



Q3-2009 HOME HEALTHCARE INDUSTRY UPDATE

INDUSTRY UPDATE

Merger and acquisition activity continued during the third quarter of the year, with ten transactions announced. However, with health care reform legislation being battled out in Congress, and its ultimate impact on the home health industry uncertain, buyers exercised a cautious approach to acquisitions. The leading publicly-traded providers, for the most part, focused their acquisition efforts on relatively small agencies in Certificate of Need (CON) states. Gentiva Health Services and LHC Group completed two and three acquisitions respectively, with Gentiva expanding its footprint in the CON states of West Virginia, Mississippi, and Alabama, and LHC Group expanding its presence in the CON states of Alabama and Washington, and gaining initial entry into Oregon. Amedisys was active as well, announcing that it was in discussions to acquire an agency in the CON state of New Jersey.

FORMER PROVIDENT CLIENT, ADDUS, FILES FOR IPO

On July 17th, Addus HomeCare Corporation announced that it had filed an initial public offering with the Securities and Exchange Commission (SEC) to sell up to \$69 million in common stock. The filing comes less than three years after Provident Healthcare Partners acted as the Company's exclusive financial advisor in a recapitalization transaction with private equity firm Eos Partners in September 2006. Founded in 1979, Addus HomeCare Corporation provides a broad range of medical and non-medical home care services through more than 120 locations in 16 states. Addus generated net service revenues of \$236.3 million in 2008. Addus common stock is expected to be listed on the Nasdaq exchange under the ticker symbol ADUS.

RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
September 2009	Amedisys	The Home Health Operations of Hackensack University Medical Center	Amedisys announced that it has been in discussions to acquire the home health operations of Hackensack, New Jersey-based Hackensack University Medical Center. The home health agency serves Bergen and Hudson counties and has annualized revenue of approximately \$19 million. The acquisition will serve as Amedisys' initial entry into New Jersey, a CON state.
September 2009	Gentiva Health Services	Rush Home Care (d/b/a Magna Home Health)	Gentiva Health Services announced that it has completed its previously announced acquisition of Rush Home Care (d/b/a Magna Home Health) from Rush Health System. This acquisition adds seven additional counties to Gentiva's service area in Mississippi and Alabama, both of which are CON states.
September 2009	LHC Group	Joint Venture with Three Rivers Community Hospital	LHC Group announced that it has entered into a home health joint venture with Grants Pass, Oregon-based Three Rivers Community Hospital. The acquired agency generated net revenue of approximately \$3.4 million for the most recent twelve month period. The joint venture will serve as LHC's initial entry into Oregon.
August 2009	Sodexo	Comfort Keepers	Sodexo, a French facilities management and food services company, has acquired Dayton, Ohio-based Comfort Keepers, a portfolio company of Webster Capital. Comfort Keepers is a leading provider of non-medical home care services and operates over 600 franchise locations worldwide.
August 2009	LHC Group	Northeast Washington Health Programs Association	LHC Group has entered into a home health business relationship with Northeast Washington Health Programs Association. The home health agency generated net revenue of approximately \$2.5 million during the most recent twelve month period. The relationship will expand LHC Group's presence in Washington, a CON state.
August 2009	LHC Group	Joint Venture with Coosa Valley Medical Center	LHC Group has entered into a home health joint venture with Sylacauga, Alabama-based Coosa Valley Medical Center. The service area of the new joint venture will cover seven counties in Alabama, a CON state. The acquired agency generated net revenue of approximately \$1.1 million during the most recent twelve month period.
July 2009	OMNI Home Care	Certain Assets of Homecare Solutions Group	OMNI Home Care announced that it has acquired certain assets of Boynton Beach, Florida-based Homecare Solutions Group. This acquisition expands OMNI Home Care's presence in the Florida market.
July 2009	Advanced Home Care	Takoma Home Health Services	Advanced Home Care has acquired Greenville, Tennessee-based Takoma Home Health Services, a provider of home health services in six counties in Tennessee, a CON state.
July 2009	Gentiva Health Services	Assets of a Homecare Operation from the Nicholas County Commission	Gentiva Health Services announced that it has purchased the assets of a Medicare-certified home health agency from the Nicholas County Commission, on behalf of the Nicholas County Board of Health in West Virginia. This acquisition expands Gentiva's service area to more than twenty counties in West Virginia, a CON state.
July 2009	WILLCARE	Patient's Choice Homecare	WILLCARE, a portfolio company of Summer Street Capital, has acquired Patient's Choice Homecare. Patient's Choice is a Connecticut-based home healthcare company. This acquisition expands WillCare's presence into the Connecticut market.