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FOR IMMEDIATE RELEASE

Rotech Healthcare Reports Third Quarter 2002 Financial Results

ORLANDO, Fla. – Nov. 7, 2002 – Rotech Healthcare Inc. today reported that net revenues for the third quarter ended September 30, 2002 were \$153.1 million, a decrease of 1.1% versus net revenues of \$154.9 million for the same period last year. For the nine months ended September 30, 2002, pro forma net revenues were \$462.9 million, a 1.0% increase over net revenues of \$458.5 million for the nine months ended September 30, 2001. Net revenues for the nine months ended September 30, 2002 are presented on a pro forma basis because our predecessor, Rotech Medical Corporation, was the reporting entity in the first quarter of 2002, prior to transferring substantially all of its assets to Rotech Healthcare, the successor reporting entity for the second and third quarters of 2002. Net earnings for the third quarter were \$4.4 million as compared to net earnings of \$1.5 million in the third quarter of 2001.

Respiratory therapy equipment and services revenues represented 79.3% of total revenue for the third quarter and increased 4.5% over the third quarter of last year. The increase in respiratory revenues reflects the company's focus on its oxygen concentrator and nebulizer medication businesses. Rentals of oxygen concentrators grew 10.7% to approximately 113,000 units as of Sept. 30, 2002 versus one year ago.

Durable medical equipment (DME) revenues represented 18.4% of total revenue in the third quarter and declined 15.5% versus the same period last year. The decline in DME revenues is the result of a decreased emphasis on this business in recent quarters; however, the company has initiated new efforts to rebuild its DME rental business.

Earnings from continuing operations before interest, income taxes, depreciation and amortization, reorganization items, provision for settlement of government claims, and provision for inventory losses (EBITDA) was \$33.5 million for the third quarter ended September 30, 2002. Excluding expenses of \$4.9 million incurred during the quarter as a result of the VA Program – Special Investigation as well as an estimate of the severance related costs resulting from the recent changes in senior management, EBITDA was \$38.3 million as compared to EBITDA of \$42.7 million in the year-ago period. For the

nine months ended September 30, 2002, pro forma EBITDA was \$118.0 million as compared to EBITDA of \$124.5 million for the nine months ended September 30, 2001.

“The third quarter presented many challenges for Rotech resulting from the VA Program – Special Investigation and the changes in senior management at the end of August. Despite these challenges, we have stabilized our revenue, with incremental growth in our core strength, our respiratory therapy business,” said Guy Sansone, president and co-chief executive officer of Rotech Healthcare. “Moreover, the company has strengthened its balance sheet as it continues to build its cash position. Even after a prepayment of principal on our term loan and interest payments together totaling over \$20 million, we still have a cash balance of over \$18 million as of September 30th.”

During the quarter, in addition to its required \$0.5 million quarterly principal payment, the company prepaid \$5 million in principal on its senior secured term loan. These payments were in addition to a semi-annual payment of \$14.6 million in interest on the company’s 9½% senior subordinated notes due 2012, also paid during the quarter.

Conference Call Details

Management will host a conference call to discuss third quarter earnings at 5:00 p.m. Eastern Daylight Time today. To listen to the call, please dial 703-871-3630. A telephone replay of the call will be available for 14 days beginning at 8:30 p.m. Eastern Time, Nov. 7, at 888-266-2081 (U.S. callers) or 703-925-2533 (international callers), using reservation #6282851.

About Rotech Healthcare

Rotech Healthcare Inc. is a leading provider of home respiratory care and durable medical equipment and services to patients with breathing disorders such as chronic obstructive pulmonary diseases (COPD). The Company provides its equipment and services in 48 states through over 600 operating centers, located principally in non-urban markets. Rotech’s local operating centers ensure that patients receive individualized care, while its nationwide coverage allows the Company to benefit from significant operating efficiencies. In 2001 the Company had revenues in excess of \$600 million.

Forward-Looking Statements

Statements contained in this press release may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act that are based on management’s current expectations, estimates and projections. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to known, and unknown risks and uncertainties, which could cause actual results to differ materially from those projected or implied in the forward-looking statements. Such risks and uncertainties, many of which are beyond the control of the Company, include but are not limited to, the risks, uncertainties and assumptions associated with: changes in reimbursement policies and other legislative initiatives aimed at reducing healthcare costs associated with Medicare and Medicaid; the collectibility of the Company’s accounts receivable; changes in

government regulation generally; compliance with various settlement agreements and corporate compliance programs established by the Company; the Company's emergence from bankruptcy and its spin-off from its former parent company; compliance with confidentiality requirements with respect to patient information; and other factors. Rotech Healthcare Inc. does not undertake any obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

Tables to Follow

Rotech Healthcare Inc.
Condensed Consolidated Statements of Operations
(unaudited, dollars in thousands)

	Predecessor Company			Successor Company	
	Three months ended Sept. 30, 2001	Nine months ended Sept. 30, 2001	Three months ended March 31, 2002	Three months ended Sept. 30, 2002	Six months ended Sept. 30, 2002
Net revenues	\$ 154,885	\$ 458,475	\$ 154,750	\$ 153,140	\$ 308,133
Costs and expenses:					
Cost of net revenues	23,262	72,141	22,513	22,416	45,557
Provision for doubtful accounts	6,889	17,218	3,661	4,596	8,407
Selling, general and administrative	82,016	244,609	84,996	92,659	179,705
Depreciation and amortization	26,518	77,171	14,986	15,086	30,823
Interest expense (income)	(187)	(251)	(17)	10,745	22,468
Provision for settlement of government claims	2,010	2,010	-	-	-
Provision for inventory losses	321	1,039	264	-	-
Total costs and expenses	140,829	413,937	126,403	145,502	286,960
Earnings before reorganization items, income taxes and extraordinary items	14,056	44,538	28,347	7,638	21,173
Reorganization items	7,740	9,825	29,094	250	1,494
Earnings (loss) before income taxes and extraordinary items	6,316	34,713	(747)	7,388	19,679
Federal and state income taxes (benefit)	4,784	26,295	(203)	2,955	7,871
Earnings (loss) before extraordinary items	1,532	8,418	(544)	4,433	11,808
Extraordinary gain on debt discharge	-	-	20,441	-	-
Net earnings	1,532	8,418	19,897	4,433	11,808
Accrued dividends on redeemable preferred stock	-	-	-	113	233
Net earnings available for common stockholders	\$ 1,532	\$ 8,418	\$ 19,897	\$ 4,320	\$ 11,575

Rotech Healthcare Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, dollars in thousands)

	Predecessor Company		Successor Company
	Nine Months Ended September 30, 2001	Three Months Ended March 31, 2002	Six Months Ended September 30, 2002
Net earnings	\$ 8,418	\$ 19,897	\$ 11,808
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Reorganization items	9,825	29,094	1,494
Depreciation and amortization	77,171	14,986	30,823
Deferred income taxes	1,995	-	(4,447)
Extraordinary gain on debt discharge	-	(20,441)	-
Net change in operating assets and liabilities	(17,994)	(10,198)	19,000
Net cash provided by operating activities	79,415	33,338	58,678
Net cash used by reorganization items	(1,268)	(8,848)	(1,494)
Net cash provided by operating activities and reorganization items	78,147	24,490	57,184
Cash flows from investing activities:			
Purchases of property and equipment	(62,630)	(15,299)	(30,965)
Business acquisitions	-	(100)	(2,903)
Decrease (increase) in other assets	(4,793)	10,131	(363)
Net cash used in investing activities	(67,423)	(5,268)	(34,231)
Cash flows from financing activities:			
Net proceeds from long term borrowings	-	483,040	-
Payments of long term borrowings	-	-	(6,000)
Payments of liabilities subject to compromise	-	(27,932)	-
Net proceeds from sale/lease back of vehicles	-	10,191	-
Distributions to parent company, net	(19,156)	(487,804)	-
Net cash used in financing activities	(19,156)	(22,505)	(6,000)
Increase (decrease) in cash and cash equivalents	(8,432)	(3,283)	16,953
Cash and cash equivalents, beginning of period	15,111	4,970	1,687
Cash and cash equivalents, end of period	\$ 6,679	\$ 1,687	\$ 18,640

Rotech Healthcare Inc.
Condensed Consolidated Balance Sheets
(dollars in thousands)

	Predecessor Company December 31, 2001	Successor Company September 30, 2002 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,970	\$ 18,640
Accounts receivable, net	117,405	99,953
Other accounts receivable	2,283	1,677
Inventories	22,312	23,812
Prepaid expenses	2,955	3,258
Deferred income taxes	24,705	-
Total current assets	174,630	147,340
Property and equipment, net	257,338	217,180
Intangible assets	783,429	2,467
Reorganization value in excess of value of identifiable assets	-	677,533
Other assets	13,299	26,333
	\$ 1,228,696	\$ 1,070,853
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 20,659	\$ 19,882
Accrued expenses	18,855	16,246
Accrued interest	-	3,207
Income taxes payable	-	4,645
Current portion of long term debt	-	2,000
Total current liabilities	39,514	45,980
Liabilities subject to compromise	48,373	-
Due to parent company, net	394,354	-
Deferred income taxes	58,359	7,065
Priority tax claim	-	14,000
Long term debt, less current portion	-	492,000
Commitments and contingencies		
Series A Convertible Redeemable Preferred Stock	-	5,233
Stockholders' equity:		
Common stock	1	2
Additional paid-in capital	565,893	494,998
Retained earnings	122,202	11,575
Total stockholders' equity	688,096	506,575
	\$ 1,228,696	\$ 1,070,853

