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REHABCARE AND ST. LUKE'S REACH DEFINITIVE AGREEMENT TO DEVELOP NEW REHABILITATION HOSPITAL

ST. LOUIS, MO, March 12, 2007—RehabCare Group, Inc. (NYSE: RHB) and St. Luke's Hospital (Chesterfield, MO) announced they have signed a definitive agreement to form a joint venture that will develop a new physical rehabilitation hospital in West St. Louis County. The project received CON (Certificate of Need) approval in February from the State. RehabCare is a leading national provider of rehabilitation program management services with headquarters in St. Louis. St. Luke's Hospital has been a premier regional healthcare provider for over 140 years.

"We are pleased at our continued progress with this project, as we believe the new hospital will bring much-needed post-acute services to residents of the St. Louis region, as well as strengthen the mission of both partners to enhance our quality and scope of patient care," said John H. Short, Ph.D., RehabCare President and Chief Executive Officer.

The 35-bed hospital will offer intensive inpatient rehabilitation programming for patients with an acute injury or illness, such as stroke, brain injury or neurological disorder. It will expand St. Luke's existing 16-bed acute rehabilitation unit, which offers similar services, and will be jointly owned and operated by RehabCare and St. Luke's.

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Gary Olson, St. Luke's President and CEO, explained that obtaining the CON was the first phase in the approval process for development of the new hospital, which will be located on the campus of Surrey Place, a skilled nursing facility owned by St. Luke's on Olive Blvd. in Chesterfield. "Our next step is to review our plans with the City of Chesterfield. Following their approval, we are slated to begin construction in November, with an anticipated January 2009 opening," he said.

Celebrating its 25th anniversary in 2007, RehabCare (www.rehabcare.com) services 24,000 post-acute patient visits each day in conjunction with nearly 1,400 hospitals and skilled nursing facilities (SNFs) in 43 states, the District of Columbia and Puerto Rico. The company also owns and operates freestanding rehabilitation and long-term acute care hospitals across the country.

St. Luke's Hospital (www.stlukes-stl.com) is a 493-bed non-profit hospital providing comprehensive healthcare services. Services include cardiovascular care, cancer care, neurosurgery and neurology, orthopedics, maternity, women's health, general medicine, outpatient services, pediatrics and comprehensive surgical services.

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