, you will be able, and we'll be able, to give more emphasis about what you can expect over the course of the next several years. So, I look forward to doing that.

David, I have saved some time. If you will come and talk about some of the financial things that we're seeing, that'll be great.

David Dill - LifePoint Hospitals, Inc. - CFO

Thanks, Bill. Just real quick, over the next five minutes I'll just walk you through real quickly what the year has looked like for us, and a little bit about what the history of LifePoint has looked like financially. As you know, we are in a quiet period here as we start closing the books now for the fourth quarter. As a reminder, before we run out of time, we will be having our conference call on Friday -- I'm sorry -- on February 8th. At that time, we'll also be issuing guidance for the upcoming year.

On the chart above, there's about five statistics for you. The most relevant information is the quarter-to-date information. There were a couple of hospitals that we acquired from HCA back on July 1st of 2006. So in the year-to-date column, you're comparing nine months of activity compared to three months of activity. But in the quarter-to-date column now, all 48 hospitals, excluding the one hospital that we are holding for sale in Needles, California, are included in all of our same-store statistics that we report on.

So, in the third quarter you saw admissions down 0.3%, adjusted admissions up 1.9%. The adjusted admission number is, obviously, a very important number to us. It's a measure of the outpatient business. It takes into effect all the outpatient business that we are doing around the country.

Net revenue up 4.6%. Net revenue per adjusted admission up 2.7%, a little bit lower than what we had originally expected. There were a couple of re-classes, and you'll see it when we talk about bad debt here in a little bit. There was a re-class between bad debt and net revenue that caused bad debt to be understated a little bit relative to prior periods, and pricing to be a little bit understated as well. When you adjust for that pricing, it was in the 3 to 3.5% range; still a little bit below our expectations, but not much.

And then EBITDA -- the pressure on margins. Even though our margins still stay up toward the top of the industry, if not the top of the industry, everyone in the industry, as you know, has seen margin compression. We have not been immune to that, and we'll talk about that here over the course of the next few minutes.
Adjusted admission growth. The Company started in 1999, as Bill shared with you. If you look at the adjusted admissions over
time, it shows a 16% increase over time. You’ll see a big ramp-up between ’04 and ’05. A lot of that was the Province transaction
that we did. You see a little bit more of that heading into ’06. But, 16% compounded annual growth rate over the last nine years.

Some of the components of that in the year and the most recent quarter -- if you look at admissions, admissions are down.
We’re going to see here in a minute our ER visits. Our ER visits are actually up. That is a source of where most of our self-pay
revenue comes through. But it is a very important statistic for us, because about half of our overall admissions as a company
come through the emergency room. So, continuing to invest money back into emergency room, you may look at it and say
why would one want to do that? But, it has and will maintain and stay (inaudible) the front door of the hospital. So it’s important.
The experience that a patient receives in the emergency room is very important to us. It is a source of about half of our admissions
that represent about 48,000 admissions.

Adjusted admissions up 1.9%. And that outpatient factor on the right-hand side of the chart shows the relationship between
inpatient revenue and outpatient revenue. What that represents is, as of the end of the third quarter, slightly more than 50%
of our revenue comes from outpatient. Many of the strategic initiatives -- not all of them, but many of the strategic initiatives
that Bill walked you through that we’re doing in our markets, are really focused on the outpatient side of the business. So it’s
our expectation that we’ll see that number continue to climb.

Some of the breakdowns of volume. Inpatient surgery is down 3.2%. Outpatient surgery is up a little bit. And then you see
emergency room visits up 3.6%. And once again, about half of our overall admissions come through the emergency room,
which implies about an 11 or 12% admission rate out of our hospital. And that’s been relatively constant.

On the revenue side, even though adjusted admissions have been up 16% over the Company’s life, net revenue has been up
21%. That’s obviously the pricing side of the equation. And in the most recent periods, revenue up 4.6% to just over $656 million,
and then pricing just under $6800 per adjusted admission. And that’s a very important number for us.

Where does the money come from? If you break out, about a third of our money comes from Medicare. About 12% of our --
10% of our money comes from Medicaid; 12% self-pay; 41%, almost 42%, comes from the commercial side of the business.

Just real quick on the Medicare book of business, that gets broken out between inpatient and outpatient. Effective October 1st
of this year, Medicare changed the way they pay us to severity-adjusted DRGs. We typically get a market basket increase. We
got a market basket increase this year on the inpatient side. But, that was almost completely taken away by the overall impact
of the severity-adjusted DRGs as we implement those throughout the Company. So, pricing for Medicare will be flat to up a
little bit as we go through the course of 2008.

Briefly on expenses, you can see the different components. The one that we spend, obviously, a lot of time on is bad debt. Bad
debt in the most recent quarter was 12%. If you adjust for that re-class, we’re about 12.4%. We’re seeing some stability in this
line item. This is very consistent with what we saw in the second quarter and the third quarter. And as we have done our business
planning for next year, we feel very comfortable that bad debt begins to stabilize a little bit. That doesn’t mean that as a percent
of revenue it will remain at this level. As we continue to raise our charges to our commercial payors, by definition we’ll see bad
debts go up as a result of that. But that’s more of an accounting issue than it is an economic and a fundamental issue.

EBITDA growth -- even though revenue was up 21%, EBITDA is up 24%. This is the expanding of margins that we’ve seen over
time. Even though in the most recent couple years we have seen some margin compression, over time we’ve been able to take
these hospitals and improve the margins. And we think we can continue to do that.

In the spirit of time I’ll flip over to these. CapEx for us -- this year through the third quarter we had spent about $111 million.
We’re at about 180 to $200 million as our guidance. What we’ve shared with everybody is we will clearly be at the low-end, or
slightly below the low-end of this range for 2007. And you’ll see our guidance for this number in 2008.
In conclusion, before we go to Q&A, just to repeat and summarize many of the things that Bill shared with you -- who we are.

Pure play urban company. Sole provider. That's very important. In 44 of [our] 48 markets, we're the sole provider. Good payor base spread across many jurisdictions from a Medicaid standpoint. Great history of operating margins. We expect to continue that. Even though we're under pressure, we're fighting hard to keep them where they are. We have -- it's an exciting year for us. Executing on these growth strategies is what's very exciting. We will look at M&A. We'll be very patient. We'll be very disciplined. If something comes our way, we're not afraid to take advantage of it. But if it doesn't come our way, we're also not afraid to use our balance sheet a different way. The corporate center -- we're adding resources to effect all of these strategic initiatives. And a strong, focused management team. The org structure that Bill just shared with you is very important. It allows us the structure to execute in this very important year as we go into 2008.

With that, Andreas and JPMorgan have reminded me that the breakout room is in the Georgian room, which, I think, if you go out and head down to the right, we'll be in there for about 30 minutes. Thank you.