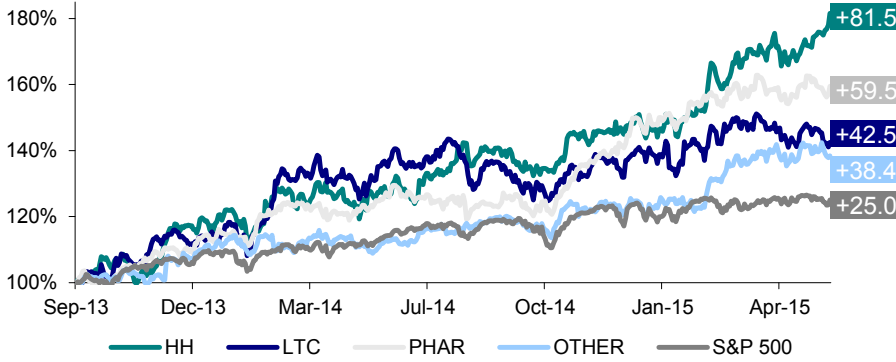


# The Newsletter on Chronic and Elder Care Segments

## Lincoln International Chronic and Elder Care Indices

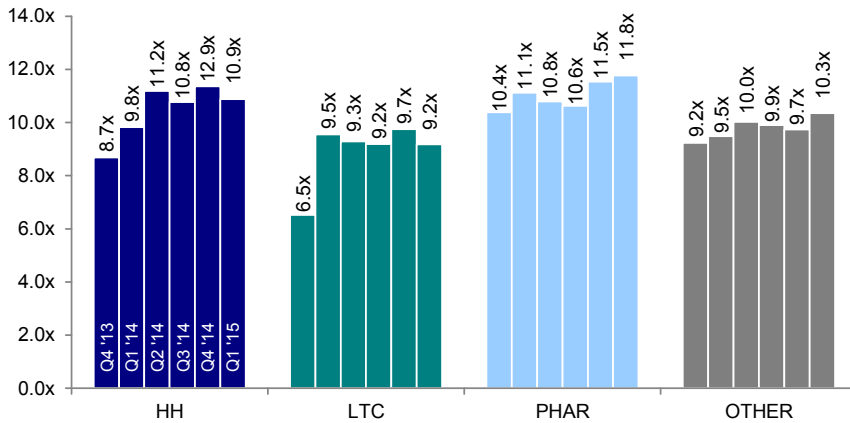
### Last 7 Quarters Relative Stock Price Performance



HH: AFAM, AMED, LHCG, KND, ADUS, CHE  
LTC: GEN, BKD, NHC, KND

PHAR: CVS, ESRX, OCR, WBA, BIOS, PMC  
OTHER: HLS, USPH, DVA, SEM, FME

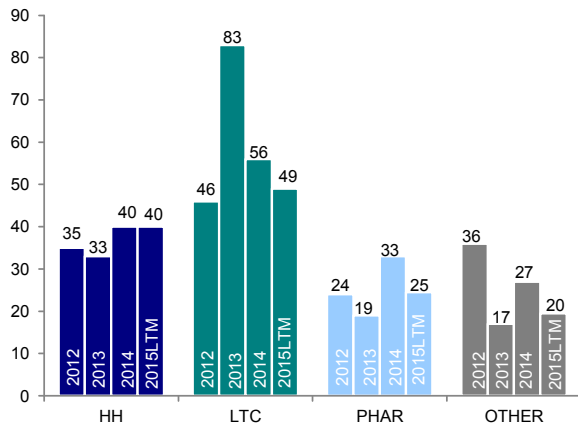
## Historical Median Enterprise Value / EBITDA Performance



Note: May exclude outlier multiples

## Total Number of M&A Transactions Across Index

### U.S. Deals by Segment



Transactions in 2012, 2012, 2014 and 2015LTM ending early June 2015  
Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

### Deal Classification

- **HH:** Home Nursing, Home Care, Hospice, Peds Home, Community Based
- **LTC:** SNF, ALF, RC, ILF and related (excluding real estate deals)
- **PHAR:** Home IV, Specialty Pharmacy, LTC Pharmacy, Behavioral Pharmacy
- **OTHER:** Outpatient Rehab, Dialysis, Elder Outpatient, LTAC

## Lincoln's Chronic and Elder Care Focus

- Over five recently completed and pending Lincoln sell-side projects in these segments
- 2015 YTD Lincoln chronic & elder care deal announcements:

## Market Observations by Segment

- **HH (Home Health/Community Care):** Pediatric home healthcare came to the forefront over the past few months with the acquisitions of two leading providers. Epic Health Services acquired Loving Care while JH Whitney purchased PSA Healthcare. Pediatric home & community based transactions have seen a consistent increase over the past several years in recognition of the long-term, specialized medical (and behavioral) care needs of complex and fragile pediatric patients. The past few months also saw a somewhat higher pace of hospice acquisitions, with bellwether Hospice Compassus being acquired by National Hospice Holdings. Finally, aside from consistent deals in the Medicare home health arena, there has also been growth in Medicaid home care deal flow.
- **PHAR:** This segment continues to impress with substantial deal activity across all of its sub-specialties. Examples include: (1) two recent acquisitions by Diplomat in the "specialty IV" arena (both focused on IVIG), (2) Pharmacia's Amerita home IV subsidiary getting back on the traditional home IV acquisition trail after a fairly long hiatus, (3) two recent bellwether IV deals (Madison Dearborn/Walgreens Infusion and AxelaCare/Ambient), (4) plenty of specialty pharmacy transactions, including the purchase by (yet another retail oriented participant) Meijer of Aureus, (5) the announcement of Omnicare's targeted sale to CVS/Caremark in the institutional and other specialized pharmacy category, and (6) Webster Capital's recent investment in nuclear pharmacy provider PharmaLogic. Note that we are also observing increasingly stronger M&A activity in these areas of specialized pharmacy services in Europe and other parts of the world, indicating strong consolidation not only in pharma development and manufacturing but also in pharmacy services.
- **LTC and OTHER (Rehab & Dialysis):** These elder care and chronic care segments remain active, with LTC showing the largest and one of the most consistent amounts of deal flow. Two recent example deals include Revelstoke's investment in Encore Rehab (contract therapy for SNFs) and the announced sale of Extendicare's U.S. assets to Formation Capital and Safanad.

## M&A in Elder and Chronic Care Segments

### Sampling of Deals – Last 12 Months

Announced Date	Target	Acquirer	Classification
06/05/2015	Levin Homecare	Family Private Care, Inc.	HH
06/03/2015	Managed Care At Home, Inc.	Cornerstone Healthcare, Inc.	HH
05/28/2015	Saint Jude Healthcare, LLC	St. Croix Hospice, LLC	HH
05/21/2015	Omnicare Inc.	CVS Pharmacy, Inc.	PHAR
05/20/2015	Aureus Health Services, LLC	Meijer, Inc.	PHAR
05/14/2015	Advanced Care Management, Inc.	LivHOME, Inc.	HH
04/27/2015	South Shore Home Health Service Inc. and Acaring Home Care, LLC	Addus HealthCare, Inc.	HH
04/16/2015	Heritage Assisted Living, Inc.	The Ensign Group, Inc.	LTC
03/31/2015	Horizon and Midwest Hospice and Palliative Care, Inc.	JourneyCare, Inc.	HH
03/25/2015	Integrity Home Health Care, Inc.	Encompass Home Health	HH
03/23/2015	PSA Healthcare	J.H. Whitney & Co., LLC	HH
02/26/2015	BioRx, LLC	Diplomat Pharmacy, Inc.	PHAR
02/25/2015	Willcare	Almost Family	HH
02/10/2015	National Hospice Holdings, LLC	Hospice Compassus, Inc.	HH
02/09/2015	Meridian Healthcare Limited	HC-One Ltd.	LTC
01/30/2015	Encore Rehabilitation Services	Revelstoke Capital Partners LLC	OTHER
01/28/2015	Coastal Pharmaceutical Services Corporation	Amerita, Inc.	PHAR
01/15/2015	Mentis Neuro Rehabilitation	Excellere Partners	OTHER
01/12/2015	Loving Care Agency, Inc.	Epic Health Services, Inc.	HH
01/02/2015	Ambient Healthcare, Inc.	AxelaCare Health Solutions, LLC	PHAR
12/15/2014	TrinityCare Senior Living, LLC	Cornerstone Healthcare Group Holding	LTC
12/05/2014	Woodleigh Community Care	Cambian Group	LTC
12/04/2014	Grace Home Health Care, Inc.	Accelera Innovations, Inc	HH
12/04/2014	Executive Care Group	Monarch Alternative Capital	LTC
12/03/2014	Guardian Angel Hospice	Cornerstone Healthcare	HH
12/02/2014	TCG Interests, Ltd.	Elm Creek Partners	HH
12/01/2014	Nurses to Go, LLC	Epic Health Services, Inc.	HH
11/24/2014	Probility Physical Therapy	Saint Joseph Mercy Health System	OTHER
11/24/2014	Encompass Home Health	HealthSouth	HH
11/18/2014	Merrimack Health Group	Athena Health Care Systems	OTHER
11/15/2014	Glenwood Park, Inc.	Stonerise Healthcare LLC	LTC
11/13/2014	Hospice Compassus, Inc.	Audax Group	HH
11/12/2014	Centerre Healthcare Corporation	Kindred Healthcare Inc.	OTHER
11/07/2014	Extendicare Holdings, Inc. (U.S.)	Formation Capital and Safanad	LTC
11/06/2014	Homestead Long Term Care Management	Trinity Healthcare	LTC
11/06/2014	Accelerated Rehabilitation Centers, Ltd.	AthletiCo	OTHER
10/27/2014	StoneBriar Pharmacy	Physician Partners of America	PHAR
10/27/2014	Oak Crest Homes, Inc.	Harrison Street Real Estate Capital	LTC
10/27/2014	Access Quality Therapy Services Inc.	Chenega Corporation	HH
10/23/2014	Community Hospice Inc.	Halcyon Home Health, LLC	HH
10/20/2014	Comprehensive Health Solutions	IPC The Hospitalist Company, Inc. (NasdaqGS:IPCM )	OTHER
10/20/2014	Whysims Nursing Registry and Nursing Services	American In-Home Care, LLC	HH
10/08/2014	Salveo Specialty Pharma	Catamaran Corporation	PHAR
10/01/2014	Advanced Care	AxelaCare Health Solutions	PHAR
09/26/2014	Millenium Pharmacy Systems	PharMerica Corporation	PHAR
09/25/2014	Just Better Care	Interim Healthcare	HH
09/12/2014	All Metro Healthcare	Nautic Partners, LLC	HH
08/18/2014	Skilled Healthcare Group	Genesis HealthCare, LLC	LTC
07/10/2014	Residential Home Health	Graham Holdings	HH
06/03/2014	Kindred Healthcare, 7 Nursing Centers in Wisconsin	Midwest Geriatric Management	LTC
06/03/2014	Pine Manor Healthcare	The Ensign Group, Inc.	LTC
06/03/2014	AthletiCo Physical Therapy	Harvest Partners	OTHER
06/03/2014	Gentiva Health Services Inc.	Kindred Healthcare Inc.	HH

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