GENTIVA HEALTH SERVICES INC
Form 425
January 13, 2015

Filed pursuant to Rule 425 under the Securities Act of 1933 and

deemed filed pursuant to Rule 14a-6 of the Securities Exchange Act of 1934

Filer: Kindred Healthcare, Inc.

(Commission File No. 001-14057)

Subject Company: Gentiva Health Services, Inc.

(Commission File No. 001-15669)

J.P. Morgan
Annual Healthcare
Conference
January 2015

Forward-Looking Statements
This
presentation
includes
forward-looking
statements
within

the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements regarding the proposed business combination transaction between Kindred Healthcare, Inc. (Kindred or the Company) and Gentiva Health Services, Inc. (Gentiva) (including financing of the proposed transaction and the benefits, results, effects and timing of a transaction), all statements regarding Kindred s (and Kindred s and Gentiva s combined) expected future financial position, results of operations, cash flows, dividends, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management, and statements containing the words such as anticipate, approximate, believe, plan, estimate, expect, project, could, would, should, will, intend, may, potential, upside, and other similar expressions. Statements in this presentation concerning the business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends or other financial items, and product or services line growth of Kindred (and the combined businesses of Kindred and Gentiva), together with other statements that are not historical facts, are forward-looking statements that are estimates reflecting the best judgment of Kindred based upon currently available information. Such forward-looking statements are inherently uncertain, and stockholders and other potential investors must recognize that actual results may differ materially from Kindred s expectations as a result of a variety of factors, including, without limitation, those discussed below. Such forward-looking statements are based upon management s current expectations and include known and unknown risks, uncertainties and other factors, many of which Kindred is unable to predict or control, that may cause Kindred s actual results, performance or plans with respect to Gentiva to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. These statements involve risks, uncertainties and other factors discussed below and detailed from time to time in Kindred s filings with the Securities and Exchange Commission (the SEC). Risks and uncertainties related to the proposed merger include, but are not limited to, the risk that Gentiva s stockholders do not approve the merger, potential adverse reactions or changes to business relationships resulting from the announcement or completion of the merger, uncertainties as to the timing of the merger, adverse effects on Kindred s stock price resulting from the announcement or completion of the merger, competitive responses to the announcement or completion of the merger, the risk that healthcare regulatory, licensure or other approvals and financing required for the consummation of the merger are not obtained or are obtained subject to terms and conditions that are not anticipated, costs and difficulties related to the integration of Gentiva s businesses and operations with Kindred s businesses and operations, the inability to obtain, or delays in obtaining, cost savings and synergies from the merger, uncertainties as to whether the completion of the merger or any transaction will have the accretive effect on Kindred s earnings or cash flows that it expects, unexpected costs, liabilities, charges or expenses resulting from the merger, litigation relating to the merger, the inability to retain key personnel, and any changes in general economic and/or industry-specific conditions. In addition to the factors set forth above, other factors that may affect Kindred s plans, results or stock price are set forth in Kindred s Annual Report on Form 10-K and in its reports on Forms

10-Q and 8-K. Many of these factors are beyond Kindred s control. Kindred cautions investors that any forward-looking statements made by Kindred are not guarantees of future performance. Kindred disclaims any obligation to update any such factors or to announce publicly the results of any revisions to any of the forward-looking statements to reflect future events or developments. Kindred has provided information in this presentation to compute certain non-GAAP measurements for specified periods. A reconciliation of the non-GAAP measurements to the GAAP measurements is included in this presentation and on Kindred s website at www.kindredhealthcare.com under the heading investors.

Additional Information

This presentation

does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This presentation may be deemed to be solicitation material in respect of the proposed merger between Kindred and Gentiva. In connection with the proposed merger, Kindred has filed with the SEC a registration statement on Form S-4 (File No. 333-200454), including Amendment No. 1 thereto, that contains a definitive proxy statement of Gentiva that also constitutes a prospectus of Kindred. The registration statement was declared effective by the SEC on December 18, 2014, and Kindred and Gentiva commenced mailing the definitive proxy statement/prospectus to Gentiva stockholders on December 22, 2014. SHAREHOLDERS OF GENTIVA ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE DEFINITIVE PROXY STATEMENT/PROSPECTUS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. Investors and security holders are able to obtain copies of the definitive proxy statement/prospectus as well as other filings containing information about Kindred and Gentiva, without charge, at the SEC s website, http://www.sec.gov. Those documents, as well as Kindred s other public filings with the SEC, may be obtained without charge at Kindred s website at www.kindredhealthcare.com.

Participants in Solicitation

Kindred,

Gentiva and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the holders of Gentiva common stock in respect of the proposed merger. Information about the directors and executive officers of Kindred is set forth in the proxy statement for Kindred s

2014 Annual Meeting of Shareholders, which was filed with the SEC on April 3, 2014. Information about the directors and executive officers of Gentiva is set forth in the proxy statement for Gentiva s 2014 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2014. Investors may obtain additional information regarding the interest of such participants by reading the definitive proxy statement/prospectus regarding the proposed merger using the contact information above.

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Kindred
Healthcare
Delivering on Quality, Value
and Innovation In Patient Care
3

Kindred Healthcare is one of the Leading
Providers of Rehabilitation Services and
Post-Acute Care in the United States
4
Our Mission
Kindred s mission is to promote
healing, provide hope, preserve

dignity and produce value for each
patient, resident, family member,
customer, employee and
shareholder we serve.
Our Management
Philosophy
Kindred s management philosophy is
to focus on our people, on quality and
customer service and our business
results will follow.
105,200
1,100,000
2,880
47
Kindred will be
Dedicated teammates
taking care of over
Patients and residents in
locations in
States
Information above includes Kindred, Gentiva and Centerre Healthcare Corporation (Centerre).

Kindred with Gentiva and Centerre Creates Multiple Platforms for
Growth
$2.5 billion Revenues
(3)

97 Transitional Care
Hospitals
(4)

7,145 licensed beds
(4)

5 Inpatient Rehabilitation
Hospitals with 215 licensed
beds
(4)
$2.3 billion Combined
Revenues
(5)

694 sites of service in
41 states
(4)

154 in Kindred s
Integrated Care Markets
(4)

38,900
caregivers
serving 127,300
patients on a daily basis
(4)
$1.5 billion Revenues
(6)

2,275 sites of service served
through 20,338 therapists
(4)

Including 113 hospital-based
acute rehabilitation units
(4)

Includes Centerre s 11 operating
locations, ~$200 million of
revenue and 1,600 employees
$1.1 billion Revenues
(3)

48 Transitional Care Centers
(Sub-Acute
facilities licensed as SNFs)
(4)

12 Hospital-Based Sub-Acute
Units
(4)

13 Nursing and Rehabilitation
Centers
(with Transitional Care Units)
(4)

38 Skilled Nursing Centers
(Traditional SNFs)
(4)
*
*Combined with Gentiva
(4)
#1 Operator of Transitional
Care Hospitals
(1)
#1 Operator of
Home Health and Hospice
(1)
#1 Operator of
Rehabilitation Services
(1)
#8 Operator of Sub-Acute &
Skilled Nursing Facilities
(2)
5
(1)
Ranking based on revenues.
(2)
Ranking from *Provider*
magazine June 20, 2014 issue.
(3)
Revenues for the twelve months ended September 30, 2014 (divisional revenues before intercompany eliminations).
(4)
As of September 30, 2014. Gentiva caregivers approximate 34,000 as of December 31, 2014.
(5)
Includes Kindred at Home and Gentiva revenues for the twelve months ended September 30, 2014.
(6)
Kindred
revenues
for
RehabCare
for
the
twelve
months
ended
September
30,2014
plus
Centerre s

2014estimated
revenue.

Kindred s National Presence
and Integrated Care Market Penetration

Kindred s 23 current and targeted
Integrated Care Markets are
among the top 30 MSAs in the
United States

Significant patient opportunity for
improved care transitions and
choice
provides revenue
synergies from referrals across
the combined care delivery
platform
Source:
Kindred and Gentiva filings and investor presentations.
Note :
As of September 30, 2014.
6
Transitional Care Hospitals (97)
Inpatient Rehabilitation Hospitals (16)
Nursing and Rehabilitation Centers (99)
Kindred at Home Locations (152)
Hospital-Based Inpatient Rehabilitation Units (102)
RehabCare External Customers (1,899)
National and Regional Support Centers
Gentiva Locations (493)
Integrated Care Markets (23)
National presence across 47 states

and More Quickly
(Reducing Average
Length-of-Stay)
(2)
Sending More
Patients Home

(1)
Kindred Healthcare
Delivering on Quality, Value and Innovation
in Patient Care Delivery

Reducing
Rehospitalizations
(2)

56%
of our Nursing Center
patients go home
after **32**
days

70%
of our Hospital patients
go home or to a Lower Level
of Care after
27 days
Reduced the total average length
of stay

by
10.3%
in our Hospitals

by **11%** in our Nursing Centers
Kindred Hospitals reduced
rehospitalization rates by
14%
Kindred Nursing Centers have
reduced rehospitalization rates
by **15%**
(1)
Kindred 2013 Results.
(2)
Kindred Same-store Comparison 2009 to 2013.
7
Market-leading
care
outcomes
position
us
well
for
future
reimbursement
characterized
by

bundled payments,
pay-for-performance,
gain
sharing,
at-risk
contracts
and
capitated
population
health arrangements.

Outperforming National Quality Benchmarks

Kindred Hospitals, Nursing Centers, and Home Health and Hospice continue to improve on quality indicators and beat industry benchmarks

CONTINUE
THE CARE
Tremendous Opportunities Exist to Better Manage
Patient Care for Patients Discharged From Acute Care Hospitals
Intensity of Service
Lower
Higher

Medicare Patients
Use of Post-Acute Services Throughout an Episode of Care
Patients
first
site of
discharge after acute care
hospital stay
Patients
use of site
during a ***90 day***
episode
SHORT-TERM
ACUTE CARE
HOSPITALS
LONG-TERM
ACUTE CARE
HOSPITALS
INPATIENT
REHAB
SKILLED
NURSING
FACILITIES
OUTPATIENT
REHAB
HOME
HEALTH
CARE
37%
2%
10%
11%
41%
52%
9%
21%
2%
61%
8
There
are
47.6
(1)
million
Medicare
beneficiaries
and
9,100
are
added
to

the
program
each
day.
More
than
35%
(2)
of
these
patients
need
post-acute
care
following
a
discharge
from
an
acute
care
hospital.

(1)
Source: RTI, 2009: Examining Post-Acute Care Relationships in an Integrated Hospital System.
(2)
Source: Kaiser Family Foundation, 2011 statehealthfacts.org and AARP 2011 projections.

9
Demand for Post-Acute Care Services Strong
Increasing Demand for Integrated and
Coordinated Post-Acute Care Services
Expanding Role for Home-Based Services
Care Management Across a Post-Acute
Episode of Care is Highly Valued to Support

Emerging Payment Models
Fee for
Service
(FFS)
Managed
Care
FFS
Hospitals
Health Systems
Other PAC providers
9
Current
Approximate
Payor Mix
Potential
Future Payor
Mix
Managed
Care
Payment Policy and Market Trends that are
Influencing Kindred s Strategy
Kindred is poised to benefit from these trends
because of our unique combination of care
management capabilities and diversified PAC
sites of service on the ground
ACOs, bundle
holders

Kindred s
Continue
The
Care
Strategy is at the
Forefront of Healthcare Delivery System Reform
10

Helping to shape the evolution of the American Healthcare Delivery System by improving patient outcomes, smoothing care transitions, lowering costs and transitioning patients home at the highest level of wellness

11
A Transformed
Kindred

Leadership Among Premium Healthcare Service Providers
2014 Wall Street
Consensus Revenue
(5)
($ in billions)
Post-Acute Providers
Alternate Site Providers
(7)

$7.3
$5.5
$3.8
$3.1
$2.4
$6.4
$12.7
$4.4
OCR
IPCM
DVA
EVHC
AMSG
SCAI
The Acquisitions of Gentiva and Centerre
Further Strengthens Kindred s Ability To Serve
Patients Across the Full Continuum of Care
($ in millions)
Kindred
(2)
Gentiva
(2)
Centerre
Combined
States
(1)
47
40
8
47
Locations
(1)
2,376
493
11
2,880
Employees
(1)
62,600
41,000
1,600
105,200
Revenue
$5.1 billion
$2.0 billion
$199 million
(3)
$7.3 billion
EBITDAR
$697 million

$232 million
$48 million
(3)
$1,047 million
(4)
$1.2
$2.8
$1.6
(1)
As of September 30, 2014. Gentiva employee count is approximately 41,000 as of December 31, 2014.
(2)
Per Kindred 2014 guidance as provided on November 5, 2014 and 2014 current average analyst consensus estimates for Gentiv
(3)
Estimated 2014 revenue and earnings before interest, taxes, depreciation, amortization and rent (or EBITDAR), prior to ded
partners, see Appendix.
(4)
Combined EBITDAR includes full run rate of cost synergies of $70
million expected to be achieved in two years post closing.
(5)
FactSet consensus estimates as of November 13, 2014.
(6)
Combined 2014 revenues of Kindred (based on November 5, 2014 guidance), Gentiva (based on analyst consensus) and Cente
on internal estimates).
(7)
Twelve months ended as of June 30, 2014 and pro forma for Skilled Healthcare merger.
(6)
12

Nursing
47%
Hospital
42%
Rehab
11%
Kindred

at Home
31%
Rehab
20%
(1)
Kindred revenues and earnings before interest, taxes, depreciation and amortization (or EBITDA) as reported in the respecti
(2)
Represents adjusted EBITDA margin as reconciled in the Appendix.
(3)
Includes combined results for the twelve months ended September 30, 2014 for Centerre, Gentiva and Kindred, see Appendix.
of $70 million expected to be achieved two years post closing.
(4)
Revenues before intercompany eliminations.
Kindred has Significantly Diversified its Service
Offerings and Transformed its Business Mix
Yesterday
Today
2010
(1)
Kindred at Home 0%
Nursing
21%
Hospital
48%
Rehab
25%
LTM 9/30/2014
Kindred at Home 6%
Combined Kindred
(3)
13
Tomorrow
Community
Care 3%
Home
Health
18%
Hospice
10%
Hospital
34%
Nursing
15%
SRS
14%
HRS
6%
$7.2
8.6%
Combined 2014

(2)(3)
$4.4
5.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
$0.0
$1.0
$2.0
$3.0
$4.0
$5.0
$6.0
$7.0
2010
(1)
$6.2
5.1%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
$0.0
$1.0
$2.0
$3.0
$4.0
$5.0
$6.0
$7.0
2012
(1)
$5.0
7.1%
$0.0
$1.0
$2.0

$3.0
$4.0
$5.0
$6.0
$7.0
LTM 9/30/2014
(2)
EBITDA Margin
Revenue

14
Legislative
and Financial
Overview

Reimbursement Outlook

Overview and Context

This year, like every year, Congress is considering changes to Medicare to help pay for the cost of avoiding steep cuts to physician payments (SGR/ Doc Fix).

There are several key considerations this year.

Key Considerations

Only half of Kindred s revenue is directly affected by SGR outcome

Policymakers recognize that post-acute providers have contributed to Medicare deficit reduction disproportionately to Medicare spending for post-acute care and did not benefit from Affordable Care Act expanded coverage

Policymakers prefer reform-oriented changes to reduce spending versus cuts
Readmission penalties for all post-acute care providers
Rate equalization/site neutrality
Medicare
49.7%
($3.6b)
Commercial
37.8%
($2.7b)
Medicare Advantage,
Managed Care and
Managed
Medicaid
Medicaid
12.5%
($0.9b)
Revenue by Payor Mix
(1)
Approximately half of Kindred s
total revenue is Medicare
(1) Revenues before intercompany eliminations for both Kindred and Gentiva for the twelve months ended September 20, 2014
15

Overview of Key Payment Provisions
in LTAC Criteria Legislation

Definition of Patients Eligible for LTAC Rate

Patients are eligible for payment under the current LTAC PPS if they meet either one of two criteria: patients admitted from an acute care hospital with 3 or more days in an acute care hospital Intensive Care Unit (ICU);

or patients receiving prolonged mechanical ventilation (greater than 96 hours) in the LTAC hospital

Many new patients today who do not use LTAC services will qualify under the new criteria. These patients are high acuity, have extended stays in acute care hospitals and are at high risk for re-hospitalization.

Definition of Patients Eligible for Site Neutral Rate

Other medically complex patients may still be admitted

to
LTACs
and
receive
a
site
neutral
rate
that
is
either
at
LTAC cost or at a per diem rate comparable
to payments made to acute care hospitals under the IPPS payment
system (and capped at the IPPS rate)

The
length
of
stay
for
these
patients
and
Medicare
Advantage
patients
will
not
count
towards
the
25-day
LOS
requirement

Effective Date and Phase-In

Effective date: Two-year Phase-in of criteria begins after October 1, 2015, linked to each LTAC s cost-reporting period

All Kindred LTACs have cost-reporting periods that begin September 1 of each year; phase-in of new criteria would not begin for Kindred LTACs until September 1, 2016, and will not be fully effective until September 2018

During
phase-in,
cases
receiving
site
neutral

rate
get
paid
50%
based
on
current
LTAC
rate
and
50%
based
on
the site neutral
rate
16
The new criteria would not become fully effective until September 1, 2018 for Kindred LTACS

2014
2015
2016
2017
2018
Oct. 1
July 1
Oct. 1

July 1
Oct. 1
July 1
Oct. 1
July 1
Oct. 1
July 1
1. Patient Criteria Effective
Date (depending on cost
report date)
2. Patient Criteria effective
date for Kindred LTACs
Phase-in begins
3. Site Neutral IPPS
Equivalent Rate:

50/50 Blend

Full Site Neutral Rate
4. 25-Day Length of Stay
does not count for site
neutral and Medicare
Advantage cases
5. 25% Rule Relief for LTACs
certified as of 10/1/2004
6. Moratorium
7. 50%
Compliance Test
2020
LTAC Legislation Effective Dates,
Phase-in and Timeline for Kindred Hospitals
January 1, 2014
April 1, 2015
September 1, 2016
September 1, 2016
September 1, 2018
17
October 1, 2015
September 1, 2016

Kindred Has Delivered Attractive
Financial Performances
18
EBITDAR Margin:
12.7%
14.0%
13.6%

13.7%
Share Price & Dividends
Despite sequential years of significant reimbursement cuts and a wholesale restructuring of the Company s business and capital structure, the Company has delivered on its promise to its patients, customers, teammates and shareholders!
Revenue
($ billions)
EBITDAR
($ millions)
14.4%
(1)(2)
(3)
(3)
(4)
(4)
$529
$679
$658
$697
$1,047
2011
2012
2013
2014
2014
Combined
12/31/2011
12/31/2012
12/31/2013
12/31/2014
$4.2
$4.8
$7.3
2011
2012
2013
2014
2014
Combined
$4.9
$5.1
(1)
Before certain disclosed items as reconciled in the Appendix.
(2)
Reimbursement cuts totaled $70 million.
(3)
Reflects midpoint of Company s November 5, 2014 earnings guidance.

(4)
Assumes Centerre and Gentiva acquired on January 1, 2014 and combined with Kindred. Amount for Gentiva is based upon cu
consensus estimates. Centerre amounts are 2014 estimates, as reconciled in Appendix. In addition, combined EBITDAR includes full run rate cost synergies of $70 million expected to be achieved two years post closing.
(1)
(1)

(1)
Kindred growth calculations based upon 2014 earnings guidance provided on November 5, 2014 compared to the current avera
(2)
Combined
growth
calculation
represents

Kindred, Gentiva and Centerre. For Gentiva, 2014 and 2015 revenues are derived from current average analyst consensus estimates, including $60 million of annual run rate revenue synergies. Centerre amounts based upon internal projections.

(3) Represents adjusted EBITDA as reconciled in the Appendix.

(4) Based upon mid point of 2014 guidance for Kindred as of November 5, 2014.

(5) Combined to include Kindred, Gentiva

and
Centerre.
Kindred
EBITDA
is
mid
point
of
2014
earnings
guidance
as
of
November
5,
2014,
Gentiva
is
based
upon
current
average
analyst
consensus estimates and includes EBITDA impact of full run rate of cost synergies of $70 million expected to be achieved two
Kindred has Successfully Shifted its Business to
Faster Growing Businesses, Improving Margins,
Profitability and Operating Cash Flows
Improves Margin and Profitability
Enhances Growth Profile
2014
2015 Revenue Growth
19
EBITDA Margin
(5)
2.9%
4.4%
0.0%
2.0%
4.0%
6.0%
Kindred
(1)
Combined
(2)
6.1%
7.4%
9.1%
0.0%
2.0%
4.0%

6.0%
8.0%
10.0%
Kindred 2011
Kindred 2014
Combined
2014
(3)
(4)

Deleveraging Profile
20
Long-Term
Goal
Estimated
At Closing
(4)

Goal Two Years
Post Closing
(5)
<5.0x
Mid-4x
Range
~5.5x
Declining Rent Burden as a % of 2014 Revenue
Adjusted Debt to EBITDAR
(3)
(1)
Based upon midpoint of guidance for Kindred as of November 5, 2014, see Appendix.
(2)
Based upon Kindred, Gentiva and Centerre combined revenues and rent expense based upon guidance and assuming Centerre a
acquired January 1, 2014.
(3)
Estimated Adjusted Debt to EBITDAR is computed by dividing a numerator comprised of combined long-term debt at closing
combined annual rent expense multiplied by six, less unrestricted cash, by a denominator comprised of full-year estimated EBI
achieve our goals is subject to uncertainties; see Forward-Looking Statements on slide 2 of this presentation.
(4)
Assumes half of full run-rate of expected cost synergies, or $35 million.
(5)
Assumes full run-rate of cost synergies, or $70 million, expected to be achieved two years post closing.
Pro forma adjusted net leverage expected to
be in the mid-5x range at Gentiva closing
with a goal of delevering to below 5.0x two
years post closing

Investment Rationale

Kindred Is Poised to Help Shape the Future of Care for the Aging Population in America

Kindred Is Uniquely Positioned To Succeed in a Fee-For-Service World While Preparing for A Fee-For-Value World

Continue The Care Competitive Advantage

Kindred is **the only post-acute provider today** with the full continuum in place to successfully manage an entire episode of care and achieve the CMS triple aim

Transformational Growth

Strong Growth and Margin Profile

Substantial Operating Cash Flows and Deleveraging Profile

Experienced Management Team
21

Q & A
22

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January 2015

Appendix
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Explanation of Non-GAAP Measures
In
addition
to
the
results

provided in accordance with generally accepted accounting principles (GAAP), Kindred Healthcare, Inc. (Kindred or the "Company") has provided information in this presentation to compute certain non-GAAP measurements for the three an months ended September 30 2014, and the for the twelve months ended December 31, 2013, 2012 and 2011. A reconciliation o GAAP measurements to the GAAP measurements is included in this presentation.

This presentation also includes financial measures referred to as operating income, or earnings before interest, income taxes, de amortization and rent (EBITDAR), and earnings before interest, income taxes, depreciation and amortization ("EBITDA"). management uses EBITDAR or EBITDA as meaningful measures of operational performance in addition to other measures. T EBITDAR or EBITDA to assess the relative performance of its operating divisions as well as the employees that operate these addition, the Company believes these measurements are important because securities analysts and investors use these measurements to compare the Company's performance to other companies in the healthcare industry. The Company believes that income (loss) f continuing operations is the most comparable GAAP measure. Readers of the Company's financial information should consider income (loss) from continuing operations as an important measure of the Company's financial performance because it provides the most com of its performance. EBITDAR or EBITDA should be considered in addition to, not as a substitute for, or superior to, financial upon GAAP as an indicator of operating performance. A reconciliation of Adjusted EBITDAR or Adjusted EBITDA to incom continuing operations is included in this presentation and exclude the effects of certain charges listed herein.

We believe that the presentation of these measurements included in this presentation provides useful information to investors v analyze Kindred s and Gentiva s operating trends and performance. Further, we believe these measurements facilitate compa operating performance comparisons by backing out potential differences caused by variations in capital structures, taxation and depreciation of property and equipment, which may vary for different companies for reasons unrelated to operating performan addition, we believe that these measurements are frequently used by securities analysts, investors and other interested parties in their evaluation of companies.

Reconciliation of Kindred Earnings Guidance
(a)
Continuing Operations
($ in millions, except per share amounts)
26
As of November 5, 2014
Low

High
Revenues
5,100
$
5,100
$
Operating income (EBITDAR)
692
$
702
$
Rent
322

322

EBITDA
370

380

Depreciation and amortization
157

157

Interest, net
92

92

Income from continuing operations before income taxes
121

131

Provision for income taxes
44

48

Income from continuing operations
77

83

Earnings attributable to noncontrolling interests
(18)

(18)

Income from continuing operations attributable to the Company
59

65

Allocation to participating unvested restricted stockholders
(2)

(2)

Available to common stockholders
57
$
63
$
Earnings per diluted share
0.98
$
1.08
$
Shares used in computing earnings per diluted share
58.3

58.3

(a)
The earnings guidance excludes the effect of reimbursement changes, debt refinancing costs, severance, retirement, retention and restructuring costs, customer bankruptcy costs, litigation costs, transaction costs, any further acquisitions or divestitures, any impairment charges, any further issuances of common stock, debt or mandatory convertible equity securities in conjunction with the Gentiva transaction and any repurchases of common stock.

27
Reconciliation of Kindred Non-GAAP Measures
($ in thousands)
2014 Quarters
Nine months ended
Twelve months ended
First

Second
Third
Fourth
First
Second
Third
Sept. 30, 2014
Sept. 30, 2014
Revenues:
Hospital division
$657,814
$606,604
$594,154
$606,988
$646,458
$632,156
$609,452
$1,888,066
$2,495,054
Nursing center division
270,205

264,847

265,696

270,080

277,902

280,255

279,561

837,718

1,107,798

Rehabilitation division:
Skilled nursing rehabilitation services
258,750

249,647

245,330

243,280

254,255

253,989

247,042

755,286

998,566

Hospital rehabilitation services
74,523

69,777

68,296

74,017

73,964

75,324

74,808

224,096

298,113

Care management division
51,621

53,039

53,801

66,466

87,704

87,986

86,186

261,876

328,342

Eliminations
(53,479)

(52,884)

(51,832)

(51,155)

(53,541)

(53,746)

(53,736)

(161,023)

(212,178)

Totals
$1,259,434
$1,191,030
$1,175,445
$1,209,676
$1,286,742
$1,275,964
$1,243,313
$3,806,019
$5,015,695
Income (loss) from continuing operations:
Operating income (loss):
Hospital division
$147,493
$129,366
$112,483
$126,788
$145,395
$132,878
$121,744
$400,017
$526,805
Nursing center division
29,145

36,018

31,505

35,585

38,471

36,880

36,179

111,530

147,115

Rehabilitation division:
Skilled nursing rehabilitation services
13,239

21,623

(7,209)

14,260

18,328

19,982

17,552

55,862

70,122

Hospital rehabilitation services
18,132

19,573

18,215

18,005

19,820

20,084

18,273

58,177

76,182

Care management division
2,786

3,961

1,085

2,131

4,697

7,065

6,789

18,551

20,682

Corporate:
Overhead
(45,585)

(43,196)

(39,157)

(48,557)

(44,050)

(48,365)

(45,173)

(137,588)

(186,145)

Insurance subsidiary
(509)

(384)

(482)

(539)

(406)

(443)

(637)

(1,486)

(2,025)

(46,094)

(43,580)

(39,639)

(49,096)

(44,456)

(48,808)

(45,810)

(139,074)

(188,170)

Impairment charges
(187)

(438)

(441)

(76,127)

-

-

-

-

(76,127)

Transaction costs
(944)

(108)

(613)

(447)

(683)

(4,496)

(4,114)

(9,293)

(9,740)

Operating income (EBITDAR)
163,570

166,415

115,386

71,099

181,572

163,585

150,613

495,770

566,869

Rent
(76,519)

(77,324)

(76,762)

(80,921)

(81,048)

(80,209)

(80,192)

(241,449)

(322,370)

EBITDA
87,051

89,091

38,624

(9,822)

100,524

83,376

70,421

254,321

244,499

Depreciation and amortization
(41,598)

(38,554)

(36,507)

(37,547)

(39,337)

(39,442)

(39,023)

(117,802)

(155,349)

Interest, net
(28,074)

(27,600)

(24,389)

(23,900)

(25,616)

(78,081)

(22,173)

(125,870)

(149,770)

Income (loss) from continuing operations
before income taxes
17,379

22,937

(22,272)

(71,269)

35,571

(34,147)

9,225

10,649

(60,620)

Provision (benefit) for income taxes
6,505

9,208

(6,510)

(20,522)

13,585

(13,082)

3,079

3,582

(16,940)

Income (loss) from continuing operations
$10,874
$13,729
($15,762)
($50,747)
$21,986
($21,065)

$6,146
$7,067
($43,680)
2013 Quarters

28
Reconciliation of Kindred
Non-GAAP Measures
(continued)
($ in thousands)
2010
2011

2012
Revenues
4,359,697
$
5,521,763
$
6,181,291
$
Operating income (EBITDAR)
574,623

581,364

743,630

Rent
(357,372)

(399,257)

(428,979)

EBITDA
217,251

182,107

314,651

Depreciation and amortization
(121,552)

(165,594)

(201,068)

Interest, net
(5,845)

(79,888)

(106,842)

Income (loss) from continuing operations
before income taxes
89,854

(63,375)

6,741

Provision (benefit) for income taxes
33,708

(7,104)

39,112

Income (loss) from continuing operations
56,146
$
(56,271)
$
(32,371)
$
* All amounts are as originally reported on each respective Form 10-K.

Reconciliation of Kindred Non-GAAP Measures
(continued)
29
(in thousands)
2013
2012
2011

2014
2013
Consolidated operating data:
Revenues:
Hospital division
$
2,465,560
$
2,543,829
$
2,227,048
$
1,888,066
$
1,858,572
$
2,495,054

Nursing center division
1,070,828
1,071,512
1,085,268
837,718
800,748
1,107,798

Rehabilitation division:
Skilled nursing rehabilitation services
997,007
1,007,335
766,973
755,286
753,727
998,566

Hospital rehabilitation services
286,613
293,580
200,824
224,096
212,596
298,113

Care management division
224,927
143,340
60,736
261,876
158,461
328,342

Eliminations
(209,350)
(203,454)
(180,741)
(161,023)
(158,195)
(212,178)

Totals
$
4,835,585
$
4,856,142
$
4,160,108
$
3,806,019
$
3,625,909
$
5,015,695

Income (loss) from continuing operations:
Operating income (loss):
Hospital division
$ 516,130
$
555,333
$
452,978
$
400,017
$
389,342
$
526,805

Nursing center division
132,253
136,923
150,028
111,530
96,668
147,115

Rehabilitation division:
Skilled nursing rehabilitation services
41,913
72,293

54,678
55,862
27,653
70,122

Hospital rehabilitation services
73,925
69,745
43,731
58,177
55,920
76,182

Care management division
9,963
13,708
3,103
18,551
7,832
20,682

Corporate:
Overhead
(176,495)
(179,063)
(174,800)
(137,588)
(127,938)
(186,145)

Insurance subsidiary
(1,914)
(2,127)
(2,306)
(1,486)
(1,375)
(2,025)

Impairment charges
(77,193)
(108,953)
(73,554)
-
(1,066)
(76,127)

Transaction costs
(2,112)
(2,231)
(50,706)

(9,293)
(1,665)
(9,740)

Operating income (EBITDAR)
516,470
555,628
403,152
495,770
445,371
566,869

Rent
(311,526)
(303,564)
(276,540)
(241,449)
(230,605)
(322,370)

EBITDA
204,944
252,064
126,612
254,321
214,766
244,499
Depreciation and amortization
(154,206)
(160,066)
(126,905)
(117,802)
(116,659)
(155,349)

Interest, net
(103,963)
(106,839)
(79,854)
(125,870)
(80,063)
(149,770)

Income (loss) from continuing operations before income taxes
(53,225)
(14,841)
(80,147)
10,649
18,044

(60,620)

Provision (benefit) for income taxes
(11,319)
30,642
(13,604)
3,582
9,203
(16,940)

Income (loss) from continuing operations
(41,906)
(45,483)
(66,543)
7,067
8,841
(43,680)

(Earnings) loss attributable to noncontrolling interests
(3,890)
(1,382)
81
(13,729)
(1,424)
(16,195)

Income (loss) from continuing operations
attributable to Kindred
$ (45,796)
$
(46,865)
$ (66,462)
$ (6,662)
$ 7,417
$ (59,875)
Twelve months
ended
September 30,
2014
Year ended December 31,
Nine months ended September 30,

(in thousands)
2013
2012
2011
2014
2013
$

$
$
Depreciation and amortization
154,206
160,066
126,905
117,802
116,659
155,349
Interest, net
103,963
106,839
79,854
125,870
80,063
149,770
Provision (benefit) for income taxes
(11,319)
30,642
(13,604)
3,582
9,203
(16,940)
Kindred EBITDA
204,944
252,064
126,612
254,321
214,766
244,499
Impairment charges
76,082
107,899
73,554
-
-
76,082
Litigation costs
30,850
5,000
-
4,600
23,850
11,600
One-time bonus costs
19,842
-
-
-
19,842

-
Facility closing costs
6,542
-
1,490
-
6,043
499
Customer bankruptcy costs
-
-
-
1,857
-
1,857
Severance, retirement and other restructuring costs
6,016
8,730
16,769
6,636
2,353
10,299
Lease cancellation charges
-
1,691
1,819
247
-
247
Transaction costs
2,112
2,231
33,937
9,293
1,665
9,740
Kindred Adjusted EBITDA
$
346,388
$
377,615
$
254,181
$
276,954
$
268,519
354,823
Gentiva Adjusted EBITDA
163,347

$
Estimated cost savings in year one
35,000
$
Kindred EBITDA
$
204,944
$
252,064
$
126,612
$
254,321
$
214,766
$
244,499
Rent expense
311,526
303,564
276,540
241,449
230,605
322,370
Kindred EBITDAR
$
516,470
$
555,628
$
403,152
$
495,770
$
445,371
$
566,869
Kindred Adjusted EBITDA
$
346,388
$
377,615
$
254,181
$
276,954
$
268,519
$
354,823

Rent expense, less lease cancellation charges
311,526
301,873
274,721
241,202
230,605
322,123
Kindred Adjusted EBITDAR
$
657,914
$
679,488
$
528,902
$
518,156
$
499,124
676,946
Gentiva Adjusted EBITDAR
208,068
$
Estimated cost savings in year one
35,000
$
(43,680)
Twelve months
ended September 30,
2014
(66,543)
$
8,841
Income (loss) from continuing operations
(41,906)
$
(45,483)
Year ended December 31,
Nine months ended September 30,
$
7,067
Kindred Acquisition Adjusted EBITDA
518,170
885,014
Kindred Acquisition Adjusted EBITDA - pro forma with cost savings
553,170
Kindred Acquisition Adjusted EBITDAR - pro forma with cost savings
920,014
Kindred Acquisition Adjusted EBITDAR
Reconciliation of Kindred Non-GAAP Measures
(continued)

30

Gentiva Reconciliation of
Non-GAAP Measures
31
(in thousands)
2013
2014
2013

Consolidated statement of income data:
Home Health
$
965,848

$
793,467

$
706,141

$
1,053,174
Hospice
715,190

519,073

534,366

699,897
Community Care
45,606

171,011

-

216,617
Net Revenue
$
1,726,644
$
1,483,551
$
1,240,507
$
1,969,688
Cost of services sold
942,180
811,077
660,998
1,092,259
Gross profit
784,464
672,474
579,509
877,429
Selling, general and administrative expenses
(706,227)

(567,722)
(483,243)
(790,706)
Goodwill and other long-lived asset impairment
(612,380)
-
(210,672)
(401,708)
Interest income
2,704
1,899
2,066
2,537
Interest expense and other
(113,088)
(75,805)
(68,849)
(120,044)
Income (loss) from continuing operations before income taxes and equity in net (loss) earnings of CareCentrix Holdings, Inc.
(644,527)
30,846
(181,189)
(432,492)
Income tax (expense) benefit
39,953
(12,499)
(2,827)
30,281
Equity in net (loss) earnings of CareCentrix Holdings, Inc.
-
(490)
-
(490)
Net income (loss) from continuing operations
(604,574)
17,857
(184,016)
(402,701)
Net income attributable to noncontrolling interests
(487)
(170)
(425)
(232)
$
$
Twelve months
ended
September 30,
2014

(402,933)
Net income (loss) from continuing operations attributable to Gentiva shareholders
(605,061)
Year ended
December 31,
Nine months ended September 30,
$
(184,441)
$
17,687

Gentiva Reconciliation of
Non-GAAP Measures
(continued)
32
(in thousands)
2013
2014

2013
$
$
Interest, net
110,384
73,906
66,783
117,507
Depreciation and amortization
24,621
21,207
14,541
31,287
Gentiva EBITDA
(509,522)
125,959
(99,865)
(283,698)
Impairment charges
612,380
-
210,672
Cost savings initiatives and other restructuring costs
8,742
4,317
262
Acquisition, merger and integration costs
18,797
8,466
2,322
24,941
Impact of closed locations
4,565
3,034
-
7,599
Gentiva Adjusted EBITDA
$
134,962
$
141,776
$
113,391
$
163,347
Gentiva EBITDA
$
(509,522)
$
125,959

$
(99,865)
$
(283,698)
Rent expense
43,370
33,467
30,584
46,253
Gentiva EBITDAR
$
(466,152)
$
159,426
$
(69,281)
$
(237,445)
Gentiva Adjusted EBITDA
$
134,962
$
141,776
$
113,391
$
163,347
Rent expense, excluding certain charges
42,351
32,954
30,584
44,721
Gentiva Adjusted EBITDAR
$
177,313
$
174,730
$
143,975
$
208,068
401,708
12,797
$
30,846
$
(181,189)
Nine months ended September 30,
Income (loss) from continuing operations before income taxes
and equity in net (loss) earnings of CareCentrix Holdings, Inc.

(644,527)
Twelve months ended
September 30,
2014
(432,492)
Year ended
December 31,

33
Centerre Reconciliation of
Non-GAAP Measures
($ In Thousands)
Twelve months ended
Sept. 30, 2014
Estimated 2014

Revenues
$183,438
$198,513
Operating income (EBITDAR)
$48,797
$48,337
Rent
18,030

20,199

EBITDA
30,767

28,138

Depreciation and amortization
3,177

3,060

Interest, net
582

500

Income from continuing operations before income taxes
27,008

24,578

Provision for income taxes
4,848

4,300

Income from continuing operations
22,160

20,278

Earnings attributable to noncontrolling interests
(14,937)

(13,871)

Income from continuing operations attributable to Centerre
$7,223
$6,407

J.P. Morgan
Annual Healthcare
Conference
January 2015