



## **KBL HEALTHCARE ACQUISITION CORP. EXECUTES DEFINITIVE AGREEMENT TO MERGE WITH CONCORD SERVICE CORPORATION**

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NEW YORK--(BUSINESS WIRE)--March 28, 1994--KBL Healthcare Acquisition Corp. (OTC Bulletin Board: KBLH) announced today that it has entered into a definitive agreement to merge with Concord Service Corporation and affiliated corporate and partnership entities ("Concord").

Concord is a developer, owner, and operator of long-term healthcare facilities. Concord provides subacute care, skilled and intermediate nursing, rehabilitation, assisted-living, and pharmacy services through 8 facilities with approximately 1,000 beds of which approximately 700 beds are owned and the remainder are managed. In addition, Concord has management contracts with two facilities currently under construction. The company's facilities are clustered in rural/suburban communities in Pennsylvania. Concord's owned facilities are under five years old, with an average age of 2 to 3 years.

KBL Healthcare Acquisition Corp. ("KBLHAC") will issue to Concord's shareholders an aggregate of 3,500,000 shares of stock and will pay approximately \$1.4 million in cash to redeem a minority shareholder. Concord anticipates that substantially all remaining cash after transaction costs will be used to pay down debt. It is expected that there will initially be a ten member Board of Directors, five members nominated by KBLHAC and five by Concord, all subject to shareholder approval. The combined company, to be named Concord Health Group, Inc., will be headquartered in Williamsport, Pennsylvania. Smith Barney Shearson is acting as financial advisor to KBLHAC in this transaction.

For fiscal years ended June 30, 1991, 1992, and 1993, Concord reported combined net revenues of approximately \$9.2, \$12.5, and \$17.0 million, respectively. Operating earnings before interest, taxes, depreciation, and amortization (EBITDA) for the same periods were approximately \$1.2, \$2.8, and \$2.7 million, respectively. Concord reported net income (loss) of (\$977,000), \$155,000, and (\$63,000) for the fiscal years ended June 30, 1991, 1992, and 1993, respectively.

Interim combined unaudited results for the six months ended December 31, 1993 for Concord were \$11.0 million in revenues, \$1.9 million in EBITDA, and \$21,000 in net income, compared with approximately \$7.9 million in revenues, \$1.3 million in EBITDA, and \$208,000 in net income for the six months ended December 31, 1992. Net income for the six months ended December 31, 1992 included \$322,000 in non-operating income.

The acquisition is subject to customary conditions, including stockholder approval. KBLHAC expects to complete the transaction following approval by the KBLHAC stockholders. Concurrently, KBLHAC will apply to have its securities included in the NASDAQ System.

Concord's Chairman and CEO, Russell W. Twigg and its President and COO, Joseph A. Williamson, will continue in their positions with the combined company. Mr. Twigg's previous affiliations include Manor Care Inc., where he served as Executive Vice President of The Leader Health Care division and was responsible for the overall operations of approximately 30 long term care facilities. Mr. Williamson's prior affiliations include Genesis Health Ventures Inc., where he served as corporate Senior Vice President and President of the nursing home division responsible for both the operation of over 30 long term care facilities and the integration of acquisitions.

Marlene R. Krauss, M.D., Chairman and CEO of KBLHAC, said, "This agreement is the culmination of KBLHAC's search for an operating business in the health care industry with strong prospects, excellent management and dynamic growth potential. Concord has developed a unique model within the long-term care industry. Under their 'campus' approach, Concord constructs a single skilled nursing facility as the hub of a vertically-integrated campus capable of providing a full continuum of care." Mr. Twigg added, "We are excited about working with the healthcare and acquisition team at KBLHAC. The merger will provide Concord with the public platform and capital to pursue its objective to be a leader in delivering quality subacute and long-term care services on a community basis."

KBLHAC, a Specified Purpose Acquisition Company, raised \$15.2 million (net of underwriter fees) in an April 1993 initial public offering of 2,875,000 units (each unit (KBLHU) consisting of one common share (KBLH) and two warrants (KBLHW)). Selected Summary Financial Results for Concord Service Corp. and Affiliates (Dollars in Thousands) Statements of Operations Data Six months Fiscal Years Ended June 30 Ended December 31 1991 1992 1993 1992 (1) 1993(1)

Revenues	\$9,244	\$12,451	\$16,962	\$7,952	\$11,010	Income from operations before interest, depreciation and amortization (EBITDA)	1,237	2,830	2,712	1,352	1,935	Interest expense, net	1,475	1,727	2,018
Income (loss) from operations	(926)	296	(385)	(114)	21	Non-operating income (expense)(2)	(51)	(5)	322	322	0	Extraordinary loss on debt refunding	0	(136)	0
Net income (loss)	(\$977)	\$155	(\$63)	\$208	\$21	Quality mix Private pay and Medicare	73%	69%	68%	70%	70%	Medicaid	27%	31%	32%

Balance Sheet Data June 30 December 31 1991 1992 1993 1992 (1) 1993 (1)

Total assets	17,133	21,468	28,278	24,285	28,755	Long term debt (net of current portion)	14,960	17,902	23,404	21,031	23,770	Total liabilities	18,245	21,128	28,666	24,261
Shareholders equity	(1,112)	340	(388)	26	(451)	(1)	Unaudited (2)	Non-operating income in 1993 resulted from the sale of right to develop a 60 bed facility.								

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