

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
under
the
heading
investors.

Additional Information

This
presentation

does
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy
any
securities
or
a
solicitation
of
any
vote
or
approval.
This
presentation
may
be
deemed
to
be
solicitation
material
in
respect
of
the
proposed
merger
between
Kindred
and
Gentiva.
In
connection
with
the
proposed
merger,

Kindred
has
filed
with
the
SEC
a
registration
statement
on
Form
S-4
(File
No.
333-200454),
including
Amendment
No.
1
thereto,
that
contains
a
definitive
proxy
statement
of
Gentiva
that
also
constitutes
a
prospectus
of
Kindred.
The
registration
statement
was
declared
effective
by
the
SEC
on
December
18,
2014,
and
Kindred

and
Gentiva
commenced
mailing
the
definitive
proxy
statement/prospectus
to
Gentiva
stockholders

on
December
22,
2014.

SHAREHOLDERS

OF

GENTIVA

ARE

URGED

TO

READ

ALL

RELEVANT

DOCUMENTS

FILED

WITH

THE

SEC,

INCLUDING

THE

DEFINITIVE

PROXY

STATEMENT/PROSPECTUS,

BECAUSE

THEY

WILL

CONTAIN

IMPORTANT

INFORMATION

ABOUT

THE

PROPOSED

MERGER.

Investors

and

security

holders

are

able

to
obtain
copies
of
the
definitive
proxy
statement/prospectus
as
well
as
other
filings
containing
information
about
Kindred
and
Gentiva,
without
charge,
at
the
SEC's
website,
<http://www.sec.gov>.
Those
documents,
as
well
as
Kindred's
other
public
filings
with
the
SEC,
may
be
obtained
without
charge
at
Kindred's
website
at
www.kindredhealthcare.com.
Participants in Solicitation
Kindred,

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

2014
Annual
Meeting
of
Shareholders,
which
was
filed
with
the
SEC
on
April
3,
2014.
Information
about
the
directors
and
executive
officers
of
Gentiva
is
set
forth
in
the
proxy
statement
for
Gentiva's
2014
Annual
Meeting
of
Shareholders,
which
was
filed
with
the
SEC
on
March
25,
2014.
Investors
may

obtain
additional
information
regarding
the
interest
of
such
participants
by
reading
the
definitive
proxy
statement/prospectus
regarding
the
proposed
merger
using
the
contact
information
above.

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 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 share of earnings of 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

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.

27

Reconciliation of Kindred Non-GAAP Measures

(\$ in thousands)

2014 Quarters

Nine months ended

Twelve months ended

First

Second

Third

Fourth

First

Second

Third

Sept. 30, 2014

Sept. 30, 2014

Revenues:

Hospital division

\$657,814

\$606,604

\$594,154

\$606,988

\$646,458

\$632,156

\$609,452

\$1,888,066

\$2,495,054

Nursing center division

270,205

264,847

265,696

270,080

277,902

280,255

279,561

837,718

1,107,798

Rehabilitation division:

Skilled nursing rehabilitation services

258,750

249,647

245,330

243,280

254,255

253,989

247,042

755,286

998,566

Hospital rehabilitation services

74,523

69,777

68,296

74,017

73,964

75,324

74,808

224,096

298,113

Care management division

51,621

53,039

53,801

66,466

87,704

87,986

86,186

261,876

328,342

Eliminations

(53,479)

(52,884)

(51,832)

(51,155)

(53,541)

(53,746)

(53,736)

(161,023)

(212,178)

Totals

\$1,259,434

\$1,191,030

\$1,175,445

\$1,209,676

\$1,286,742

\$1,275,964

\$1,243,313

\$3,806,019

\$5,015,695

Income (loss) from continuing operations:

Operating income (loss):

Hospital division

\$147,493

\$129,366

\$112,483

\$126,788

\$145,395

\$132,878

\$121,744

\$400,017

\$526,805

Nursing center division

29,145

36,018

31,505

35,585

38,471

36,880

36,179

111,530

147,115

Rehabilitation division:

Skilled nursing rehabilitation services

13,239

21,623

(7,209)

14,260

18,328

19,982

17,552

55,862

70,122

Hospital rehabilitation services

18,132

19,573

18,215

18,005

19,820

20,084

18,273

58,177

76,182

Care management division

2,786

3,961

1,085

2,131

4,697

7,065

6,789

18,551

20,682

Corporate:
Overhead
(45,585)

(43,196)

(39,157)

(48,557)

(44,050)

(48,365)

(45,173)

(137,588)

(186,145)

Insurance subsidiary
(509)

(384)

(482)

(539)

(406)

(443)

(637)

(1,486)

(2,025)

(46,094)

(43,580)

(39,639)

(49,096)

(44,456)

(48,808)

(45,810)

(139,074)

(188,170)

Impairment charges

(187)

(438)

(441)

(76,127)

-

-

-

-

(76,127)

Transaction costs

(944)

(108)

(613)

(447)

(683)

(4,496)

(4,114)

(9,293)

(9,740)

Operating income (EBITDAR)

163,570

166,415

115,386

71,099

181,572

163,585

150,613

495,770

566,869

Rent

(76,519)

(77,324)

(76,762)

(80,921)

(81,048)

(80,209)

(80,192)

(241,449)

(322,370)

EBITDA

87,051

89,091

38,624

(9,822)

100,524

83,376

70,421

254,321

244,499

Depreciation and amortization

(41,598)

(38,554)

(36,507)

(37,547)

(39,337)

(39,442)

(39,023)

(117,802)

(155,349)

Interest, net

(28,074)

(27,600)

(24,389)

(23,900)

(25,616)

(78,081)

(22,173)

(125,870)

(149,770)

Income (loss) from continuing operations
before income taxes

17,379

22,937

(22,272)

(71,269)

35,571

(34,147)

9,225

10,649

(60,620)

Provision (benefit) for income taxes

6,505

9,208

(6,510)

(20,522)

13,585

(13,082)

3,079

3,582

(16,940)

Income (loss) from continuing operations

\$10,874

\$13,729

(\$15,762)

(\$50,747)

\$21,986

(\$21,065)

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

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

2012

Revenues

4,359,697

\$

5,521,763

\$

6,181,291

\$

Operating income (EBITDAR)

574,623

581,364

743,630

Rent

(357,372)

(399,257)

(428,979)

EBITDA

217,251

182,107

314,651

Depreciation and amortization

(121,552)

(165,594)

(201,068)

Interest, net

(5,845)

(79,888)

(106,842)

Income (loss) from continuing operations
before income taxes

89,854

(63,375)

6,741

Provision (benefit) for income taxes
33,708

(7,104)

39,112

Income (loss) from continuing operations

56,146

\$

(56,271)

\$

(32,371)

\$

* All amounts are as originally reported on each respective Form 10-K.

Reconciliation of Kindred Non-GAAP Measures

(continued)

29

(in thousands)

2013

2012

2011

2014

2013

Consolidated operating data:

Revenues:

Hospital division

\$

2,465,560

\$

2,543,829

\$

2,227,048

\$

1,888,066

\$

1,858,572

\$

2,495,054

Nursing center division

1,070,828

1,071,512

1,085,268

837,718

800,748

1,107,798

Rehabilitation division:

Skilled nursing rehabilitation services

997,007

1,007,335

766,973

755,286

753,727

998,566

Hospital rehabilitation services

286,613

293,580

200,824

224,096

212,596

298,113

Care management division

224,927

143,340

60,736

261,876

158,461

328,342

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

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

Income (loss) from continuing operations:

Operating income (loss):

Hospital division

\$ 516,130
 \$
 555,333
 \$
 452,978
 \$
 400,017
 \$
 389,342
 \$
 526,805

Nursing center division

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

Rehabilitation division:

Skilled nursing rehabilitation services

41,913
 72,293

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

Hospital rehabilitation services

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

Care management division

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

Corporate:

Overhead

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

Insurance subsidiary

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

Impairment charges

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

Transaction costs

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

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

Operating income (EBITDAR)

516,470
 555,628
 403,152
 495,770
 445,371
 566,869

Rent

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

EBITDA

204,944
 252,064
 126,612
 254,321
 214,766
 244,499

Depreciation and amortization

(154,206)
 (160,066)
 (126,905)
 (117,802)
 (116,659)
 (155,349)

Interest, net

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

Income (loss) from continuing operations before income taxes

(53,225)
 (14,841)
 (80,147)
 10,649
 18,044

(60,620)

Provision (benefit) for income taxes

(11,319)

30,642

(13,604)

3,582

9,203

(16,940)

Income (loss) from continuing operations

(41,906)

(45,483)

(66,543)

7,067

8,841

(43,680)

(Earnings) loss attributable to noncontrolling interests

(3,890)

(1,382)

81

(13,729)

(1,424)

(16,195)

Income (loss) from continuing operations
attributable to Kindred

\$ (45,796)

\$

(46,865)

\$ (66,462)

\$ (6,662)

\$ 7,417

\$ (59,875)

Twelve months
ended

September 30,

2014

Year ended December 31,

Nine months ended September 30,

(in thousands)

2013

2012

2011

2014

2013

\$

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

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

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

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

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