

# COMBINING OUR STRENGTHS

November 12, 2014



## Greetings,

We are incredibly excited to reach out to you today following the announcement that Kindred and Centerre will be combining our two strongly aligned companies.

We want to welcome you on a journey to create the leading provider of integrated care that creates a more seamless experience for patients by delivering the services they need across the full continuum of care – from the hospital to the home.

We know that our companies share an aligned vision to drive mission, culture and values in everything we do. Our collective commitment to serve patients with the highest quality of care comes through in the incredible outcomes both our companies are producing.

As we've undergone the process leading up to today's merger announcement, we have been deeply impressed with your dedication, hard work, quality outcomes, and the highly regarded business that each of you have helped build. Additionally, we strongly believe that this combination provides significant benefit to our patients and employees. We are very excited now to move forward together.

We appreciate Centerre's strong reputation for high-quality clinical outcomes – such as FIM gain and discharge to community. Both of our companies have a

history of outperforming national benchmarks in these areas, which is essential to restoring our patients to their prior level of function and getting patients home more quickly. We also admire the partnerships you have developed and nurtured with some of the nation's premier hospitals and health systems. By bringing our two strongly aligned companies together, we will ensure that we are able to deliver on our Mission and provide hope, healing and recovery for our patients and provide solutions to our hospital and referral partners.

We also believe that the breadth of Kindred's post-acute services will provide new training, management opportunities and professional development as well as exciting career paths for therapists, nurses, physicians and other clinicians. We are dedicated to offering leadership development programs to train tomorrow's leaders today!

Kindred's **Continue The Care** strategy delivers the services that patients need across the full spectrum of care, from inpatient hospital and acute rehabilitative care, to post-acute skilled nursing and rehabilitation services, to home health, community-based and hospice care. Inpatient Rehabilitation Hospitals are an essential part of this strategy because they facilitate rapid recovery and return home through collaborative medical and rehabilitative care. Combining Kindred and Centerre will enhance our ability to best meet each patient's need in the right setting at the right time – and

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build upon our shared inpatient rehabilitation hospital expertise throughout our integrated care services.

The merger of Kindred and Centerre, which we expect to complete in the first quarter of 2015, accelerates the development of this integrated approach to patient care, creating significant value for both companies' patients and hospital partners. The addition of Centerre's portfolio to Kindred's five inpatient rehabilitation hospitals, and the 102 hospital-based acute rehabilitation units (ARUs) (certified as IRFs) managed by Kindred's RehabCare division, will solidify our combined company as one of the largest operators of inpatient rehabilitation in the nation.

With this acquisition, Kindred will establish a rehab growth platform to be known as Kindred Hospital Rehabilitation Services, which will combine the strengths of RehabCare (Kindred's Rehabilitation Division), Kindred's freestanding Rehabilitation Hospitals and Centerre. Kindred Hospital Rehabilitation Services, will be guided by a shared set of core competencies focused on providing the highest quality, clinical outcomes and patient satisfaction as well as improved care transitions to home for patients in need of intensive rehabilitation.

Our combined company will be the industry leading provider of Integrated Care in the United States. When the transaction is finalized, we will embrace the best practices of both organizations, which we expect will create exciting opportunities for employees.

During this merger process, we are committing ourselves to provide you with timely and transparent communications. We have created an email address where you can send any questions: [CenterreCombiningOurStrengths@kindred.com](mailto:CenterreCombiningOurStrengths@kindred.com). We will address any questions you may have in ongoing Combining Our Strengths communications that we will send out regularly.

Together we will advance our strategy, Mission and shared values. We look forward to meeting as many of you as possible in the weeks and months ahead and we thank you for your focus on making this combination a success.

Thanks for all you do.

*Warm Regards,*



Ben Breier  
President and COO of  
Kindred Healthcare



Pat Henry  
President of RehabCare



Jason Zachariah  
Senior Vice President,  
Hospital Rehabilitation Services

# Q&A

## **Q. Why have we decided to combine these two companies?**

A. We believe that by joining together, we can create the leading provider of integrated care that places us at the center of population health management and value-based payment trends in local markets. We know that our companies are well aligned in our Missions and in our collective commitment to serving patients in the best way possible in order to create excellent clinical outcomes, recovery and return home.

## **Q. What will the company look like after the transaction is complete?**

A. The combination will enhance Kindred's position as the nation's premier provider of integrated post-acute care. The addition of Centerre's portfolio to Kindred's five Inpatient Rehabilitation Hospitals and its 102 hospital-based acute rehabilitation units (ARUs) (certified as Inpatient Rehabilitation Facilities) managed by Kindred's RehabCare division, will make Kindred one of the largest operators of inpatient rehabilitation facilities in the nation. The combined Inpatient Rehabilitation Services business will operate 118 locations in 36 states.

## **Q. What changes will Centerre patients notice?**

A. Your patients will see no change in the care and rehabilitation delivered to them each day. As long as we all focus on the importance of continuing to deliver quality services to the patients we treat, our businesses, and the recovery we make possible will remain the bedrock of our foundation.

## **Q. What changes will Centerre employees notice?**

A. At the field level there will be little to no change. When the transaction is finalized, the combined company will embrace the best practices of both organizations, which we expect will create exciting opportunities for many employees – including new career paths, training, and professional development.

We have already begun forming integration teams to help plan for the combination and we intend to work closely with the entire Centerre management team to achieve a seamless integration of our two organizations.

## **Q. What will happen to the Centerre headquarters in Franklin, TN?**

A. The headquarters of the combined company will be located in Louisville, KY. However, the combined company will maintain a significant presence in Franklin.

## **Q. What other opportunities will this transaction create for employees?**

A. When the transaction is finalized, the combined company will embrace the best practices of both organizations, which we expect will create exciting career opportunities for many employees. Kindred has demonstrated a history of investing in its employees through educational, and professional and leadership development opportunities that will continue in the combined company.

## **Q. When will the transaction be final?**

A. The completion of the proposed acquisition is subject to the receipt of certain regulatory and other approvals. The companies expect the closing of the transaction to occur in the first quarter of 2015.

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**Q. When will Centerre employees receive updates?**

A. We have created an email address where you can send any questions: [CenterreCombiningOurStrengths@Kindred.com](mailto:CenterreCombiningOurStrengths@Kindred.com). This email address will be monitored by our communications group on an ongoing basis and will be responded to by senior leadership. We will address any questions you may have in ongoing Combining Our Strength communications that we will send out regularly.

**Q. What should I do during the transition?**

A. This does not change anything that you do each day. Please continue to act with the same dedication and focus that you always have as you deliver compassionate care to your patients.

*Until closing we need to continue to act independently. Do not coordinate your actions with theirs or share any competitively sensitive information with them without guidance from legal counsel. From a legal and business perspective, it is critically important to maintain Centerre's business as completely independent from Kindred's until the closing is complete.*