

Kindred Healthcare buying Gentiva in \$719.6M deal

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Kindred Healthcare Inc. is buying home health and hospice care provider Gentiva Health Services Inc. in a cash-and-stock deal valued at about \$719.6 million, sealing a deal after previous rejections by Gentiva.

Kindred will pay \$14.50 per share in cash and \$5 of its common stock for each share of Gentiva, whose board approved the deal.

The companies put the transaction's value at \$1.8 billion, including the assumption of debt.

Kindred and Gentiva said that the combined company will be the largest operator of long-term acute care hospitals and inpatient rehabilitation facilities in the U.S. and the country's largest provider of rehabilitation, [home health](#) and hospice services. It is expected to have annual revenue of approximately \$7.1 billion.

Kindred initially went public in May with an offer to buy Gentiva at \$14 per share. It later raised its bid to \$14.50 per share, but Gentiva rejected both of those offers.

In July Gentiva said that it had received a competing bid from an undisclosed party that valued Gentiva at \$17.25 per share, and said that it would review that proposal. That same month Kindred said it would pay \$16 per [share](#) in cash to buy up to a 14.9 percent stake in Gentiva. That would have made Kindred Gentiva's biggest shareholder, but would have fallen short of the 15 percent limit imposed by a shareholder rights plan,

or "poison pill" measure, that Gentiva's board adopted after Kindred started bidding for the company.

It appears that the two companies were able to come to an agreement since that time.

The combined home health and hospice businesses will operate within the Kindred at Home division and be based in Louisville, Kentucky. It will keep a significant regional presence in Atlanta, where Gentiva is based.

Kindred expects the acquisition to immediately add to its earnings, excluding transaction and integration costs.

Both companies' boards unanimously approved the deal, which is targeted to close in 2015's first quarter. It still needs approval from Gentiva stockholders.

Shares of Gentiva jumped \$2.41, or 14.4 percent, to \$19.12 in premarket trading shortly before the market open, while Kindred's stock rose 91 cents, or 4.6 percent, to \$20.65.

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