

**CONTINUCARE CORPORATION REPORTS
FINANCIAL RESULTS FOR
FIRST QUARTER OF FISCAL 2005**

- Income From Operations Increases 104% -

Miami, FL, November 11, 2004 – Continucare Corporation (AMEX: CNU) today reported financial results for the three months ended September 30, 2004.

For the first quarter of fiscal 2005, total revenue was \$26.8 million compared to \$25.1 million for the first quarter of fiscal 2004. Income from operations during the first quarter of fiscal 2005 was \$1.8 million compared to \$0.9 million for the same period one year ago. Income from continuing operations in the first quarter of fiscal 2005 was \$1.6 million compared to \$2.9 million in the year-ago period, but the amount for the fiscal 2004 period included \$2.2 million of other income that related to the settlement of an alleged Medicare, as discussed below. There was no income or loss from discontinued operations during the first quarter of fiscal 2005 compared to a loss of \$0.4 million in the year-ago period. Net income for the first quarter of fiscal 2005 was \$1.6 million, or \$0.03 per diluted share, compared to a net income of \$2.5 million, or \$0.05 per diluted share, one year ago.

The alleged Medicare obligation that was settled in the fiscal 2004 period related to rehabilitation clinics that were previously operated by a former Continucare subsidiary and were sold in 1999. At Continucare's request, the Centers for Medicare & Medicaid Services reconsidered the alleged liability and, in October 2003, notified Continucare that the liability had been reduced from the originally asserted amount of \$2.4 million to approximately \$200,000.

The discontinued operations reflected in Continucare's financial results for the fiscal 2004 period relate to its former home health operations which were disposed of in a series of transactions completed in the third fiscal quarter of fiscal 2004 and a group of independent physician contracts terminated effective January 1, 2003.

Commenting on the financial results, Richard C. Pfenniger, Jr., Continucare's Chief Executive Officer, said, "We are extremely pleased with our first fiscal quarter results. Revenues increased 7% and income from operations increased 104% as we continued to benefit from higher per member premiums associated with our Medicare Advantage patients resulting from the adoption of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the increased phase-in of the Medicare risk adjustment program. Also, with improved operating profits our cash flow has increased and our financial position continues to strengthen."

Continucare Corporation (www.continucare.com), headquartered in Miami, Florida, is a holding company with subsidiaries engaged in the business of providing outpatient physician care services through managed care, Medicare direct and fee for service arrangements.

Except for historical matters contained herein, statements made in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors and others are cautioned that forward-looking statements are subject to risks and uncertainties which may affect our business and prospects and cause our actual results to differ materially from those set forth in the forward-looking statements. These factors include, without limitation, the risk that the current trend in revenue or income growth may not continue or may be less than anticipated, the risk that the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the Medicare Risk Adjustment on payments we receive for our managed

care operations may not continue to be positive for us, risks relating to the level of payment we receive from governmental programs and third party payors, including any changes that may result from the continuing impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the Medicare Risk Adjustment, uncertainties relating to changes in our revenue mix or claims loss ratio, and the risk that future legislation, changes in governmental regulations, including possible changes in Medicare programs, could impact reimbursements to health care providers and insurers. In addition to the risks set forth above, the forward-looking statements in this press release may also be adversely impacted by our ability to achieve expected levels of patient volumes and control the costs of providing services, pricing pressures exerted on us by managed care organizations, our ability to enter into and renew managed care provider arrangements on acceptable terms, our current dependence on two HMOs for substantially all of our revenues, our current dependence on the information systems of our affiliated HMOs for certain information regarding our revenues and expenses, our ability to attract and retain qualified medical professionals, technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care, delays in receiving payments, increases in the cost of our insurance coverage, including our stop-loss coverage, the possible loss of our insurance coverage, the collectibility of uninsured accounts and deductible and co-pay amounts, Federal and state investigations, litigation for medical malpractice and the outcome of any such litigation; changes in estimates and judgments associated with our critical accounting policies, impairment charges that could be required in future periods, our ability to satisfy our liabilities and respond to our capital needs, general economic conditions and uncertainties generally associated with the health care business. These and other applicable risks, cautionary statements and factors that could cause actual results to differ from our forward-looking statements are included in our annual report on Form 10-K for the fiscal year ended June 30, 2004 and other filings with the SEC. We undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date hereof.

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CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited)	
	Three Months Ended	
	September 30,	
	2004	2003
Revenue:		
Medical services revenue, net	\$ 26,610,444	\$ 24,927,130
Management fee revenue and other income.....	180,595	136,269
Total revenue	<u>26,791,039</u>	<u>25,063,399</u>
Operating expenses:		
Medical services:		
Medical claims	19,016,175	18,806,725
Other direct costs	3,151,253	2,861,583
Total medical services.....	<u>22,167,428</u>	<u>21,668,308</u>
Administrative payroll and employee benefits.....	1,207,565	893,215
General and administrative	1,595,303	1,608,208
Total operating expenses	<u>24,970,296</u>	<u>24,169,731</u>
Income from operations.....	1,820,743	893,668
Other income (expense):		
Interest income.....	3,120	655
Interest expense.....	(248,416)	(245,613)
Medicare settlement related to terminated operations.....	-	2,218,278
Income from continuing operations.....	<u>1,575,447</u>	<u>2,866,988</u>
Income (loss) from discontinued operations:		
Home health operations	-	(438,729)
Terminated IPAs	-	73,091
Loss from discontinued operations.....	<u>-</u>	<u>(365,638)</u>
Net income	<u>\$ 1,575,447</u>	<u>\$ 2,501,350</u>
Basic net income (loss) per common share:		
Income from continuing operations	\$.03	\$.07
Loss from discontinued operations	<u>-</u>	<u>(.01)</u>
Net income per common share	<u>\$.03</u>	<u>\$.06</u>
Diluted net income (loss) per common share:		
Income from continuing operations	\$.03	\$.06
Loss from discontinued operations	<u>-</u>	<u>(.01)</u>
Net income per common share	<u>\$.03</u>	<u>\$.05</u>
Weighted average common shares outstanding:		
Basic.....	<u>50,300,186</u>	<u>42,379,001</u>
Diluted	<u>51,685,339</u>	<u>47,318,412</u>

CONTINUCARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2004	June 30, 2004
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 2,572,656	\$ 720,360
Certificates of deposit, current	71,222	101,515
Other receivables	318,121	423,215
Due from HMOs, net of a liability for incurred but not reported medical claims expense of approximately \$11,259,000 and \$11,450,000, respectively	3,624,587	3,337,293
Prepaid expenses and other current assets	477,444	890,806
Total current assets	7,064,030	5,473,189
Certificates of deposit	30,000	30,000
Equipment, furniture and leasehold improvements, net	555,857	492,054
Goodwill	14,342,510	14,342,510
Managed care contracts, net of accumulated amortization of approximately \$2,157,000 and \$2,069,000, respectively	1,354,655	1,442,858
Deferred financing costs, net of accumulated amortization of approximately \$443,750 and \$222,500, respectively	441,252	662,502
Other assets, net	88,207	100,483
Total assets	\$ 23,876,511	\$ 22,543,596
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 393,863	\$ 504,151
Accrued expenses	1,393,134	1,452,598
Due to Medicare, net	24,447	14,645
Liabilities related to discontinued operations	188,451	208,484
Current portion of related party note payable	8,052	8,052
Current portion of capital lease obligations	81,163	81,163
Deferred revenue	3,000,000	3,000,000
Total current liabilities	5,089,110	5,269,093
Capital lease obligations, less current portion	83,628	101,177
Long-term debt	29,077	29,077
Related party note payable, less current portion	117,717	117,717
Total liabilities	5,319,532	5,517,064
Commitments and contingencies		
Shareholders' equity:		
Common stock; \$0.0001 par value; 100,000,000 shares authorized, 53,296,379 shares issued and 50,300,186 shares outstanding at September 30, 2004 and June 30, 2004 .	5,031	5,031
Additional paid-in capital	69,862,973	69,907,973
Accumulated deficit	(45,886,324)	(47,461,771)
Treasury stock (2,996,193 shares)	(5,424,701)	(5,424,701)
Total shareholders' equity	18,556,979	17,026,532
Total liabilities and shareholders' equity	\$ 23,876,511	\$ 22,543,596

CONTINUCARE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
Three Months Ended
September 30,

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	\$ 1,575,447	\$ 2,501,350
Loss from discontinued operations	—	365,638
Income from continuing operations	1,575,447	2,866,988
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of deferred financing costs.....	356,898	275,983
Medicare settlement related to terminated operations.....	—	(2,218,278)
Changes in operating assets and liabilities, excluding the effect of disposals:		
Prepaid expenses and other current assets	413,362	159,886
Other receivables	105,094	12,902
Other assets.....	12,276	(1,446)
Due from HMO's, net.....	(287,294)	(786,527)
Due to Medicare, net.....	9,802	3,935
Accounts payable and accrued expenses	(169,752)	414,076
Net cash provided by continuing operations.....	2,015,833	727,519
Net cash used in discontinued operations	(20,033)	(118,636)
Net cash provided by operating activities.....	1,995,800	608,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of certificates of deposit.....	30,293	31,050
Purchase of property and equipment.....	(111,248)	(59,869)
Net cash used in continuing operations	(80,955)	(28,819)
Net cash used in discontinued operations	—	—
Net cash used in investing activities.....	(80,955)	(28,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on convertible subordinated notes	—	(68,474)
Payment of fees related to private placement transaction.....	(45,000)	—
Principal repayments under capital lease obligation.....	(17,549)	(19,238)
Net decrease in credit facility	—	(434,388)
Repayments to Medicare per agreement.....	—	(115,699)
Net cash used in continuing operations	(62,549)	(637,799)
Net cash used in discontinued operations	—	—
Net cash used in financing activities.....	(62,549)	(637,799)
Net increase (decrease) in cash and cash equivalents.....	1,852,296	(57,735)
Cash and cash equivalents at beginning of period	720,360	160,743
Cash and cash equivalents at end of period	<u>\$ 2,572,656</u>	<u>\$ 103,008</u>