



Q4-2011 HOME HEALTHCARE INDUSTRY UPDATE

MARKET UPDATE

With seven noteworthy transactions announced/completed during Q4 2011, it proved to be an active quarter in terms of M&A activity in the home healthcare sector. This is the same trend we have been seeing throughout 2011, as buyers continue to remain interested in home health. The major difference in 2011 in comparison to previous years of rampant consolidation is the lack of deals by some of the largest players, which has to do with the heightened level of scrutiny and oversight into their clinical operations; namely Amedisys, LHC Group, Gentiva, AseraCare, and Vistas. While we expect to see continued consolidation in the home health sector, we will likely see a shift in interest from home health to hospice.

Month	Acquirer	Target Company	Details
December 2011	AccentCare, Inc.	Senior Select Home Health Services, LLC	AccentCare, Inc. has acquired Senior Select Home Health Services, LLC and At Home Companions. Both Senior Select and At Home Companions are market leaders and provide services in the North Texas region. Senior Select, a Medicare-certified home health agency, and At Home Companions, a non-medical, personal care services company, are based in McKinney, Texas. They serve their patients and clients in 8 counties in the Dallas area, including Collin, Dallas, Denton, Fannin, Grayson, Hunt, Rockwell and Tarrant. The financial terms of the deal were not disclosed. AccentCare will now provide home healthcare and personal care services to all major Texas markets.
		At Home Companions	
December 2011	Home Care by Black Stone	Caring Hearts Home Health Care Inc.	Caring Hearts Home Health Care Inc. has been acquired by Home Care by Black Stone. Serving about 1,000 patients, Caring Hearts Home Health Care has annual revenues in excess of \$6.5 million. With this acquisition, it is estimated that Black Stone will reach \$33.5 million annually. The specific financial terms of the deal were not disclosed.
December 2011	Kohlberg & Company, L.L.C.	SouthernCare, Inc.	SouthernCare, Inc. has been acquired by an affiliate of Kohlberg & Company, L.L.C. SouthernCare, Inc. provides long term care and hospice services. Through the financial stability of Kolberg's private equity funds, SouthernCare will now have the ability to accelerate growth both organically and through acquisitions.
November 2011	The Ensign Group, Inc.	Homecare Solutions Inc.	The Ensign Group, Inc. announced that its subsidiary has acquired Homecare Solutions Inc., a Denver, Colorado based home health agency. Homecare Solutions will be operated by a subsidiary of Cornerstone Healthcare, Inc., Ensign's home health and hospice-based portfolio subsidiary. The transaction was an all cash deal, but the specific financial terms of the deal were not disclosed.
November 2011	CareSouth Home Health System, Inc.	Family Care, Inc.	CareSouth Home Health System, Inc. has acquired Family Care, Inc. Family Care, Inc., is one of the largest providers of home healthcare services in Central Virginia. CareSouth Home Health System, Inc.'s acquisition of Family Care, Inc. will expand the company's offerings by integrating Family Care's expertise in personal care services. Financial terms of the transaction were undisclosed.
November 2011	Resurrection Health Care Corporation	Provena Health Corporation	Resurrection Health Care Corporation was acquired by Provena Health Corporation, and the two companies have officially merged. Provena Health Corporation is a catholic health system that operates 6 hospitals, 16 long term care and senior living facilities and 5 home health agencies in Indiana and Illinois. Resurrection Health Care Corporation is a non-profit organization that owns and operates hospital and healthcare centers. The specific financial terms of the deal were not disclosed.

Announced Transactions

November 2011	Humana, Inc.	SeniorBridge Family Companies, Inc.	Humana, Inc. announced that it plans to acquire SeniorBridge Family Companies, Inc. SeniorBridge is a New York-based chronic-care provider best known for providing in-home care for seniors. Humana, Inc.'s acquisition of SeniorBridge Family Companies, Inc. will complement Humana's Tampa Bay-based Humana Cares division. Humana Cares currently provides care management services to the chronically ill, and the addition of SeniorBridge will add a direct care component to Humana's service offerings. The deal is expected to close in the first half of 2012.
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