

# Everybody's Business

June 1, 2011

**Dear Colleagues,**

## Combining the Strengths of Kindred and RehabCare

I am pleased to announce that we have completed our merger with RehabCare. By combining the strengths and expertise of our nearly 76,000 dedicated colleagues, we will carry out the promise of both organizations to help our patients and residents regain their lives and return home as quickly as possible.

Please see the attached press release for additional details regarding the transaction. In the coming days, you may also see the attached ad announcing this merger appearing in *Modern Healthcare*, *Provider* and local medical journals.

I am even more excited about bringing our two companies together today than I was when we announced the merger in February because throughout the past few months we have continued to see new opportunities to learn from each other, to better the care of our patients and grow. On behalf of the Kindred leadership team and Board of Directors, it is an honor to welcome the caring and dedicated RehabCare and Triumph caregivers and colleagues to our team.

As we grow, adding approximately 19,000 employees and over 1,300 new locations, it is more important than ever that we continue to focus on our core mission – taking care of patients,

*continued* 

## **KINDRED HEALTHCARE'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 KEY SUCCESS FACTORS**

- Take Care of Our People
- Take Care of Our Patients, Residents and Customers
- Grow
- Be Efficient
- Manage Our Capital Wisely
- Organizational Excellence Through Performance Improvement



residents, and customers. Our Management Philosophy is simple: “focus on our people, on quality, and customer service, and our business results will follow.” In brief, we just need to keep on doing the right thing, each and every day.

Today we took another important step to becoming the nation’s premier provider of rehabilitation and post-acute healthcare services. We now operate 121 long-term acute care hospitals, 224 nursing and rehabilitation centers, five inpatient rehabilitation facilities, 113 acute rehabilitation units, 19 hospice and home care locations, and manage approximately 1,870 rehabilitation therapy service contracts in hospitals, skilled nursing and assisted living facilities across the country.

As you all know, after an acute hospital stay, many patients require ongoing rehab and nursing care to fully recover. Now, after the close of this transaction, we are even better positioned to meet those needs and ***Continue The Care*** for patients in settings across the post-acute continuum. As the nation’s premier provider of rehab and post-acute care, our strong relationships with other providers improve our ability to manage episodes of care while simultaneously improving quality and reducing costs.

### **Improved Service for Our Customers**

As we stated when we announced our plans in February, merging our two companies will mean expanded capabilities and efficiencies as we build upon the best practices and the experience of both companies. For our customers, patients and residents this will mean:

*More well-qualified, specialized therapists* – As the nation’s largest employer of physical, occupational and speech therapists with advanced training in key clinical areas, we will be able to better serve our customers in local communities by more effectively and efficiently meeting the staffing and program needs of our patients and residents.

*Enhanced care transitions* – Our experience in managing episodes of care across the post-acute continuum is unmatched in the industry, and by bringing these organizations together we will have the opportunity to improve and make the transitions even more seamless.

*A name change* - RehabCare’s name has always been synonymous with quality rehabilitative care and has earned this over the past nearly 30 years. As a result, our *Peoplefirst* division will now be known as RehabCare.

*High customer service* – Our customers will not experience any interruption in service as a result of this transaction, and our patients and residents will continue to be cared for by the therapists that they have come to trust and rely on. Our top priority is to continue to provide our customers with the high quality service they expect.

*Enhanced technology* – Enhanced technology initiatives will drive greater clinical and operational results. The adoption of new innovations and hand-held technology will improve the productivity and efficiency of our therapists, and our robust IT infrastructure

*continued*



will support continued improvements. Additionally, we now have the ability to track and trend treatment data on more than 60,000 patients daily. This data and its analysis will enable us to continue to identify and implement best practices, target clinical advancements and provide improved patient outcomes.

*Best practices* – The combined company will have an increased ability to adopt best practices including recruitment and retention initiatives, clinical programming, marketing support and client relations that will strengthen our team of dedicated and caring employees and our ability to meet customer needs.

Since announcing our plans we have spent a lot of time communicating, listening and planning.

We have heard a lot of great questions about everything from benefits to uniform policy, and we were pleased that everyone was engaged and interested in the process. Through our **Combining Our Strengths** newsletters, we have taken time to address the many questions that have been raised since February. If you haven't already read these, I encourage everyone to go to the Employee tab of our website where we have posted every edition.

We want to be clear that as a result of joining the RehabCare/Triumph team into Kindred, there will be little to no impact on what you do day in and day out, which is to provide quality care and rehab and good customer services.

### **Combining Our Rehab Businesses**

As we indicated previously, our rehab division will now operate under the RehabCare name. We have sought to best utilize the strengths and leaders of both organizations. The leadership team for this consolidated division will include Chris Bird as President, Pat Henry as Executive Vice President of the Skilled Nursing Rehabilitation Services (SRS) operations, and Mary Pat Welc as Senior Vice President of Hospital Rehabilitation Services (HRS) operations. Rounding out the leadership team of the RehabCare division are Katie Gilchrist as Senior Vice President of Finance, Mary Van de Kamp as Senior Vice President of Clinical Operations, Gail Lingor as Senior Vice President of Rehab Services, Colleen Jones as Senior Vice President of Operations, Linda Kurland as Senior Vice President of Operations, and Jim Douthitt as Senior Vice President of Operations.

### **Combining Our Hospital Businesses**

As we move forward in integrating the organizations, RehabCare/Triumph LTAC hospitals and in-patient rehab facilities (IRFs) in Texas, Oklahoma and Louisiana will combine with the Kindred Hospitals in those states to form a new Southwest Region under the leadership of Brock Hardaway, who will become a Kindred Executive Vice President. All other RehabCare/Triumph hospitals throughout the country will join the operations and the leadership of existing Kindred Hospital districts and regions in their geographic markets.

*continued*



### **Next Steps**

We are fully engaged in determining the best of both of our organizations, ranging from clinical training programs to information technology to marketing practices, in order to identify and adopt the very best for our combined company. Now that we have successfully passed the hurdle of closing the transaction, we must move ahead in our efforts to effect our system conversions and integrate policies, procedures and best practices throughout our enterprise.

This merger is an important step in becoming “better together” as it draws on the expertise and unique experiences of all of our colleagues, and establishes a stronger company that with your help will be the Premier Rehabilitation Services and Post-Acute Care Provider in the U.S. – a goal we can all work toward!

### **Kindred Update Webcast**

Please join me and our Chief Operating Officer Ben Breier tomorrow morning, June 2, at 10:00 a.m. ET for an important company-wide special webcast. Click on the link on the right to access the webcast. Due to the sheer volume of viewers, please consider accessing the webcast in a central location so that you and your local colleagues may watch it together.

For those who are unable to view the webcast, I encourage you to call the number listed below and listen to an audio-only update. I look forward to speaking with you tomorrow.

Webcast: [http://www.thomson-webcast.net/us/dispatching/Kindred\\_20110602](http://www.thomson-webcast.net/us/dispatching/Kindred_20110602)

Audio only: 800.573.4752, 617.224.4324  
(international dial-in information)  
passcode: 95071996

A replay of the webcast will be available online at <http://www.kindredhealthcare.com> at approximately 2 p.m. ET.

Best regards,



Paul

---

*Please feel free to print this out and post it on your facility bulletin board. Also feel free to share this information with our physicians and colleagues in your next regularly scheduled staff meeting.*