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# HOME CARE AND HOSPICE COMPANIES: EXPLORING CORPORATE STRATEGIC ALTERNATIVES

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## Introduction

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Home care and hospice companies are facing a very bright future. The country's aging demographics, the need to reduce costs, and the pressure to move patients to lower acuity settings have all accelerated the growth of home care and hospice companies. Treating patients with chronic conditions in the comfort of their own homes allows them to be discharged from institutional care settings and still receive the medical care they require. The trend toward reducing hospital reimbursement rates by both commercial and governmental payers will no doubt help to accelerate the growth of home care and hospice companies, and any "reform" measures legislated by Washington will likely increase governmental coverage of medical services for a greater percentage of the population. Companies providing home care and hospice services are very well positioned for growth in the years ahead.

In this article, Scott-Macon discusses the home care and hospice services industry from the standpoint of the corporate finance market place. Specifically, we review the various strategic alternatives home care and hospice companies can pursue, including mergers and acquisitions, private placements of equity and debt, and also public offerings. We also outline the steps involved in embarking upon a strategic options review process. Lastly, we discuss ways to

present your historical financial statements to prospective third party investors.

### **Benefits of the Process**

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In summary, the corporate strategic alternatives available in the home care and hospice services field today are very broad. Choosing which parties to negotiate with will depend upon the needs and objectives of both seller and buyer. Often the best method for deciding upon the most appropriate transaction structure will entail a systematic, professional exploration of corporate alternatives. Such an approach has a number of important benefits:

- (1) It identifies which options are realistic in light of the current capital markets and the interests of potential partners;
- (2) It potentially eliminates some options due to structural or valuation hurdles;
- (3) It allows sellers to simultaneously compare a range of offers and therefore make highly informed business decisions;
- (4) It fulfills any fiduciary obligations which members of the Board of Directors may have to shareholders of the company who are not represented on the Board;
- (5) It identifies and qualifies the interest of a very broad range of potential partners, rather than just those which have voluntarily approached the company to initiate negotiations;
- (6) It creates a sense of urgency and immediacy

by imposing a specific process and timeframe on the strategic review;

(7) It gives sellers the negotiating leverage to force buyers to offer their best possible price and terms;

(8) It minimizes the potentially harmful competitive ramifications associated with being “on the market” by imposing a short, discrete time frame on the shopping process;

(9) It takes a large portion of the negotiating burden off day-to-day operations, allowing management to focus on running the business during a very critical time; and

(10) It puts the company in control of the timing of the process, rather than allowing an outside party to dictate its own timing needs on the company.

In short, any decision to enter into a corporate affiliation can be made with the benefit of extensive information regarding the range of potential options available at any given time. Importantly, shareholders will ensure the maximization of the value of their company by creating an efficient and organized process designed to evaluate both the quantitative and qualitative merits of all potential corporate affiliations. Casting a wide net in the solicitation process not only increases the probability of enhancing competition among different interested parties, but it also gives you the comfort of knowing that whatever choice you make is made with the fullest information

available.

## **Elements of Value**

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The quality of a home care and hospice company’s revenues and profits is equally as important as quantity from the point of view of third party investors, merger partners and acquirers. The early years of establishing a business are all about building a revenue base, along with a critical mass of people and know-how. Once the business becomes established, it can then generate very attractive incomes for its principals. Creating wealth and liquidity for the equity holders beyond annual salaries, bonuses and perks means paying very close attention to the quality of revenues and profits.

### *Employment Agreements*

Companies providing services for a living must rely much more heavily on human assets than physical assets. As a home care and hospice business grows and more people have positions of great importance, the loss of a key player can materially hurt a company. To make matters even worse, events involving third party investment often precipitate the loss of one or more key people. The ability to provide assurances that there will be minimal disruption among key employees can literally make or break a transaction. While state laws vary regarding the enforceability of non-compete agreements, softer agreements are generally enforceable in most states. The kinder, gentler non-competes typically involve, at a minimum,

SELECTED HOME CARE AND HOSPICE MERGERS AND ACQUISITIONS, 2000-PRESENT

Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Seller Business Description
Dec-03	AccentCare, Inc.	AccentCare at Home, Inc.	N/A	N/A	N/A	Provides attendant care, personal care, and homemaking services to home care patients.
Oct-09	AccentCare, Inc.	Asante Health Systems, Inc., Medford Home Health Unit	N/A	N/A	N/A	Provides home health services to medically fragile people.
Dec-06	AccentCare, Inc.	Sunplus Home Health Services, Inc.	\$ 19.3	N/A	N/A	Offers home healthcare and pharmacy services for children and adults. It provides long-term and skilled nursing care, as well as ancillary healthcare services.
Sep-04	AccuMed Home Health LLC	Vanguard Health Services, Inc.	N/A	N/A	N/A	Provides home health care services to patients in Florida and Alabama.
Nov-02	Allied Capital Corporation; MTS Health Investors, LLC	Housecall Medical Resources, Inc.	\$ 37.0	N/A	N/A	Provided home health services and products, including home nursing and related care, infusion therapy, respiratory therapy, home medical equipment, and hospice care.
Jul-07	Allied Capital Corporation; Webster Capital	CK Franchising, Inc.	N/A	N/A	N/A	Doing business as Comfort Keepers, provides in-home care to seniors and others who need help with activities of daily living.
Jan-07	Almost Family Inc.	BayCare HomeCare, Home-Health Agency in Jacksonville	N/A	N/A	N/A	Home-Health Agency in Jacksonville offers health care services.
Jun-09	Almost Family Inc.	Central Florida Health Alliance, Inc., Home Health Agencies	\$ 5.2	\$ 4.3	N/A	Provides home healthcare service.
Nov-05	Almost Family Inc.	Community Home Health Care	N/A	N/A	N/A	Provides various home care services, including nursing, physical therapy, occupational therapy, speech therapy, medical social services, home health aide services, homemaker/companion/sitter services, and grocery shopping.
Nov-08	Almost Family Inc.	Fairfield Medical Center, Medicare-Certified Home Health Agency	N/A	N/A	N/A	Provides home healthcare service.
Feb-05	Almost Family Inc.	Florida Palliative Home Care	N/A	N/A	N/A	Provides psychosocial, symptom, and pain management to individuals in the home setting.
Dec-06	Almost Family Inc.	Mederi, Inc.	\$ 28.3	\$ 23.8	N/A	Provides health care services to homebound patients in Florida.
Aug-08	Almost Family Inc.	Patient Care, Inc.	\$ 123.2	\$ 47.4	N/A	Provides home healthcare services in the United States.
Mar-07	Alpha-Care Health Professionals, LLC	Dynamic HomeCare, Inc., Hearts and Hands Private-Duty Home Care Business	N/A	N/A	N/A	Provides nonmedical, nonskilled care to people who need services to stay in their homes.
Aug-02	Amedisys Inc.	All Saints Home Care Services	\$ 1.0	N/A	N/A	Primarily serves patients in Tarrant County.
Apr-07	Amedisys Inc.	American HomePatient, Inc., Skilled Nursing Home Health Services Business	N/A	N/A	N/A	Provides home health care services which includes respiratory services, infusion therapy, parenteral and enteral nutrition, and medical equipment.
Feb-09	Amedisys Inc.	Arizona Home Rehabilitation and Health Care and Yuma Home Care	\$ 5.8	N/A	N/A	Offers home healthcare services.
Jan-06	Amedisys Inc.	ASAP Health Services, Inc.	\$ 2.7	N/A	N/A	Doing business as Provincial Home Care operates in the health care sector.
May-07	Amedisys Inc.	Dyna Care Health Ventures, Inc.	\$ 15.9	N/A	N/A	Offers a range of skilled home nursing services.

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Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Business Description
Dec-07	Amedisys Inc.	Extend A Care Home Health	N/A	N/A	N/A	Offers skilled nursing, in addition to physical, speech, and occupational therapy.
Feb-08	Amedisys Inc.	Family Home Health Care, Inc.	\$ 47.6	\$ 39.7	N/A	Provides home health care services.
May-08	Amedisys Inc.	Health Management Associates, Inc., Five Home Health Agencies	\$ 6.7	N/A	N/A	Provides home healthcare services.
Aug-06	Amedisys Inc.	Home Health Agency in Cumberland County	N/A	N/A	N/A	Provides home healthcare and nursing services.
Oct-08	Amedisys Inc.	Home Health Corporation of America, Inc., Six Home Health Locations	\$ 26.3	\$ 23.9	N/A	Provides health services.
Jul-05	Amedisys Inc.	Housecalls Medical Resources, Inc.	\$ 106.0	\$ 106.0	N/A	Provided home health services and products, including home nursing and related care, infusion therapy, respiratory therapy, home medical equipment, and hospice care.
Sep-07	Amedisys Inc.	Integricare, Inc.	\$ 68.0	\$ 52.3	N/A	Operates as a home health care company.
Jun-07	Amedisys Inc.	Interim Healthcare of Baltimore, Inc., Home Health Agency in Baltimore County	N/A	N/A	N/A	Provides home healthcare services.
Jun-07	Amedisys Inc.	Lancaster Regional Medical Center, Home Health Agency in Lancaster	N/A	N/A	N/A	Offers home healthcare services.
Apr-06	Amedisys Inc.	Loris Conway Health Care Services	\$ 3.3	N/A	N/A	Provides home health nursing services.
Dec-07	Amedisys Inc.	Memorial University Medical Center, Six Home Health Agencies	\$ 13.4	N/A	N/A	Offers home health services.
Aug-05	Amedisys Inc.	NCARE Inc.	\$ 2.2	N/A	N/A	Offers home health aide, nursing care, occupational and physical therapy, and speech pathology services.
Mar-05	Amedisys Inc.	North Arundel Home Care Agency	N/A	N/A	N/A	Provides various services, including nursing, physical therapy, occupational therapy, speech language pathology, and home health aides.
Oct-08	Amedisys Inc.	Okanogan Regional Home Health and Hospice	N/A	N/A	N/A	Provides home care and hospice services.
Mar-07	Amedisys Inc.	OptimaCare Home Health, Inc.	N/A	N/A	N/A	Provides home care and hospice services.
Jun-07	Amedisys Inc.	Patient Care, Inc., Home Health Agency in Oak Park	N/A	N/A	N/A	Provides home health care services.
Apr-01	Amedisys Inc.	Seton Home Health Services, Inc., Seven Home Care Agencies	\$ 2.8	N/A	N/A	Seven home care agencies.
Nov-05	Amedisys Inc.	Single Home Health Agency	\$ 2.2	N/A	N/A	Provides home healthcare services.
Aug-05	Amedisys Inc.	SpectraCare Home Health, Inc.	\$ 13.0	N/A	N/A	Provides home health care services.
Nov-06	Amedisys Inc.	Sun Health Corporation	N/A	N/A	N/A	Offers residential and home-delivered healthcare and related services to west Valley communities.
Mar-08	Amedisys Inc.	Tender Loving Care Health Care Services, Inc.	\$ 394.5	N/A	N/A	Provides home health care services with 87 locations in 22 states, and the District of Columbia.
Apr-09	Amedisys Inc.	Upper Chesapeake Health System Inc. and St. Joseph Medical Center, Home Health and Hospice Agencies	\$ 11.5	\$ 11.5	N/A	Provides home health care and hospice Services.
Jun-06	Amedisys Inc.	West Virginia Home Health Services, Inc.	\$ 3.4	N/A	N/A	Provides home healthcare services in the United States.

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Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Seller Business Description
Mar-09	Amedisys Inc.	White River Health System Inc., Home Health and Hospice Services	\$ 3.2	\$ 2.9	N/A	Home health and hospice services.
Feb-05	Amedisys Inc.	Winyah Health Care Group, LLC, Home Health Operations	\$ 14.4	N/A	N/A	Provides home care services.
Sep-06	American Hospice Management, LLC	Sun Health Hospice Group	N/A	N/A	N/A	Offers hospice professionals, such as doctors, nurses, social workers, nursing assistants, chaplains, hospice volunteers, and bereavement counselors. It also provides in-home care and inpatient services.
Nov-07	Angelo, Gordon & Co.	National Home Health Care Corp.	\$ 73.7	\$ 106.5	\$ 8.6	Provides home health care and staffing services.
Jun-05	Apria Healthcare Group Inc.	Air Liquide Healthcare America Corporation, Homecare Division	N/A	N/A	N/A	Supplies medical gases to patients in their home.
Dec-07	Apria Healthcare Group Inc.	Coram, Inc.	\$ 362.2	\$ 517.2	\$ 9.7	Provides home infusion and specialty pharmacy distribution services in the United States.
Apr-04	Apria Healthcare Group Inc.	Housecall Medical Resources Inc., RT/HME and Infusion Businesses	N/A	N/A	N/A	Offers home respiratory therapy, home medical equipments, and related infusion therapy healthcare services in Tennessee and Florida regions.
May-04	Arcadia Resources, Inc.	Arcadia Services, Inc.	N/A	N/A	N/A	Provides staffing and home care services in the United States.
Apr-08	Arcadia Resources, Inc.	Carolina Care, LLC	\$ 0.4	N/A	N/A	Provides home care and community based services in Davidson, Forsyth, Guilford, Randolph, Rockingham, and Stokes counties in North Carolina.
May-05	Arcadia Resources, Inc.	Home Health Professionals, Inc.	\$ 4.5	N/A	N/A	Offers home healthcare services to individuals and families in Michigan.
Sep-04	Arcadia Resources, Inc.	Merit Staffing Resources, Inc.	N/A	N/A	N/A	Provides medical staffing services to healthcare facilities.
Oct-05	Arcadia Resources, Inc.	Sparrow Development, Inc., Select Private Duty Home Care Services Assets	N/A	N/A	N/A	Offers services such as bath assistance, light housekeeping, meal preparation, and linen changing.
Sep-04	Arcadia Resources, Inc.	Trinity Healthcare of Winston-Salem, Inc.	\$ 5.7	N/A	N/A	Provides home intravenous therapy and respiratory services.
Feb-05	Arcapita Bank, Corporate Investment Arm	Tender Loving Care Health Care Services, Inc.	\$ 197.5	N/A	N/A	Provides home health care services.
Nov-07	Aseracare, Inc.	Home Health Corporation of America, Inc., 12 Agencies in Florida	N/A	N/A	N/A	Provides home health care services and products, including nursing and related patient services.
Sep-08	Banner Health Arizona	Sun Health Corporation	\$ 316.0	N/A	N/A	Offers residential and home-delivered healthcare and related services to west Valley communities.
Nov-07	Beecken Petty O'Keefe & Company	Preferred Homecare, Inc.	N/A	N/A	N/A	Provides home healthcare products and services.
Jun-00	Best, Patterson, Crothers & Yeoham	Texas Home Health, Inc.	N/A	N/A	N/A	Provides home health services to private individuals, case managers, physicians, nursing homes, hospitals, insurance companies, and health maintenance organizations.
Jun-00	Best, Patterson, Crothers & Yeoham	Texas Home Health, Inc.	N/A	N/A	N/A	Provides home health services to private individuals, case managers, physicians, nursing homes, hospitals, insurance companies, and health maintenance organizations.

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Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Seller Business Description
Jan-04	BHS/SMDC Supporting Organization	Essentia Health	N/A	N/A	N/A	An association of healthcare organizations that provides long-term medical services. Services include home care.
Oct-08	Blackstone Group, Private Equity Group	Apria Healthcare Group Inc.	\$ 1,593.6	\$ 1,747.2	\$ 296.7	Provides integrated home healthcare products and services.
Jun-08	Brooks Rehabilitation, Inc.	Home Care Advantage, Inc.	N/A	N/A	N/A	Provides home healthcare services. The company offers nursing, rehabilitation therapy, medication and meal reminder, and safety check services.
Oct-06	Calvert Health Partners, LLC	Advantage Care of Shenandoah, Inc.	N/A	N/A	N/A	Operates as a home health care agency in Shenandoah Valley in Western Virginia.
Jan-07	Calvert Health Partners, LLC	Assured Home Health Care	N/A	N/A	N/A	Offers certified nursing assistants and companions to seniors and other people in need of inhome care and assistance.
Oct-06	Calvert Health Partners, LLC	Home Care Connection, Inc.	N/A	N/A	N/A	Offers home healthcare services and nursing services that include pediatric services and rehabilitation services.
Oct-08	CarePoint Partners, L.L.C.	CarePoint Partners of West Virginia, LLC	N/A	N/A	N/A	Offers home infusion therapy services in West Virginia.
Mar-08	Caretenders of Jacksonville, LLC	Apex Home Healthcare Services, L.L.C.	\$ 16.1	\$ 16.5	\$ 1.6	Offers home healthcare and personal care services.
Feb-07	Carle Foundation Hospital	Dynamic HomeCare, Inc., HomeCare & Hospice Components	N/A	N/A	N/A	Provides home healthcare services and hospice care services.
Dec-07	Carlyle Group	Manor Care, Inc.	\$ 5,986.4	\$ 3,686.8	\$ 453.8	Provides a range of health care services, including skilled nursing care, assisted living, post-acute medical and rehabilitation care, hospice care, home health care, and rehabilitation therapy services in the United States.
Mar-06	Celtic Healthcare, Inc.	Carlisle Regional Home Health Services	N/A	N/A	N/A	Provides home health and rehabilitation services.
Jul-08	Celtic Healthcare, Inc.	Forum Health at Home	\$ 4.2	N/A	N/A	Offers home healthcare services which includes homocare, hospice and palliative care, private duty, lifeline, hot meals, and transportation.
Oct-02	Critical Care Systems International Inc.	Home Care of New York Inc., Specialty Pharmacy Business	\$ 12.0	N/A	N/A	Provides specialty pharmacy and home infusion services.
Mar-07	Critical Homecare Solutions Holdings, Inc	Infusion Solutions, Inc.	\$ 7.7	N/A	N/A	Provides home infusion therapy services to patients and referral sources in New England.
Sep-06	Critical Homecare Solutions Holdings, Inc	New England Home Therapies, Inc.	N/A	N/A	N/A	Provides home care services.
Sep-06	Critical Homecare Solutions Holdings, Inc	Specialty Pharma, Inc.	N/A	N/A	N/A	Provides home infusion and respiratory therapy services.
Apr-08	Critical Homecare Solutions Holdings, Inc	Wilcox Medical, Inc.	\$ 4.2	\$ 4.7	N/A	Provides home infusion services in Vermont.
Sep-07	DaVita, Inc.	HomeChoice Partners, Inc.	\$ 70.2	\$ 37.1	N/A	Provides home infusion therapy services to patients in the Commonwealth of Virginia, Georgia, and North and South Carolina.

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Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Business Description
May-06	DW Healthcare Partners; Frazier Healthcare Ventures; Parish Capital Advisors, LLP	Pentec Health, Inc.	N/A	N/A	N/A	Focuses on providing pharmaceutical products and clinical services to non-hospitalized patients. Also provides in-home care services.
Aug-05	eCareSolutions, Inc.	Building Blocks Pediatric Home Health Services, Inc.	N/A	N/A	N/A	Provides pediatric home care programs and services for infants, children, and adolescents in California.
Mar-06	EDG Partners, LLC	Regency Hospice	N/A	N/A	N/A	Services include physician services for the medical direction of the patient's care; home care visits by registered nurses.
Nov-01	e-MedSoft.com	Tender Loving Care Health Care Services, Inc.	\$ 97.1	\$ 230.4	\$ 6.4	Provides home health care services.
Sep-06	Eos Partners, L.P.	Addus Healthcare, Inc.	N/A	N/A	N/A	Provides a range of social and medical services to individuals in the home.
Jul-08	Family Centers	Home Healthcare Connection, Inc.	N/A	N/A	N/A	Offers home health services, such as diabetes management, wound care, lab work, intravenous therapies, homemaking services, personal care management, foot care, bowel and bladder control programs.
Jul-09	Family Home Care & Hospice Corp.	Gritman Medical Center, Inc., Home Health and Hospice Services	N/A	N/A	N/A	Provides home healthcare and hospice service.
Jul-07	Flexpoint Ford, LLC	IntegraCare Home Health and Hospice Services, Inc.	N/A	N/A	N/A	Provides home health care and hospice care services.
Sep-05	Friedman Fleischer & Lowe, LLC	Texas Home Health, Inc.	N/A	N/A	N/A	Provides home health services to private individuals, case managers, physicians, nursing homes, hospitals, insurance companies, and health maintenance organizations.
Jun-06	Gentiva Health Services Inc.	Carolina Vital Care, LLC	N/A	N/A	N/A	Provides home health, home care, pharmacy, and hospice services.
Oct-09	Gentiva Health Services Inc.	Coordinated Home Health Care Corp.	N/A	N/A	N/A	Offers healthcare services.
Jun-08	Gentiva Health Services Inc.	CSMMI, Inc.	\$ 12.0	\$ 9.3	N/A	Provides home health services for the communities in Colorado.
Mar-03	Gentiva Health Services Inc.	First Homecare-Houston, Inc.	N/A	N/A	N/A	Provides home healthcare services to senior citizens.
Feb-06	Gentiva Health Services Inc.	Healthfield Group, Inc.	\$ 440.9	\$ 266.5	\$ 42.6	Provides home healthcare services.
May-05	Gentiva Health Services Inc.	Heritage Home Care Services, Inc.	N/A	N/A	N/A	Provides healthcare services. It offers nursing; speech, occupational, and physical therapies; and home health aides.
Feb-08	Gentiva Health Services Inc.	Home Health Care Affiliates, Inc.	\$ 55.6	N/A	N/A	Operates Medicare certified home health agencies. It provides home care services.
Jul-07	Gentiva Health Services Inc.	North Carolina Baptist Hospital, Home Health Operations and Respiratory and HME Business	\$ 3.8	N/A	N/A	Provides healthcare services such as direct home nursing and therapy services.
Aug-09	Gentiva Health Services Inc.	Rush Home Care, Inc.	N/A	N/A	N/A	Provides nursing, physical and speech therapy service for patients of chronic pain.

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Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Business Description
Aug-07	Goldman Sachs Group, Merchant Banking Division; Goldman Sachs Urban Investment Group; Haas Wheat & Partners; Pharos Capital Group, LLC	Medfinders, Inc.	N/A	N/A	N/A	Serves hospitals, outpatient centers, assisted living facilities, home care service facilities.
May-08	Goldman Sachs Group, Merchant Banking Division; Goldman Sachs Urban Investment Group; MBF Healthcare Partners, LLC Buyer Funds: MBF Healthcare Partners, L.P.	OMNI Health Management, LLC	N/A	N/A	N/A	Provides home healthcare services in the United States.
Aug-00	HAH Holdings, LLC	Help at Home, Inc.	\$ 1.8	\$ 26.1	N/A	Provides homemaker, custodial, and personal home care services to elderly and disabled persons within their homes.
Feb-05	Halifax Group; Westham Capital Partners, LLC	Preferred Homecare, Inc.	N/A	N/A	N/A	Provides home healthcare products and services.
Jun-07	Harden Healthcare Texas, LLC	Auxi Health, Inc.	N/A	N/A	N/A	Offers home health care products and services in the southeastern, southwestern, and central United States.
Nov-07	Harden Healthcare Texas, LLC	Girling Health Care, Inc.	N/A	N/A	N/A	Provides home health and personal care services in the United States.
Jun-05	Healthfield Group, Inc.	Capital Health Management Group, Inc.	\$ 70.0	N/A	N/A	Provides home health management services.
Dec-05	Healthfield Group, Inc.	Donelson Home Health, Inc.	N/A	N/A	N/A	Provides home healthcare services.
Nov-04	Holy Redeemer Health System, Inc.	Visiting Nurse Service System, Inc.	N/A	N/A	N/A	Provides home care, skilled nursing, home health aide, allied health services, hospice care, and social work.
Feb-03	HomeChoice Partners, Inc.	Infusion Solutions, Inc.	N/A	N/A	N/A	Provides home infusion therapy services to patients and referral sources in New England.
Apr-04	HomeChoice Partners, Inc.	PrimeCare Infusion Services, Inc.	N/A	N/A	N/A	Provides intravenous medication and clinical services to patients in their homes.
Jun-07	Infusion Partners, LLC	Applied Health Care, Ltd.	\$ 8.9	\$ 5.8	\$ 0.3	Provides home health and in house specialty care services in Texas.
May-09	INSPIRIS, Inc.	Care Level Management, LLC	\$ 3.0	N/A	N/A	Provides home healthcare programs for the chronically ill elderly patients.
Mar-08	Jordan Health Services, Inc.	CareLink	N/A	N/A	N/A	Provides in-home medicaid and medicare services.
Mar-07	Jordan Health Services, Inc.	Chartwell Community Services Inc.	N/A	N/A	N/A	Offers personal home care, personal care, home management and safety, medical and support care, and respite care services.
May-09	Landauer Metropolitan, Inc.	Genox Homecare and Mid-Atlantic Healthcare and Young's Medical Equipment	N/A	N/A	N/A	Distribute home healthcare and related medical equipment.
Sep-08	LHC Group, Inc.	Cape Fear Valley HomeCare and Hospice, LLC	N/A	N/A	N/A	Provides hospice care and home health care services.

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May-09	LHC Group, Inc.	Central Basin Home Health and Hospice	N/A	N/A	N/A	Provides home health care services.
Nov-09	LHC Group, Inc.	Feliciana Home Health, Inc.	N/A	N/A	N/A	Provides home health services.
Jan-07	LHC Group, Inc.	Floyd HomeCare, LLC	N/A	N/A	N/A	Provides home care services. It offers various nursing services, including psychiatric, pediatric, and IV specialists services.
Feb-07	LHC Group, Inc.	Georgia HomeCare of Harris, LLC	N/A	N/A	N/A	Provides home healthcare and nursing services.
Aug-05	LHC Group, Inc.	Good Shepherd HomeCare	N/A	N/A	N/A	Operates as a home care agency providing medical treatment and care for patients at home.
Oct-05	LHC Group, Inc.	Home Care Plus, Inc.	\$ 4.5	\$ 5.6	N/A	Provides a range of skilled and supportive home health services to various patients in their homes, including assisted living and nursing facilities.
Jun-08	LHC Group, Inc.	Home Care Solutions, Inc.	N/A	N/A	N/A	Operates as a home care company in the Chattanooga and middle Tennessee areas in the United States.
Dec-08	LHC Group, Inc.	HomeCall, Inc.	N/A	N/A	N/A	Provides home health care aides and services in the mid-Atlantic region.
Jan-07	LHC Group, Inc.	Housecalls Home Health & Hospice, LLC	N/A	N/A	N/A	Provides home healthcare services in the United States.
Oct-09	LHC Group, Inc.	John Paul Jones Hospital, Home Health Agency	N/A	N/A	N/A	Provides home healthcare services.
Jan-08	LHC Group, Inc.	L & M Home Health Agency, Inc.	N/A	N/A	N/A	Offers home care and community services.
Aug-08	LHC Group, Inc.	Morristown-Hamblen Home Health and Hospice	N/A	N/A	N/A	Home care agency, offers nursing care, physical therapy, occupational therapy, speech pathology, medical social, and home health aide services.
Jan-09	LHC Group, Inc.	Northwest Healthcare Alliance, Inc.	N/A	N/A	N/A	Offers home health, hospice, homecare, and medical staffing services in Washington.
Dec-07	LHC Group, Inc.	Thomas Home Health Agency	N/A	N/A	N/A	Provides home healthcare and nursing services.
Jul-07	LHC Group, Inc.	Wetzel County HomeCare, LLC	N/A	N/A	N/A	Acts as a home health care provider.
Dec-08	LHC Group, Inc.	Whispering Pines Health Services, Inc.	N/A	N/A	N/A	Provides home health care services.
Jan-07	LifeHouse Retirement Properties Inc.	Bakersfield Nursing Community	\$ 2.8	N/A	N/A	Offers home health care and hospice services.
Mar-07	LifeHouse Retirement Properties Inc.	Skilled Nursing Community in San Jose, California	N/A	N/A	N/A	Offers home health care and hospice services.
Sep-04	LivHOME, Inc.	AdvoLife, Inc.	N/A	N/A	N/A	Provides home-based long-term eldercare services.
Feb-03	LivHOME, Inc.	Age Concerns, Inc.	N/A	N/A	N/A	Offers geriatric care management and home care services for elderly people and families.
Jul-07	LivHOME, Inc.	Chicagoland Caregivers Corp.	N/A	N/A	N/A	Provides in-home care service to seniors and others.
Jun-08	LivHOME, Inc.	Continual Feast Companion Care	N/A	N/A	N/A	Offers healthcare services to senior adults and their families. Services include home care.
Feb-05	LivHOME, Inc.	Cresscare	N/A	N/A	N/A	Provides assistance to older people living at home.
Jan-05	LivHOME, Inc.	Partners in Aging	N/A	N/A	N/A	Offers care management and at-home assisted living services to aging adults and families.

SELECTED HOME CARE AND HOSPICE MERGERS AND ACQUISITIONS, 2000-PRESENT

Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Business Description
Jun-06	LivHOME, Inc.	SeniorCare Network, Inc.	N/A	N/A	N/A	Geriatric care management company, provides care health services, and health promotion programs to support individuals with chronic illness.
Sep-07	Loving Care Agency, Inc.	AndVenture, Inc.	N/A	N/A	N/A	Provides medical staffing and home healthcare services.
Mar-09	Loving Care Agency, Inc.	Gentiva Health Services Inc., 6 Branch Offices	\$ 6.5	N/A	N/A	Offers pediatric care and adult home health aid operations.
Jul-03	Maxim Healthcare Services, Inc.	Beverly Enterprises, Inc. 20 Home Care Agencies	N/A	N/A	N/A	Provides personal care services and private-duty nursing facilities.
May-06	Maxim Healthcare Services, Inc.	Home Nursing Provider	N/A	N/A	N/A	Offers healthcare services.
Jan-02	MIM Corp.	Vitality Home Infusion Services, Inc.	\$ 45.0	N/A	N/A	An infusion, home care, and mail-order pharmacy.
Nov-05	Monarch Staffing, Inc.	MT Ultimate Healthcare Corp.	N/A	N/A	N/A	Operates a payroll nurse staffing and homecare business in the United States.
Apr-06	MTS Health Investors, LLC; Oaktree Capital Management, L.P.	Senior Home Care, Inc.	N/A	N/A	N/A	Offers skilled nursing, home care aide services, and occupational and speech therapy services.
Aug-05	National Home Health Care Corp.	Helping Hands Health Care, Certain Assets	\$ 3.0	N/A	N/A	Provide home health care services.
Jan-03	National Home Health Care Corp.	Mary Baker's Health Care Services, Inc., Bergen and Passaic Home Health Care Operations.	N/A	N/A	N/A	Provides home healthcare services.
Oct-04	National Home Health Care Corp.	On Duty Metropolitan Connecticut, LLC, Certain assets	N/A	N/A	N/A	Provide home healthcare services.
Apr-00	National Mentor Holdings, Inc.	Home Care Options	N/A	N/A	N/A	Provides non-medical home care services including personal care, homemaking, live-in companionship, and overnight staffing.
Aug-07	Nierenberg Investment Management Company, Inc.; D3 Family Fund; Portfolio Logic Management LLC	Pediatric Services of America, Inc.	\$ 110.9	\$ 117.3	N/A	Provides home healthcare services for medically fragile children and adults.
Aug-07	Northwestern Mutual Capital; Thoma Bravo	Encompass Home Health, Inc.	N/A	N/A	N/A	Provides home health services for medicare, medicaid, and private insurance beneficiaries in Texas, Oklahoma, and New Mexico.
Feb-00	Nursefinders, Inc.	DSR Medical Management, Inc.	N/A	N/A	N/A	Owns and operates six Nursefinders franchises in New Jersey, which offers medical staffing and home care services.
Nov-03	Odyssey Healthcare Inc.	Hospice Home Care Inc.	N/A	N/A	N/A	Provides medical, psychological, and spiritual hospice care services.
May-03	Odyssey Healthcare Inc.	Odyssey Healthcare of Memphis	N/A	N/A	N/A	Provides home hospice care services.
May-03	Odyssey Healthcare Inc.	Odyssey Healthcare of Valdosta, Inc.	N/A	N/A	N/A	Provides hospice services.
Mar-08	Odyssey Healthcare Inc.	VistaCare Inc.	\$ 145.2	\$ 232.9	N/A	Provides hospice services predominately in the patient's home or other residence of choice, such as a nursing home or assisted living community, or in a hospital or inpatient unit.

SELECTED HOME CARE AND HOSPICE MERGERS AND ACQUISITIONS, 2000-PRESENT

Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Seller Business Description
Mar-06	Option Care Inc.	Chartwell Caregivers, Inc.	N/A	N/A	N/A	Provides infusion therapy, nursing, and clinical respiratory services to home care patients.
Nov-06	Option Care Inc.	Trinity Homecare, LLC	\$ 7.6	N/A	N/A	Provides home health care services to patients in the United States.
Aug-00	Park Pharmacy Corp.	Park InfusionCare L.P.	\$ 1.8	N/A	N/A	Provides home care and infusion services.
Sep-04	Parthenon Capital Partners	AccuMed Home Health LLC	N/A	N/A	N/A	Provides healthcare services to patients at their homes.
Jan-07	Pediatric Services of America, Inc.	Americare At Home, Inc.	\$ 1.4	N/A	N/A	Provides home care services to individuals in Massachusetts.
Jun-06	Pediatric Services of America, Inc.	Melmedica Children's Healthcare, Inc.	\$ 1.6	\$ 16.0	N/A	Provides pediatric home care for medically complex, technology-assisted children.
Apr-07	Pouschine Cook Capital Management, LLC	Great Lakes Home Health and Hospice Company	N/A	N/A	N/A	Operates as a home health care agency in the United States.
Jun-04	Praxair Healthcare Services, Inc.	Home Care Supply, Inc.	\$ 245.0	\$ 175.0	N/A	Provides respiratory, medical equipment, infusion, and mobility products. It serves home-bound patients.
Nov-07	Preferred Homecare, Inc.	Park InfusionCare L.P.	\$ 3.9	\$ 7.9	N/A	Provides home care and infusion services.
Aug-01	Premier Home Health Care Services, Inc.	Amserv Healthcare Inc.	\$ 4.0	N/A	N/A	Provided home care services to individuals from its branch offices in New Jersey and Ohio.
Mar-04	Premier Home Health Care Services, Inc.	Priority Home Care, Inc.	\$ 4.0	N/A	N/A	Provides home healthcare services.
Oct-08	Principle Pharmacy Group, Inc.	Omni Healthcare, Inc.	N/A	N/A	N/A	Provides home healthcare services.
Jun-09	Private Investors	Metro Home Health Care, Inc.	N/A	N/A	N/A	Provides nursing, therapy, and personal care services for private residence customers and long-term care facilities.
Sep-08	Regency Hospice	Carrolton Home Care Inc.	N/A	N/A	N/A	Provides hospice care services to patients and their families in North and South Carolina.
Jun-06	Regency Hospice	New Beacon, Inc.	N/A	N/A	N/A	Services include physician services for the medical direction of the patient's care; home care visits by registered nurses.
Nov-08	Regency Hospice	Trinity Hospice of Tennessee, Inc.	N/A	N/A	N/A	Offers home healthcare and hospice services.
May-05	Res-Care Inc.	Albemarle Homecare Services, Inc.	N/A	N/A	N/A	Provides in-home personal care, nursing, and daily living assistance services.
Oct-09	Res-Care Inc.	All Quality Care, Inc.	N/A	N/A	N/A	Provides home health care services in New Jersey.
Sep-06	Res-Care Inc.	AllWays Caring Services, Inc.	N/A	N/A	N/A	Provides home care services.
Jul-08	Res-Care Inc.	Caregivers Home Health, Inc.	N/A	N/A	N/A	Provides home healthcare services for young and old people.
Sep-04	Res-Care Inc.	First Choice Medical, Home Care Services Operations	N/A	N/A	N/A	Offers home health care services.
May-05	Res-Care Inc.	Home Care Giver Services, Inc.	N/A	N/A	N/A	Provides home healthcare services to elderly and persons with disabilities in California, Nevada, Colorado, and Illinois.
Apr-09	Res-Care Inc.	Home Care of Washington	N/A	N/A	N/A	Operates as home care provider. It offers housekeeping tasks such as laundry, dusting, vacuuming, cleaning dishes, and other cleaning tasks.

SELECTED HOME CARE AND HOSPICE MERGERS AND ACQUISITIONS, 2000-PRESENT

Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Seller Business Description
Feb-05	Res-Care Inc.	HomeCare Professionals Inc.	N/A	N/A	N/A	Offers licensed practical nurses, nursing assistants and companion, and sitters on a daily or live-in basis.
Apr-05	Res-Care Inc.	St. Joseph Home Care	N/A	N/A	N/A	Provides personal and home care services. It also offers nursing, rehabilitation, occupational and speech therapy, and health referral services.
Feb-07	Res-Care Inc.	Two Home Care Companies in Louisville	N/A	N/A	N/A	Provide in-home personal care, physical assistance, private duty home care and other periodic services to the elderly and developmentally disabled.
Feb-04	Roto-Rooter, Inc.	VITAS Healthcare Corporation	\$ 430.7	\$ 412.3	\$ 39.9	Provides hospice care services in the United States. It offers palliative care solutions, veterans' care, routine home care, continuous care, and respite care services.
Dec-04	Saunders Karp & Megrue	Advanced Homecare Management, Inc.	N/A	N/A	N/A	Provides home health services for medicare, medicaid, and private insurance beneficiaries in Texas, Oklahoma, and New Mexico.
May-01	SCAN Health Plan	Age Concerns, Inc.	N/A	N/A	N/A	Offers geriatric care management and home care services for elderly people and families.
Apr-07	Senior Home Care, Inc.	Synergy, Inc.	N/A	N/A	N/A	Provides home nursing services targeting the Medicare population in Louisiana, with 17 branch offices.
May-09	SeniorBridge Family Companies, Inc.	1st Choice Home Health Care LLC	N/A	N/A	N/A	Provides home care services.
Jun-09	SeniorBridge Family Companies, Inc.	Care Partners Home Care LLC	N/A	N/A	N/A	Provides home care solutions for seniors suffering with illness or chronic conditions in Florida.
Dec-08	SeniorBridge Family Companies, Inc.	Naples Health Care Specialists, LLC	N/A	N/A	N/A	Operates as a home healthcare company.
May-09	SeniorBridge Family Companies, Inc.	Nursing Resources Inc.	N/A	N/A	N/A	Provides private-duty nursing and/or personal companion services for home health, in-hospital, post-surgery, and respite care.
Aug-08	SeniorBridge Family Companies, Inc.	Rona Bartelstone Care Management and Home Healthcare	N/A	N/A	N/A	Provides private healthcare and personalized care management services to older adults and individuals dealing with illness and chronic disabilities.
May-06	Sentinel Capital Partners, L.L.C.	Interim HealthCare, Inc.	N/A	N/A	N/A	Provides home care and medical staffing services in the United States.
Aug-09	Sodexo	CK Franchising, Inc.	N/A	N/A	N/A	Doing business as Comfort Keepers, provides in-home care to seniors and others who need help with activities of daily living.
Apr-07	Southern Home Care Services, Inc.	Kelly Home Care Services, Inc.	\$ 12.5	N/A	N/A	Provides in-home care services in the United States.
Jul-08	Summer Street Capital Partner, L.L.C.	Willcare, Inc.	N/A	N/A	N/A	Engages in the ownership and operation of Medicare certified home health agencies, licensed home care agencies, and supplemental staffing businesses in New York and Ohio.
Apr-06	Summit Home Respiratory Services, Inc.	Regional Oxygen and Medical Equipment, Inc.	N/A	N/A	N/A	Provides home care medical equipment for respiration and other purposes.

SELECTED HOME CARE AND HOSPICE MERGERS AND ACQUISITIONS, 2000-PRESENT

Date	Buyer Name	Seller Name	Price (\$mm)	Seller Annual Revenue (\$mm)	Seller EBITDA	Business Description
Oct-05	Tender Loving Care Health Care Services, Inc.	AccuMed Home Health LLC	N/A	N/A	N/A	Provides healthcare services to patients at their homes.
May-06	Texas Home Health, Inc.	Guardian Home Care, Inc.	N/A	N/A	N/A	Provides home health care services. It offers skilled and specialty nursing, physical therapy, occupational therapy, speech therapy, social work, and hospice services.
Nov-05	TGF Management Corp.	Girling Health Care, Inc.	N/A	N/A	N/A	Provides home health and personal care services in the United States.
Jun-07	Transition Capital Partners, Ltd.	Coordinated Home Health Care Corp.	N/A	N/A	N/A	Offers healthcare services.
May-06	Triton Pacific Capital Partners, LLC	Home Physicians, P.C.	N/A	N/A	N/A	Provides home physician services in the United States.
Aug-04	United HealthCare Services, Inc.	Life Source Services LLC	N/A	N/A	N/A	Provides hospice & home health services in home settings, assisted and independent living facilities, and in long term care centers.
Apr-08	VNA Care Network, Inc.; Fallon Community Health Plan, Inc.	Home Staff, LLC	N/A	N/A	N/A	Operates as a home healthcare agency.
Jun-08	Walgreen Co.	CuraScript IP Infusion Pharmacy	\$ 27.5	N/A	N/A	Provides home infusion services.
Dec-05	Walgreen Co.	Home Pharmacy of California	N/A	N/A	N/A	Offers home infusion therapies, including anti-infective therapies, antiemetic therapies, cardiac therapies, chelation therapies, chemotherapy, growth hormone therapy, hydration therapies, immunomodulating therapies, and pain management, as well as TPN, IPN, and IDPN therapies.
Apr-07	Walgreen Co.	VNA Plus, Inc.	N/A	N/A	N/A	Provides home infusion pharmacy products and services.
Sep-08	Water Street Healthcare Partners	Gentiva CareCentrix Inc.	\$ 109.0	\$ 281.8	N/A	Provides home infusion pharmacy products and services.
Mar-01	WHP Health Initiatives, Inc.	St. Vincent Hospital, Certain Assets of Home Care Operations	N/A	N/A	N/A	Assets offer home care services.
Apr-07	Wizzard Software Corporation	Professional Nursing Personnel Pool, Inc.	N/A	N/A	N/A	Operates as a home healthcare and professional staffing agency.

Source: Publicly-available news articles, SEC filings, and company web sites

language covering non-solicitation of existing customers for a year or two. Even this basic protection can be a very important indicator to a third party of the value a company has created. Additional language typically involves the maintenance of confidentiality of proprietary information which is in the company's possession. This language effectively prevents employees from taking computer files or other proprietary know-how and using it against a company. Companies need to spend the legal time and cost necessary to ensure that any agreements with employees are legally valid and enforceable. If the courts do not recognize the enforceability of a strong non-compete, it is worthless.

#### *Strength of Referral Relationships*

Beyond contractual terms with customers and vendors, the strength of the relationship between a company and its referral sources is a vital qualitative factor in determining value. To determine how strong a company's referral relationships are, prospective investors may ask the following questions:

- How important are the company's people to their referral sources?
- Does the company have marketing people focused on maintaining and building existing referral relationships?

Spending marketing dollars on maintenance of existing referral sources might dampen short-term profits, but it should greatly enhance the qualitative value of earnings. It should also have

the benefit of stabilizing a company's revenue base.

#### *Differentiation from Competition*

Home care and hospice services companies must strive to provide a truly differentiated service in the marketplace. Since a service cannot be touched or felt like a product can, differentiating services can be tricky. In very broad terms, most services companies strive to either be the best or the cheapest. A company can't be both, and if a company is neither it runs the risk of getting lost in the pack. Companies should consider:

- What is the best way to position services in the market place?
- How are its services perceived in the market place?
- Is there a legitimate claim to any competitive differentiation?

The more a company can articulate a vision for its competitive niche and get the market to respond to its positioning, the more attractive that company's revenues and profits will be. A unique positioning in the market is much more defensible than no positioning at all, or middle-of-the-pack positioning. It is not practical to become obsessed about competitive positioning. However, the more a company can determine where its strengths lie, and translate those strengths into perceived market characteristics, the more focused marketing and execution can become. If a company can become either the best in one or more aspects of service provision,

or the cheapest, its positioning will help build sustainable competitive advantages.

### *Diversity of Revenue Stream*

Younger companies by definition are heavily reliant on a few referral sources, because they only have a few referral sources. One key objective for home care and hospice companies as they grow revenues should be to minimize reliance on any one referral source. As strong as these relationships may be, third party investors are always concerned about whether they will be able to inherit them. They will expect to lose some relationships, because it almost always happens. Therefore, investors become wary when any one source accounts for more than 5 - 10% of sales. If a company does have some important referral sources, these relationships need to be as strong as possible.

## **Strategic Alternatives**

Home care and hospice companies looking to expand enjoy a variety of alternatives, including capital infusions, corporate affiliations, and public offerings. Prior to undertaking any of these options, companies need to prime themselves for a successful transaction. On the following pages we outline growth alternatives and highlight the most important aspects of transaction preparation.

### *Capital Infusion*

Growing home care and hospice companies wanting to remain competitive in an ever-tightening market can consume more capital

than they generate in profits in the pursuit of expansion opportunities. A capital infusion from institutional investors fuels more aggressive growth plans in exchange for a percentage of the company's equity. Investor groups look for companies with a compelling story and attractive prospects that are in need of capital to finance their growth. Also of interest are companies faring successfully in highly competitive home care and hospice niches, as well as those companies that are at the forefront of a new or emerging industry niche.

### *Corporate Affiliations*

Amedisys, Gentiva and other home care and hospice companies have gained sales by stringing together companies with a variety of niche specialties in diverse locations to create home care and hospice firms with full-service, regional capabilities. Acquiring complementary companies and merging with competitors are classic techniques used in consolidating industries. The principal advantage of these strategies is that they build critical mass. Building scale helps to ensure long-term capability and competitiveness in the market. Younger home care and hospice companies can take advantage of this technique as well by consolidating and building up their range of specializations.

### *Going Public*

Companies with good track records and a compelling plan for future growth are able to access public capital. Going public raises capital

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
A Place for Mom, Inc. Seattle, Washington	Senior care referral services	www.aplaceformom.com	Battery Ventures
AccentCare, Inc. Irvine, California	Homecare services to seniors	www.accentcare.com	Cardinal Partners Highland Capital Partners Mission Ventures Salix Ventures Sightline Partners Three Arch Partners
Accurate Home Care, LLC Elk River, Minnesota	Home health care services	www.accuratehomecare.com	Gemini Investors
Active Day, Inc. Owings Mills, Maryland	Health care services to the frail elderly, disabled adults, and their caregivers	www.activeservices.com	Coleman Swenson Booth, Inc. Essex Woodlands Health Ventures Hickory Venture Group Sterling Partners
Addus Healthcare, Inc. Palatine, Illinois	Social and medical services to individuals in the home	www.addus.com	Eos Partners, L.P.
Advantage Care of Shenandoah, Inc. Staunton, Virginia	Home health care agency	NA	Calvert Health Partners, LLC
All Metro Aids Inc. Lynbrook, New York	Home health care services	www.all-metro.com	Brown Brothers Harriman & Co.
AllianceCare, Inc. Boynton Beach, Florida	Senior healthcare services	www.alliancecare.com	Auda Private Equity, LLC Capital Resource Partners Cardinal Partners GE Equity SV Life Sciences Three Arch Partners
Ambulanter Hauspflegeverband Achim GmbH & Co. KG Achim, Germany	Ambulant home care business	www.aha-pflege.de	nwk nordwest
Apria Healthcare Group, Inc. Lake Forest, California	Home healthcare products and services	www.apria.com	Blackstone Group Champlain Capital Management, LLC
Assured Home Health Care Charlottesville, Virginia	Home health agency	NA	Calvert Health Partners, LLC
Beacon Hospice, Inc. Charlestown, Massachusetts	Hospice services	www.beaconhospice.com	Halpern, Denny & Company
Bridgeport Home Health Care, Inc. Naples, Florida	Home healthcare services	www.bridgeporthomehealth.com	Progress Equity Partners, Ltd.
Call Doctor Medical Group, Inc. San Diego, California	Medical care delivered in homes	www.1800calldoc.com	Scale Venture Partners
Cambridge Home Health Care, Inc. Akron, Ohio	Home health care services	www.cambridgehomehealth.com	Harbert Mezzanine Partners Progress Equity Partners, Ltd. Transition Capital Partners, Ltd.

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
Care Quest, Inc. Dallas, Texas	Home healthcare services	www.carequesthha.com	Ancor Capital Partners
CareCentrix, Inc. East Hartford, Connecticut	Home health care benefits management services	www.carecentrix.com	Water Street Healthcare Partners
Caregiver Services, Inc. Miami, Florida	In-home assisted living services to seniors	www.caregiverservicesinc.com	CapitalSouth Partners Fifth Street Capital, LLC Harbert Mezzanine Partners Psilos Group
CareSouth Home Health Services, LLC Augusta, Georgia	Home health care services	www.caresouth.com	Capitol Partners L.L.C.
Carespring Health Care Management, LLC Loveland, Ohio	Hospice car, respite care, and rehabilitation services	www.carespring.com	Nationwide Health Properties Inc.
Child Health Systems, Inc. Tampa, Florida	Pediatric home nursing, home medical equipment, and day health services	www.pediatrichc.com	Boston Millennia Partners Harbert Management Corporation
Chronolyss S.A. Le Raincy, France	Home healthcare services	www.chroonolyss.fr	Argos Soditic
Community Care Systems, Inc. Springfield, Illinois	Provides in-home services	www.ccsicare.com	Massachusetts Capital Resources
Countryside Hospice Care, Inc. Anniston, Alabama	Hospice care	www.countrysidehospice.com	High Street Capital
Crdenia Corp. Dallas, Texas	Home care staffing	www.crdentia.com	Alpha Capital AG Capital Tempfunds, Inc. Comvest Investment Partners Durham Properties, LLC FatBoy Capital, L.P. Intertec Healthcare Management Latin Healthcare MedCap Management
Critical Homecare Solutions Holdings, Inc. Conshohocken, Pennsylvania	Home infusion therapy	www.criticalhs.com	Blackstone Group Kohlberg & Company, L.L.C.
Encompass Home Health, Inc. Dallas, Texas	Home health services	www.ehhi.com	Cressey Northwestern Mutual Capital
EPOCH Senior Living, Inc. Waltham, Massachusetts	Hospice care, home care, and senior living services	www.epochsi.com	Bain Capital, LLC
Extended Care Support, Inc. Richmond, California	Supplies and services to home health patients	www.extendedcaresupport.net	Thompson Street Capital Partners
Family Home Health Services, Inc. Plymouth, Michigan	Home health care services	www.fhhs.us	Barron Partners LP

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
Family Private Care, Inc. Hobe Sound, Florida	Private care referral services for clients in their homes and institutional settings	www.fofamily.com	Boyne Capital Partners, LLC
Fastrack Healthcare Systems, Inc. Plainview, New York	Home medical equipment	www.fastrk.com	Geocapital Partners LLC
Freedom Eldercare, Inc. Hackensack, New Jersey	Home health care	www.freedomeldercare.com	Webster Capital
Great Lakes Home Health and Hospice Company Jackson, Michigan	Home health care and hospice services	www.greatlakeshomehealth.com	Pouchine Cook Capital Management
Guardian Healthcare, Inc. McKinney, Texas	Home healthcare solutions	www.guardianhealthcare.org	Enhanced Equity Fund, L.P.
H2AD Rhone - Alpes, France	Medico-technical home care services	www.h2ad.net	Amber Capital LP Finatral Gemmes Ventures Hager Group SFR Développement SAS
Healthcare At Home Ltd. Staffordshire, United Kingdom	Home healthcare and specialty pharmacy services	www.healthcare-at-home.co.uk	Hutton Collins & Company Ltd.
Healthessentials Solutions Inc. Louisville, Kentucky	Residential healthcare services to the geriatric population	www.healthessentialsinc.com	Taraval Associates, LLC
Home Care Connection, Inc. Midlothian, Virginia	Home healthcare services	www.homecareconnection.com	Calvert Health Partners, LLC
Home Care Delivered, Inc. Glen Allen, Virginia	Home medical supplies	www.homecaredelivered.com	Archbrook Capital Management LLC Asset Management Company Envest Ventures, LLC
Home Care Supply, Inc. Beaumont, Texas	Respiratory, medical equipment, infusion, and mobility products for home-bound patients	www.homecaresupply.com	Gladstone Companies
Home Health Depot Atlanta, Georgia	Medical supplies for seniors	www.hhdepot.com	Noro-Moseley Partners
Home Healthcare Partners, LLC Dallas, Texas	Home healthcare	www.homehealthcarepartners.com	Harbert Mezzanine Partners Independent Bankers Capital Fund Sowell & Company
Home Instead, Inc. Omaha, Nebraska	Companionship, home health care, and personal assistance services	www.homeinstead.com	IG Expansion

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
Home Physicians, P.C. Chicago, Illinois	Home physician services	www.homephysicians.com	Fifth Street Capital LLC Triton Pacific Capital Partners, LLC
Home Watch, LLC Clearwater, Florida	Home emergency medical alert systems	www.responselink.com	Housatonic Partners
Homeperf SARL Aix-en-Provence, France	Home healthcare services	www.homeperf.com	Credec S.A.S.
HOPE at Home, Inc. Greenwood Village, Colorado	At-home services to seniors and adults needing assistance	www.hopeathomeinc.com	Harbert Mezzanine Partners
Hospice Compassus Nashville, Tennessee	Hospice and palliative care services	www.hospicecompassus.com	Cressey
INSPIRIS, Inc. Brentwood, Tennessee	Hospice care and post-acute services	www.inspiris.com	Accel Partners Blue Chip Ventures Company Crosspoint Venture Partners Enterprise Partners Venture Capital Envet Ventures, LLC Pacific Venture Group, L.P. River Cities Capital Funds
IntegraCare Home Health and Hospice Services, Inc. Grapevine, Texas	Home health care and hospice care services	www.integracarehh.com	Flexpoint Ford, LLC
Interim HealthCare, Inc. Sunrise, Florida	Home care and medical staffing services	www.interimhealthcare.com	BAML Capital Partners Sentinel Capital Partners, L.L.C.
Jordan Health Services, Inc. Mount Vernon, Texas	Home healthcare services	www.jhsi.com	Trinity Hunt Partners
Landauer Metropolitan, Inc. Mount Vernon, New York	Home medical equipment	www.landmetro.com	Clairvest Group, Inc.
LifeCare Solutions, Inc. San Diego, California	Home healthcare company	www.lifecaresoln.com	Westar Capital LLC
LivHOME, Inc. Los Angeles, California	At-home senior care services	www.livhome.com	Acacia Venture Partners Crosspoint Venture Partners Kline Hawkes & Co. Scale Venture Partners Tullis Health Investors
London Care Plc London, United Kingdom	Home care services	www.londoncare.co.uk	Sovereign Capital Partners LLP
Loving Care Agency, Inc. Ridgefield Park, New Jersey	Home healthcare services	www.lovingcareagency.com	MTS Health Investors, LLC Oaktree Capital Management, L.P.

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
Medfinders, Inc. Arlington, Texas	Home care and health care facilities staffing	www.nursefinders.com	Goldman Sachs Group Haas Wheat & Partners ORIX Venture Finance, LLC Pharos Capital Group, LLC
Medical Specialties Distributors, LLC Stoughton, Massachusetts	Rents and sells products for the home healthcare market	ebiz.msdonline.com	Court Square Capital Partners MBF Healthcare Partners, LLC
Natali-Seculife Tel Aviv, Israel	Tele-medicine services; emergency call center/home care services; and doctor house calling services	www.natali.co.il	SkyFund
National Home Health Care Corp. Scarsdale, New York	Home health care and staffing services	www.nhhc.net	Angelo, Gordon & Co.
New Beacon, Inc. Birmingham, Alabama	Hospice services	www.newbeacon.org	EDG Partners, LLC
Norlandia Omsorg AS Ostfold, Norway	Home care, long-term care, medical tourism, and rehabilitation services	www.norlandiaomsorg.no	FSN Capital Partners AS
Nurse On Call, Inc. Lake Worth, Florida	Home healthcare services	www.nurseoncallfl.com	Kinderhook Industries
OMNI Health Management, LLC Coral Springs, Florida	Diverse home healthcare services	www.omnihha.com	Goldman Sachs Group MBF Healthcare Partners, LLC
Optima Zorg B.V. Zuid-Holland, Netherlands	Home care and maternity care services	www.optimazorg.nl	Waterland Private Equity Investments
Paramed Home Health Care Ontario, Canada	Home support services	www.paramed.ca	Extendicare REIT
Pediatric Health Choice, Inc. Tampa, Florida	Home and medical day health care services to children	www.pediatrichealthchoice.com	Harbert Management Corporation
Pediatric Services of America, Inc. Norcross, Georgia	Home healthcare for medically fragile and chronically ill infants and children	www.psakids.com	Nierenberg Investment Management Portfolio Logic Management LLC
Pentec Health, Inc. Boothwyn, Pennsylvania	In-home and specialty infusion services	www.pentechinfusions.com	DW Healthcare Partners Frazier Healthcare Ventures Parish Capital Advisors, LLP
Preferred Homecare, Inc. Mesa, Arizona	Provides home healthcare products and services	www.preferredhomecare.com	Beecken Petty O'Keefe & Company MCG Capital Corporation Prospect Capital Corporation
Prime Care Holdings Limited East Sussex, United Kingdom	Home care, personal care, and social care services	www.primecare.uk.com	Albion Ventures
Professional Healthcare At Home, LLC Walnut Creek, California	Home health agency	www.professionalhc.com	Mainsail Partners

**SELECTED HOME CARE AND HOSPICE COMPANIES WITH PRIVATE EQUITY INVESTMENTS**

<b>Company / Location</b>	<b>Description</b>	<b>Website</b>	<b>Private Equity Investor</b>
RDI Global Solution, Inc. Foley, Alabama	Medication vials for homecare patients	www.rdiworld.com	Sun Capital Partners, Inc.
Regency Hospice Atlanta, Georgia	Hospice care services	www.regencyhospice.com	Allied Capital Corporation EDG Partners, LLC Enhanced Equity Fund, L.P. Fulcrum Ventures
Senior Home Care, Inc. Clearwater, Florida	Home health agency	www.seniorhomecare.net	MTS Health Investors, LLC Oaktree Capital Management, L.P.
SC Oxigen Plus SRL Bucharest, Romania	Medical equipment to home care customers	www.oxigenplus.ro	Gemisa Investments
SeniorBridge Family Companies, Inc. New York, New York	Senior home care services	www.seniorbridgefamily.com	Caltius Capital Management Channel Capital LLC Lambda Funds
Services à domicile de l'Outaouais Quebec, Canada	Home health services	www.servicesdo.ca	Desjardins Venture Capital
Silverado Senior Living, Inc. San Juan Capistrano, California	Home care, hospice, and assisted living services	www.silveradosenior.com	Riordan, Lewis & Haden
Southerncare, Inc. Birmingham, Alabama	Hospice and long term care	www.southerncarehospice.com	Metalmark Capital LLC Morgan Stanley
TakeGoodCare.com Summit, New Jersey	Online retailer of home healthcare equipment and supplies	www.takegoodcare.com	Interactive Capital Partners Sands Brothers Venture Capital, L.L.C.
TechHealth, Inc. Tampa, Florida	Home health, diagnostic imaging, and outpatient rehabilitation services	www.techhealth.com	Kieran Ventures
Texas Home Health, Inc. Brentwood, Tennessee	Home health services	www.txhha.com	Friedman Fleischer & Lowe, LLC
Tunstall Group Ltd. Yorkshire, United Kingdom	Telecare and telehealth solutions for homecare	www.tunstallgroup.com	Charterhouse Capital Partners LLP
VitalAire S.A. South Africa	Respiratory home care company	www.vitalaire.co.za	Medu Capital
Voyager HospiceCare, Inc. Fort Worth, Texas	Hospice services	www.voyagerhospicecare.com	Apax Partners Worldwide LLP
Willcare, Inc. Buffalo, New York	Home health care and supplemental staffing	www.willcare.com	Summer Street Capital Partners, L.L.C.

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Source: Publicly-available news articles, SEC filings, and company web sites

to finance future growth, disperses ownership among hundreds or thousands of shareholders, and develops a liquid market for securities. However, an IPO is not the perfect solution for every company as there are drawbacks to gaining capital from the public market. These include public scrutiny of quarter-to-quarter results, the risk of losing an active following which could lead to a drop in stock price, the possibility of unwanted outsiders gaining an interest in the company, the inability to sell shares until a strong following is developed, and the increased management time dedicated to ongoing investor relations.

Whichever strategic alternative home care and hospice companies choose to fund their future growth, or gain an edge in the industry, this is an excellent time to consider your options. Firms which provide high-quality, cost-saving services will continue to be in demand, regardless of the specific types of services they offer.

#### *Transaction Preparation*

Prior to embarking on a process to attract growth capital, making preparations can greatly enhance the ultimate terms of any financing transaction. Preparation entails a company's management team viewing their company as an outside investor would, focusing on maximizing the long-term potential growth of the business. Preparation can spell the difference between success and failure in a transaction process.

*Management Team.* Home care and hospice

services companies have almost nothing in the way of hard assets, unlike manufacturing and distribution businesses. As a consequence, the existence of a strong, experienced management team is of critical importance for a company preparing for a transaction. Privately held companies must address:

- The ability of the existing management team to build the business;
- The willingness of the management team to enter into new, or extend existing, employment agreements; and
- The team's ability to articulate and realize the company's corporate vision.

*Assessment of Competitive Strengths.* Every regional and local market has its own unique characteristics. In some markets, competitors are fierce, in others feeble. An understanding of how a company stacks up against its competition can be a very useful analysis for parties considering making an investment.

*Recapitalization.* In certain instances, undertaking a corporate recapitalization can facilitate the process of attracting new investors. A rejiggering of the capital structure, even one not involving any cash exchange, can remove obstacles to a new financing. Some common examples include:

- Buying out minority shareholders
- Issuing stock to management
- Increasing or decreasing loans to shareholders or related parties
- Establishing a new corporation to retain

certain assets or lines of business

- Renegotiating terms of third party debt

*Communications with Employees.* Most capital financing transactions mean good news for employees. The company will be better financed and therefore better able to grow, and career opportunities will be enhanced. If management explains the decision and rationale behind a transaction at the beginning of the process, employees are more inclined to support the decision. While there is a risk of artificially building up expectations in the event of an unsuccessful process, keeping employees informed and aware of major corporate decisions can cement employee loyalty in the long run.

## **Transaction Forms**

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One advantage of dealing with publicly-traded companies is that they have two liquid transaction currencies to offer: cash and listed securities. Non-public companies of course do not have listed securities; furthermore, they generally have less cash resources than publicly-traded companies. Transaction forms tend to involve less liquid consideration when entering into a transaction with a non-public company, including:

1) Private stock – Taking stock in a private company involves a fair amount of risk. Since there is no public market for the stock, you must negotiate for liquidity rights. These include the establishment of sinking funds to convert securities to cash, options allowing you to put

the stock back to the issuer, sunset provisions requiring a buyout under certain circumstances such as a change of control, and registration rights in the event of public stock offering. There are also many different types of private securities, ranging from convertible debt, to preferred stock, to a special series of common stock with its own terms and provisions.

2) Earn-out provisions – Earn-out provisions entitle the sellers to be paid additional consideration should certain events take place in the future, most commonly the achievement of pre-negotiated sales or earnings targets. The problem with earn-outs is that they are only as good as the terms of the underlying contract, and only as good as the credit of the acquiring company. However, sellers can also set conditions on earn-out provisions for their protection. One common technique is to allow the sellers to reacquire their company at a significant discount should disagreements or conflicts arise in the earn-out arrangement. Another is to create a cash escrow account setting aside the earn-out funds to ensure the funds are available if earned.

3) Employment and non-compete agreements – A portion of the transaction consideration can be applied to employment contracts and agreements not to compete. Acquirers favor these types of payments because they are generally tax-deductible. Sellers have two issues: the payments are taxable as ordinary income, and they are only as good as the credit

**SELECTED PUBLICLY-TRADED HOME CARE AND HOSPICE COMPANIES**

(\$U.S. Millions)

<b>Company / Location</b>	<b>Business</b>	<b>Website</b>	<b>Revenues / EV ÷ Revenues</b>	<b>EBITDA / EV ÷ EBITDA</b>
AdCare Health Systems Inc. Springfield, Ohio	Provides home healthcare and long-term care services	www.adcarehealth.com	\$ 25.8 1.0x	\$ 1.9 13.9x
Addus Healthcare, Inc. Palatine, Illinois	Social and medical services to individuals in the home	www.addus.com	\$ 256.3 0.3x	\$ 19.6 4.3x
Allied Healthcare International Inc. New York, New York	Homecare aides, nurses, and nurses' aides staffing	www.alliedhealthcare.com	\$ 254.9 0.4x	\$ 17.2 5.3x
Almost Family Inc. Louisville, Kentucky	Home health services	www.almostfamily.com	\$ 286.8 1.1x	\$ 41.4 7.9x
Amedisys Inc. Baton Rouge, Louisiana	Home health and hospice services	www.amedisys.com	\$ 1,448.1 0.9x	\$ 246.7 5.0x
American Homepatient Inc. Brentwood, Tennessee	Home health care services and products	www.ahom.com	\$ 242.8 0.9x	\$ 3.6 22.5x
American Medical Alert Corporation Oceanside, New York	Home and remote patient monitoring and technologies	www.amacalert.com	\$ 39.3 1.5x	\$ 8.5 6.8x
Arcadia Resources Inc. Indianapolis, Indiana	Home care, medical staffing, and pharmacy services	www.arcadiareourcesinc.com	\$ 105.8 1.4x	\$ (4.5) NM
Care Twentyone Corporation Osaka, Japan	Home-visit nursing care service	www.care21.co.jp	\$ 68.7 0.6x	\$ 2.7 15.5x
Chemed Corporation Cincinnati, Ohio	Hospice and home care services, and repair and maintenance services	www.chemed.com	\$ 1,179.2 1.0x	\$ 160.7 7.1x
Gentiva Health Services Inc. Atlanta, Georgia	Home health services	www.gentiva.com	\$ 1,172.0 0.7x	\$ 127.7 6.4x
LHC Group, Inc. Lafayette, Louisiana	Home-based and facility-based care services	www.lhcgroup.com	\$ 501.4 1.2x	\$ 87.2 6.7x

**SELECTED PUBLICLY-TRADED HOME CARE AND HOSPICE COMPANIES**

(\$U.S. Millions)

<b>Company / Location</b>	<b>Business</b>	<b>Website</b>	<b>Revenues / EV ÷ Revenues</b>	<b>EBITDA / EV ÷ EBITDA</b>
Lincare Holdings Inc. Clearwater, Florida	Home oxygen and respiratory therapy services	www.lincare.com	\$ 1,559.8 1.7x	\$ 312.9 8.7x
National Healthcare Corporation Murfreesboro, Tennessee	Home and long-term health care	www.nhccare.com	\$ 661.9 0.9x	\$ 70.5 7.6x
Odyssey Healthcare Inc. Dallas, Texas	Hospice care	www.odyssey-healthcare.com	\$ 680.3 0.8x	\$ 73.9 7.1x
Res-Care Inc. Louisville, Kentucky	Residential support services to people with developmental or other disabilities	www.rescare.com	\$ 1,586.8 0.4x	\$ 118.1 5.4x
Rotech Healthcare Inc. Orlando, Florida	Home medical equipment	www.rotech.com	\$ 485.7 0.9x	\$ 87.2 5.1x
Skilled Healthcare Group, Inc. Foothill Ranch, California	Hospice and long-term healthcare services	www.skilledhealthcaregroup.com	\$ 760.5 1.0x	\$ 110.2 6.5x
Sun Healthcare Group Inc. Irvine, California	Hospice nursing and rehabilitative services	www.sunh.com	\$ 1,875.2 0.5x	\$ 165.3 5.9x
SunLink Health Systems Inc. Atlanta, Georgia	Home health and nursing homes	www.sunlinkhealth.com	\$ 200.4 0.2x	\$ 12.2 4.1x
Average Multiples:				
	<b>Mean</b>		<b>0.9x</b>	<b>8.0x</b>
	<b>Median</b>		<b>0.9x</b>	<b>6.7x</b>

EV: Enterprise value, defined as market capitalization, plus debt, less cash

EBITDA: Earnings before interest, taxes, depreciation and amortization

NM: Not meaningful

Source: Publicly - available financial statements for the most recent available twelve months' reporting period

of the acquiring company. Sellers should negotiate protections against the non-payment of these amounts.

While cash and listed securities offer the most liquidity, transaction forms involving private stock and earn-outs can help to maximize value.

## **Negotiating Process**

The successful negotiating process begins with a review of the company's strategic options and ends with a consummated transaction. Each of the participating companies in a merger or acquisition transaction must view the transaction terms as being favorable from their perspective. Getting to the finish line often means making a clear prioritization of the elements of the deal and knowing when and where to be flexible in the negotiating process.

There are no magic formulas or secret recipes to a successful deal – two motivated and reasonable parties working together toward a common objective, willing to compromise when necessary for mutual benefit, create a negotiating context with the highest probability for success. The various phases of a transaction can be described as follows:

### **Phase I: Setting the Stage**

- Reviewing the strategic options.
- Identifying appropriate corporate partners.

- Assessing the company's objectives in any transaction.
- Finalizing list of companies to be considered.
- Developing package of information to be shared with prospective partners.

### **Phase II: Initiating Contacts**

- Approaching potential partners.
- Exchanging information subject to confidentiality agreements.
- Assessing strategic fit with partners.
- Determining cultural similarities and differences between the parties.
- Performing detailed pro forma financial analyses of various transaction forms.

### **Phase III: Selecting a Finalist**

- Forming the negotiating team.
- Conducting active negotiations with most interested parties.
- Creating optimum transaction structure meeting the needs of the parties while taking tax and structural considerations into account.
- Circulating draft agreement to assess both price and terms for each party, if appropriate.
- Soliciting indications of interest from qualified parties, and comparing price, terms and forms of consideration.
- Finalizing Letter of Intent with finalist which outlines price and major terms, and allows for exclusive period to negotiate.

#### **Phase IV: Ironing Out the Details**

- Performing detailed due diligence.
- Exchanging all pertinent documents.
- Reviewing and negotiating draft transaction agreements.
- Obtaining all necessary corporate and governmental approvals for consummating the transaction.
- Communicating the benefits of the transaction to all important constituencies, including employees, customers and the community.

#### **Phase V: Closing**

- Finalize and execute transaction contract and related documentation.
- Ownership transfer.

### **Normalized Financial Statements**

Private companies generally run their businesses in order to maximize income paid to owners, and minimize taxes paid to the government. The result is usually the opposite of what publicly-traded companies try to do: maximize earnings per share to maximize share price. Since many potential capital partners will either be publicly-traded companies, or want to eventually go public themselves, recasting your historical income statements will typically include:

- Excess owner's compensation;
- One-time, unusual or non-recurring charges such as legal and consulting fees and relocation expenses;

- Items expensed which could have been capitalized, such as leasehold improvements and software development costs;
- The financial results of discontinued operations; and
- Adjustments to GAAP accounting, should your statements be prepared on a cash basis.

In addition, some companies also consider what expenses – or categories of expenses – might be reduced or eliminated in certain strategic partnerships. Privately-held home care and hospice services companies, for example, sometimes contract with third parties to perform certain internal administrative functions. Should a potential corporate partner possess these administrative capabilities, it may be possible to eliminate the incremental costs associated with these functions. Presenting balance sheets also involves certain adjustments. Depending upon the most appropriate transaction structure for your circumstances, you might choose to hold back certain assets and liabilities from the transaction. Including any corporate cash or investments generally will increase the price paid on a dollar-for-dollar basis. Since you will be taxed on the proceeds at the long-term capital gains rate of 15%, rather than ordinary income tax rates, including cash and investments in the transaction could potentially cut your tax bill. On the other hand, including debt on the balance sheet will generally reduce the price on a dollar-

for-dollar basis. Therefore, selling parties could have a financial incentive to hold onto debt obligations to avoid being taxed on the incremental price. Another typical consideration involves real estate assets. Spinning those assets off into a separate entity allows you to potentially retain the upside in the value of these assets if you expect appreciating prices. In any event, carefully considering whether you wish to sell or retain each of your assets and liabilities is an important preparatory step when presenting your anticipated transaction balance sheet to prospective partners.

## **Conclusion**

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The home care and hospice services industry represents a diverse group of companies which face exciting growth prospects. As you build your business, keeping your exit strategy in mind can reap huge dividends in the future. Potential investors will one day want to know that your business model is transferable. That means strong relationships with referral sources, non-compete agreements with all key employees, strong management, competitive differentiation-- anything which adds to the stability and predictability of your revenues and profits. Stock market values will go up and down, and today's acquirers will be tomorrow's divestors, but a solid business with consistent profitability will always be in fashion.

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## **ABOUT SCOTT-MACON**

Scott-Macon is an investment banking firm providing corporate advisory services to a broad range of industries, including a specific focus on the healthcare services industry. Founded in 1973, Scott-Macon has 20 senior professionals with an average of 20 years' experience in Investment Banking.

## **SERVICES AND CAPABILITIES**

- Corporate Sales – Assisting privately-held and publicly-traded companies to arrange sale, divestiture and merger transactions as well as corporate valuations for board or management use.
  - Acquisition Advisory – Providing assistance in identifying acquisition prospects, contacting companies, and negotiating acquisition transactions.
  - Capital Raising – Arranging for the private placement of equity and debt securities.
  - Strategic Planning – Planning overall corporate objectives, reviewing strategic alternatives, and creating plans for maximizing value.
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## **CONTACT INFORMATION**

### **SCOTT-MACON, LTD.**

Nathan Cortright  
Managing Director  
Group Head – Healthcare Industry  
ncortright@scott-macon.com  
800 Third Avenue  
16<sup>th</sup> Floor  
New York, NY 10022

Telephone: 212-755-8200

Facsimile: 212-755-8255

Website: [www.scott-macon.com](http://www.scott-macon.com)

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