



Q3-2011 HOME HEALTHCARE INDUSTRY UPDATE

MARKET UPDATE

In the first week of August, the Centers for Medicare and Medicaid Services announced a final ruling that it will cut Medicare skilled nursing pay by 11.1% or \$3.87 billion in 2012. Despite these cuts, the baby boomer generation is beginning to become eligible for Medicare this year, and home care remains a viable remedy to our country's rising medical cost problem. Skilled Nursing Facilities will likely look to complement their business with ancillary services such as home health, which will lead to a continued amount of consolidation within the industry heading into the fourth quarter of 2011 and into 2012.

NOTEWORTHY TRANSACTIONS

Month	Acquirer	Target Company	Details
September 2011	Summit Partners	CareCentrix, Inc.	Summit Partners has acquired CareCentrix Holdings, Inc. from Water Street Partners. Summit Partners received early termination under the Hart Scott Rodino period to acquire the Company. CareCentrix, which delivers home nursing and home medical equipment to over 10 million individuals, was founded in 1996. Specific terms of the deal were not disclosed.
August 2011	Kindred Healthcare, Inc.	Professional HealthCare At Home, LLC	Kindred Healthcare, Inc. has completed its acquisition of Professional HealthCare, LLC for \$51 million in cash. Kindred purchased Professional HealthCare from Mainsail Partners. Professional HealthCare is a Walnut Creek, California-based home health, hospice, private duty nurse, and durable medical equipment company. This deal shows Kindred's continued interest in acquiring post-acute care service companies in key markets.
August 2011	Harden Healthcare Texas, LLC	Asian American Home Care, Inc.	Harden Healthcare, Texas, LLC, based in Austin, Texas, has acquired Asian American Home Care, Inc.. Asian American Home Care, Inc. is headquartered in Oakland, California and provides services to seniors throughout Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties. Specific financial terms of the deal were not disclosed. Harden Healthcare's acquisition of Asian American Home Care will continue its geographic expansion, as well as produce synergies in the senior home care sector, providing Asian American Home Care with access to resources to continue its growth.
July 2011	Bracor, Inc.	Allstate Homecare of Buffalo Inc.	Bracor, Inc., doing business as Willcare, Inc. has acquired Allstate Homecare of Buffalo Inc. Founded in 1981, Allstate Homecare Of Buffalo, Inc. provides in-home nursing and home care aide services for more than 100 patients in Erie and Niagara counties, with nurses and aides on staff at its offices in Niagara Falls and Williamsville, New York. Willcare provides in-home medical care services in New York, Ohio, and Connecticut. The specific financial terms of the deal were not disclosed.
July 2011	IntegraCare Holdings, Inc.	Outreach Health Services, Inc., Medicare Services Business	IntegraCare Holdings, Inc. has acquired Outreach Health Services, Inc.'s Medicare Services (OMS) business. Outreach is a trusted provider of home care services with over 35 years of service in dozens of communities. With this acquisition, IntegraCare is able to expand its footprint within Texas to over 180 counties and will provide care to over 2,800 patients, and strengthen its leadership position as a prominent home health services agency. The specific financial terms of the deal were not disclosed.

Announced Transactions

August 2011	Almost Family, Inc.	Cambridge Home Health Care, Inc.	Cambridge Home Health Care, Inc. has announced it will be acquired by Almost Family, Inc. for \$32.5 million. Cambridge Home Health Care coordinates home healthcare for physicians, hospitals, managed care organizations and patients of all ages. Services include skilled intermittent home healthcare on a per hour or per visit basis. Upon closing, Almost Family will add 38 offices in Ohio, Pennsylvania and other locations. Almost Family expects to save \$1.5 million in buying Cambridge because of synergies between the companies, but estimates taking on \$800,000 in one time costs over a nine month transition period.
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