

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 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](http://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  
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thereto,  
that  
contains  
a  
definitive  
proxy  
statement  
of  
Gentiva  
that  
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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

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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](http://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  
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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  
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proxy  
statement  
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Gentiva's  
2014  
Annual  
Meeting  
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Shareholders,  
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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.

2

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](http://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 Gentiva.

(3)

Estimated 2014 revenue and earnings before interest, taxes, depreciation, amortization and rent (or EBITDAR), prior to deducting the costs of operations of the joint venture 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 Centene (based 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 respective

(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 30, 2015

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 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 average

(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 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 EBITDAR. Achievement of 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

J.P. Morgan  
Annual Healthcare  
Conference  
January 2015





25  
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 and twelve months ended September 30 2014, and the for the twelve months ended December 31, 2013, 2012 and 2011. A reconciliation of non-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, depreciation and 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. The Company uses EBITDAR or EBITDA to assess the relative performance of its operating divisions as well as the employees that operate these divisions. In 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) from 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 complete picture of its performance. EBITDAR or EBITDA should be considered in addition to, not as a substitute for, or superior to, financial information reported upon GAAP as an indicator of operating performance. A reconciliation of Adjusted EBITDAR or Adjusted EBITDA to income from 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 who wish to analyze Kindred's and Gentiva's operating trends and performance. Further, we believe these measurements facilitate comparable 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 performance. In 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.

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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)





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