

SAFARI HOLDING CORP
Form S-4
May 14, 2007
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As filed with the Securities and Exchange Commission on May 14, 2007

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SAFARI HOLDING CORPORATION*

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

5122
(Primary Standard Industrial
Classification Code Number)
1901 Campus Place

87-0792558
(I.R.S. Employer
Identification No.)

Louisville, Kentucky 40299

(502) 263-7216

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(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Gregory S. Weishar
Chief Executive Officer
Safari Holding Corporation
1901 Campus Place
Louisville, Kentucky 40299
(502) 263-7216

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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New York, New York 10006
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Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this Registration Statement and the date on which all other conditions to the completion of the transaction described in the enclosed document have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Table with 4 columns: Title Of Each Class, Proposed Maximum Aggregate Offering Price(1), Amount Of Registration Fee, and Of Securities To Be Registered. Row 1: Common Stock, par value \$0.01 per share, \$650,000,000, \$19,955.

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

*This registrant is currently named Safari Holding Corporation. Before the closing of the transaction, the registrant will change its name.

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Exhibit 99.1

AmerisourceBergen Corporation Logo

AmerisourceBergen Corporation
P.O. Box 959
Valley Forge, PA 19482

, 2007

Dear Fellow Stockholder:

It is my pleasure to inform you that our board of directors has approved the combination of the institutional pharmacy business of PharMerica, Inc., or PharMerica LTC, with the institutional pharmacy business of Kindred Healthcare, Inc., or Kindred. Following this transaction, based upon pro forma revenues for the year ended December 31, 2006, the new publicly traded company created by this combination, which we refer to as NewCo, will be the second largest provider of institutional pharmacy services in the United States. Upon completion of the transaction NewCo will be renamed PharMerica Corporation.

To effect the combination, AmerisourceBergen will distribute all of the outstanding shares of PharMerica LTC to its stockholders and Kindred will distribute all of the outstanding shares of Kindred Pharmacy Services, Inc., or KPS, to its stockholders. We refer to these distributions as the spin-offs. Immediately following the spin-offs, PharMerica LTC and KPS will be merged into subsidiaries of NewCo, with PharMerica LTC and KPS surviving the mergers as operating subsidiaries of NewCo. In the mergers, the stockholders of AmerisourceBergen and Kindred will receive shares of NewCo common stock in exchange for the shares of common stock of PharMerica LTC and KPS that they are entitled to receive in the spin-offs. After completion of the transaction, which is generally intended to be tax-free to our stockholders, AmerisourceBergen and Kindred stockholders will each initially own approximately 50% of the outstanding shares of NewCo common stock. The combination does not include PMSI or TMESYS, our workers compensation services businesses, or any other parts of AmerisourceBergen, all of which we will retain as part of AmerisourceBergen.

NewCo is a Delaware corporation formed in anticipation of the transaction. NewCo has applied for listing of its common stock on the New York Stock Exchange under the symbol `PMC`.

The record date will be 5:00 p.m. Eastern Time on _____, 2007 for purposes of determining the holders of record of AmerisourceBergen and Kindred common stock entitled to receive PharMerica LTC and KPS common stock in the spin-offs. We will complete the transaction on or about _____, 2007.

We believe that spinning off and combining the institutional pharmacy businesses of AmerisourceBergen and Kindred into a stand-alone, publicly traded company is beneficial to you, our associates, our customers and our suppliers. By separating PharMerica LTC from AmerisourceBergen, both companies will be able to focus on their core businesses. NewCo will also be able to provide incentives to its employees tied directly to the performance of the institutional pharmacy business, without the constraints of being part of the diversified organizations of their former parent companies, and to capitalize on the market capabilities of the combined entity. We also expect NewCo to be able to reduce its costs and operate more efficiently as a stand-alone business, primarily as a result of pharmacy consolidations and overhead reductions.

I encourage you to read the enclosed preliminary prospectus, which is being provided to all of the stockholders of AmerisourceBergen and Kindred. It describes the transaction in detail and contains important business and financial information about NewCo.

I look forward to your continued support as a stockholder of AmerisourceBergen as we continue to work on your behalf to build long-term stockholder value.

Sincerely,

R. David Yost

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Kindred Logo

Kindred Healthcare, Inc.

680 South 4th Street

Louisville, KY 40202

, 2007

Dear Fellow Stockholder:

I am pleased to inform you that our board of directors has approved the combination of our institutional pharmacy business, Kindred Pharmacy Services, Inc., or KPS, with the institutional pharmacy services business of AmerisourceBergen Corporation. Following this transaction, based upon pro forma revenues for the year ended December 31, 2006, the new publicly traded company created by this combination, which we refer to as NewCo and which upon completion of the transaction will be renamed PharMerica Corporation, will be the second largest provider of institutional pharmacy services in the United States.

To effect the combination, Kindred will distribute all of the outstanding shares of KPS to its stockholders and AmerisourceBergen will distribute all of the outstanding shares of PharMerica, Inc., or PharMerica LTC, to its stockholders. We refer to these distributions as the spin-offs. Immediately following the spin-offs, KPS and PharMerica LTC will be merged into subsidiaries of NewCo, with KPS and PharMerica LTC surviving the mergers as operating subsidiaries of NewCo. In the mergers, the stockholders of Kindred and AmerisourceBergen are entitled to receive shares of NewCo common stock in exchange for the shares of common stock of KPS and PharMerica LTC that they are entitled to receive in the spin-offs. After the completion of the transaction, which is generally intended to be tax-free to our stockholders, Kindred and AmerisourceBergen stockholders will each initially own approximately 50% of the outstanding shares of NewCo common stock.

NewCo is a Delaware corporation formed in anticipation of the transaction. NewCo has applied for listing of its common stock on the New York Stock Exchange under the symbol `PMC`.

The record date will be 5:00 p.m. Eastern Time on _____, 2007 for purposes of determining the holders of record of Kindred and AmerisourceBergen common stock entitled to receive KPS and PharMerica LTC common stock in the spin-offs. We will complete the transaction on or about _____, 2007.

We believe that spinning off and combining the institutional pharmacy businesses of Kindred and AmerisourceBergen into a stand-alone, publicly traded company unlocks significant value to you and is beneficial to the customers, patients and employees of both organizations. Moreover, we believe that the strong fundamentals of the institutional pharmacy business, including the growth in the elderly population and the increased usage of prescription medication along with the growth prospects and efficiencies available to NewCo, has the potential to build long-term stockholder value. In particular, we believe that NewCo's scale will be sufficiently large that its prospects for growth and profitability will be greater than those of either KPS or PharMerica LTC on a stand-alone basis, mainly as a result of the anticipated synergies primarily relating to pharmacy consolidations and overhead reductions and other efficiencies of a larger entity.

I encourage you to read the enclosed preliminary prospectus, which is being provided to all of the stockholders of Kindred and AmerisourceBergen. It describes the transaction in detail and contains important business and financial information about NewCo.

I look forward to your continued support as a stockholder of Kindred as we continue to work on your behalf to build long-term stockholder value.

Sincerely,

Paul J. Diaz

President and Chief Executive Officer

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PharMerica Corporation

1901 Campus Place

Louisville, KY 40299

, 2007

Dear Stockholder:

We are very pleased that you will soon be a stockholder of PharMerica Corporation, which we refer to in this document as NewCo. NewCo was formed on October 23, 2006 in anticipation of the spin-offs of the institutional pharmacy services businesses of AmerisourceBergen Corporation and Kindred Healthcare, Inc. and the subsequent merger of those businesses into two of NewCo's subsidiaries. Upon completion of the transaction, NewCo will change its name to PharMerica Corporation. Following the transaction, you will be a stockholder of the second largest provider of institutional pharmacy services in the United States, based upon pro forma revenues for the year ended December 31, 2006.

Our goal is to become the premier institutional pharmacy services business in the United States. We believe that our combined strengths, such as our knowledge of the institutional pharmacy market, our cost-effective services and our relationships with our customers, will position us to achieve our goals.

We believe that as a stand-alone, publicly traded company, PharMerica Corporation will be able to effectively execute its business strategy, satisfy the capital needs of the combined businesses and enhance stockholder value. We will focus on increasing our market share through both organic growth and, where appropriate, accretive acquisitions. We also will have the ability to offer our employees equity incentives linked to the performance of our stock, which we believe will directly align their interests with those of all of our stockholders.

We have applied for listing of PharMerica Corporation common stock on the New York Stock Exchange under the symbol **PMC**.

I encourage you to learn more about NewCo and our proposed business strategy by reading the enclosed preliminary prospectus. Our board, management and employees are excited about our future, and we look forward to your support and participation in our success.

Sincerely,

Gregory S. Weishar

Chief Executive Officer

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The information in this prospectus is not complete and may be changed. We may not distribute or issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to distribute these securities and we are not soliciting offers to receive these securities in any state where the offer or distribution is not permitted.

SUBJECT TO COMPLETION, DATED MAY 14, 2007

PRELIMINARY PROSPECTUS

Safari Holding Corporation

Common Stock

The boards of directors of AmerisourceBergen Corporation, which we refer to as AmerisourceBergen, and Kindred Healthcare, Inc., which we refer to as Kindred, have determined to form Safari Holding Corporation, which we refer to as NewCo, as a new publicly traded company that will acquire and operate their combined institutional pharmacy services businesses following a series of transactions, which we refer to collectively as the transaction. As a result of the transaction, the stockholders of AmerisourceBergen and Kindred will each initially own approximately 50% of the outstanding shares of NewCo common stock. To effect the transaction, AmerisourceBergen and Kindred will distribute their respective institutional pharmacy services businesses of PharMerica, Inc., which we refer to as PharMerica LTC, and Kindred Pharmacy Services, Inc., which we refer to as KPS, to their respective stockholders. We refer to these distributions as the spin-offs. Each of PharMerica LTC and KPS will then merge with a different wholly-owned subsidiary of NewCo, which we refer to as the mergers. In the mergers, the shares of PharMerica LTC and KPS common stock that stockholders of AmerisourceBergen and Kindred are entitled to receive in the spin-offs will be converted into shares of NewCo common stock. Shares of PharMerica LTC and KPS common stock will not be delivered to stockholders of AmerisourceBergen and Kindred, but will be held in trust by the distribution agent until they are converted into shares of NewCo common stock in connection with the mergers. Following consummation of the mergers, PharMerica LTC and KPS will be operating subsidiaries of NewCo. Upon completion of the transaction, NewCo will change its name to PharMerica Corporation and PharMerica LTC will change its name to PharMerica Long-Term Care, Inc.

Immediately following the transaction, our assets and business will consist almost exclusively of the institutional pharmacy services businesses of AmerisourceBergen and Kindred that are reported as the long-term care business of AmerisourceBergen's PharMerica segment and Kindred's Pharmacy Division in their respective financial statements. The combination will not include AmerisourceBergen's workers' compensation services business and its retail pharmacy business, both of which were reported in its PharMerica segment but are being retained by AmerisourceBergen. Following the transaction, stockholders of AmerisourceBergen and Kindred will continue to own the shares of AmerisourceBergen and Kindred that they owned before the transaction, as well as shares of NewCo.

No vote or other action is required by you to receive shares of our common stock in connection with the transaction. You will not be required to pay anything for the new shares or to surrender any of your shares of AmerisourceBergen or Kindred common stock. We are not asking you for a proxy and you should not send us a proxy or your share certificates.

There currently is no trading market for our common stock. We have applied for listing of our common stock on the New York Stock Exchange, or NYSE, under the symbol `PMC`.

In reviewing this preliminary prospectus, you should carefully consider the matters described under the caption Risk Factors beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this preliminary prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this preliminary prospectus is _____, 2007.

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This preliminary prospectus is being furnished solely to provide information to the stockholders of AmerisourceBergen and Kindred who will receive shares of our common stock in connection with the transaction. It is not and is not intended to be construed as an inducement or encouragement to buy or sell any of our securities or any securities of either AmerisourceBergen or Kindred. This preliminary prospectus describes our business, the relationship among AmerisourceBergen, Kindred and NewCo, and how the transaction affects AmerisourceBergen and Kindred and their respective stockholders,

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and provides other information to assist you in evaluating the benefits and risks of holding our common stock that you will receive in connection with the transaction. You should be aware of certain risks relating to the transaction, our business and the ownership of our common stock, which are described under the heading Risk Factors.

You should not assume that the information contained in this preliminary prospectus is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this preliminary prospectus may occur after that date, and we undertake no obligation to update this information, except in the normal course of our public disclosure obligations and practices.

References in this preliminary prospectus to we, us or our are to Safari Holding Corporation, which we refer to as NewCo, and which will be renamed PharMerica Corporation upon consummation of the transaction, and its subsidiaries assuming consummation of the transaction, unless the context indicates a different usage. References to former parent company or companies are, as applicable, to AmerisourceBergen Corporation, which we refer to as AmerisourceBergen, and to Kindred Healthcare, Inc., which we refer to as Kindred. We refer to PharMerica, Inc. (excluding the workers compensation services business and retail pharmacy business) as PharMerica LTC and to Kindred Pharmacy Services, Inc. as KPS.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

Q: Why am I receiving this document?

A: You are receiving this document because you were a holder of shares of AmerisourceBergen and/or Kindred common stock on the record date for the spin-offs of the institutional pharmacy services businesses of AmerisourceBergen and Kindred and, as such, will be entitled to receive shares of our common stock upon completion of the transaction described in this preliminary prospectus. We are sending you this document to inform you about the transaction, the distributions and the subsequent combination of the institutional pharmacy services businesses of AmerisourceBergen and Kindred into one stand-alone, publicly traded company and to provide you with information about our company and its business and operations upon completion of the transaction.

Q: What do I have to do to participate in the transaction?

A: Nothing. You will not be required to pay any cash or deliver any other consideration in order to receive the shares of our common stock that you will be entitled to receive upon completion of the transaction. In addition, you are not being asked to provide a proxy with respect to any of your shares of AmerisourceBergen or Kindred common stock in connection with the transaction and you should not send us a proxy or your share certificates.

Q: What is NewCo?

A: We were formed as Safari Holding Corporation, a Delaware corporation, in anticipation of the transaction. Upon completion of the transaction, we will be a holding company for PharMerica LTC and KPS and will change our name to PharMerica Corporation.

Q: What are PharMerica LTC and KPS?

A: PharMerica LTC and KPS are subsidiaries of AmerisourceBergen and Kindred, respectively. These subsidiaries contain AmerisourceBergen's and Kindred's institutional pharmacy services businesses. The assets and liabilities of PharMerica LTC are largely those that AmerisourceBergen reported as the long-term care business of the PharMerica segment in its financial statements prior to the spin-off of PharMerica LTC (excluding AmerisourceBergen's workers' compensation services business and its retail pharmacy business, which will be retained by AmerisourceBergen). The assets and liabilities of KPS are largely those that Kindred reported as the Pharmacy Division segment in its financial statements prior to the spin-off of KPS.

Q: How will AmerisourceBergen and Kindred combine PharMerica LTC and KPS?

A: AmerisourceBergen and Kindred will combine PharMerica LTC and KPS in two steps.

First, AmerisourceBergen and Kindred will distribute all of the outstanding shares of common stock of PharMerica LTC and KPS, respectively, to the holders of AmerisourceBergen and Kindred common stock, respectively, on the record date. We refer to these distributions as the spin-offs.

Second, immediately after the spin-offs, Hippo Merger Corporation, a Delaware corporation and wholly-owned subsidiary of NewCo, will merge with and into PharMerica LTC, with PharMerica LTC as the surviving corporation, and Rhino Merger Corporation, a Delaware corporation and wholly-owned subsidiary of NewCo, will merge with and into KPS, with KPS as the surviving corporation. At the effective time of the mergers, PharMerica LTC and KPS will become wholly-owned subsidiaries of NewCo, and the shares of PharMerica LTC and KPS common stock will be converted into shares of our common stock.

Q: Will AmerisourceBergen or Kindred control NewCo after the spin-offs?

A: No. After the spin-offs, NewCo will be a stand-alone, publicly traded company, and neither AmerisourceBergen nor Kindred will have any ownership interest in us.

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Q: Why are AmerisourceBergen and Kindred spinning off and combining their institutional pharmacy services businesses?

A: AmerisourceBergen's and Kindred's boards of directors have determined that it is in the best interests of their stockholders to combine their institutional pharmacy businesses in a new stand-alone, publicly traded company. In making the determination to approve the transaction, AmerisourceBergen's and Kindred's respective boards of directors considered that the transaction would:

enable investors to invest directly in a stand-alone institutional pharmacy services company;

allow Kindred and AmerisourceBergen to focus on their core businesses;

allow resources to be applied directly and more efficiently in the institutional pharmacy services business;

create a larger and more competitive institutional pharmacy services business;

provide the institutional pharmacy services business with direct access to capital to pursue their business strategy; and

create more effective equity incentives for the key employees of AmerisourceBergen, Kindred and NewCo.

See [The Transaction Reasons of the AmerisourceBergen Board of Directors for the Transaction](#) and [The Transaction Reasons of the Kindred Board of Directors for the Transaction](#).

Q: What is the record date for the spin-offs?

A: The record date is _____, 2007, and ownership will be determined as of 5:00 p.m., Eastern Time, on that date. When we refer to the record date, we are referring to that time and date.

Q: When will the transaction occur?

A: The transaction is expected to occur on or about _____, 2007. We refer to this date as the closing date.

Q: How does my ownership in AmerisourceBergen or Kindred change as a result of the transaction?

A: The number of shares of AmerisourceBergen and Kindred common stock you own will not change as a result of the transaction, although the value of shares of AmerisourceBergen and Kindred common stock may decline as a result of the transaction because AmerisourceBergen and Kindred will no longer own their respective institutional pharmacy services businesses.

Q: Will shares of PharMerica LTC or KPS be distributed to me as a result of the spin-offs?

A: No. In connection with the spin-offs, AmerisourceBergen and Kindred will each distribute a single certificate representing all of the outstanding shares of PharMerica LTC and KPS common stock, respectively, to The Bank of New York, whom we refer to as the distribution agent. The distribution agent will hold the certificates in trust for your benefit until the shares represented by the certificates are converted into shares of our common stock in the mergers.

Q: Will shares of NewCo be distributed to me as a result of the mergers?

A: Yes. At the effective time of the mergers, shares of PharMerica LTC and KPS common stock will be converted into shares of our common stock. If you are an AmerisourceBergen stockholder, you will be entitled to receive _____ shares of our common stock in respect of each share of

AmerisourceBergen common stock held by

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you on the record date for the spin-offs. If you are a Kindred stockholder, you will be entitled to receive _____ shares of our common stock in respect of each share of Kindred common stock held by you on the record date for the spin-offs.

Q: How will shares of NewCo be distributed to me?

A: Prior to the effective time, we will deposit with the distribution agent for your benefit the shares of our common stock issuable to you in the mergers. At the effective time, AmerisourceBergen and Kindred will instruct the distribution agent to make book-entry credits for the shares of our common stock that you are entitled to receive. Since shares of our common stock will be in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

Q: How will fractional shares be treated in the mergers?

A: You will not receive fractional shares of our common stock in the mergers. The distribution agent will aggregate and sell on the open market the fractional shares of our common stock that would otherwise be issued in the mergers, and if you would be entitled to receive a fractional share of our common stock in connection with the mergers, you will instead receive the net cash proceeds of the sale attributable to such fractional share.

Q: Do I have appraisal rights?

A: No. AmerisourceBergen and Kindred stockholders do not have any appraisal rights in connection with the transaction.

Q: How will NewCo's common stock trade?

A: There is currently no public market for our common stock. We have applied for listing of our common stock on the NYSE under the symbol PMC .

We anticipate that trading in our common stock will commence on a when-issued basis shortly before the record date. When-issued trading in the context of the transaction refers to trading in NewCo common stock on or before the closing date, prior to the issuance of our common stock in the mergers. When-issued trades will generally settle within three days after the closing date. On the first trading day following the closing date, we expect when-issued trading in respect of our common stock to end and regular way trading to begin. Regular way trading typically involves a trade that settles on the third full trading day following the date of the trade.

Q: At what price will my NewCo stock trade?

A: We cannot predict the trading price for NewCo's common stock before or after the closing date.

Q: What are the U.S. federal income tax consequences to me of the transaction?

A: Except with respect to cash you receive in lieu of fractional shares of our common stock, we expect the transaction to qualify for tax-free treatment to you for U.S. federal income tax purposes. See The Transaction Material U.S. Federal Income Tax Consequences of the Transaction.

Q: Who is the transfer agent for NewCo common stock?

A: The Bank of New York is the transfer agent for our common stock.

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SUMMARY

This summary highlights selected information contained in this preliminary prospectus. We urge you to carefully read this preliminary prospectus in its entirety. References in this preliminary prospectus to we, us or our are to Safari Holding Corporation, which we refer to as NewCo and which will be renamed PharMerica Corporation upon consummation of the transaction, and its subsidiaries assuming consummation of the transaction, unless the context indicates a different usage. References to former parent company or companies are, as applicable, to AmerisourceBergen Corporation, which we refer to as AmerisourceBergen, and to Kindred Healthcare, Inc., which we refer to as Kindred. We refer to PharMerica, Inc. (excluding the workers compensation services business and retail pharmacy business) as PharMerica LTC and to Kindred Pharmacy Services, Inc. as KPS. The unaudited pro forma financial and operating information for NewCo for the year ended December 31, 2006 contained in this preliminary prospectus is based on information for KPS for the year ended December 31, 2006 and for PharMerica LTC for the year ended September 30, 2006. The unaudited pro forma financial and statistical information for NewCo as of December 31, 2006 is based on information for KPS and PharMerica LTC as of December 31, 2006.

Our Company

We are an institutional pharmacy services company servicing healthcare facilities. We are the second largest institutional pharmacy services company in the United States based upon pro forma revenues of PharMerica LTC and KPS for the year ended December 31, 2006. As of December 31, 2006, we operated more than 120 institutional pharmacies in over 40 states that serve approximately 330,000 licensed beds for patients and residents of long-term care facilities. We provide pharmacy services to approximately 4,300 facilities, including 236 skilled nursing facilities owned by Kindred. We also provide pharmacy management services to long-term acute care hospitals including substantially all of the long-term acute care hospitals operated by Kindred, which accounted for revenues of approximately \$51 million for the year ended December 31, 2006. We generate a substantial amount of our revenue through reimbursement from government-sponsored programs, such as Medicare and Medicaid. For the year ended December 31, 2006, we derived approximately 55% of our pro forma revenues from Medicare, 17% from Medicaid and 28% from private payors, such as commercial insurance companies, health maintenance organizations, preferred provider organizations and contract providers.

Our core business provides pharmacy products and services to residents and patients in long-term healthcare facilities, including skilled nursing facilities, assisted living facilities, hospitals and other alternative care settings. We purchase, repackage and dispense prescription and non-prescription pharmaceuticals in accordance with physician orders and deliver such medication to healthcare facilities for administration to individual patients and residents. Our institutional pharmacies typically service healthcare facilities within a radius of 120 miles or less of our pharmacy locations at least once each day. Each institutional pharmacy provides 24-hour, seven-day per week on-call pharmacist services for emergency dispensing, delivery and/or consultation. We also provide various supplemental healthcare services that complement our institutional pharmacy services, such as infusion therapy services and formulary management and other pharmacy consulting services.

Our assets and liabilities will consist almost exclusively of those that AmerisourceBergen and Kindred attribute to their institutional pharmacy businesses and that were reported as the long-term care business of AmerisourceBergen's PharMerica segment (excluding AmerisourceBergen's workers compensation services business and retail pharmacy businesses, which will be retained by AmerisourceBergen) and Kindred's Pharmacy Division segment in their financial statements. After the transaction, we will be a stand-alone, publicly traded company.

Our principal executive offices will be located at 1901 Campus Place, Louisville, Kentucky 40299 and our main telephone number will be (502) 263-7216. We were incorporated in Delaware on October 23, 2006.

Table of Contents**The Transaction*****Assets and Liabilities Transferred***

We have entered into a master transaction agreement, dated October 25, 2006, by and among AmerisourceBergen, PharMerica LTC, Kindred, KPS, Kindred Healthcare Operating, Inc., (which we refer to as KHO), NewCo, Hippo Merger Corporation and Rhino Merger Corporation, which we refer to as the master transaction agreement, that governs the separation and spin-offs of the PharMerica LTC and KPS businesses from AmerisourceBergen and Kindred, respectively, the conversion of shares of PharMerica LTC and KPS common stock into shares of our common stock in the mergers and the distribution of those shares. The master transaction agreement also contains provisions that govern our organization and operations following consummation of the transaction. The master transaction agreement identifies the assets to be transferred, the liabilities to be assumed and contracts to be assigned to PharMerica LTC and KPS in the spin-offs and describes how these transfers, assumptions and assignments will occur. In general, these assets, liabilities and contracts will be those relating to the institutional pharmacy services businesses of PharMerica LTC and KPS and their respective employees, excluding certain businesses that are being retained by AmerisourceBergen comprised of PMSI, Inc., or PMSI, and TMESYS, Inc., or TMESYS, AmerisourceBergen's workers' compensation businesses and of AmerisourceBergen's retail pharmacy business.

Cash Distributions to Parent Companies; NewCo Financing

Immediately prior to the spin-offs, PharMerica LTC will make a cash distribution to AmerisourceBergen, which we refer to as the AmerisourceBergen cash distribution, and KPS will make a cash distribution to KHO, which we refer to as the Kindred cash distribution. The AmerisourceBergen cash distribution and the Kindred cash distribution will each be in an amount equal to 50% of (a) the lesser of (i) \$300 million and (ii) three times the last 12 months' earnings before interest, income taxes, depreciation and amortization of NewCo (giving effect to the consummation of the transaction) or (b) such other amount as is mutually agreed by AmerisourceBergen and Kindred prior to the closing, as adjusted, in the case of (a) or (b), for changes to the working capital of PharMerica LTC or KPS, as applicable, outside of an agreed upon working capital range. It is currently estimated that each of the cash distributions will be \$125 million.

The boards of directors of AmerisourceBergen and Kindred considered a number of alternatives and structures for the transaction, including the final structure that calls for the AmerisourceBergen cash distribution and the Kindred cash distribution. The AmerisourceBergen cash distribution reflects the fact that AmerisourceBergen has historically funded the daily operations of PharMerica LTC through a centralized cash management and debt management system. The net amounts contributed to PharMerica LTC, including the assumption of third party debt, have exceeded the \$125 million AmerisourceBergen cash distribution contemplated in the transaction.

The Kindred cash distribution reflects the fact that Kindred has funded through capital contributions several acquisitions made by KPS and the development of new pharmacy locations that will remain with KPS as part of the transaction. In the last two fiscal years, Kindred has contributed approximately \$120 million to KPS for acquisition and development projects. In addition, although Kindred's stockholders will directly benefit from the transaction through their ownership of NewCo common stock, Kindred's board of directors also considered the impact on Kindred of earnings foregone as a result of the transaction, particularly in light of the funding by Kindred of KPS's growth.

To finance the cash distributions, each of PharMerica LTC and KPS will enter into a financing arrangement prior to the spin-offs in an amount sufficient to fund its cash distribution. We refer to these financings as the initial financings. At closing, we will enter into a new senior secured credit facility in an amount sufficient to refinance the initial financings immediately after closing and to provide us with sufficient cash for operations following the closing.

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Spin-offs of PharMerica LTC and KPS

Prior to the mergers, AmerisourceBergen and Kindred will distribute all of the outstanding shares of common stock of PharMerica LTC and KPS, respectively, to the distribution agent in trust for the benefit of the holders of AmerisourceBergen and Kindred common stock, respectively, on _____, the record date for the distributions. In connection with the distributions, which we refer to as the spin-offs, AmerisourceBergen and Kindred will each deliver a single certificate representing all of the outstanding shares of common stock of PharMerica LTC and KPS, respectively, to the distribution agent on the closing date. The distribution agent will hold these shares in trust for the benefit of the holders of record of AmerisourceBergen common stock and Kindred common stock on the record date pending conversion of such shares into shares of our common stock in the mergers. After the spin-offs, AmerisourceBergen and Kindred will not retain any ownership interest in PharMerica LTC or KPS.

The Mergers of PharMerica LTC and KPS with Subsidiaries of NewCo

Immediately after the spin-offs, Hippo Merger Corporation, a Delaware corporation and wholly-owned subsidiary of NewCo, will merge with and into PharMerica LTC, with PharMerica LTC as the surviving corporation. Simultaneously, Rhino Merger Corporation, a Delaware corporation and wholly-owned subsidiary of NewCo, will merge with and into KPS, with KPS as the surviving corporation. At the effective time of the mergers, PharMerica LTC and KPS will become wholly-owned subsidiaries of NewCo, and the shares of PharMerica LTC and KPS common stock will be converted into shares of our common stock. Each AmerisourceBergen stockholder will be entitled to receive _____ shares of our common stock in respect of each share of AmerisourceBergen common stock held on the record date and each Kindred stockholder will be entitled to receive _____ shares of our common stock in respect of each share of Kindred common stock held on the record date. AmerisourceBergen stockholders and Kindred stockholders will each initially own approximately 50% of the outstanding shares of our common stock.

Distribution Procedures

Prior to the effective time, we will deposit with the distribution agent for your benefit the shares of our common stock issuable to you in the mergers. At the effective time, AmerisourceBergen and Kindred will instruct the distribution agent to make book-entry credits for the shares of our common stock that you are entitled to receive. Since shares of our common stock will be in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

Fractional Shares

You will not receive fractional shares of our common stock in the mergers. The distribution agent will aggregate and sell on the open market the fractional shares of our common stock that would otherwise be issued in the mergers, and if you would be entitled to receive a fractional share of our common stock in connection with the mergers, you will instead receive the net cash proceeds of the sale attributable to such fractional share.

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The following diagrams illustrate the different steps, ownership positions and transfers associated with the transaction:

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Conditions to the Completion of the Transaction

The completion of the transaction is subject to the satisfaction or waiver of a number of conditions, including the following:

absence of legal prohibitions on the completion of the transaction and absence of any pending action or proceeding by any governmental authority seeking to make the transaction illegal or otherwise prohibit consummation of the transaction;

receipt of certain regulatory permits, consents and approvals as described below in [Regulatory Approvals](#) ;

delivery of opinions of counsel to AmerisourceBergen and Kindred with respect to certain tax matters and receipt by AmerisourceBergen and Kindred of private letter rulings from the Internal Revenue Service, or the IRS, with respect to certain tax matters. See [The Transaction](#) [Material U.S. Federal Income Tax Consequences of the Transaction](#) ;

payment by PharMerica LTC and KPS, respectively, of the AmerisourceBergen cash distribution and the Kindred cash distribution;

receipt of all waivers, consents and amendments required under the existing credit agreements of AmerisourceBergen and Kindred;

satisfaction of the board of directors of each of AmerisourceBergen and Kindred that, after giving effect to the transaction, NewCo will be solvent;

satisfaction of the board of directors of (1) Pharmacy Corporation of America, a wholly-owned subsidiary of PharMerica, Inc., which we refer to as PCA, that, after giving effect to the transfer of PCA's wholly-owned subsidiaries PMSI and TMESYS to AmerisourceBergen or a subsidiary of AmerisourceBergen, PCA will be solvent, (2) PharMerica, Inc. (i) that the AmerisourceBergen cash distribution will be made out of surplus as defined in Section 170 of the Delaware General Corporation Law, which we refer to as the DGCL, and (ii) that, after giving effect to such distribution, PharMerica LTC will be solvent, and (3) AmerisourceBergen (i) that the spin-off of PharMerica LTC to the stockholders of AmerisourceBergen will be made out of surplus as defined in Section 170 of the DGCL and (ii) that, after giving effect to such distribution, AmerisourceBergen will be solvent;

satisfaction of the board of directors of (1) KPS (i) that the Kindred cash distribution will be made out of surplus as defined in Section 170 of the DGCL and (ii) that, after giving effect to such distribution,

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KPS will be solvent, (2) KHO (i) that the distribution of KPS to Kindred will be made out of surplus as defined in Section 170 of the DGCL and (ii) that, after giving effect to such distribution, KHO will be solvent and (3) Kindred (i) that the spin-off of KPS to the stockholders of Kindred will be made out of surplus as defined in Section 170 of the DGCL and (ii) that, after giving effect to such distribution, Kindred will be solvent; and

accuracy as of the date specified in the master transaction agreement of the representations and warranties made by AmerisourceBergen and Kindred, to the extent specified in the master transaction agreement and material compliance by AmerisourceBergen and Kindred with their respective obligations under the master transaction agreement.

Regulatory Approvals

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the transaction could not be completed unless the parties had filed required notifications with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and applicable waiting time requirements had expired. AmerisourceBergen and Kindred filed the required notification and report forms on August 15, 2006, and the applicable waiting period expired on September 14, 2006.

In addition, PharMerica LTC and KPS are subject to extensive federal, state and local regulations that govern institutional pharmacies and healthcare facilities. Pursuant to such regulations, institutional pharmacies must be properly licensed by the applicable state board of pharmacy and the U.S. Drug Enforcement Administration, or the DEA. Institutional pharmacies must also obtain the permits required under applicable controlled substances laws and by the applicable state board of pharmacy and the DEA. In addition, institutional pharmacies must have appropriate authorizations from state Medicaid and the federal Medicare programs to receive reimbursement for covered items and services. It is a condition to the completion of this transaction that we receive all of the permits, consents and approvals listed above, other than those permits, consents and approvals the failure of which to obtain would not, individually or in the aggregate, have an effect that would reasonably be expected to be adverse and material to our business and operation. We are working to obtain the required regulatory permits, consents and approvals.

Termination of the Master Transaction Agreement

The master transaction agreement may be terminated at any time before the effective time of the transaction in specified ways, including the following:

by mutual written agreement of AmerisourceBergen and Kindred;

by either AmerisourceBergen or Kindred if:

the transaction has not been consummated on or before June 30, 2007, *provided* that neither AmerisourceBergen nor Kindred may terminate the master transaction agreement for this reason if its breach of any provision of the master transaction agreement has resulted in the failure of the transaction to be consummated on or before such date, *provided, further* that either party may extend such date until September 30, 2007 if the transaction has not been consummated solely as a result of the failure to satisfy the mutual closing condition requiring receipt of certain state and federal permits and approvals if either AmerisourceBergen or Kindred delivers a notice to the other indicating that it believes in good faith that such condition will be satisfied by September 30, 2007; or

any applicable law makes the transaction illegal or completion of the transaction is enjoined;

by AmerisourceBergen if any of the mutual closing conditions or the closing conditions for the benefit of AmerisourceBergen, PharMerica LTC and Hippo Merger Corporation have not been satisfied by

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June 30, 2007, *provided* that AmerisourceBergen may not terminate the master transaction agreement for this reason if its breach of any provision of the master transaction agreement has resulted in the failure of such condition to closing to be satisfied; or

by Kindred if any of the mutual closing conditions or the closing conditions for the benefit of Kindred, KHO, KPS and Rhino Merger Corporation have not been satisfied by June 30, 2007, *provided* that Kindred may not terminate the master transaction agreement for this reason if its breach of any provision of the master transaction agreement has resulted in the failure of such condition to closing to be satisfied; or

In addition, the master transaction agreement contains other conditions that allow for its termination that, as of the date of this preliminary prospectus, have been met.

If the master transaction agreement is validly terminated, the agreement will become void without any liability on the part of any party unless the termination results from a party's knowing and willful breach of certain provisions of the master transaction agreement or the tax matters agreement, dated October 25, 2006, among NewCo, AmerisourceBergen, PharMerica LTC, Kindred and KPS, which we refer to as the tax matters agreement, or knowing and willful failure to use reasonable best efforts to fulfill a closing condition.

Post-Closing Indemnities

After the effective time, AmerisourceBergen and Kindred will severally and not jointly indemnify us, and we will indemnify each of AmerisourceBergen and Kindred, for all damages, liabilities and expenses resulting from a breach by the applicable party of the covenants contained in the master transaction agreement. AmerisourceBergen and Kindred will severally and not jointly indemnify us for all damages, liabilities and expenses incurred by us relating to the entities, assets and liabilities retained by the applicable parent company, and we will indemnify AmerisourceBergen and Kindred for all damages, liabilities and expenses incurred by each of them relating to our entities, assets and liabilities. AmerisourceBergen and Kindred will severally and not jointly indemnify us against all damages, liabilities and expenses resulting from a breach of their respective representations and warranties in the master transaction agreement, provided that each parent company will only be liable to us for breaches of its representations and warranties to the extent our damages from such breaches exceed \$30 million in the aggregate (and only to the extent that our damages exceed \$30 million) and each parent company will generally not be liable for damages in excess of \$155 million. The representations and warranties in the master transaction agreement will survive the effective time for a period of 15 months.

In addition, AmerisourceBergen and Kindred will severally and not jointly indemnify us, and we will indemnify each of AmerisourceBergen and Kindred, for all damages, liabilities and expenses resulting from a breach by the applicable party of any of the representations, warranties or covenants contained in the tax matters agreement. We also will indemnify each of AmerisourceBergen and Kindred for all damages, liabilities and expenses arising out of any tax imposed with respect to the applicable spin-off if such tax is attributable to any act, any failure to act or any omission by us or any of our subsidiaries. AmerisourceBergen and Kindred will severally and not jointly indemnify us for all damages, liabilities and expenses relating to pre-closing taxes or taxes imposed on us or our subsidiaries because PharMerica LTC or KPS was part of the consolidated return of the applicable parent company, and we will indemnify each of AmerisourceBergen and Kindred for all damages, liabilities and expenses relating to post-closing taxes of us or our subsidiaries.

Relationship with the Parent Companies after the Transaction

NewCo will be an independent, publicly traded company after the transaction. We will, however, have agreements with AmerisourceBergen and Kindred providing for future services to and by us. We are a party to

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the tax matters agreement, which governs our respective obligations with respect to taxes for the periods before and after the closing of the transaction. We also will purchase pharmaceuticals from AmerisourceBergen for a period of five years after the closing of the transaction pursuant to a prime vendor agreement with AmerisourceBergen Drug Corporation, a wholly-owned subsidiary of AmerisourceBergen. Under the prime vendor agreement, AmerisourceBergen Drug Corporation also will support the distribution of pharmaceuticals that we purchase directly from manufacturers and provide inventory management support and packaging services. In addition, we will provide institutional pharmacy services to 236 nursing centers operated by Kindred and provide pharmacy management services to 79 long-term acute care hospitals operated by Kindred. For a period of five years after the closing of the transaction, Kindred will provide us with information services and support. In addition, for a period of up to 12 months after the closing of the transaction, Kindred and AmerisourceBergen will provide us with certain corporate administrative services, such as accounting, treasury, human resources, tax, risk management, internal audit, employee benefit administration and financial reporting, and we will provide AmerisourceBergen with certain transition services for AmerisourceBergen's workers compensation services business. For a description of additional agreements we have entered into or will enter into with AmerisourceBergen, Kindred or one of their subsidiaries, see [Additional Agreements with AmerisourceBergen and Kindred](#).

Dividend Policy

Currently, we do not intend to pay dividends on our common stock in the foreseeable future. Instead, we intend to retain all available funds and any future earnings for use in the operation of our business.

Management of NewCo

Pursuant to the terms of the master transaction agreement, our board of directors will initially consist of nine directors, four of whom will be designated by AmerisourceBergen, four of whom will be designated by Kindred and one of whom will be our chief executive officer, Mr. Gregory S. Weishar. AmerisourceBergen intends to designate _____, _____ and R. David Yost, AmerisourceBergen's Chief Executive Officer, as its four nominees to our board of directors while Kindred intends to designate _____, _____, Edward L. Kuntz, Executive Chairman of the board of directors of Kindred, and Paul J. Diaz, Kindred's President and Chief Executive Officer, as its four nominees to our board of directors. Messrs. Yost, Kuntz and Diaz have agreed that they will serve as directors no longer than through the 2008 annual meeting of our stockholders. In addition, Messrs. Kuntz and Diaz have agreed that they would resign from our board of directors if requested by Kindred's Nominating and Corporate Governance Committee.

Pursuant to the terms of the master transaction agreement, AmerisourceBergen and Kindred have designated Mr. Weishar as our Chief Executive Officer and will also designate by mutual agreement the individuals who will initially serve as our chief financial officer, chief operating officer, chief administrative officer and general counsel.

Stockholder Rights

Upon consummation of the transaction, the rights of NewCo stockholders will be governed by the DGCL and NewCo's certificate of incorporation and bylaws.

Capital Stock

Immediately following the transaction, our authorized capital stock will consist of 175,000,000 shares of common stock, par value \$0.01, and 1,000,000 shares of preferred stock, par value \$0.01. Immediately following the transaction, we expect that approximately 40 million shares of our common stock will be issued and outstanding. No shares of our preferred stock will be outstanding immediately after the transaction.

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Listing and Trading of NewCo Common Stock

We have applied for listing of our common stock on the NYSE under the symbol `PMC`. The shares of our common stock distributed to AmerisourceBergen and Kindred stockholders will be freely transferable, except for shares received by individuals who are our affiliates. See [The Transaction](#) [Listing and Trading of NewCo Common Stock](#).

AmerisourceBergen and Kindred Stock Options

For purposes of the applicable AmerisourceBergen and Kindred equity plans, the spin-offs will result in a termination of employment for PharMerica LTC and KPS employees. Options to purchase AmerisourceBergen and Kindred common stock held by these employees that are vested at the time of the spin-offs will remain exercisable for AmerisourceBergen or Kindred common stock, as applicable, for a certain period of time following the spin-offs, as provided for in the relevant equity plan or award agreement.

Options held by PharMerica LTC and KPS employees that are unvested as of the distribution time will cease to represent rights with respect to AmerisourceBergen or Kindred common stock, as applicable, and will be deemed in the spin-offs to be converted into stock options to purchase PharMerica LTC or KPS common stock, as applicable, and will then be converted in the mergers into stock options to purchase our common stock, which we refer to as NewCo Options. The NewCo Options will be granted pursuant to the NewCo Omnibus Incentive Plan and will have the same terms and conditions as applied to the respective AmerisourceBergen or Kindred options immediately prior to the transaction. See [The Transaction](#) [Treatment of Stock Options and Restricted Shares Held by Employees of PharMerica LTC and KPS](#) for more discussion of the NewCo Options.

AmerisourceBergen and Kindred Restricted Stock

In the spin-offs, PharMerica LTC and KPS employees, as well as AmerisourceBergen and Kindred employees, who hold restricted shares of AmerisourceBergen and Kindred common stock will receive for each such restricted share the same number of shares of our common stock in the transaction as stockholders of AmerisourceBergen and Kindred, as applicable, receive. Shares of our common stock received by holders of AmerisourceBergen restricted stock will continue to be subject to restrictions on vesting and transferability. Shares of our common stock received by holders of Kindred restricted stock will not be subject to restrictions on vesting and transferability.

In connection with the spin-offs, unvested restricted shares of AmerisourceBergen and Kindred common stock held by PharMerica LTC and KPS employees will be cancelled, and we will make substitution grants of restricted shares to these employees pursuant to the NewCo Omnibus Incentive Plan. The substitution grants will have the same terms and conditions as apply to the AmerisourceBergen or Kindred restricted shares immediately before the transaction. See [The Transaction](#) [Treatment of Stock Options and Restricted Shares Held by Employees of PharMerica LTC and KPS](#) for more discussion of AmerisourceBergen and Kindred Restricted Stock.

U.S. Federal Income Tax Consequences

It is a condition to closing that (i) AmerisourceBergen receive a private letter ruling from the IRS that the spin-off of PharMerica LTC and the subsequent merger of PharMerica LTC and distribution of our common stock will qualify for tax-free treatment to holders of AmerisourceBergen common stock (except with respect to cash received in lieu of a fractional share) and, generally, to AmerisourceBergen and (ii) Kindred receive a private letter ruling from the IRS that the spin-off of KPS and the subsequent merger of KPS and distribution of our common stock will qualify for tax-free treatment to holders of Kindred common stock (except with respect to cash received in lieu of a fractional share) and, generally, to Kindred. Although AmerisourceBergen and Kindred

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coordinated their discussions with the IRS, each of AmerisourceBergen and Kindred applied for a separate private letter ruling that will only address tax matters relating to its respective company and stockholders. These private letter rulings have been received by both AmerisourceBergen and Kindred.

The IRS rulings do not address all of the issues that are relevant to determining whether the transaction will qualify for tax-free treatment because the IRS will not rule on certain issues. As a condition to closing, each of AmerisourceBergen and Kindred are to receive an opinion of counsel that the transaction will generally qualify for tax-free treatment to you and to AmerisourceBergen or Kindred, as the case may be. The opinions are intended to cover those issues that the rulings do not. The IRS rulings and opinions of counsel do not address state, local or foreign tax consequences of the spin-offs, mergers and distribution of our common stock, and you should consult your own tax advisor as to the particular tax consequences of the transaction to you. The IRS rulings and the opinions rely on representations, assumptions and undertakings made by AmerisourceBergen and Kindred (and their subsidiaries) and us. If such representations, assumptions or undertakings are incorrect, the IRS rulings or the opinions may not be valid. See the tax-related risk factors under **Risk Factors - Risk Factors Relating to the Transaction**.

Appraisal Rights

No AmerisourceBergen or Kindred stockholder will have any appraisal rights in connection with the transaction.

Accounting Treatment

The transaction will be accounted for under the purchase method of accounting under accounting principles generally accepted in the United States, with KPS treated as the accounting acquiror.

Risk Factors

You should review the risks relating to the transaction, our business and ownership of our common stock described in **Risk Factors**.

Table of Contents**SUMMARY SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA****General**

We are providing the following summary selected financial data of PharMerica LTC and KPS and pro forma financial data of NewCo to help you in your analysis of the financial aspects of the transaction. We derived this information from the audited and unaudited financial statements of PharMerica LTC and the audited financial statements of KPS for the periods presented and the unaudited pro forma condensed financial statements of NewCo included elsewhere in this preliminary prospectus. You should read this information in conjunction with the other financial information and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this preliminary prospectus. See also Unaudited Pro Forma Condensed Financial Information and Index to Financial Statements.

Summary Selected Financial Data of PharMerica LTC

The following table sets forth the summary selected historical financial and statistical data of PharMerica LTC. The following summary selected historical financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, the financial statements and notes thereto of PharMerica LTC, as well as other financial information related to PharMerica LTC, each of which is included elsewhere in this preliminary prospectus. The following table sets forth summary selected financial data of PharMerica LTC as of and for the fiscal years ended September 30, 2006, 2005 and 2004, as of December 31, 2006 and for the three months ended December 31, 2006 and 2005. The financial data as of September 30, 2006 and 2005 and for the fiscal years ended September 30, 2006, 2005 and 2004 have been derived from financial statements of PharMerica LTC, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The financial data as of December 31, 2006 and for the three months ended December 31, 2006 and 2005 have been derived from unaudited financial statements of PharMerica LTC. The financial data as of September 30, 2004 have been derived from unaudited financial statements of PharMerica LTC. In the opinion of management of PharMerica LTC, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the unaudited financial data have been reflected therein.

<i>(dollars in thousands)</i>	Three months ended		Year ended September 30,		
	December 31,		2006	2005	2004
	2006	2005	2006	2005	2004
Statement of operations data:					
Revenues	\$ 314,339	\$ 293,174	\$ 1,199,969	\$ 1,118,266	\$ 1,103,725
Gross profit	93,328	85,946	351,468	330,186	328,479
Selling, general and administrative expenses	85,058	80,267	323,156	306,302	294,651
Operating income (a)	8,270	5,679	28,312	23,884	33,828
Net income	\$ 4,934	\$ 3,352	\$ 16,757	\$ 13,792	\$ 20,061
Balance sheet data:					
		December 31,	2006	September 30,	2004
Cash and cash equivalents			\$ 6,368	\$ 3,769	\$ 7,374
Total assets			324,833	314,300	266,620
Long-term debt, including capital lease obligations			635	929	2,049
Parent's investment			277,363	256,816	209,842
Working capital			\$ 219,062	\$ 197,363	\$ 162,930
					\$ 124,871
Statistical data:					
Number of customer licensed beds at end of period			234,916	232,555	233,885
					246,895

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- (a) Includes depreciation and amortization expense of \$3.7 million and \$3.1 million for the three months ended December 31, 2006 and 2005, respectively, and \$13.6 million, \$12.7 million and \$12.5 million for the years ended September 30, 2006, 2005 and 2004, respectively.

Summary Selected Financial Data of KPS

The following table sets forth summary selected historical financial and statistical data of KPS. The following summary selected historical financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, the financial statements and notes thereto of KPS as well as other financial information related to KPS, each of which is included elsewhere in this preliminary prospectus. The following table sets forth summary selected financial data for KPS as of and for the fiscal years ended December 31, 2006, 2005 and 2004. The financial data as of December 31, 2006, 2005 and 2004 and for the years ended December 31, 2006, 2005 and 2004, have been derived from financial statements of KPS which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

(dollars in thousands)

	Year ended December 31,		
	2006	2005	2004
Statement of operations data:			
Revenues	\$ 652,608	\$ 522,225	\$ 360,035
Gross profit	117,237	101,306	69,737
Selling, general and administrative expenses	96,185	67,042	50,275
Operating income (a)	21,052	34,264	19,462
Net income	\$ 12,799	\$ 21,007	\$ 12,062
Balance sheet data:			
Cash and cash equivalents	\$ 3,730	\$ 1,378	\$ 2,033
Total assets	236,784	194,623	63,650
Long-term debt, including capital lease obligations			
Stockholders' equity	198,301	170,389	44,490
Working capital	\$ 79,148	\$ 72,301	\$ 28,953
Statistical data:			
Number of customer licensed beds at end of period:			
Affiliated	30,232	28,657	28,634
Non-affiliated	72,339	64,625	37,561
	102,571	93,282	66,195

- (a) Includes depreciation and amortization expense of \$8.8 million, \$5.8 million and \$2.4 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Summary Selected Unaudited Pro Forma Condensed Financial Data of NewCo

The following table sets forth summary selected unaudited pro forma condensed financial information based upon the historical consolidated financial statements of KPS and PharMerica LTC adjusted to give effect to (1) the spin-offs of KPS and PharMerica LTC from their respective parent companies, Kindred and AmerisourceBergen, (2) the Kindred and AmerisourceBergen cash distributions and the related financing arrangements to fund the cash distributions, (3) the merger of each of KPS and PharMerica LTC into separate subsidiaries of NewCo and the refinancing of the temporary bank financing arrangements with the senior secured credit facility and (4) the distribution of NewCo common stock to the stockholders of Kindred and AmerisourceBergen. Upon completion of the transaction, NewCo will change its name to PharMerica Corporation.

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The unaudited pro forma condensed statement of operations was prepared using (1) the audited consolidated statement of operations of KPS for the year ended December 31, 2006 and (2) the audited statement of operations of PharMerica LTC for the year ended September 30, 2006, each of which is included elsewhere in this preliminary prospectus. The unaudited pro forma condensed balance sheet was prepared using (1) the audited consolidated balance sheet of KPS as of December 31, 2006 and (2) the unaudited balance sheet of PharMerica LTC as of December 31, 2006, each of which is included elsewhere in this preliminary prospectus. The unaudited pro forma condensed financial information is based upon the assumptions and adjustments in the accompanying notes to the unaudited pro forma condensed financial statements. The unaudited pro forma condensed statement of operations for the year ended December 31, 2006 gives effect to the transaction as if it occurred on January 1, 2006. The unaudited pro forma condensed balance sheet gives effect to the transaction as if it had occurred on December 31, 2006.

The transaction will be accounted for using the purchase method of accounting under accounting principles generally accepted in the United States, with KPS treated as the accounting acquiror. Under the purchase method of accounting, the deemed purchase price has been allocated to the underlying tangible and intangible assets and liabilities acquired based upon their respective fair values with any excess deemed purchase price allocated to goodwill. The adjustments to estimated fair values included herein are based upon a preliminary review of the purchased assets of PharMerica LTC. We expect to complete at a later date appraisals of PharMerica LTC assets at the level of detail necessary to finalize the required purchase price allocation. The final purchase price determination and allocation based upon these appraisals may be materially different than that reflected in the unaudited pro forma condensed financial statements presented herein.

Overall, we estimate that we will incur transition, integration and capitalized acquisition fees and expenses totaling approximately \$15 million to complete the transaction, all of which has been reflected in the unaudited pro forma condensed balance sheet. The unaudited pro forma condensed statement of operations does not include the impact of these non-recurring transaction related costs. Upon closing the transaction, we expect to implement a plan to integrate the operations of KPS and PharMerica LTC which will generate certain additional non-recurring charges. Management cannot currently identify the timing, nature and amount of such charges. However, any such charges (which may be substantial) could affect the results of NewCo in the period in which such charges are incurred. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

The unaudited pro forma condensed financial statements do not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities which might result from the transaction. The unaudited pro forma condensed financial statements should be read in conjunction with the historical financial statements and accompanying notes of KPS and PharMerica LTC that are included herein.

The unaudited pro forma condensed financial statements should not be taken as representative of the future consolidated results of operations or financial condition of NewCo.

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	Pro forma year ended December 31,
	2006
	(unaudited)
<i>(dollars in thousands, except per share amount)</i>	
Statement of operations data:	
Revenues	\$ 1,852,577
Gross profit	317,526
Selling, general and administrative expenses	271,557
Operating income (a)	45,969
Net income	16,960
Diluted earnings per common share	\$ 0.42
	Pro forma
	as of
	December 31,
	2006
	(unaudited)
Balance sheet data:	
Cash and cash equivalents	\$
Total assets	767,568
Long-term debt, including capital lease obligations	261,165
Stockholders' equity	404,354
Working capital	\$ 308,109

(a) Includes depreciation and amortization expense of \$25 million.

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RISK FACTORS

You should consider carefully the risks described below, together with all of the other information included in this preliminary prospectus, in evaluating our company and our common stock. If any of the risks described below actually occurs, it could have a material adverse effect on our business, financial results, financial condition and stock price.

Risk Factors Relating to the Transaction

We have no history operating as a stand-alone, publicly traded company on which you can evaluate our performance.

Before the transaction, we operated as separate businesses of two different companies. We have no operating history as a combined business or as a stand-alone, publicly traded company. Accordingly, there can be no assurance that our business strategy and operations will be successful on a combined stand-alone basis. We may not be able to grow or integrate our business as planned and may not be profitable.

No historical financial statements showing our operation of the businesses of PharMerica LTC and KPS as a combined, stand-alone company exist upon which you can evaluate our prospects.

Since we have not operated the businesses of PharMerica LTC and KPS on a combined, stand-alone basis, we do not have any historical financial statements as an independent, stand-alone company upon which you can evaluate us. While we have included in this prospectus a balance sheet as of December 31, 2006, it reflects our status as a newly organized company with no operating history and provides minimal information about us.

The historical and pro forma financial information contained in this preliminary prospectus may not be indicative of our future results as a stand-alone, publicly traded company.

The historical financial statements of PharMerica LTC and KPS and pro forma financial statements giving effect to the transaction have been created from AmerisourceBergen's and Kindred's financial information. Accordingly, the historical financial information we have included in this preliminary prospectus may not reflect what our financial position, results of operations and cash flows would have been had we been operated as a combined business and a stand-alone, publicly traded company during the periods presented or be indicative of what our results of operations, financial position and cash flows may be in the future. This is primarily a result of the following factors:

the historical financial statements do not reflect certain changes that will occur in our funding and operations as a result of the separation of PharMerica LTC and KPS from AmerisourceBergen and Kindred, respectively;

our historical financial information reflects estimated allocations for services historically provided by our parent companies to PharMerica LTC and KPS, and we expect these allocations to be different from the costs we will incur for these services in the future;

our historical financial information does not reflect the debt or debt servicing cost we will incur in connection with the transaction and our obligations to obtain certain goods and services from our parent companies after the transaction; and

the historical financial information does not reflect any increased costs associated with the transition to, and status as, a stand-alone, publicly traded company, including changes that we expect will occur in the cost structure, personnel needs, financing and operations of the combined business as a result of the transaction.

For these or other reasons, our future financial performance may be worse than the performance implied by the historical and pro forma financial information we have presented in this preliminary prospectus.

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For additional information about the past financial performance of each of the combined businesses, please see Unaudited Pro Forma Condensed Financial Information, Selected Historical Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, and the historical financial statements and the accompanying notes of PharMerica LTC and KPS included elsewhere in this preliminary prospectus.

The integration of our pharmacy businesses will be time consuming, may distract our management from our operations, and will be expensive, all of which could have a material adverse effect on our operating results.

If we are unsuccessful in integrating the institutional pharmacy operations of AmerisourceBergen and Kindred, or if the integration is more difficult than anticipated, we may experience disruptions to our operations. A difficult or unsuccessful integration of these businesses would likely have a material adverse effect on our results of operations.

Some of the risks that may affect our ability to integrate or realize any anticipated benefits include those associated with:

conforming standards, processes, procedures and controls of the businesses;

difficulties in transferring processes and know-how;

difficulties in the assimilation of acquired operations, technologies or products;

diversion of management's attention from business concerns; and

adverse effects on employees and business relationships with customers and suppliers.

We will need to either contract for or internally develop a number of key services and functions that our parent companies have historically provided to us.

We have not previously performed the various corporate functions required of a publicly traded company. Our former parent companies performed many important corporate functions for each of the businesses before the transaction, including finance, treasury, tax administration, risk management, accounting, internal audit, financial reporting, legal, regulatory, human resources, employee benefit administration, communications, information technology and business development services. After the transaction, AmerisourceBergen and Kindred will provide a number of services to us under various agreements, such as accounting, treasury, human resources, risk management, tax, internal audit, employee benefit administration and financial reporting services. In addition, Kindred will provide us with information services and support for approximately five years following the closing of the transaction, and AmerisourceBergen will sell to us our pharmaceutical requirements and support the distribution of our direct purchases from manufacturers as well as provide other inventory and packaging services. When the agreements covering these services terminate, we will need to replace these services internally or through third parties. The supplies and services obtained from AmerisourceBergen and Kindred will be provided at fair market value, which nonetheless may be higher than the costs borne by PharMerica LTC and KPS in the past. Replacement services may be available only on terms that are less favorable to us or may not be available to us at all.

We will also need to replicate certain facilities, systems and infrastructure to which we will no longer have access as well as hire new employees to provide these services. There can be no assurance that we will be able to obtain these services or hire the necessary employees at similar cost-levels or at all. In addition, our management will have to spend considerable time in building an independent infrastructure for corporate, administrative and information technology functions. These initiatives will be costly to implement and the scope and complexity of these projects may be materially higher than we expect.

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If we do not have adequate systems and business functions of our own or cannot obtain them from third party providers at an acceptable cost, we may not be able to operate our business effectively, which could have a material adverse effect on our profitability.

We may not realize the benefits we expect by combining the institutional pharmacy businesses of the parent companies into a new publicly traded company and may experience increased costs after the transaction which could decrease our overall profitability.

Before the transaction, our business was part of two separate public companies. We may experience difficulties in integrating the two businesses into one company, and the transaction may result in increased costs and inefficiencies in our business operations and management. Integration of our businesses may cost significantly more or take longer than we anticipate, which could decrease our profitability or otherwise impact our expected cost-savings. In addition, prior to the transaction our businesses took advantage of the economies of scale of our former parent companies. As a separate, stand-alone, publicly traded company, we may be unable to obtain goods, services and technology at prices or on terms as favorable as those obtained prior to the transaction, which could decrease our overall profitability. Furthermore, we may not be successful in transitioning from the services and systems provided by our former parent companies and we may incur substantially higher costs for implementation than currently anticipated. At such point in time as we begin to operate these functions independently, if we do not have in place our own adequate systems and business functions, or outsource them from other providers, we may not be able to operate our business effectively or at comparable costs and it may have a material adverse effect on our profitability. If we fail to realize the anticipated benefits of the transaction, including, without limitation, the anticipated cost-savings resulting from operating synergies and growth opportunities from combining the businesses, it could have a material adverse effect on our profitability.

If the spin-offs, mergers and distribution of our common stock do not qualify as tax-free transactions, tax could be imposed on AmerisourceBergen, Kindred and their respective stockholders.

If the spin-offs, mergers and distribution of our common stock do not qualify as tax-free transactions, tax could be imposed on AmerisourceBergen, Kindred and their respective stockholders. If the spin-offs fail to qualify for tax-free treatment, the deemed receipt of shares of PharMerica LTC or KPS will be treated as a taxable distribution to you. See The Transaction Material U.S. Federal Income Tax Consequences of the Transaction.

While AmerisourceBergen and Kindred have each received a private letter ruling from the IRS that the spin-off of PharMerica LTC and KPS, respectively, and the subsequent merger of PharMerica LTC and KPS, as well as the distribution of our common stock, will qualify for tax-free treatment to holders of AmerisourceBergen and Kindred common stock, respectively (except with respect to cash received in lieu of a fractional share) and are each to receive an opinion of counsel that the transaction will generally qualify for tax-free treatment to you and to AmerisourceBergen or Kindred to cover issues that the IRS rulings do not address, the IRS could still determine that the spin-offs, mergers and distribution of our common stock should be treated as a taxable transaction to you (and to AmerisourceBergen and Kindred). This could occur if the IRS determines that any of the representations, assumptions or undertakings that were included in the request for the private letter rulings are false or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the IRS rulings. In addition, events occurring after the distribution of our common stock could cause AmerisourceBergen or Kindred to recognize a gain on the spin-off of PharMerica LTC or KPS, respectively, and we could be required to indemnify AmerisourceBergen or Kindred for such tax. See Restrictions on our operations and our obligations to indemnify in connection with the tax-free treatment of the transaction could materially and adversely affect us.

Restrictions on our operations and our obligations to indemnify in connection with the tax-free treatment of the transaction could materially and adversely affect us.

Certain tax-related restrictions and indemnities set forth in the tax matters agreement agreed to by AmerisourceBergen, Kindred and us in order to maintain the tax-free treatment of the transaction limit our discretion in the operation of our business and could adversely affect us. Under these provisions, we:

have generally undertaken to maintain our current business as an active business for a period of two years following the completion of the mergers;

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are generally restricted, for a period of two years following the mergers, from (i) reacquiring our stock, (ii) issuing stock to any person other than as compensation for services, (iii) making changes in our equity structure, (iv) liquidating, merging or consolidating certain of our subsidiaries, (v) transferring certain material assets except in the ordinary course of business, and (vi) entering into negotiations with respect to, or consenting to, certain acquisitions of our stock;

are generally restricted from taking any other action (including an action that would be inconsistent with the representations relied upon by AmerisourceBergen and Kindred described above) that could jeopardize the tax-free status of the spin-offs; and

have generally agreed to indemnify AmerisourceBergen and Kindred for taxes and related losses incurred as a result of the spin-offs failing to qualify as tax-free transactions provided such taxes and related losses are attributable to any act, failure to act or omission by us or our subsidiaries, including our failure to comply with applicable representations, undertakings and restrictions placed on our actions under the tax matters agreement.

These prohibitions could discourage, delay or prevent equity financings, acquisitions, investments, strategic alliances, mergers and other transactions possibly resulting in a material adverse effect on our business. In addition, any indemnity obligations to AmerisourceBergen or Kindred could have a material adverse effect on our financial position and liquidity.

Following the transaction, we will have substantial indebtedness, which could restrict our ability to pay dividends and have a negative impact on our financing options and liquidity.

We will be a substantially leveraged business following the transaction. Prior to the transaction, PharMerica LTC and KPS intend to enter into credit facilities under which they will incur \$ million and \$ million, respectively, in indebtednesses, which we refer to as the initial financings. PharMerica LTC and KPS will use the proceeds of these initial financings to make cash distributions in the amount of such borrowings to their parent companies immediately prior to the spin-offs.

At closing, we expect to enter into a new senior secured credit facility with certain financial institutions and borrow up to \$ million to refinance the outstanding indebtedness of PharMerica LTC and KPS incurred in the initial financings. We expect that the senior secured credit facility will provide for term and revolving credit borrowings. As a result, on or shortly after the closing date, we will have approximately \$ million in debt outstanding. We expect the agreements governing our senior secured credit facility will permit us, subject to specified conditions, to incur a significant amount of additional indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase. The amount of this outstanding indebtedness could limit our ability to pay dividends and to obtain additional financing in the future for working capital, capital expenditure and acquisition purposes. In addition, our financing costs will be higher than they were as part of our former parent companies. A significant portion of our cash flows will be dedicated to debt service and will be unavailable for investment, capital expenditures or other operating expenses.

Our ability to make payments on our existing and future debt and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future, which is largely subject to general economic, financial, competitive, regulatory, legislative and other factors that are beyond our control. Cost containment and lower reimbursement levels relative to increases in cost by third party payors, including federal and state governments, could have a significant negative impact on our business and on our cash flows. Our operating margins continue to be under pressure because of continuing regulatory scrutiny and growth in our operating expenses, such as product and labor costs.

As a result of these and other factors, we cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If we do not generate or are unable to borrow sufficient

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amounts of cash on satisfactory terms to meet these needs, we may need to seek to refinance all or a portion of our indebtedness on or before maturity, sell assets, curtail discretionary capital expenditures or file for bankruptcy protection.

See Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.

Our financing arrangements will subject us to various restrictions that could limit our operating flexibility.

We expect our senior secured credit facility will contain certain covenants and other restrictions that, among other things, will require us to satisfy certain financial tests and maintain certain financial ratios and restrict our ability to pay dividends, incur additional indebtedness and create liens. The restrictions and covenants in our expected financing arrangements may limit our ability to respond to market conditions, provide for capital investment needs or take advantage of business opportunities by limiting the amount of additional borrowings we may incur. See Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.

We will no longer be able to rely on our former parent companies for diversification of business risk or to provide capital resources.

Before the transaction, we were operated as separate businesses of two different companies. Following the transaction, we will have less financial and other resources than our former parent companies. Our ability to satisfy our obligations and maintain profitability will be solely dependent upon our performance and we will not be able to rely upon the financial and other resources of our former parent companies.

We may be required to satisfy certain indemnification obligations to our former parent companies or may not be able to collect on indemnification rights from our former parent companies.

Under the terms of the master transaction agreement, AmerisourceBergen and Kindred will severally and not jointly indemnify us, and we will indemnify each of AmerisourceBergen and Kindred, for all damages, liabilities and expenses resulting from a breach by the applicable party of the covenants contained in the master transaction agreement. AmerisourceBergen and Kindred will severally and not jointly indemnify us for all damages, liabilities and expenses incurred by us relating to the entities, assets and liabilities retained by the applicable parent company, and we will indemnify AmerisourceBergen and Kindred for all damages, liabilities and expenses incurred by each of them relating to our entities, assets and liabilities. AmerisourceBergen and Kindred will severally and not jointly indemnify us against all damages, liabilities and expenses resulting from a breach of their respective representations and warranties in the master transaction agreement, provided that each parent company will only be liable to us for breaches of its representations and warranties to the extent our damages from such breaches exceed \$30 million in the aggregate (and only to the extent that our damages exceed \$30 million) and each parent company will generally not be liable for damages in excess of \$155 million. The representations and warranties in the master transaction agreement will survive the effective time for a period of 15 months.

In addition, AmerisourceBergen and Kindred will severally and not jointly indemnify us, and we will indemnify each of AmerisourceBergen and Kindred, for all damages, liabilities and expenses resulting from a breach by the applicable party of any of the representations, warranties or covenants contained in the tax matters agreement. We will also indemnify each of AmerisourceBergen and Kindred for all damages, liabilities and expenses arising out of any tax imposed with respect to the applicable spin-off if such tax is attributable to any act, any failure to act or any omission by us or any of our subsidiaries. AmerisourceBergen and Kindred will severally and not jointly indemnify us for all damages, liabilities and expenses relating to pre-closing taxes or taxes imposed on us or our subsidiaries because PharMerica LTC or KPS was part of the consolidated return of the applicable parent company, and we will indemnify each of AmerisourceBergen and Kindred for all damages, liabilities and expenses relating to post-closing taxes of us or our subsidiaries.

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The indemnification obligations described above could be significant and we cannot presently determine the amount, if any, of indemnification obligations for which we will be liable or for which we will seek payment from our former parent companies. Our ability to satisfy these indemnities will depend upon our future financial performance. Similarly, the ability of our former parent companies to satisfy any such obligations to us will depend on their respective future financial performance. We cannot assure you that we will have the ability to satisfy any substantial obligations to our former parent companies or that our former parent companies will have the ability to satisfy any substantial indemnity obligations to us.

Certain members of our board of directors are officers and/or directors of our former parent companies and after the transaction, certain members of our management will continue to own common stock of our former parent companies.

Three of our directors will continue to serve in their capacities as officers and directors of our former parent companies. Paul J. Diaz will continue to serve as President, Chief Executive Officer and a member of the board of directors of Kindred. Edward L. Kuntz will continue to serve as Executive Chairman of the board of directors of Kindred. David Yost will continue to serve as Chief Executive Officer and a member of the board of directors of AmerisourceBergen. In addition, certain members of management will continue to own common stock of our former parent companies after the transaction. The service of Mr. Diaz, Mr. Kuntz and Mr. Yost on our board of directors and their continued service as officers and directors of our respective former parent companies as well as the ownership of common stock of our former parent companies by our management and directors, could create, or appear to create, potential conflicts of interest for these officers and directors when faced with decisions that could have implications for either of our former parent companies and us.

Risk Factors Relating to Our Business

Intense competition may erode our profit margins.

The distribution of pharmaceuticals to healthcare facilities is highly com