



## State of LogistiCare

January 9, 2006

To all LogistiCare employees:

With the holidays now behind us and a New Year having dawned, I'd like to take a quick look back at 2005, show you where we've been and give you a tiny snapshot of where we hope to be in 2006.

I don't think anyone can dispute that 2005 clearly was a year of highs and lows, sadness and happiness. We renewed some contracts, and we earned some new ones. We saw devastating hurricanes in our country and tragedy around the world. I'll always remember 2005 as a year of growth and change.

All in all, I'm pleased to say that LogistiCare had a great year. Our business growth was basically on track.

In addition to renewing key contracts in Georgia, Virginia, Kentucky and Florida, we also added Missouri. New HMO business included contracts in Pennsylvania, Texas and California.

During 2005, we also officially won the contract to manage NEMT services for Colorado, after initially being called in to take over on an emergency basis in October 2004. Important contract renewals also were signed for our business in Nevada, Oklahoma, Delaware and Connecticut.

Under LogistiCare's management, states have seen their costs for NEMT continue to decrease, while overall healthcare spending has experienced double-digit increases.

Also significant in 2005 was the companywide rollout of our new, state-of-the-art software suite, LogistiCAD. Its broad scope and detailed capabilities clearly distinguish LogistiCare from our competitors.

From a growth perspective, LogistiCare has experienced annual revenue increases of roughly 30 percent since 1997. In 2005 our annual revenue was about \$260 million compared to \$220 million in 2004. I'm hoping to see another double-digit increase in 2006.

We currently operate in 14 states, and we were recognized in 2005 as one of Atlanta's Top 15 Fastest-Growing Private Companies by the *Atlanta Business Chronicle*. Our recognition by Deloitte as one of Georgia's fastest-growing technology companies (No. 23) also was very pleasing to me.

As you've heard me say quite a bit lately, we've got many exciting, new business opportunities in the RFP pipeline – Illinois, Texas, Philadelphia and South Carolina to name just a few.

We're also looking at a number of new and innovative ways to expand our service offerings beyond just NET to make LogistiCare an even more comprehensive partner in the healthcare

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delivery process and beyond.

Whatever the outcomes, though, we'll need to maintain a sharp focus on quality service, as it is what sets us apart. We are a service business and customer service must remain our top priority. We must remain committed to doing whatever it takes to ensure that our clients and their members, recipients and riders all are treated with dignity and respect.

Let's use our successes in 2005 as a springboard to even better things in 2006.

Thank you very much for everything you do to help LogistiCare continue to grow!

A handwritten signature in black ink, appearing to read "John Shermeyen". The signature is fluid and cursive, with a large initial "J" and "S".

John Shermeyen  
President and CEO