

Overview of the Hospice Care Market

October 2009

Brocair Partners Industry Survey Series

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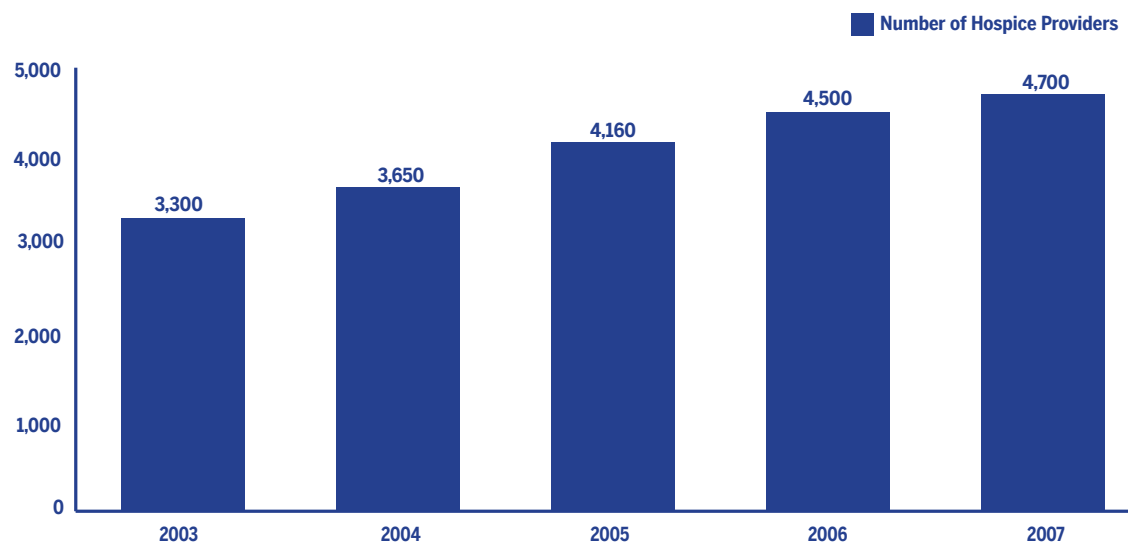
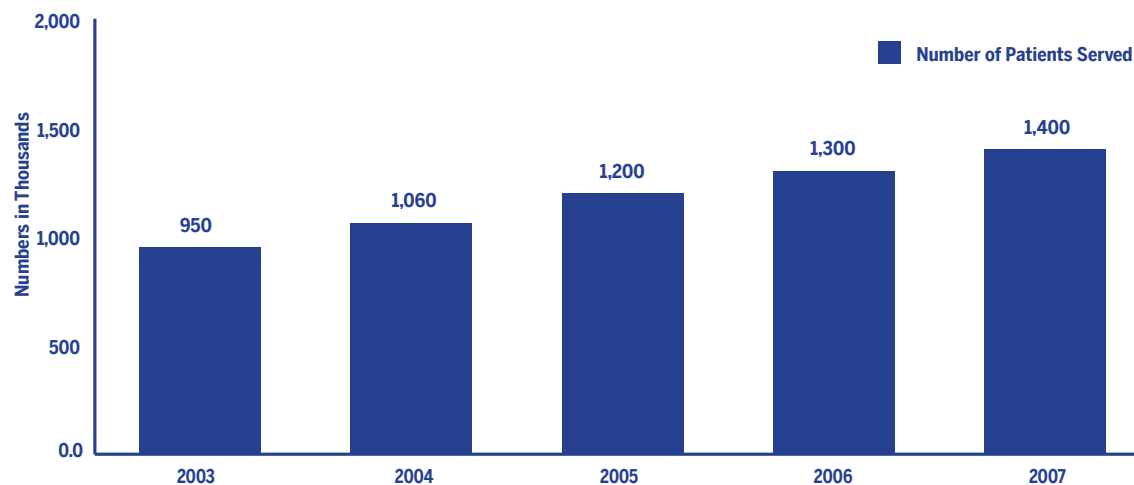
Sources for information within the report include Capital IQ; Google Finance; public company filings; x-rates.com; and company websites.

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1. Market Overview

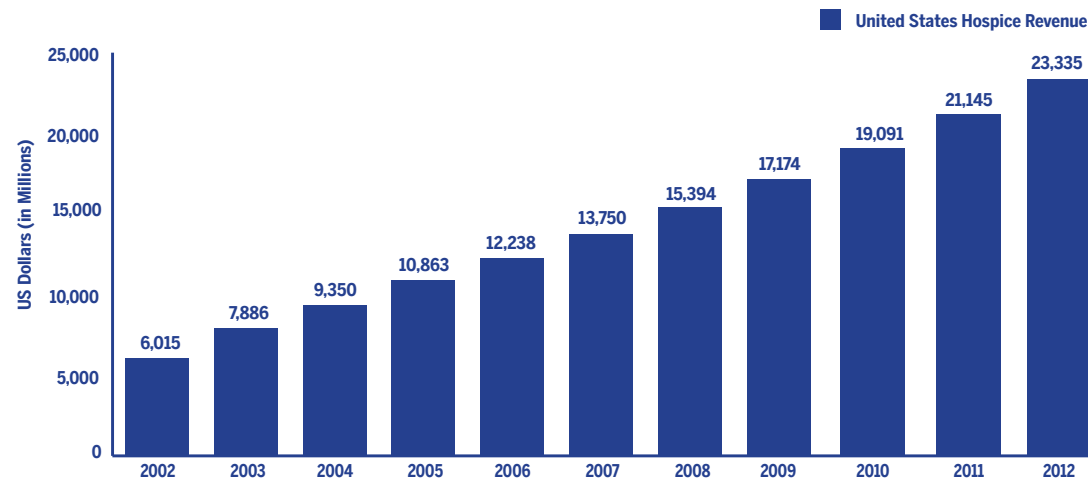
Hospice is a special concept of care designed to provide comfort and support to patients in the final phase of a terminal illness and to focus on comfort and quality of life, rather than cure. In 2007, an estimated 1.4 million patients received services in approximately 4,700 hospice care facilities across the U.S.¹



¹ NHPCO Facts and Figures: Hospice Care in America, National Hospice and Palliative Care Organization, October 2008.

1. Market Overview (cont'd)

The U.S. market for hospice care totaled more than \$13.7 billion in 2007 and is still growing due to rising patient utilization as well as annual price increases. It is projected that by 2012, total U.S. hospice revenues will exceed \$23.3 billion². Currently, the U.S. hospice market is extremely fragmented, where some of the agencies focus exclusively on hospice care, while other nursing and home-care companies include hospice programs as part of their diverse operations.



In 2007, the average length of hospice service was 59.8 days and the average cost per patient totaled about \$9,200³. The sources of payments for hospice care include Medicare and Medicaid benefits, private insurance and self-pay. In 2007, the percentage of patients covered by Medicare and Medicaid was 83.6% and 5.0% respectively, indicating that the market is highly dependent upon government regulations and the level of participation in these programs.

In 1982, Medicare began to provide reimbursement of hospice care services. However, the number of hospice care programs that were registered for benefits under Medicare expanded significantly only after a Congressional mandate increased reimbursement rates in late 1980s. More than 3,000 hospice providers were certified by the Centers for Medicare and Medicaid Services (CMS) in 2007⁴.

Hospice care industry is regulated differently from country to country. In Europe, the industry is still developing and in many cases national governments lack federal norms to regulate the practice. For example, the Dutch, French and Russian governments do not recognize hospice care as a medical specialty⁵.

² Long Term Care Markets, Kalorama Information, July 2008.

³ Long Term Care Markets, Kalorama Information, July 2008.

⁴ NHPCO Facts and Figures: Hospice Care in America, National Hospice and Palliative Care Organization, October 2008

⁵ EAPC Task Force on the development of Palliative Care in Europe

2. Hospice Care Selected Competitive Matrix



Table 1: Selected Hospice Care Companies Matrix by Geographic Location

Companies	New England	Mid Atlantic	South East	South	Great Lakes	South West	Great Plains	Rocky Mountains	Pacific	Non US
Allegiance Hospice Group, Inc.	█									
Amedisys, Inc.	█	█	█	█	█	█	█	█	█	
American Hospice Management, LLC		█	█			█				
Beacon Hospice, Inc.	█									
Britthaven, Inc.			█	█						
Carespring Health Care Management, LLC				█	█					
Chemed Corp.	█	█	█		█	█			█	
Countryside Hospice Care, Inc.			█	█						
Delmar Gardens Enterprises, Inc.			█				█	█		
EPOCH Senior Living, Inc.	█									
Fairmont Rehabilitation Center, LLC	█	█	█	█	█	█	█	█	█	
Five Star Quality Care, Inc.	█	█	█	█	█	█	█	█	█	
Gentiva Health Services, Inc.			█	█						
Golden Living Centers	█	█	█	█	█		█		█	
Gruppo Salute Sicilia										█ Italy
Harbor Light Hospice			█		█				█	
Hope at Home, Inc.								█		
Hospice Advantage, Inc.			█	█	█		█			
Hospice Compassus		█	█	█	█	█	█			

2. Hospice Care Selected Competitive Matrix (cont'd)



Companies	New England	Mid Atlantic	South East	South	Great Lakes	South West	Great Plains	Rocky Mountains	Pacific	Non US
Integracare Home Health Service, Inc.										
LHC Group, Inc.										
Lighthouse Hospice										
Medicalodges, Inc.										
National HealthCare Corporation										
Odyssey HealthCare, Inc.										
Qualicare										Canada
Regency Hospice										
Skilled Healthcare Group, Inc.										
SouthernCare, Inc.										
Sun Healthcare Group, Inc.										
Sunrise Senior Living, Inc.										Canada, Germany, UK
Guardian Home Care Holdings, Inc.										
UnitedHealth Group, Inc. (Evercare)										
Voyager HospiceCare, Inc.										

3. Profiles of Select Participants in the Hospice Care Market

Company & Description	Key Financial Data						
 <p>Location: Baton Rouge, LA</p> <ul style="list-style-type: none"> Amedisys, Inc., founded in 1982, provides home health and hospice services across the U.S. and Puerto Rico. The company's hospice services include provision of medicines, medical equipment and supplies related to the hospice diagnosis, medication management to control pain and symptoms, nursing and home health aide visits, companionship, and bereavement services. Amedisys, Inc. also offers clinically focused programs for chronic conditions and various diseases as well as rehabilitative programs. As of December 31, 2008, the company owned and operated 480 Medicare-certified home health agencies and 48 Medicare-certified hospice agencies, and managed the operations of 4 Medicare-certified home health and 2 Medicare-certified hospice agencies. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$227.1	\$381.6	\$541.1	\$697.9	\$1,187.4	\$1,381.4
	Sales Growth		40.5%	41.8%	29.0%	70.1%	NM
	EBITDA	\$37.5	\$57.1	\$75.8	\$110.3	\$181.5	\$225.1
	Margin	16.5%	15.0%	14.0%	15.8%	15.3%	16.3%
	Market Cap	\$1,224.0					
	Enterprise Value*	\$1,465.7					
	FYE: December 31st LTM: June 30th, 2009						
 <p>Location: Cincinnati, OH</p> <ul style="list-style-type: none"> Chemed Corporation, founded in 1970, operates in two segments: VITAS Healthcare Corporation and Roto-Rooter, Inc. The VITAS segment offers hospice services, home care, inpatient care, and continuous care services, as well as spiritual and emotional counseling to patients and their families. VITAS Healthcare Corporation operates multiple facilities in 16 states. The Roto-Rooter segment provides repair and maintenance services, including plumbing and sewer, and drain and pipe cleaning to residential and commercial customers. It also manufactures and sells products and equipment used to provide such services. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$734.9	\$916.0	\$1,018.6	\$1,100.1	\$1,148.9	\$1,170.7
	Sales growth		24.6%	11.2%	8.0%	4.4%	NM
	EBITDA	\$79.9	\$114.2	\$123.3	\$144.5	\$158.8	\$162.8
	EBITDA Margin	10.9%	12.5%	12.1%	13.1%	13.8%	13.9%
	Market Cap	\$996.6					
	Enterprise Value*	\$1,133.8					
	FYE: December 31st LTM: June 30th, 2009						



*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares
Market Capitalization and Enterprise Value as of 9/25/2009.

3. Profiles of Select Companies (cont'd)

Company & Description	Key Financial Data						
 <p>Location: Newton, MA</p> <ul style="list-style-type: none"> Five Star Quality Care, Inc., founded in 2000, operates senior and assisted living communities and nursing facilities in the United States. The company provides independent living, assisted living, nursing and healthcare, short term/respite care, hospice care, physical therapy, occupational therapy, speech language pathology, and other services. As of December 31, 2008, the company leased, owned, and operated 210 senior living communities with 22,264 living units, including 161 primarily independent and assisted living communities with 17,854 living units and 49 skilled nursing facilities with 4,410 units. It also operated institutional pharmacies, 2 rehabilitation hospitals, and 15 outpatient clinics. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$597.8	\$727.7	\$815.6	\$972.9	\$1,104.2	\$1,167.2
	Sales growth		17.8%	12.1%	19.3%	13.5%	NM
	EBITDA	\$8.2	\$17.6	\$27.7	\$37.3	\$33.3	\$28.4
	EBITDA Margin	1.4%	2.4%	3.4%	3.8%	3.0%	2.4%
	Market Cap	\$131.5					
	Enterprise Value*	\$154.7					
FYE: December 31st							
LTM: June 30th, 2009							
 <p>Location: Atlanta, GA</p> <ul style="list-style-type: none"> Gentiva Health Services, Inc., founded in 1999, provides home health services across the U.S. The company's Home Health segment offers skilled nursing and therapy services primarily to adult and elderly patients. This segment also provides its services through specialty programs comprising Gentiva Orthopedics, Gentiva Safe Strides, Gentiva Cardiopulmonary, Gentiva Senior Health and Gentiva Neurorehabilitation. Gentiva's All Other segment, among other services, offers hospice care, which includes medical, social, and spiritual aspects of treatment. The company serves nearly 500,000 patients annually from more than 380 locations in 39 states. Gentiva family comprises more than a dozen companies, including 6 hospice care providers. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$845.8	\$868.8	\$1,106.6	\$1,229.3	\$1,300.4	\$1,221.6
	Sales growth		2.7%	27.4%	11.1%	5.8%	NM
	EBITDA	\$47.0	\$38.2	\$76.1	\$102.1	\$116.8	\$125.7
	EBITDA Margin	5.6%	4.4%	6.9%	8.3%	9.0%	10.3%
	Market Cap	\$730.7					
	Enterprise Value*	\$865.5					
FYE: December 31st							
LTM: June 28th, 2009							



*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares
Market Capitalization and Enterprise Value as of 9/25/2009.

3. Profiles of Select Companies (cont'd)

Company & Description	Key Financial Data						
 <p>Location: Lafayette, LA</p> <ul style="list-style-type: none"> LHC Group, Inc., founded in 1994, provides post-acute healthcare services primarily to Medicare beneficiaries in the U.S. The company offers various home-based services through home nursing agencies and hospices, and facility-based services through long-term acute care hospitals and outpatient rehabilitation clinics. LHC Group's hospice services comprise pain and symptom management accompanied by palliative medication, bereavement counseling, respite care, homemaker services and social worker visits. It also operates long-term acute care hospitals that provide services primarily to patients who have transitioned out of a hospital intensive care unit with complex medical conditions. As of December 31, 2008, LHC Group owned and operated 206 home nursing locations, 19 hospices, and 7 long-term acute care hospitals. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$116.1	\$155.7	\$218.5	\$298.0	\$383.3	\$466.9
	Sales growth		34.1%	40.4%	36.4%	28.6%	NM
	EBITDA	\$22.5	\$24.1	\$37.8	\$41.7	\$64.0	\$84.0
	EBITDA Margin	19.4%	15.5%	17.3%	14.0%	16.7%	18.0%
	Market Cap	\$553.5					
	Enterprise Value*	\$570.6					
	FYE: December 31st LTM: June 30th, 2009						
 <p>Location: Murfreesboro, TN</p> <ul style="list-style-type: none"> National HealthCare Corporation, founded in 1971, operates and manages long-term health care centers and associated assisted living centers, retirement centers, home health care programs in the U.S. The company provides sub acute skilled and intermediate nursing and rehabilitative care, senior living services, home health care services, management services, hospice services, accounting and financial services, and insurance services. It also operates specialized care units in its healthcare centers, such as Alzheimer's disease care units, sub-acute nursing units, and various in-house pharmacies. As of December 31, 2008, it operated or managed 76 long-term health care centers with a total of approximately 9,772 licensed beds; 23 assisted living centers; and 7 independent living centers, 32 homecare programs and multiple hospice facilities in five states. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$513.2	\$531.5	\$542.7	\$578.8	\$633.0	\$653.3
	Sales growth		3.6%	2.1%	6.7%	9.4%	NM
	EBITDA	\$45.1	\$53.8	\$41.9	\$36.5	\$63.0	\$68.5
	EBITDA Margin	8.8%	10.1%	7.7%	6.3%	10.0%	10.5%
	Market Cap	\$509.2					
	Enterprise Value*	\$618.7					
	FYE: December 31st LTM: June 30th, 2009						



*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares
Market Capitalization and Enterprise Value as of 9/25/2009.

3. Profiles of Select Companies (cont'd)

Company & Description	Key Financial Data						
 <p>Location: Dallas, TX</p> <ul style="list-style-type: none"> Odyssey HealthCare, Inc., founded in 1995, provides hospice care in the United States. The company's hospice services focus on palliative care for patients with life-limiting illnesses, which are directed at managing pain and other discomfoting symptoms, and addressing the psychosocial and spiritual needs of patients and their families. It offers nursing care, medical social services, physician services, patient counseling, general inpatient care, medical supplies and equipment, drugs for pain control and symptom management, home health aide services, homemaker services, respite inpatient care, as well as physical, occupational, and speech therapy services. As of December 31, 2008, Odyssey HealthCare operated 94 Medicare-certified hospice programs, serving patients and their families in 29 states. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$340.2	\$354.5	\$379.2	\$398.2	\$616.1	\$670.4
	Sales growth		NA	NA	5.0%	54.7%	NM
	EBITDA	\$58.0	\$47.0	\$35.2	\$28.9	\$55.8	\$66.7
	EBITDA Margin	17.1%	13.3%	9.3%	7.3%	9.1%	10.0%
	Market Cap	\$420.3					
	Enterprise Value*	\$472.0					
FYE: December 31st							
LTM: June 30th, 2009							
 <p>Location: Foothill Ranch, CA</p> <ul style="list-style-type: none"> Skilled Healthcare Group, Inc., founded in 1997, provides integrated long-term healthcare services in the United States. The company's skilled nursing facilities provide specialty care, such as chemotherapy, dialysis, tracheotomy care, ventilator care, and other services, Assisted living facilities provide residential accommodations and assistance in the activities of daily living, but not the level of nursing care provided in a skilled nursing facility. The company also offers hospice services comprising palliative and clinical care, education, and counseling with a focus on the physical, spiritual, and psychosocial needs of terminally ill individuals. As of December 31, 2008, it owned or leased 75 skilled nursing facilities and 21 assisted living facilities comprising approximately 10,500 licensed beds in 6 states. 	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM
	Sales	\$371.3	\$462.8	\$531.7	\$634.6	\$733.3	\$755.1
	Sales growth		24.7%	14.9%	19.4%	15.6%	3.0%
	EBITDA	\$56.9	\$62.0	\$82.7	\$97.4	\$107.0	\$109.2
	EBITDA Margin	15.3%	13.4%	15.5%	15.3%	14.6%	14.5%
	Market Cap	\$298.1					
	Enterprise Value*	\$764.6					
FYE: December 31st							
LTM: June 30th, 2009							

*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares
Market Capitalization and Enterprise Value as of 9/25/2009.

3. Profiles of Select Companies (cont'd)

Company & Description	Key Financial Data																																																															
 <p>Location: Chicago, IL</p> <ul style="list-style-type: none"> Sun Healthcare Group, Inc., founded in 1989, provides nursing, rehabilitative, and related specialty healthcare services in the United States. The company operates in three segments: Inpatient Services, Rehabilitation Therapy Services, and Medical Staffing Services. The Inpatient Services segment operates skilled nursing centers, assisted and independent living centers, and mental health centers. This segment also provides hospice services, including palliative care, social services, pain management, and spiritual counseling. The Rehabilitation Therapy Services segment offers various rehabilitation therapy services, while the Medical Staffing Services segment provides temporary medical staffing services, including licensed therapists, nurses, pharmacists, physicians and other. As of December 31, 2008, it operated 184 skilled nursing centers, 15 assisted and independent living centers, and 8 mental health centers in 25 states with 23,345 licensed beds. 	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">\$ in millions</th> <th style="background-color: #0070C0; color: white;">2004A</th> <th style="background-color: #0070C0; color: white;">2005A</th> <th style="background-color: #0070C0; color: white;">2006A</th> <th style="background-color: #0070C0; color: white;">2007A</th> <th style="background-color: #0070C0; color: white;">2008A</th> <th style="background-color: #0070C0; color: white;">LTM</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>\$700.9</td> <td>\$726.8</td> <td>\$983.2</td> <td>\$1,558.3</td> <td>\$1,824.2</td> <td>\$1,860.1</td> </tr> <tr> <td>Sales growth</td> <td></td> <td>3.7%</td> <td>35.3%</td> <td>58.5%</td> <td>17.1%</td> <td>NM</td> </tr> <tr> <td>EBITDA</td> <td>\$16.8</td> <td>\$18.2</td> <td>\$46.1</td> <td>\$121.2</td> <td>\$159.0</td> <td>\$162.0</td> </tr> <tr> <td>EBITDA Margin</td> <td>2.4%</td> <td>2.5%</td> <td>4.7%</td> <td>7.8%</td> <td>8.7%</td> <td>8.7%</td> </tr> <tr> <td>Market Cap</td> <td>\$384.3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Enterprise Value*</td> <td>\$993.0</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>FYE: December 31st</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>LTM: June 30th, 2009</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM	Sales	\$700.9	\$726.8	\$983.2	\$1,558.3	\$1,824.2	\$1,860.1	Sales growth		3.7%	35.3%	58.5%	17.1%	NM	EBITDA	\$16.8	\$18.2	\$46.1	\$121.2	\$159.0	\$162.0	EBITDA Margin	2.4%	2.5%	4.7%	7.8%	8.7%	8.7%	Market Cap	\$384.3						Enterprise Value*	\$993.0						FYE: December 31st							LTM: June 30th, 2009						
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 <p>Location: McLean, VA</p> <ul style="list-style-type: none"> Sunrise Senior Living, Inc., founded in 1981, provides senior living services in the United States, Canada, the United Kingdom, and Germany. The company offers independent living services, which include housing, meals, transportation, activities, and housekeeping, as well as licensed skilled nursing services. The company's assisted living communities also offer a reminiscence neighborhood that provides specially designed accommodations, service, and care to support cognitively impaired residents. In addition, the company provides hospice care for its residents with end-of-life needs. As of December 31, 2008, it operated 435 communities, including 391 communities in the United States, 15 communities in Canada, 20 communities in the United Kingdom, and 9 communities in Germany. 	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">\$ in millions</th> <th style="background-color: #0070C0; color: white;">2004A</th> <th style="background-color: #0070C0; color: white;">2005A</th> <th style="background-color: #0070C0; color: white;">2006A</th> <th style="background-color: #0070C0; color: white;">2007A</th> <th style="background-color: #0070C0; color: white;">2008A</th> <th style="background-color: #0070C0; color: white;">LTM</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>\$1,267.6</td> <td>\$1,511.0</td> <td>\$1,628.6</td> <td>\$1,583.2</td> <td>\$1,701.6</td> <td>\$1,657.8</td> </tr> <tr> <td>Sales growth</td> <td></td> <td>19.2%</td> <td>7.8%</td> <td>-2.8%</td> <td>7.5%</td> <td>NM</td> </tr> <tr> <td>EBITDA</td> <td>\$30.4</td> <td>\$95.6</td> <td>\$106.8</td> <td>(\$113.7)</td> <td>(\$61.0)</td> <td>(\$47.1)</td> </tr> <tr> <td>EBITDA Margin</td> <td>2.4%</td> <td>6.3%</td> <td>6.6%</td> <td>-7.2%</td> <td>-3.6%</td> <td>-2.8%</td> </tr> <tr> <td>Market Cap</td> <td>\$138.2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Enterprise Value*</td> <td>\$718.0</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>FYE: December 31st</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>LTM: June 30th, 2009</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	\$ in millions	2004A	2005A	2006A	2007A	2008A	LTM	Sales	\$1,267.6	\$1,511.0	\$1,628.6	\$1,583.2	\$1,701.6	\$1,657.8	Sales growth		19.2%	7.8%	-2.8%	7.5%	NM	EBITDA	\$30.4	\$95.6	\$106.8	(\$113.7)	(\$61.0)	(\$47.1)	EBITDA Margin	2.4%	6.3%	6.6%	-7.2%	-3.6%	-2.8%	Market Cap	\$138.2						Enterprise Value*	\$718.0						FYE: December 31st							LTM: June 30th, 2009						
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4. Comparable Company Analysis - Hospice Care

Company	Price	Price		EV*	Net Debt	Mkt Cap.	EV*/Net Sales			EV*/EBITDA			Price/Earning			Price/Sales		
		High	Low				'07	'08	LTM	'07	'08	LTM	'07	'08	LTM	'07	'08	LTM
Amedisys, Inc.	\$43.29	\$59.24	\$25.20	\$1,465.7	\$240.8	\$1,224.0	1.8	1.2	1.1	11.2	8.1	6.5	19.3	12.6	10.4	1.8	0.9	0.9
Chemed Corp.	\$44.10	\$46.43	\$29.00	\$1,133.8	\$137.2	\$996.6	1.4	1.0	1.0	10.8	6.9	7.0	21.4	12.9	13.1	1.2	0.8	0.9
Five Star Quality Care, Inc.	\$3.63	\$4.32	\$0.73	\$154.7	\$23.3	\$131.5	0.3	0.1	0.1	8.3	4.2	5.4	11.3	NM	4.8	0.3	0.0	0.1
Gentiva Health Services, Inc.	\$24.92	\$29.99	\$12.94	\$865.5	\$134.8	\$730.7	0.7	0.8	0.7	8.0	8.9	6.9	16.1	5.4	4.3	0.4	0.6	0.6
LHC Group, Inc.	\$29.58	\$36.83	\$16.56	\$570.6	\$3.6	\$553.5	1.5	1.7	1.2	10.8	10.2	6.8	16.1	21.3	13.3	1.5	1.7	1.2
National Healthcare Corp.	\$37.11	\$51.74	\$34.10	\$618.7	(\$61.1)	\$509.2	0.9	1.2	0.9	14.1	11.6	9.0	14.9	23.5	16.0	1.1	1.0	0.8
Odyssey Healthcare, Inc.	\$12.66	\$13.52	\$6.76	\$472.0	\$49.2	\$420.3	0.8	0.6	0.7	10.5	6.8	7.1	30.2	21.0	14.6	0.9	0.5	0.6
Skilled Healthcare Group, Inc.	\$8.11	\$16.13	\$6.40	\$764.6	\$466.5	\$298.1	3.4	2.0	2.0	8.6	5.0	5.0	49.9	9.1	8.1	1.9	0.9	0.9
Sun Healthcare Group, Inc.	\$8.82	\$16.18	\$7.39	\$993.0	\$608.6	\$384.3	0.9	0.6	0.5	11.4	6.5	6.1	12.6	3.5	3.5	0.5	0.2	0.2
Sunrise Senior Living, Inc.	\$2.75	\$17.48	\$0.27	\$718.0	\$577.6	\$138.2	1.0	0.4	0.4	NM	NM	NM	NM	NM	NM	1.0	0.1	0.1

High	3.4	2.0	2.0	14.1	11.6	9.0	49.9	23.5	16.0	1.9	1.7	1.2
Median	1.0	1.0	0.9	10.8	6.9	6.8	16.1	12.8	10.4	1.0	0.7	0.7
Mean	1.4	1.1	1.0	10.4	7.6	6.6	21.3	13.7	9.8	1.1	0.7	0.6
Low	0.7	0.4	0.4	8.0	4.2	5.0	11.3	3.5	3.5	0.3	0.0	0.1

*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares
 Outliers have been excluded from Median and Mean calculations.
 All currency figures in USD. Price figures in actual dollars, EV, Net Debt, and Market Capitalization in millions.
 Market Capitalization and Enterprise Value as of 9/25/2009.

5. Credit Analysis - Hospice Care Companies

Company	Credit Rating S&P	Total Debt/EBITDA	Net Debt/EBITDA	EBITDA/Interest	Debt/Equity
		LTM	LTM	LTM	LTM
Amedisys, Inc.	NA	1.1	1.1	13.7	0.4
Chemed Corp.	NR	0.9	0.8	27.6	0.4
Five Star Quality Care, Inc.	NA	4.2	0.8	5.1	1.0
Gentiva Health Services, Inc.	B+	1.9	1.1	NM	0.4
LHC Group, Inc.	NA	0.1	0.0	2479	0.0
National Healthcare Corp.	NA	0.9	NM	77.9	0.1
Odyssey Healthcare, Inc.	NA	1.8	0.7	8.8	0.5
Skilled Healthcare Group, Inc.	B+	4.4	4.3	3.1	1.1
Sun Healthcare Group, Inc.	B	4.3	3.8	3.1	1.7
Sunrise Senior Living, Inc.	NR	NM	NM	NM	12.8

High	4.4	4.3	2479	12.8
Median	1.8	1.0	11.2	0.5
Mean	2.2	1.6	48.4	1.8
Low	0.1	0.0	3.1	0.0

6. Fixed Income Analysis - Hospice Care Companies

Company	Maturity	Security Type	Seniority	Coupon (%)	Offer Date	Outstanding (\$m)	Current Price	Current YTW* (%)	S&P Rating
Chemed Corp.	5/15/2014	Corporate Convertible	Senior Unsecured	1.875	8/17/2007	200.00	81.75	6.610	NA
Five Star Quality Care, Inc.	10/15/2026	Corporate Convertible	Senior Unsecured	3.750	2/14/2007	80.00	76.25	5.890	NA
National Healthcare Corporation	Perpetual	Preferred Stock	Preferred	5.080	10/31/2007	170.56	11.31	NA	NA
Skilled Healthcare Group, Inc.	1/15/2014	Corporate Debentures	Senior Subordinate	11.000	5/17/2007	129.46	104.00	9.953	B-
Sun Healthcare Group, Inc.	4/15/2015	Corporate Debentures	Senior Subordinate	9.125	9/5/2007	200.00	100.00	9.297	CCC+

*Yield to Worst - The lowest potential yield that can be received on a bond without the default of the issuer. YTW calculations assume that if a bond has call or put provisions, that the issuer will prepay the obligation if market rates would permit the refinance of the debt at a lower coupon. The YTW is the lower of the yield to maturity or the yield to call.

7. Comparable Transaction Analysis - Hospice Care

Closing Date	Target	Buyer	Transaction Description	Total Trans. Value (\$m)	Enterprise Value (\$m)	EV*/Revenues	EV*/EBITDA
8/3/2009	Winyah Community Hospice Care and Allcare Hospice	Amedisys, Inc. (NasdaqGS: AMED)	Amedisys, Inc. acquired Winyah Community Hospice Care and Allcare Hospice. The financial terms of the deal were not disclosed.	NA	NA	NA	NA
7/19/2009	Odyssey HealthCare of Oklahoma City	Hospice of Oklahoma County, Inc.	Hospice of Oklahoma County, Inc. acquired Odyssey HealthCare of Oklahoma City, Inc. from Odyssey Healthcare Inc. The inpatient facility is now known as INTEGRIS Hospice House.	NA	NA	NA	NA
5/5/2009	Central Basin Home Health and Hospice	LHC Group, Inc. (NasdaqGS: LHCG)	LHC Group, Inc. acquired the assets of Central Basin Home Health and Hospice for undisclosed amount. For the year ending December 31, 2008, Central Basin Home Health and Hospice reported annual revenues of \$1.3 million.	NA	NA	NA	NA
3/12/2009	Upper Chesapeake Health System, Inc. and St. Joseph Medical Center, Home Health and Hospice Agencies	Amedisys, Inc. (NasdaqGS: AMED)	Amedisys, Inc. acquired home health and hospice agencies from Upper Chesapeake Health System Inc. and St. Joseph Medical Center for \$11.5 million. The purchase price consisted of cash consideration of \$9.2 million and promissory notes worth \$2.3 million.	\$11.5	NA	NA	NA
1/27/2009	White River Health System, Inc., Home Health and Hospice Services	Amedisys, Inc. (NasdaqGS: AMED)	Amedisys, Inc. acquired Home Health and Hospice Services from White River Health System Inc. for \$3.2 million. Three Home Health Agencies and one Hospice agency generated revenues of \$2.9 million for the year ended September 30, 2008.	\$3.2	NA	NA	NA
1/5/2009	Assured Home Health and Hospice	LHC Group, Inc. (NasdaqGS: LHCG)	LHC Group, Inc. purchased a 100% stake in Assured Home Health and Hospice. Assured Home Health and Hospice generated revenues of \$10.2 million for the year 2007.	NA	NA	NA	NA
12/31/2008	Hospice Foundation	Odyssey Healthcare Inc. (NasdaqGS: ODSY)	Odyssey Healthcare, Inc. (NasdaqGS: ODSY) acquired Hospice Foundation for undisclosed amount.	NA	NA	NA	NA
11/14/2008	Trinity Hospice of Tennessee	Regency Hospice	Regency Hospice acquired Trinity Hospice of Tennessee from Trinity Hospice, Inc. for undisclosed amount.	NA	NA	NA	NA
11/14/2008	Trinity Hospice of Missouri, LLC	Regency Hospice	Regency Hospice acquired Trinity Hospice of Missouri, LLC from Sunrise Senior Living Inc. (NYSE: SRZ).	NA	NA	NA	NA
10/2/2008	Okanogan Regional Home Health and Hospice	Amedisys, Inc. (NasdaqGS: AMED)	Amedisys, Inc. acquired Okanogan Regional Home Health and Hospice for undisclosed amount. For the twelve months ending August 31, 2008 Okanogan Regional Home had total revenue of approximately \$1.7 million.	NA	NA	NA	NA

*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares

7. Comparable Transaction Analysis - Hospice Care (cont'd)

Closing Date	Target	Buyer	Transaction Description	Total Trans. Value (\$m)	Enterprise Value (\$m)	EV*/Revenues	EV*/EBITDA
9/25/2008	Cape Fear Valley Health System, Inc.	LHC Group, Inc. (NasdaqGS: LHCG)	LHC Group, Inc. acquired a 50% stake in home nursing and hospice services of Cape Fear Valley Health System Inc. The new entity operates as a joint venture between Cape Fear Valley Health System Inc. and LHC Group, Inc. as Cape Fear Valley HomeCare and Hospice.	NA	NA	NA	NA
9/5/2008	Holisticare Hospice, LLC	Solamor Hospice, Inc.	Solamor Hospice, Inc., a subsidiary of Sun Healthcare Group Inc. (NasdaqGS:SUNH), acquired Holisticare Hospice, LLC for \$7.7 million in cash.	\$7.7	\$7.7	NA	NA
9/2/2008	Carrolton Home Care, Inc.	Regency Hospice	Regency Hospice acquired Carrolton Home Care, Inc. Carrolton Home Care, Inc., doing business as Community Home Care and Hospice, provides hospice care services in North and South Carolina.	NA	NA	NA	NA
8/31/2008	Fundamental Long Term Care Holdings, LLC, Nine Hospices	Hospice Compassus	Hospice Compassus acquired nine hospices from Fundamental Long Term Care for undisclosed amount.	NA	NA	NA	NA
8/3/2008	Morristown-Hamblen Home Health and Hospice	LHC Group, Inc. (NasdaqGS: LHCG)	LHC Group, Inc. acquired Morristown-Hamblen Home Health and Hospice from Morristown-Hamblen Healthcare System for undisclosed amount. Morristown-Hamblen Home Health and Hospice operates as a subsidiary of LHC Group's home care partnership with the University of Tennessee Medical Center under the new name of Morristown-Hamblen HomeCare and Hospice.	NA	NA	NA	NA
8/2/2008	Hospice of Charleston	Gentiva Health Services, Inc. (NasdaqGS: GTIV)	Gentiva Health Services Inc. acquired assets of Hospice of Charleston for \$1.2 million. Under the terms of the agreement, Hospice of Charleston has created a foundation to retain ownership of the building that houses its 20-bed inpatient hospice facility, which Gentiva will operate under a lease agreement. The transaction was funded from Gentiva's existing cash reserves.	\$1.2	\$1.2	1.1x	NA
5/19/2008	Home Care Solutions, Inc.	LHC Group, Inc. (NasdaqGS: LHCG)	LHC Group, Inc. acquired the assets of Home Care Solutions, Inc., a home care company, which provides nursing, aide, respiratory, medical social, physical therapy, hospice care and other services.	NA	NA	NA	NA
5/12/2008	ManorCare Kokomo (nka: Fairmont Rehabilitation Center)	NA	The unknown buyer acquired ManorCare Kokomo. The terms of the transaction were not disclosed. Post acquisition, ManorCare Kokomo was renamed as Fairmont Rehabilitation Center. Its subsidiary Manor Care Inc. provides medical, rehabilitation, hospice, home care and other services.	NA	NA	NA	NA
1/15/2008	VistaCare, Inc.	Odyssey Healthcare, Inc. (NasdaqGS:ODSY)	Odyssey Healthcare, Inc. acquired VistaCare Inc., a provider of hospice services, for \$145.2 million in cash. Odyssey has funded the transaction with \$30 million of its own cash and a funded commitment of \$150 million from GE Capital.	\$145.2	\$116.5	0.5x	NA

*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares

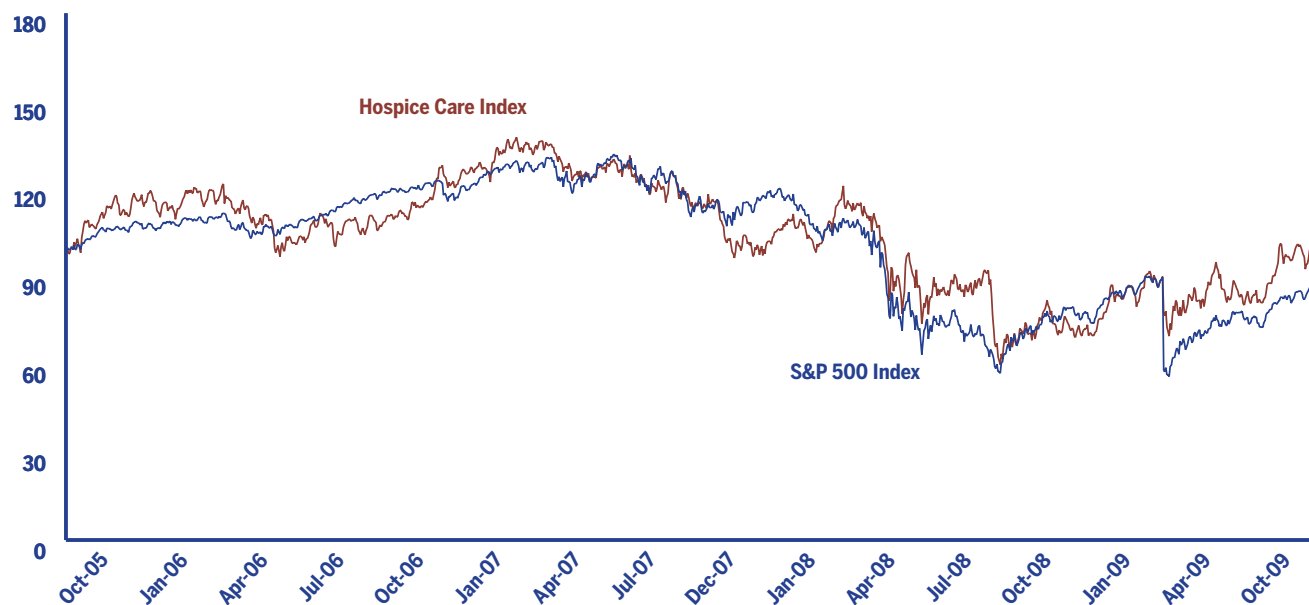
7. Comparable Transaction Analysis - Hospice Care (cont'd)

Closing Date	Target	Buyer	Transaction Description	Total Trans. Value (\$m)	Enterprise Value (\$m)	EV*/Revenues	EV*/EBITDA
12/21/2007	Manor Care, Inc. (NYSE: HCR)	The Carlyle Group	Manor Care provides medical, rehabilitation, hospice, home care and other services. The Carlyle Group acquired Manor Care Inc. for \$5,986.4 million. Manor Care shareholders received \$67 in cash for each share of Manor Care. Carlyle Group also acquired all the outstanding options of Manor Care for \$125.06 million. The acquisition was financed through a combination of equity financing in the aggregate amount of \$1.3 billion provided by Carlyle, \$900 million in senior secured facilities and \$4.6 billion under a secured real estate credit facility.	\$5,986.4	\$5,898.9	1.6x	13.0x
9/30/2007	Laurel Healthcare Providers, LLC	Skilled Healthcare Group, Inc. (NYSE:SKH)	Skilled Healthcare Group, Inc. acquired all the assets and operations of Laurel Healthcare Providers, LLC for \$51.5 million. Laurel Healthcare Providers, LLC owns and operates a network of healthcare facilities and provides various services, including hospice care.	\$51.5	\$51.5	0.7x	NA
2/28/2007	Carespring Health Care Management	Nationwide Health Properties (NYSE:NHP)	Nationwide Health Properties acquired Carespring Health Care Management for \$170 million. KeyBanc Capital Markets was financial advisor for Carespring Health Care Management. Carespring Health Care Management, LLC operates health care and rehabilitation facilities, independent and assisted living apartments, and provides hospice care among many other services.	\$170.0	\$170.0	NA	NA

High	1.6	NM
Median	0.9	NM
Mean	1.0	NM
Low	0.5	NM

*Enterprise Value (EV) = Market Capitalization - cash & equivalents + debt + minority interest + preferred shares

8. Hospice Care Index



Hospice Care Index includes: Amedisys, Inc., Chemed Corp., Five Star Quality Care, Inc., Gentiva Health Services, Inc., LHC Group, Inc., National Healthcare Corporation, Odyssey Healthcare, Inc., Skilled Healthcare Group, Inc., Sun Healthcare Group, Sunrise Senior Living, Inc. The index is weighted by market capitalization.

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10. Contact Information

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