Transaction Overview

Transaction Summary

- Kindred Healthcare ("Kindred" or the "Company") is the largest diversified provider of post-acute care services in the United States

- The Company is looking to take advantage of favorable conditions in the leveraged finance markets to refinance its existing debt. The financing will consist of:
  - New $750 million ABL R/C Facility due 2019
  - New $1,000 million Term Loan B Facility due 2021
  - Other unsecured indebtedness

- The refinancing will improve the maturity profile, reduce interest expense and provide operational flexibility of the Company

- Pro forma for the transaction, senior secured and total leverage will be 3.18x and 4.58x, respectively, based on 12/31/13 Adjusted EBITDA[1] of $361 million

(1) See Appendix for non-GAAP reconciliation.

Sources & Uses and Pro Forma Capitalization

Sources & Uses

Sources ($M)	
New ABL R/C	$153
New Term Loan B	1,000
Other Unsecured Debt [1]	500
Total	**$1,653**

Uses ($M)	
Refi existing ABL R/C	$256
Refi existing Term Loan B	783
Refi Unsecured Debt	590
Fees and expenses	24
Total	**$1,653**

(1) We continue evaluate options available with respect to refinancing the senior unsecured indebtedness, including through the incurrence of additional senior secured indebtedness and/or new unsecured indebtedness

Pro Forma Capitalization

($M)	12/31/13	12/31/13 *Pro forma*
Cash	$36	$36
Existing ABL	256	-
New ABL	-	153
Existing Term Loan B [1]	777	-
New Term Loan B	-	1,000
Total Secured Debt	**$1,033**	**$1,153**
8.250% Senior Notes	550	-
Other Unsecured Debt	-	500
Other Debt	5	5
Total Debt	**$1,588**	**$1,658**
FY 2013 Adjusted EBITDA [2]	$361	$361
FY 2013 LTM Rent Expense	$318	$318
FY 2013 Adjusted EBITDAR [2]	$679	$679
Secured Debt / EBITDA	2.86x	3.19x
Net Secured Debt / EBITDA	2.76x	3.09x
Total Debt / EBITDA	4.40x	4.59x
Net Debt / EBITDA	4.30x	4.49x
Adjusted Debt [3] / EBITDAR	5.15x	5.25x
Net Adjusted Debt [3] / EBITDAR	5.10x	5.20x

(1) Net of $6M OID.
(2) See Appendix for Non-GAAP reconciliation.
(3) Calculated with 6.0x cap rate.

Summary Terms:
Term Loan B

Borrower	Kindred Healthcare, Inc. ("KND" or the "Borrower")
Facility	$1,000.0 million Senior Secured Term Loan B
Tenor	7 years
Guarantors	Substantially all existing and future wholly-owned domestic subsidiaries
Security	▪ First priority claim on the equipment, inventory, fixtures, IP, real property (excluding leaseholds), Capital stock (100% of domestic and 66% of foreign stock) and investment property ▪ Second priority claim on the ABL collateral (eligible accounts receivable, cash, securities accounts, deposit accounts, books and records related to and proceeds of the foregoing)
Pricing	L+300 bps / 1.00% LIBOR floor / 99.50 - 99.75 OID
Call protection	101 soft call for 6 months; prepayable at par thereafter
Incremental	$100.0mm (shared with ABL R/C) + unlimited amount up to 3.50x secured leverage net of up to $100.0mm of cash
Amortization	1% per annum, payable in quarterly installments, with remainder at maturity
Financial covenants	▪ Maximum total adjusted leverage ratio: 5.75x ▪ Minimum consolidated fixed charge coverage ratio: 1.25x ▪ Maximum capex: $300.0 million per annum

Summary Terms:
ABL Revolving Credit Facility

Borrower	Kindred Healthcare, Inc. ("KND" or the "Borrower")
Facility	$750.0 million ABL Revolving Credit Facility ("ABL R/C")
Tenor	5 years
Guarantors	Substantially all existing and future wholly-owned domestic subsidiaries
Security	First priority claim on eligible accounts receivable, cash, securities accounts, deposit accounts, books and records related to and proceeds of the foregoing
Drawn pricing	L+200 - 250 bps, depending on availability
Undrawn pricing	37.5 bps
Incremental	$100.0mm (shared with Term Loan B) + unlimited amount up to 3.50x secured leverage net of up to $100.0mm of cash
Financial covenants	▪ Minimum consolidated fixed charge coverage ratio: 1.25x ▪ Maximum capex: $300.0 million per annum
Upfront costs	25.0 bps