



## Q2-2011 HOME HEALTHCARE INDUSTRY UPDATE

### KINDRED HEALTHCARE COMPLETES ACQUISITION OF REHABCARE GROUP

In February, Kindred announced plans to acquire RehabCare Group, Inc. and the deal closed in June. RehabCare stockholders received \$26 in cash and 0.471 Kindred shares for each of their shares, bringing the total deal value to approximately \$900 million in cash and stock. Kindred issued about 12 million shares and assumed \$400 million in debt to fund the transaction. Kindred is now the largest post-acute healthcare services provider in the United States. The combined company is the largest provider of rehabilitation therapy services with approximately 1,870 rehabilitation therapy contracts, 224 nursing and rehabilitation centers, 121 LTAC hospitals, and 118 inpatient rehabilitation facilities. Kindred now has approximately 76,000 employees and operates in 46 states. It is estimated that Kindred will now have more than \$6 billion in revenue.

### RECENT TRANSACTIONS

| Month      | Acquirer                    | Target Company                      | Details  |
|------------|-----------------------------|-------------------------------------|--|
| June 2011  | Kindred Healthcare, Inc.    | RehabCare Group, Inc.               | Kindred Healthcare, Inc. completed its previously announced acquisition of RehabCare Group, Inc. for close to \$900 million in cash and stock. Established in 1982, RehabCare Group, Inc. (NYSE: RHB) is a leading national provider of post-acute services and managing rehabilitation programs.  |
| June 2011  | Encompass Home Health, Inc. | Radiant Healthcare Services, LLC    | Encompass Home Health, Inc. has acquired Radiant Healthcare Services, LLC. Radiant Healthcare, founded in 2003, is headquartered in Southlake, Texas, and has branch offices throughout the state. Radiant has approximately 45 patients and 120 fulltime, part-time and PRN employees. The financial terms of the deal were not disclosed.  |
| May 2011   | SunCrest Healthcare, Inc.   | OMNI Home Health Services, LLC      | OMNI Home Health Services, LLC, a portfolio company of MFB Healthcare Partners, has merged with SunCrest Healthcare, Inc., a portfolio company of New MainStream Capital. OMNI is a state-certified Medicare agency delivering exceptional professional medical care in the privacy of a patient's home. SunCrest Healthcare is a home healthcare company providing skilled nursing, physical, occupational and speech therapy, home health aides and medical social services. MFB Healthcare Partners and New MainStream Capital will share ownership of the new company and it will operate out of Coral Springs. The deal created one of the largest providers of post-acute care home health services in the Southeast, with nearly \$200 million in revenue and 75 branches in 10 states. The financial terms of the deal were not disclosed. |
| May 2011   | The Ensign Group, Inc.      | Symbii Home Health and Hospice, LLC | The Ensign Group, Inc. (Nasdaq: ENSG) announced that an Ensign subsidiary, Cornerstone Healthcare, has acquired Symbii Home Health and Hospice, LLC. Symbii Home Health and Hospice is a well-regarded home health and hospice agency based in Sandy, Utah, with branch offices in the cities of Layton and Orem, Utah. Symbii will be operating as a subsidiary of Cornerstone, and allows The Ensign Group to further expand its platform of home health and hospice companies. The specific financial terms of the deal were not disclosed.   |
| April 2011 | CarePoint Partners, LLC     | Premier Infusion                    | CarePoint Partners, LLC has completed its acquisition of Premier Infusion. Premier Infusion was founded in 2000 in Georgia and provides home infusion pharmacy services in Austin, Texas and infusion pharmacy and related nursing services in Atlanta, Georgia. This acquisition marks the 12 <sup>th</sup> for CarePoint Partners, and CarePoint now has twenty-two sites in nine states. The financial terms of the deal were not disclosed.  |
| April 2011 | CarePoint Partners, LLC     | Infusion Technologies, Inc.         | CarePoint Partners, LLC announced that it has acquired Infusion Technologies, Inc, a Florida based provider of specialty injectable pharmaceuticals and quality home infusion and related home healthcare services. The specific financial terms of the deal were not disclosed.   |
| April 2011 | Kindred Healthcare, Inc.    | CareSouth Homecare Professionals    | Kindred Healthcare, Inc. has completed its acquisition of four home healthcare agencies from CareSouth Homecare Professionals, the largest privately held home healthcare company in Georgia. The four home healthcare agencies are located throughout California. The details of the transaction were undisclosed.  |