REHABCARE GROUP INC
Form 425
March 16, 2011

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Investor Presentation
Kindred Healthcare, Inc. (NYSE: KND)
March 16, 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

Forward-Looking Statements
Additional Information About this Transaction
In
connection
with
the
pending

transaction with RehabCare Group, Inc. (RehabCare), Kindred Healthcare, Inc. (Kindred) will file with the Securities and Exchange Commission (the SEC) a Registration Statement on Form S-4 that will include a joint proxy statement of Kindred and Reha
Kindred. Kindred and RehabCare will mail the definitive proxy statement/prospectus to their respective stockholders. WE URGE INVESTORS AND SECURITY HOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PENDING TRANSACTION WHEN IT

BECOMES
AVAILABLE
BECAUSE
IT
WILL
CONTAIN IMPORTANT INFORMATION.
You may obtain a free copy of the joint proxy statement/prospectus (when available) and other related documents filed by
Kindred
and
RehabCare
with
the
SEC
at
the
SEC s
website
at
.
The
joint
proxy
statement/prospectus
(when
available)
and
the
other
documents
filed
by
Kindred
and
RehabCare
with
the
SEC
may
also
be
obtained
for
free
by
accessing
Kindred swebsite
at
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. Information regarding the persons who may, under the rules of the
solicitation of stockholders in connection with the pending transaction will be set forth in the joint proxy statement/prospectus
information about Kindred s executive officers and directors in Kindred s definitive proxy statement filed with the SEC on A
RehabCare s executive officers and directors in its definitive proxy statement filed with the SEC on March 23, 2010. You can
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 uncertaint
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
shareholders of the respective companies, and Kindred s ability to complete the required financing as contemplated by the fin
integrate the operations of the acquired hospitals and rehabilitation services operations and realize the anticipated revenues, ec
productivity gains in connection with the RehabCare acquisition and any other acquisitions that may be undertaken during 201
for unanticipated issues, expenses and liabilities associated with those acquisitions and the risk that RehabCare fails to meet its
the potential for diversion of management time and resources in seeking to complete the RehabCare acquisition and integrate i
key employees of RehabCare; (e) the impact of Kindred s significantly increased levels of indebtedness as a result of the Reha
operating flexibility and ability to fund ongoing operations with additional borrowings, particularly in light of ongoing volatil
potential
for
dilution

to Kindred stockholders as a result of the RehabCare acquisition; and (g) the ability of the Company to operate pursuant to the terms of its debt obligations, including Kindred s obligations under financings undertaken to complete the RehabCare acquisition, and the abili
lease agreements with Ventas, Inc. (NYSE:VTR). Additional factors that may affect future results are contained in Kindred s
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
obligation to update and revise statements contained in these materials based on new information or otherwise.
2
www.sec.gov
www.sec.gov

3
696
(3)
sites of service,
315
facilities
in

40
states
56,800
(3)
dedicated
employees,
making Kindred
a top-200 private
employer in
the U.S.
(4)
33,800
(3)
patients and
residents
per day
$4.4 billion
(2)
consolidated
revenues
Largest Diversified Post-Acute
Provider in the United States
(1)
(1) Ranking based on revenues.
(2) Revenues for the year ended December 31, 2010.
(3) As of December 31, 2010.
(4) Ranking provided by TMP, Inc.

4
4
$2.0 billion revenues
(1)
HOSPITAL
Long-term Acute Care Hospitals

Largest operator in U.S.
(2)

89 hospitals with
6,887 licensed beds
(3)
$2.2 billion revenues
(1)

Third largest nursing
center operator in U.S.
(2)

226 nursing centers with
27,442 licensed beds
(3)

7 assisted living facilities with 463
licensed beds
(3)
NURSING CENTER
Nursing and Rehabilitation Centers
$505 million revenues
(1)

Second largest contract therapy
company in U.S.
(2)

381 external locations served
through 5,900 therapists and
10,600 total employees
(3)
REHABILITATION
People*first*
Rehabilitation
Services
(1)
Revenues for the year ended December 31, 2010 (divisional revenues before intercompany eliminations).
(2)
Ranking based on revenues.
(3)
As of December 31, 2010.
Kindred s Market Leading Businesses

5

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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7
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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Kindred Update

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Kindred Update
Kindred
Healthcare,
Inc.
(Kindred)
and

RehabCare
Group,
Inc.
(RehabCare)
have
announced a transaction whereby Kindred will acquire RehabCare for ~$35/share
Both Companies reported strong Q4 and 2010 clinical and financial results and share a
high
degree
of
confidence
and
visibility
in
their
business
plans
and
estimates
for
2011
The combined Company will have an industry leading position in attractive post-acute
business segments and growing local markets
Kindred
will
be
well
positioned
for
future
growth
in
a
changing
healthcare
landscape
with
the expansion of the combined service offerings
The transaction substantially enhances Kindred s growth and margin profile
The proposed transaction is highly accretive to Kindred s earnings and cash flows and
generates
strong
operating
cash
flows
providing
the
ability
to
quickly

delever
and
finance
future growth

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Both Kindred and RehabCare beat 4Q and 2010 analyst estimates
Summary of Q4 and 2010 Results
Kindred
RehabCare
1)
I/B/E/S consensus as of 2/7/2011.

2)
Reflects income from continuing operations.
3)
Actual revenues exclude Miami IRF.
4)
Includes discontinued operations.
($MM, except EPS Data)
($MM, except EPS Data)
Q4 2010
2010
Consensus
(1)
Actual
% Surprise
Consensus
(1)
Actual
% Surprise
Revenues
1,121.0
1,135.5
1.3%
4,345.0
4,359.7
0.3%
EBITDA
61.0
66.8
9.5%
211.0
217.3
3.0%
EBIT
30.0
35.4
18.0%
90.0
95.7
6.3%
Net Income
(2)
16.0
19.8
23.8%
52.0
56.1
7.9%
EPS
(2)
$0.41

$0.50
22.0%
$1.33
$1.42
6.8%
Q4 2010
2010
Consensus
(1)
Actual
% Surprise
Consensus
(1)
Actual
% Surprise
Revenues
(3)
343.0
339.3
-1.1%
1,347.2
1,329.4
-1.3%
EBITDA
41.5
44.1
6.3%
163.5
164.1
0.4%
EBIT
34.1
36.1
5.9%
133.4
133.6
0.1%
Net Income
(4)
14.9
17.1
14.8%
60.6
62.5
3.1%
EPS
(4)
$0.60
$0.69
15.0%

$2.45
$2.53
3.3%

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Transaction Overview

12
~$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
On or about 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
$1.85Bn
in
debt
financing
Key Capital Considerations
Ability
to
delever
quickly
(Pro
forma
adjusted
leverage
flat
to
current
Kindred
standalone)
Maintain strong balance sheet, liquidity and financial flexibility (approximately $250MM undrawn revolver capacity at close)
Sources and Uses
(1)
($MM)
Sources
% of Total
$600MM ABL Revolving Credit Facility
$350
19%
Term Loan B
700
38%
Senior Unsecured Notes
550
30%
Equity Consideration
(3)
228
13%
Total Sources
1,828
100%
Uses
% of Total
Purchase RehabCare Equity (~$35/share)
885
48%
Retire RehabCare Debt

399
22%
Retire Kindred Debt
367
20%
Other
177
10%
Total Uses
1,828
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
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)
1)
Sources and Uses is as of 12/31/10. Pro-Forma Capitalization is based on borrowings expected at closing. Figures may not ad
2)
2010PF figures reflect full year run rate of 2010 Kindred acquisitions ($157MM in revenue, $44MM in EBITDAR, $7MM in r
results do not include the results of discontinued operations (inpatient rehabilitation facility in Miami). 2011 figures display lo
the transaction closed on 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.

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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

15
Kindred and RehabCare will be the Premier Rehabilitation and
Post-Acute Provider in the United States
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)
29%
13%
58%
Contract Rehab
SNF
LTAC
40%
24%
36%

Medicaid
Medicare
Commercial
LTAC
SRS
52%
27%
21%
LTAC
SRS
HRS
69%
29%
Medicaid
2%
Medicare
Commercial
45%
35%
3%
17%
LTAC
SNF
HRS
Contract Rehab
11%
8%
62%
19%
LTAC
SNF
HRS
Contract Rehab
51%
20%
29%
Commercial
Medicaid
Medicare
Business
Mix:
Revenue
(10)
(2)(4)
39%
48%
13%
HRS
47%
42%

11%
Contract Rehab
SNF
LTAC
(1)
RehabCare states include LTAC and IRF locations. Beds include LTACs and freestanding IRFs. Kindred facilities include owı
(2)
Includes the full year benefit of all of the acquisitions Kindred has closed in 2010 ($157MM Revenue and $37MM EBITDA b
rounding.
(3)
Includes $25MM of run rate synergies.
(4)
Revenue excludes the effect of Kindred intercompany eliminations. EBITDA includes intercompany eliminations in Kindred s

16
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

17
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

19
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

Continue The

Care

Uniquely Positioned For Bundled Or Episodic Payment Environment

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
TCC
&
TCU
ADULT DAY
CARE

21
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

22
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%

23
Growing Portfolio of Owned Real Estate
16
Facilities
43
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 16 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 $100 million
from owned real estate
(1) Only includes Kindred facilities

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

Mid Point
High End of
Guidance
2011 EPS Impact
$
%
$0.50
$0.52
$0.55
34%
34%
34%
2011 EPS Guidance
Prev
(1)
New
(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.

25
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%
Strong Free Cash Flows and Ability to Delever
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

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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
in
the
industry
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 & Ability
to Delever
Strong
free
cash
flow
and
ability
to
delever
Company is expected to delever on an adjusted basis to current levels by the end of 2011
Proven
ability
to
successfully
operate
and
grow
free
cash
flow
in
a
highly
regulated
environment
Superior cash management through lean working capital

Kindred Has a History of Successfully
Integrating Acquisitions
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
2004
July 2007: (Spin-off)
Kindred and AmerisourceBergen
combine their institutional pharmacy
businesses to form Pharmerica Corp.
27
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
April 2010:
Stratford
Commons (NC
and ALF)
September 2010:
3 Texas NCs
November 2010:
Signature Health
Services

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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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)
March 16, 2011

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Appendix

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Kindred Q4 10 Highlights

Fourth quarter consolidated revenues grew 6% to $1.1 billion

Diluted EPS of $0.50 grew 19% from Q4 09

Full year operating cash flows exceed $200 million for second consecutive year

Routine and development capital expenditures were fully funded through internal resources in both years

Hospitals report growth from last year s Q4

Recent acquisitions drove hospital revenues up 5% to $508 million

Operating income grew 3% to $96 million

Nursing and rehabilitation centers successfully transitioned to new Medicare payment system in Q4

Revenue growth of 4% driven by increased acuity and clinical services and 4% growth in admissions

Division reports solid 13% growth in operating income

People*first*
Rehabilitation adds to customer base and adjusts to new Medicare
rules in
fourth quarter

Revenue growth of 21% primarily driven by new customers

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RehabCare Q4 10 Highlights
Excluding transaction related expenses in Q4 09, diluted EPS increased
86% year over year to $0.69
Hospital division improved EBITDA margin to 15.2% in the fourth quarter
from 12.9% in the third quarter
Impacted by regulatory changes, Skilled Nursing Rehabilitation Services

division reported 5.8% operating earnings margin in the quarter, consistent with expectations

Hospital Rehabilitation Services division delivered near record operating earnings margin of 20.6%

Cash flow from operations of $104 million in 2010 allowed the Company to pay down debt by $66 million and lower debt to EBITDA ratio to 2.4

Business Segment Buildup
(1)
Segment figures do not sum to totals due to eliminations / corporate expenses. RehabCare figures do not include discontinued o
the acquisitions Kindred has closed in 2010 ($157MM Revenue and $37MM EBITDA benefit)
RehabCare acquisition significantly enhances scale in both the Skilled Nursing
and Hospital Rehab businesses and adds to Kindred s LTAC business
Hospitals

Rehabilitation Services
Nursing Centers
Total
(1)
Nursing Center
Based
Hospital Based
Total
2010 Pro forma
$MM
Revenue
(1)
Kindred Healthcare
435
84
519
2,093
2,212
4,517
RehabCare
516
180
696
653
0
1,349
Total
951
264
1,215
2,746
2,212
5,866
EBITDAR
(1)
Kindred Healthcare
24
16
40
336
242
618
RehabCare
45
35
80
136
0
216
Total

69
51
120
472
242
834
% Margin
7.3%
19.3%
9.9%
17.2%
10.9%
14.2%
EBITDA
(1)
Kindred Healthcare
18
16
34
176
44
254
RehabCare
45
35
80
86
0
166
Total
63
51
114
262
44
420
% Margin
6.6%
19.3%
9.4%
9.5%
2.0%
7.2%
(+) Synergies
25
Pro Forma EBITDA
445
33

34
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
Operating income
Rent
Depreciation and amortization
Interest, net
Income before income taxes
Income taxes
Income from cont. ops.
$364
305
51
-
(135)
(6)
(141)
579
(348)
(126)
(3)
102
39
$63
$ Millions
2010
Fourth
Quarter
2009
$93
77
11
-
(33)
(2)
(35)
146
(88)
(32)
-
26
9
$17
$96

87
9
-
(33)
(1)
(34)
158
(90)
(32)
(3)
33
13
$20
Fourth
Quarter
2010
$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
$357
303
52
-
(134)
(3)
(137)
575
(357)
(122)
(6)
90
34
$56

35
Investor Presentation
Kindred Healthcare, Inc. (NYSE: KND)
March 16, 2011