REHABCARE GROUP INC
Form 425
May 12, 2011

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Investor Presentation
Kindred Healthcare, Inc. (NYSE: KND)
May 12, 2011
Filed pursuant to Rule 425 under the Securities Act of 1933 and deemed filed

pursuant to Rule 14a-12 under the Securities Exchange Act of 1934
Filing Person: Kindred Healthcare, Inc.
Commission File No.: 001-14057
Subject Company: RehabCare Group, Inc.
Commission File No.: 001-14655

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Forward-Looking Statements
Additional
Information
About
this
Transaction

In connection with the pending transaction with RehabCare Group, Inc. (RehabCare), Kindred Healthcare, Inc. (Kindred) has filed with the Securities and Exchange Commission (the SEC) a Registration Statement on Form S-4 (commission file number 333-173050) that includes a joint pr also constitutes a prospectus of Kindred. The registration statement was declared effective by the SEC on April 26, 2011. Kin joint proxy statement/prospectus to their respective stockholders on or about April 28, 2011. WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PENDING TRANSACTION BECAUSE IT CONTAINS IMPORTANT INFORMATION. You may obtain a free proxy statement/prospectus and the other documents filed by Kindred and RehabCare with the SEC may also be obtained for f www.kindredhealthcare.com and clicking on the Investors link and then clicking on the link for SEC Filings or by accessing RehabCare s website at www.rehabcare.com and clicking on the Investor Information link and then clicking on the link for SEC Filings .

Participants
in
this
Transaction
Kindred, RehabCare and their respective directors, executive officers and certain other members of management and employee
respective stockholders in favor of the pending transaction. You can find information about Kindred s executive officers and
statement/prospectus. You can find information about RehabCare s executive officers and directors in its amended Form 10-K
can obtain a free copy of these documents from Kindred or RehabCare, respectively, using the contact information above.
Forward-Looking
Statements
Information set forth in this presentation contains forward-looking statements, which involve a number of risks and uncertainti
that
any
forward-looking
information
is
not
a
guarantee
of
future
performance
and
that
actual
results
could
differ
materially
from
those
contained
in the forward-looking
information. Such forward-looking statements include, but are not limited to, statements about the benefits of the business con
RehabCare,
including
future
financial
and
operating
results,
the
combined company s plans, objectives, expectations and intentions and other statements that are not
historical facts.
The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements
regulatory approvals and the satisfaction of the closing conditions to the acquisition of RehabCare by Kindred, including appro
stockholders of the respective companies, and Kindred s ability to complete the required financing as contemplated by the fina
integrate the operations of the acquired hospitals and rehabilitation services operations and realize the anticipated revenues, eco
productivity gains in connection with the RehabCare acquisition and any other acquisitions that may be undertaken during 201
potential for unanticipated issues, expenses and liabilities associated with those acquisitions and the risk that RehabCare fails t

targets; (c) the potential for diversion of management time and resources in seeking to complete the RehabCare acquisition and
failure to retain key employees of RehabCare; (e) the impact of Kindred s significantly increased levels of indebtedness as a r
Kindred s funding costs, operating flexibility and ability to fund ongoing operations with additional borrowings, particularly i
markets;
(f)
the
potential
for
dilution
to
Kindred
stockholders
as
a
result
of
the
RehabCare
acquisition;
and
(g)
the
ability
of
Kindred to operate pursuant to the terms of its
debt obligations, including Kindred s obligations under financings undertaken to complete the RehabCare acquisition, and the
master lease agreements with Ventas, Inc. (NYSE:VTR). Additional factors that may affect future results are contained in Kin
obligation to update and revise statements contained in these materials based on new information or otherwise.
which
are
available
at
the
SEC s
web
site
at
Many of these factors are beyond the control of Kindred or RehabCare. Kindred and RehabCare disclaim any
copy
of
the
joint
proxy
statement/prospectus
and
other
related
documents
filed
by

Kindred
and
RehabCare
with
the
SEC
at
the
SEC s
website
at
The joint
www.sec.gov.
www.sec.gov.

3
Kindred Overview

4
706
(3)
sites of service,
313
facilities
in

40
states
56,700
(3)
dedicated
employees,
making Kindred
a top-200 private
employer in
the U.S.
(4)
34,400
(3)
patients and
residents
per day
$4.5 billion
(2)
consolidated
revenues
Largest Diversified Post-Acute
Provider in the United States
(1)
(1) Ranking based on revenues.
(2) Revenues for the twelve months ended March 31, 2011.
(3) As of March 31, 2011.
(4) Ranking provided by TMP, Inc.

5
5
$2.0 billion revenues
HOSPITAL
Long-term Acute Care Hospitals
Largest
operator

in
U.S.
89 hospitals with
6,889
licensed
beds
$2.2 billion revenues
Third largest nursing
center
operator
in
U.S.
224 nursing centers with
27,252
licensed
beds
6 assisted living facilities with 413
licensed beds
NURSING CENTER
Nursing and Rehabilitation Centers
$530 million revenues
Second largest contract
therapy
company
in
U.S.
393 external locations served
through 5,970 therapists and
10,500
total
employees
REHABILITATION
People*first*
Rehabilitation
Services
(1)
Revenues
for
the
twelve
months
ended
March
31,
2011
(divisional
revenues before intercompany eliminations).
(2)
Ranking based on revenues.
(3)

As of March 31, 2011.
Kindred s Market Leading Businesses
(2)
(2)
(2)
(3)
(3)
(3)
(3)
(1)
(1)
(1)

6
Provide superior clinical outcomes and quality care with an approach which is patient-centered, disciplined and transparent
Lower cost by reducing lengths of stay in acute care hospitals and transition patients home at the highest possible level of function
Reduce rehospitalization through our integrated and interdisciplinary care management teams and protocols

Kindred s Value Proposition and
Our ContinueThe Care Campaign

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8
Investment Rationale
Each year, nearly 9 million people
23,000 a day
are discharged from
short-term acute care hospitals that require some form of post-acute care
As the largest diversified post-acute provider, Kindred is uniquely positioned

to grow and succeed in what will be an increasingly integrated healthcare delivery system

Kindred has a track record of providing quality, cost-effective care, operational excellence and consistent levels of free cash flows

Our platform and infrastructure, together with our successful organic development and opportunistic M&A strategy, offer the potential for creating significant value for shareholders

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RehabCare
Transaction Overview

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RehabCare Group Acquisition
Transaction Update
Transaction has received all material Federal
government approvals

Joint

proxy
statement
was
made
effective
April
26
th
Commitments have been obtained for $1.35 billion of
senior secured financing

$550.0 million unsecured notes offering remaining
Kindred and RehabCare shareholder meetings to
approve the merger have been scheduled for late May
Integration
and
synergy
plans
progressing
well
-
high
degree of enthusiasm at both companies for the
combination of our respective businesses
Both companies' strong performances in Q1 provides
substantial momentum as we approach the closing

11
~$35
/
share
total
($26
/

share
in
cash;
~$9
/
share
in
Kindred
stock)
(1)
$1.3 billion total consideration, including assumption of net debt
Transaction Overview
Consideration
Accretion
Synergies
Kindred and RehabCare have announced a transaction whereby Kindred will acquire RehabCare for ~$35/share
Transaction
Substantially accretive to Kindred s earnings and operating cash flows
$40 million in identified annual cost and operating synergies
Full run-rate achieved within two years ($25MM achieved first year)

Excluding one time costs
Committed financing from J.P. Morgan, Morgan Stanley and Citi
Financing
Expected Close
By June 30, 2011
1)
Based on a fixed exchange ratio.

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Transaction Overview
J.P. Morgan, Morgan Stanley and Citi have committed $1.9Bn in debt financing
Key Capital Considerations
Maintain strong balance sheet, liquidity and financial flexibility (approximately $350MM undrawn revolver capacity at close)
Sources and Uses

(1)
($MM)
Sources
% of Total
$600MM ABL Revolving Credit Facility
$264
15%
Term Loan B
700
39%
Less original issue discount on Term Loan B
(7)
(1%)
Senior Unsecured Notes
550
31%
Equity
Consideration
(3)
288
16%
Total Sources
1,795
100%
Uses
% of Total
Purchase RehabCare Equity (~$35/share)
951
53%
Retire RehabCare Debt
369
21%
Retire Kindred Debt
350
19%
Other
125
7%
Total Uses
1,795
100%
Pro-Forma Capitalization
(1)
($MM)
2011E
(2)
New Borrowings
1,600
Total Debt
1,600

Revenue
EBITDA
(4)
Rent Expense
EBITDAR
(4)
Total Debt / EBITDA
Adjusted Debt
(5)
/ EBITDAR
1)
Sources
and
Uses
is
as
of
3/31/11.
Pro-Forma
Capitalization
is
based
on
borrowings
expected
at
closing.
Figures
may
not
add
due
to
rounding.
2)
2010PF figures reflect full year run rate of 2010 Kindred acquisitions ($157MM in revenue, $44MM in EBITDAR, $7MM in r
include the results of discontinued operations (inpatient rehabilitation facility in Miami). 2011 figures display low and high en
1/1/11.
3)
Based on a fixed exchange ratio.
4)
2010PF and 2011E includes $25MM of run rate synergies.
5)
Calculated with 6.0x cap rate.
6,200
6,200
470
487
422
422

892
909
3.4x
3.3x
4.6x
4.5x
5,846
445
414
859
3.6x
4.8x
1,600
1,600
2010PF
(2)

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Kindred and RehabCare will be the Premier Rehabilitation and
Post-Acute Provider in the United States
(1)
RehabCare states include LTAC and IRF locations. Beds include LTACs and freestanding IRFs. Kindred facilities include own
(2)
Includes the full year benefit of all of the acquisitions Kindred has closed in 2010 ($157MM Revenue and $37MM EBITDA b

(3)
Includes $25MM of run rate synergies.
(4)
Revenue excludes the effect of Kindred intercompany eliminations. EBITDA includes intercompany eliminations in Kindred s
Metrics
Kindred
Kindred + RehabCare
Focus
SNF, LTAC and Contract Rehab
SNF, LTAC and Contract Rehab
Scale
(1)

States

Facilities

Beds

2010 Revenue (Pro Forma)

2010 EBITDA (Pro Forma)
40
322
34,792
$4,517MM
(2)
$254MM
(2)
RehabCare
Contract Rehab and LTAC
42
34
1,788
$1,349MM
$166MM
46
356
36,580
$5,866MM
(2)
$445MM
(2)(3)
Payor Mix (09)
Business
Mix:
EBITDA
(10)
(2)
Contract Rehab

SNF
LTAC
Medicaid
Medicare
Commercial
LTAC
SRS
LTAC
SRS
HRS
Medicaid
2%
Medicare
LTAC
SNF
HRS
LTAC
SNF
HRS
Commercial
Medicaid
Medicare
Business
Mix:
Revenue
(10)
(2)(4)
SNF
LTAC
HRS
Contract Rehab
Contract Rehab
Contract Rehab
Commercial
47%
42%
11%
39%
48%
13%
45%
35%
3%
17%
29%
13%
58%
52%
27%
21%

11%
8%
62%
19%
40%
24%
36%
69%
29%
51%
20%
29%

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Kindred and RehabCare Combined Presence
Kindred Hospitals
Kindred Nursing and Rehabilitation Centers
RehabCare Hospitals
Acute Rehabilitation Units
Existing Cluster Market

Potential New Cluster Market
Transaction enhances Kindred s Cluster Market Strategy

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Leading Position in Attractive Growing Businesses
(1) Includes 1,112 facilities from RehabCare and 696 facilities from Kindred.
Multiple earnings streams, multiple avenues for growth
PF Kindred
116
3

5
94
8
8
7
5
2
0
20
40
60
80
100
120
140
13
10
97
121
Freestanding
Hospital Based
207
324
277
227
226
223
0
50
100
150
200
250
300
350
Number of Facilities
315
300
200
108
1,808
1,000
900
471
450
342
471
700
700
1,493

0
500
1,000
1,500
2,000
Third Party
Affiliated
(1)
12
6
15
18
19
111
118
0
20
40
60
80
100
120
140
Number of Facilities
#1 Operator of Hospital Based and Freestanding IRFs
#4 Operator of Skilled Nursing and Rehab Centers
#1 Contract Rehab Manager
#1 Operator of Long-Term Acute Care Hospitals

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Strategic Rationale

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Strategic and Financial Rationale
Unparalleled combined service offering
No. 1 IRFs, LTACs and SNF Rehab management contracts; No. 4 standalone SNFs
Expands relationships with acute care networks through RehabCare s IRFs and JV relationships
Long-term growth prospects supported by strong demographic trends

Leading position in
attractive growing
markets
Well Diversified
Product Offering
Experienced
Management Team
Well positioned to take advantage of the changing healthcare landscape
Strong service offering in post-acute continuum strengthens cluster strategy
Increases facility diversification, potentially creating future cluster locations
Solidifies Kindred's leadership in improving patient care while
decreasing healthcare spending
Average
industry
tenor
of
the
management
team
of
16
years
and
10
years
at
Kindred
Successfully grown revenue and EBITDA by 88% and 235% respectively since 2000
Recognized as the leading post-acute management team in the market
Pro Forma Kindred will be the post-acute leader with an enhanced financial profile
Focus on adding high quality real estate to the balance sheet
Acquisitions, development of state-of-the-art LTACHs and Transitional Care Centers (TCCs)
Book value of PP&E is approximately $1 billion
Significant cash flow generated by assets that are unencumbered by leases
Strong Asset Base
Strong FCF
Strong free cash flow and ability to delever
Proven
ability
to
successfully
operate
and
grow
free
cash
flow
in
a
highly

regulated
environment
Superior cash management through lean working capital

18
Rapidly Changing Post-Acute Market
Multiple Patient Discharge Destinations
SOURCE: RTI, 2009: Examining Post-Acute Care Relationships in an Integrated Hospital System

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Positioned to Take Advantage of
Changing Healthcare Landscape
Uniquely Positioned For Bundled Or Episodic Payment Environment
HOME
SKILLED
NURSING

FACILITIES
HOSPICE
HOME
HEALTH
CARE
OUTPATIENT
REHAB
ASSISTED
LIVING
ACUTE CARE
HOSPITALS
TRANS
TRANS
CARE
CARE
ICU
ICU
IN-PATIENT
REHAB
LTACs
FREESTANDING/ HIH
Patient Illness Severity
SAU
SAU
ADULT DAY
CARE
TCC
&
TCU

Continue The Care

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Transaction Enhances Financial Profile

(1) Standalone Kindred growth analysis compares 2011 guidance issued on 12/15/10 relative to 2010 standalone performance p

Pro
forma
Kindred
growth

analysis compares pro forma 2011 guidance relative to 2010 pro forma results, in each case assuming the RehabCare acquisition occurred on the first day of each respective year and includes first year run rate synergies in both 2010 and 2011 figures. 2011 margin figures per guidance midpoint and compares standalone

2011
guidance
issued
on
12/15/10
relative
to
pro
forma
2011
guidance.
2011
pro
forma
guidance
reflects
the
combined
business
as
if
the
transaction
closed
on
1/1/11
and
includes
first
year
run
rate
synergies.
EBITDAR Growth
(1)
2010
2011
3.5
5.1
2.0
4.0
6.0
Standalone Kindred
Pro Forma Kindred
(%)
EBITDA Growth
(1)
2010
2011
6.1

7.9
3.0
5.0
7.0
9.0
Standalone Kindred
Pro Forma Kindred
(%)
EBITDA Margin
(1)
2011
5.6
7.7
0.0
2.0
4.0
6.0
8.0
Standalone Kindred
Pro Forma Kindred
(%)
Net Income Margin
(1)
2011
1.3
1.7
0.0
0.6
1.2
1.8
Standalone Kindred
Pro Forma Kindred
(%)
Enhances Kindred s growth and operating margin profiles

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Transaction Reduces Rent and
Fixed Charge Burden
Declining Rent Burden
Enhanced Margin Profile
RehabCare operates a less capital-intensive business model, driving
higher pro forma returns on assets

(1)
Midpoint of guidance issued 12/15/10.
(2)
Midpoint of pro forma guidance which reflects combined business as if the transaction closed 1/1/11.

2011 Operating Leverage
($MM)

	Kindred (1)	Pro Forma (2)
Revenue	$4,800	$6,200
EBITDAR	640	899
% Margin	13.3%	14.5%
Rent	370	423
% Margin	7.7%	6.8%
EBITDA	270	476
% Margin	5.6%	7.7%
D&A	140	185
% Margin	2.9%	3.0%
EBIT	130	291
% Margin	2.7%	4.7%

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Growing Portfolio of Owned Real Estate
16
Facilities
44
Facilities
0

10
20
30
40
50
2006
Current Kindred
Kindred has been focused on adding high quality real estate to balance sheet

Acquisitions

Development of state-of-the-art LTACHs and TCCs

Exercise of in-the-money purchase options
Own 17 hospitals; 25 nursing centers and 2 assisted living facilities
Combined company has total PP&E book value of approximately $1billion
Kindred expects pro forma stabilized EBITDA
(1)
of approximately $111 million from owned real estate
(1) Only includes Kindred facilities

23
Transaction Provides
Significant EPS and Cash Flow Accretion
Low End of
Guidance
Pro-Forma
Impact

Mid Point
High End of
Guidance
2011 EPS Pro-Forma
Impact
$
%
$0.50
$0.52
$0.55
34%
34%
34%
2011 EPS
Prev
(1)
Pro-Forma
(2)
$1.45
$1.53
$1.60
$1.95
$2.05
$2.15
(1)
Previous guidance shown is Kindred standalone guidance issued on 12/15/10.
(2)
2011 guidance reflects the combined business as if the transaction closed on 1/1/11.

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Strong Free Cash Flows
3.5
4.3
4.2
3.9
4.4

0.0
2.0
4.0
6.0
2006
2007
2008
2009
2010
Stand Alone Kindred
(x)
Historical
Adjusted
Debt
/
EBITDAR
(1)
(1)
Calculated with 6.0x cap rate.
(2)
Per guidance midpoint, issued 12/15/2010.
(3)
2011 guidance reflects the combined business as if the transaction closed on 1/1/2011.
Cash Flow Profile
Kindred has operated comfortably with a levered balance sheet
Routine CapEx
declines as a % of revenue, improving free cash flow profile
2011 Kindred Guidance
Stand Alone
(2)
Pro Forma
(3)
($MM)
Low
High
Low
High
Revenue
4,800
4,800
6,200
6,200
EBITDA
265
275
470
487
(-) Interest
26
26

118
118
(-) Taxes
40
44
66
73
Cash Flow
199
205
286
296
Cash Flow Margin
4.1%
4.3%
4.6%
4.8%

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Kindred Has a History of Successfully
Integrating Acquisitions
April 2002:
Specialty Healthcare
Services (6 hospitals)
March 2005:

Pharmacy
Partners (2
pharmacies)
April 2005:
Skilled Care (2
pharmacies)
November 2005:
RXPERTS, Inc.
(1 Pharmacy)
August 2007:
The Greens Post-
Acute
Rehabilitation
Center
Fountains On the
Greens (Assisted
Living Facility)
October 2007:
Professional
Therapy Solutions
2002
2003
2005
2006
2007
2008
2009
2010
February 2006:
Commonwealth Communities
Holdings (6 Hospitals, 11 NCs
and 4 ALFs)
November 2010:
Five LTACHs
from Vista
Healthcare
April 2010:
Stratford
Commons (NC
and ALF)
September 2010:
3 Texas NCs
November 2010:
Signature Health
Services
2004
July 2007: (Spin-off)
Kindred and AmerisourceBergen
combine their institutional pharmacy
businesses to form Pharmerica Corp.

November 2004:
First Stop of Iowa
(1 pharmacy)
August 2006:
EconoMed
(1 Pharmacy)
ValueScript
(1 Pharmacy)
PharmaStat
(1 Pharmacy)
July 2009:
Acclaim
Hospice

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Reimbursement Update

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Kindred Medicare Reimbursement Update

On April 19, CMS proposed FY 2012 LTAC PPS rates that CMS projected would increase payment rates to LTACs by 1.9%. The increase would take effect October 1, 2011. Kindred estimates that the impact of these proposed changes would result in an approximate 0.5% increase in payments to the Company's hospitals

CMS issued a proposed rule on April 28 regarding Medicare payments for skilled nursing centers for FY 2012. The rule proposed two options for updating payment rates:

Option one would address potential overpayments related to the transition to the new RUGs IV system by reducing payments by a projected 11.3%

Under option two, nursing centers would receive a 1.5% rate increase, effective October 1, 2011, while CMS continues to collect more data regarding the implementation of the RUGs IV system

CMS further proposed to define group therapy as therapy sessions with four patients who are performing similar therapy activities

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Kindred Medicare Reimbursement Update (cont.)

The proposed skilled nursing rule offers two alternatives for a potential parity adjustment, one of which recognizes that three months of data may be insufficient to arrive at an accurate calculation

Kindred strongly supports an approach that ensures adequate data before arriving at definitive conclusions on appropriate rates

Kindred has experienced a 4.2% decline in Medicare average length of stay from 2008-2010 and a 2.4% decline in the first quarter of 2011 compared to the same period last year

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% Change in Key Measures, 2008 -
2010
11%
9%
7%
-4%

-5%
0%
5%
10%
15%
2008
2010
Medicare Rate PPD
Operating Cost PPD
Medicare Case Mix Index
Medicare Length of Stay (days)
Kindred SNF cost and
case mix severity
increases have kept pace
with Medicare rate
increases. Significant
declines in Length of
Stay restrain both margin
expansion and Medicare
spending under the PPS
system.
Nursing and Rehabilitation Centers

30
9% increase in Medicare CMI from 2.83 to 3.09
4% Decrease in Medicare LOS from 33.9 to 32.5 days
32.0
34.0
36.0
38.0

2008
2010
2.65
2.75
2.85
2.95
Length of Stay (days)
Case Mix Index
32.0
32.5
33.0
33.5
34.0
Sep-10
Dec-10
2.75
2.85
2.95
3.05
3.15
Length of Stay (days)
Case Mix Index
7% increase in Medicare CMI from 2.70 to 2.88
4% Decrease in Medicare LOS from 35.5 to 34.0 days
Kindred SNF Medicare Case Mix Severity has increased significantly and Length of Stay has declined. (2008
2010 & 4th Quarter 2010)
Nursing and Rehabilitation Centers (cont.)

6%
8%
10%
11%
27%
24%
15%
1%
67%

68%
75%
88%
0%
100%
Total Group %
Total Concurrent %
Total Individual %
2010 Medicare Part A
Therapy Minutes / RUG Day
Q1
Q2
Q3
Q4
69
70
71
71
Kindred maintained the same level and intensity of Rehab Services for patients pre and post RUG IV, primarily through providing more individual therapy (at a higher cost) and increasing therapist time spent with patients (versus administrative time).
Nursing and Rehabilitation Centers (cont.)

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Financial Update

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Kindred Financial Update Q1 2011

Company reported strong results of $0.55 per diluted share

Reported results included charges of $0.10 per diluted share, primarily related to pending RehabCare transaction

Excluding certain charges in both periods, diluted earnings per share rose 48% from Q1 of 2010

Consolidated revenues grew 9% to $1.2 billion
Each operating division reported revenue growth as compared to
Q1 of 2010
First quarter operating income for the hospital division grew 14% to
$108 million
Strong admissions and higher Medicare and managed care volumes drove
nursing center growth in operating income of 24% to $87 million

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Kindred Financial Update Q1 2011
(cont.)
People*first*
Rehabilitation revenues grew by 21% to
$145 million
Division reported $15 million in operating income

Operating cash flows grew to $46 million for the quarter, up $60 million from last year's first quarter
Accounts receivables days outstanding declined to 49.8 days at March 2011, down from 54.4 days at March 2010
Long-term debt declined by $15 million during the quarter

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RehabCare Group Financial Update Q1 2011
RehabCare net earnings per diluted share increased 20.3% year over year to $0.71
$0.12 per diluted share of transaction related expenses were included in the Q1 2011 results
Hospital division EBITDA margin improved to 17.6% from 12.9% a year

ago
Skilled Nursing Rehabilitation Services division operating earnings margin in line with expectations
Hospital Rehabilitation Services division delivered operating earnings margin of 18.7%
Cash flow from operations allows RehabCare to pay down debt by $18 million in the quarter

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Investment Considerations

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Track record for operational success based on commitment to quality, service excellence and a disciplined approach to the business

Experienced management team, robust technology platform, processes and systems, and a demonstrated ability to adapt to change

Growing businesses through disciplined organic development and acquisition strategies

Strong cash flows with financial flexibility to finance acquisitions and development activities
Well positioned to succeed in changing post-acute landscape
Investment Considerations

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Investor Presentation
Kindred Healthcare, Inc. (NYSE: KND)
May 12, 2011

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Appendix

40
Agency Ratings
Corporate Family
Term Loan B
Moody s
Investors
Service

(1)
B1
Ba3
Standard and
Poor s
(2)
B+
B+
(1)
Release dated March 14, 2011
(2)
Release dated March 11, 2011

41
Reconciliation of Non-GAAP Measures
Year ended December 31,
Operating income (loss):
2006
2007
2008

2009
Hospital division
Nursing center division
Rehabilitation division
Pharmacy division
Corporate:
Overhead
Insurance subsidiary
Transaction costs
Operating income
Rent
Depreciation and amortization
Interest, net
Income before income taxes
Income taxes
Income from cont. ops.
$ Millions
2010
First
Quarter
2010
First
Quarter
2011
$383
239
30
49
(157)
(7)
(164)
-
537
(289)
(115)
1
134
53
$81
$365
295
34
18
(168)
(7)
(175)
-
537
(338)
(118)

(1)
80
37
$43
$346
322
38
-
(133)
(7)
(140)
-
566
(339)
(120)
(8)
99
39
$60
$364
305
51
-
(135)
(6)
(141)
-
579
(348)
(126)
(3)
102
39
$63
$360
304
53
-
(134)
(3)
(137)
(5)
575
(357)
(122)
(6)
90
34
$56
$96

70
15
-
(34)
-
(34)
(1)
146
(89)
(31)
-
26
11
$15
$108
87
15
-
(38)
(1)
(39)
(4)
167
(91)
(33)
(5)
38
16
$22

42
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