

2008

YEAR-END
REVIEW



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Editor's Note:

The art featured in this year's publication represents our "top picks" in the first ever LCS Art Contest. Last summer, residents of Life Care Services' owned and managed communities nationwide were invited to submit samples of their artwork. The response was quite impressive, so we would like to extend a hearty congratulations and big thank you to all of the residents who took time to enter something for consideration. The names of all the entrants are listed below; and you will see the names and communities (and, in some cases, pictures) of featured artists on the following pages.

Collectively, 108 residents submitted nearly 300 works of art for consideration – everything from paintings and sculptures to quilts, baskets and photography. And even though we could only highlight a handful of the entries received, the depth and quality of work submitted was impressive and speaks volumes about the creativity and talents of these artists. So enjoy the presentation and we hope it inspires you to find your own artist within!

Angelo Amato	Neoma Daake	Mike Kearsay	Ann Moglia	Jean Ryder
Virginia Tomasulo Anthes	Sue Day	Louise Kerkhof	Catherine Murphy	Les Scarborough
Virginia Armstrong	Edna Diamond	Chandler Ketchum	Tabbie Nance	Ervin Schoessel
Matilda Armstrong	Fred Diamond	Bob Keyes	Mary Navarrete	Shirley Schoessel
Julie Barrett	Irene Dune	Truman Kohman	Mary Neuwirth	George Sellers
Charles Belmont	Ern Dunning	Florence Kojaku	Betty Nunn	Wilma Sestric
Jane Bendix	Barbara Fetzer	Paul Krauss	Wes Nunn	Gertrude Sharpe
Marge Ellison-Black	Avis Fox	Thelma Kubiak	Fr. Richard Ochiltree	George Shuford
Ruth Blytt	Norma Andersen Fox	Julia Kuroda	Doris O'Connor	Corrine Siegel
Lillian Boesewetter	Sr. Rose Franci	Lucille Lacey	Sr. Loretta Olsen	Dorothy Skinner
Robin Brown	Marcella Garoff	M. Jane Windeler-Lawrence	Lorrie Oltman	Margaret Smith
Elizabeth Browning	Wanda Gilmour	Kitty Lotz	Sr. Carol Anne O'Marie	George Stutsman
LaVerne Brueggeman	Alice Goldberg	Jennie Madden	Clem Piscetello	Opal Thornton
Richard Brueggeman	Ruth Gordon	Ursula Marx	Alice Powers	Marion "Tish" Tschischeck
Marguerite Carlson	Br. Mark Gorski	Mildred Matteo	Tom Ratliffe	Ruth Wakerlin
Elizabeth Carter	Isabel Harris	Elisabeth McCabe	Ruth Reed	Mary Lou Welch
Doreen Chapelle	Arlene Heath	Lou McCloskey	Marian Richardson	Marie Westwood
Margaret Cockrell	G. Donald Higgs	Robert McKnight, M.D.	Hermine Gerner Rink	Ellen Wilkie
Hubert Conlee	Frances Hilton	Tillie Means	Barbara Rives	Jean Wilks
Judie Corbett	Glenn Holforty	Frank Menagh	Jeanne Hounsell Robinson	D. K. "Ken" Woodard
Robert Cotta	Max Horton	Joan Menagh	Olga Rosen	
Nancy Culp	Louise Howard	Pat Miret	Mac Rudman	



COVER & ABOVE ARTWORK

Tom Ratliffe · Next Door Neighbor

The Cypress of Hilton Head · Hilton Head Island, SC · Watercolor



A MESSAGE FROM THE PRESIDENT

Dear Friends of LCS,

Looking back, 2008 was certainly an interesting year – a year filled with, what seemed to be, one challenge after another.

However, despite the topsy-turvy financial markets and a host of other economic-related uncertainties that began making headlines last year, Life Care Services (LCS) continues – even today – to operate from a position of strength and stability. And it's my prediction we will continue to do so through 2009 and beyond.

StoneRidge · Mystic, CT



One of the reasons I'm so confident is because of the work we completed last year to develop a comprehensive strategic plan that not only charts our course over the next five years, but also lays the groundwork for many years to come. Included in this effort was the identification of three key points that constitute our company's vision. They are:

- We are the leading provider of high-quality, senior lifestyle services.
- We make a positive difference for the seniors we serve, as well as our communities and partners.



- We provide high value and deliver outstanding customer service.

Using these vision statements as a starting point, our end goal as a company is as follows:

The creation of an integrated, national network that is all about providing quality, senior lifestyle services.

Bottom line, we want to stand head-and-shoulders above the rest of the field and continue to be recognized as a **Sound, Reliable** and **Innovative** leader in senior living services – all of which is absolutely attainable, especially when you consider the quality of individuals working here at LCS and the dedication of everyone to use our newly-defined strategic plan as a guide.

With this in mind, I hope you enjoy the *2008 Year-End Review* and trust you will find it both informative, and reflective of our commitment to making a positive difference for the communities and seniors we serve. In particular, pay close attention to the many works of art featured throughout the publication, as they represent a small sampling of the creative talents of residents from the LCS portfolio of communities. Their contribution to this report is much appreciated and I congratulate them on their fine works of art. Keep up the good work!

Thank you for your interest in LCS and I wish you all the best in 2009.

Ed Kenny
President and CEO
Life Care Services LLC



OF SPECIAL NOTE

There was no shortage of notable happenings for LCS in 2008, as it was a busy year filled with lots of activity. So here is a sampling of LCS-related highlights that might interest you:

Awards

- Brandon Woods at Alvamar (Lawrence, KS) won a prestigious PEAK (Promoting Excellence Alternatives in Kansas) Award from the Kansas Department of Aging.

- Gilbert Carrasco, an administrator at Carillon Senior LifeCare Community (Lubbock, TX), received an Administrator of the Year Award from the Texas Association of Activity Professionals.
- Amanda Trzcinski, an administrator at Friendship Village of Columbus (Columbus, OH), was awarded the 2008 AOPHA Outstanding Young Professional Award.

- Hale Ola Kino (Honolulu, HI) was again recognized as a “Best Place to Work” in Hawaii and was ranked 8th out of 19 small businesses honored. This is the third time they have won this award as one of the state’s top employers.
- LCS was presented with a Central Iowa Impact Award from the United Way of Central Iowa for our company’s demonstrated successes during the 2007 United Way campaign in the Des Moines area.

Leadership

- Richard Money, executive director at Friendship Village of South County (Sunset Hills, MO), assumed his new role as chairman of the board for the Missouri Association of Homes for the Aging (MoAHA) and will serve on the AAHSA House of Delegates.
- Cynthia Thorland, director of educational resources at LCS, was appointed by Governor Chet Culver to the Iowa Board of Nursing Home Administrators.

- Ed Kenny, president and CEO of LCS, completed his first full year as vice chair of the ASHA Board of Directors and as a member of the NIC Operator Advisory Board.

Social Responsibility

- In response to summer floods that hit the Midwest, the “LCS Friends & Family Fund” was created to offer support to community employees negatively impacted by flooding in Iowa, Indiana and Missouri. By year’s end, over \$13,000 was raised and dispersed to community employees who suffered significant, flood-related losses. So a big thanks to everyone – individuals and companies – who so generously donated to this effort, thus helping make a positive difference in the lives of others!

Other

- LCS unveiled an entirely new Web presence (www.LCSnet.com), complete with all new images, features and ways to interact with the many audiences interested in our products and services.



Cypress Glen · Greenville, NC

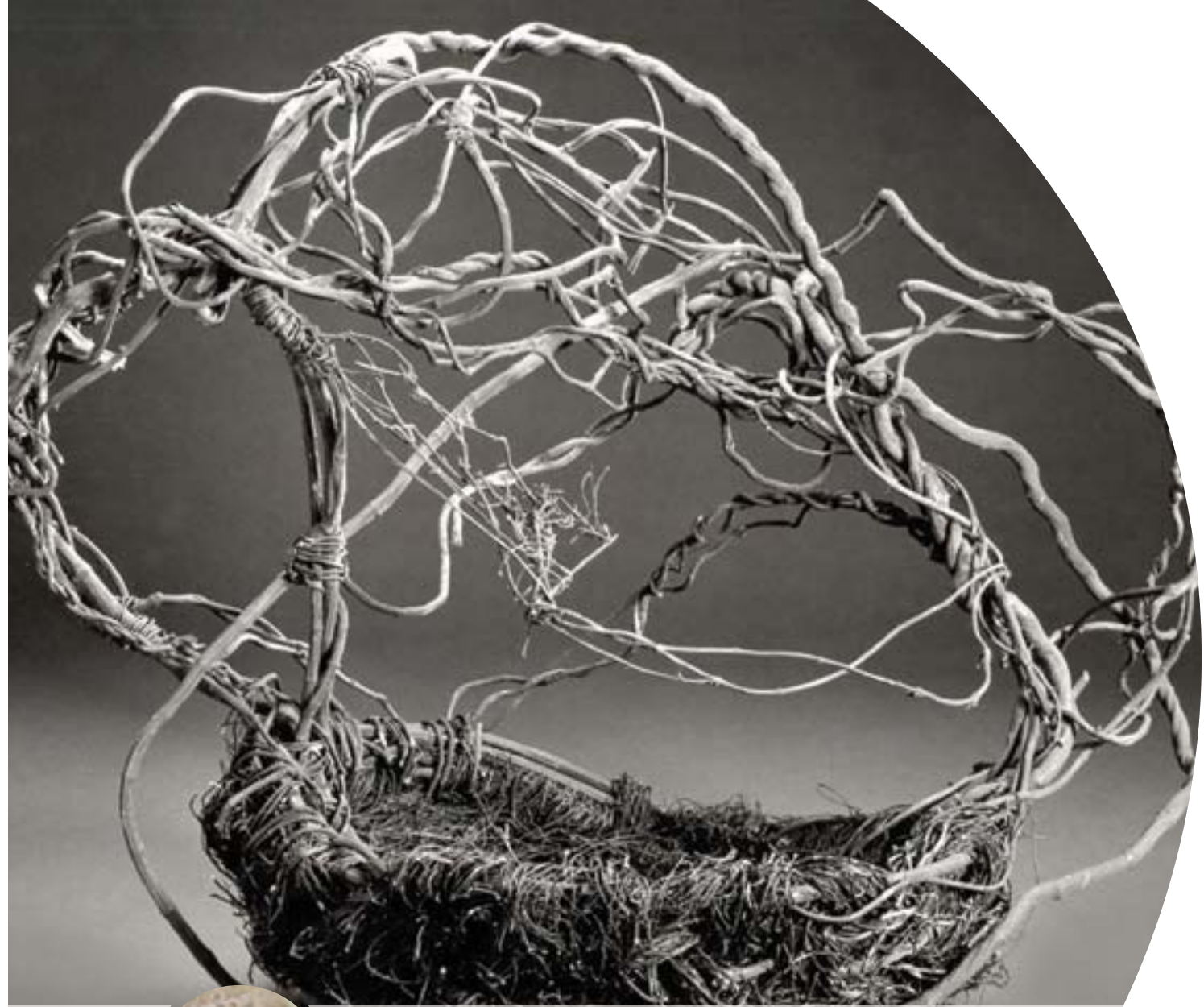




Avis Fox · The Chorus Line
Park Springs · Stone Mountain, GA · Acrylic



- 1 Clement Piscetello · Sandhill Cove (FL) · Oil
- 2 Paul Krauss · Pomperaug Woods (CT) · Oil
- 3 Virginia Tomasulo Anthes · Village on the Green (FL) · Oil



Norma Andersen Fox · Slow Boat to China
Salem Lutheran Home · Oakland, CA · Woven Basket

- 4 Nancy Culp · Park Springs (GA) · Textiles
- 5 Alice Powers · Mercy Retirement & Care Center (CA) · Sculpture
- 6 Tabbie Nance · Whitestone (NC) · Textiles

OPERATIONS OVERVIEW

With almost 40 years of experience operating and managing senior living communities throughout the country, LCS Operations continues to offer communities a wide range of services within the framework of a highly flexible, resident-centered approach to senior care management. Continuing care retirement communities (CCRCs) may be our specialty, but the skills, knowledge and expertise we bring to the table can help guide any senior living community through a variety of operational issues.

Here is a sampling of 2008 successes in LCS Operations:

- Despite the challenging economic times, LCS communities maintained an overall occupancy rate of 92 percent.
- A new management and marketing contract was signed with Moldaw Family Residences at 899 Charleston (Palo Alto, CA).
- Contract renewals were secured with 13 clients, so we would like to

thank these communities for their continued trust and confidence in LCS leadership:

- Collington Episcopal Life Care Community
- The Cypress of Charlotte
- Dallas Retirement Village
- Ginger Cove
- Green Country Village
- Greenwood Village South
- John Knox Village East
- La Costa Glen
- Marquette Manor
- Morningside of Fullerton
- Pomperaug Woods
- Rolling Green Village
- United Methodist Village

- Fourteen LCS communities garnered overall scores of 90 percent or higher on their resident satisfaction surveys; and congratulations to Pomperaug Woods (Southbury, CT) and Essex Meadows (Essex, CT) for both leading the way with overall scores of 95 percent, which tied the all-time, high score companywide!

- Six different department head conferences (environmental services, food & beverage, accounting, human resources, community life services, and directors of administrative services) were held and attended by nearly 300 professionals from around the country.
- A new Health Center Marketing Guide and Advisory Group were unveiled; and a new marketing degree was launched through LCS University, along with nine new course offerings.
- A record low number of employee claims/losses occurred as a part of the worker's compensation/safety program.
- Community start-ups were initiated at The Cypress of Raleigh (Raleigh, NC) and University Village Thousand Oaks – AL and SNF (Thousand Oaks, CA).
- Piper Shores (Scarborough, ME) became the first community in Maine to receive CCAC and Person Centered Care Accreditation from CARF-CCAC and also earned exemplary ratings in four areas.



Casa de las Campanas · San Diego, CA

DEVELOPMENT OVERVIEW

Overseeing our company's ongoing efforts to design and develop high quality CCRCs nationwide, LCS Development stands at the forefront of bringing new communities to the

marketplace. Through the work of this talented collection of professionals, we are on track to add to our growing portfolio of owned communities in the coming years.

As a team, LCS Development is responsible for everything from site selection and securing financing to overseeing design and community construction.

Highlights for 2008 include:

- Timber Ridge at Talus (Issaquah, WA) opened for move-ins in February and celebrated a grand opening in August, but also received the prestigious Leadership in Energy and Environmental Design (LEED®) Silver Certification from the U.S. Green Building Council for eco-friendly design and adhering to nationally-established green building standards.
- Timber Ridge at Talus was also recognized as the "Best General Building Over \$50 Million" in *Northwest Construction* magazine's "2008 Best Of" edition.
- Sales at Trillium Woods (Plymouth, MN) began, resulting in the community reaching the 50 percent sold mark by the end of the year.
- All remaining Phase I construction items were completed and 98 percent occupancy was achieved at The Heritage at Brentwood (Brentwood, TN).
- Two new sites were chosen for development in the Naples, FL, and Sacramento, CA, markets.
- Financing for Sagewood (Phoenix, AZ) was secured, with construction beginning during the spring of 2008.



Timber Ridge at Talus · Issaquah, WA





Sue Day · Trio
Salem Lutheran Home · Oakland, CA · Photography



- 7 Les Scarborough · Park Springs (GA) · Photography
- 8 Frank Menagh · Sandhill Cove (FL) · Photography
- 9 Charles Belmont · Sandhill Cove (FL) · Photography

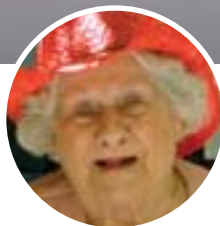
10



11



12



Ruth Blytt · My Sketchbook

Mercy Retirement & Care Center · Oakland, CA · Mixed Media

- 10 Sr. Rose Franci · Mercy Retirement & Care Center (CA) · Mixed Media
- 11 Mary Lou Welch · University Village Thousand Oaks (CA) · Oil
- 12 Fr. Richard Ochiltree · Mercy Retirement & Care Center (CA) · Mixed Media

MARKETING & SALES OVERVIEW

Our marketing and sales professionals can be found on the frontlines around the country, playing a critical role in providing the consultation and hands-on service needed to successfully drive sales at LCS communities (both managed and owned) nationwide.

But the work of this dedicated group goes well beyond “showcasing” or “selling” the many properties in our company’s community portfolio. The LCS Marketing & Sales staff also markets – to both communities and consumers – the outstanding variety of services and experience we bring to the table, so their efforts play a critical role in the overall success of LCS.

Here are some 2008 highlights:

- Conducted 26 separate focus groups in several key markets around the country.
- Completed an extensive study of real estate sales volume and pricing trends in markets across the U.S.

- Completed studies of the demographic and competitive conditions in 25 key markets around the U.S.
- Comprehensive work was done on C3LinC, which is the second of the C3 “suite of systems” and the centralized resident information system (CRIS) replacement/upgrade system.
- Conducted 27 resident satisfaction studies for communities.
- Closed 2,462 sales and 2,641 move-ins for the year.
- Held 12 area sales training sessions around the country.
- Numerous enhancements were made to sales-related training offerings, including the addition of new subject matter.
- Seven new staff members were added, which included the filling

of key roles in market research and regional marketing and sales.

- Timber Ridge at Talus held its grand opening celebration and achieved 80 percent occupancy in its first 11 months.

- In conjunction with our strategic partner, Zillner Marketing Communications, LCS communities won a total of 35 National Mature Media Awards, including three “Gold” awards – which was more than any other submitting firm.



Friendship Village · Tempe, AZ



HEALTH CARE GROUP OVERVIEW

Delray Beach, FL, is home to Home Health Services, Health Care Quality, and Care Purchasing Services, Inc. (CPSI) – all entities under the umbrella of the LCS Health Care Group. These three business units play important roles in providing a variety of services to our clients and have contributed to the expansion of LCS' reach nationwide. CPSI, in particular, has experienced a great deal of growth as their group purchasing services continue to be in high demand by communities looking to save money on their purchases.

Care Purchasing Services, Inc. (CPSI), the group purchasing arm of LCS, benefits communities and employees thanks to the relationships they have cultivated with a diverse list of vendors. CPSI's highlights from 2008 include:

- The employee purchase program adding Cruise One as a new vendor.
- Adding 12 new vendor contracts, bringing the overall total to 130 vendor agreements.

- Hiring seven new employees to meet the needs of growth.
- Achieving the 8th consecutive year of at least 25 percent business growth.
- Several state associations and regional systems became CPSI members.

Home Health Services works with clients to address their health care needs while offering round-the-clock services. They posted the following successes in 2008:

- Home Health Services achieved accreditation and deemed status as a Medicare-certified provider in four Florida locations (Delray Beach, North Palm Beach, Stuart and Orlando) and Kansas through the Accreditation Commission for Health Care.
- The home health program at The Heritage at Brentwood achieved Medicare provider status and a nurse practitioner program was also opened at the community.

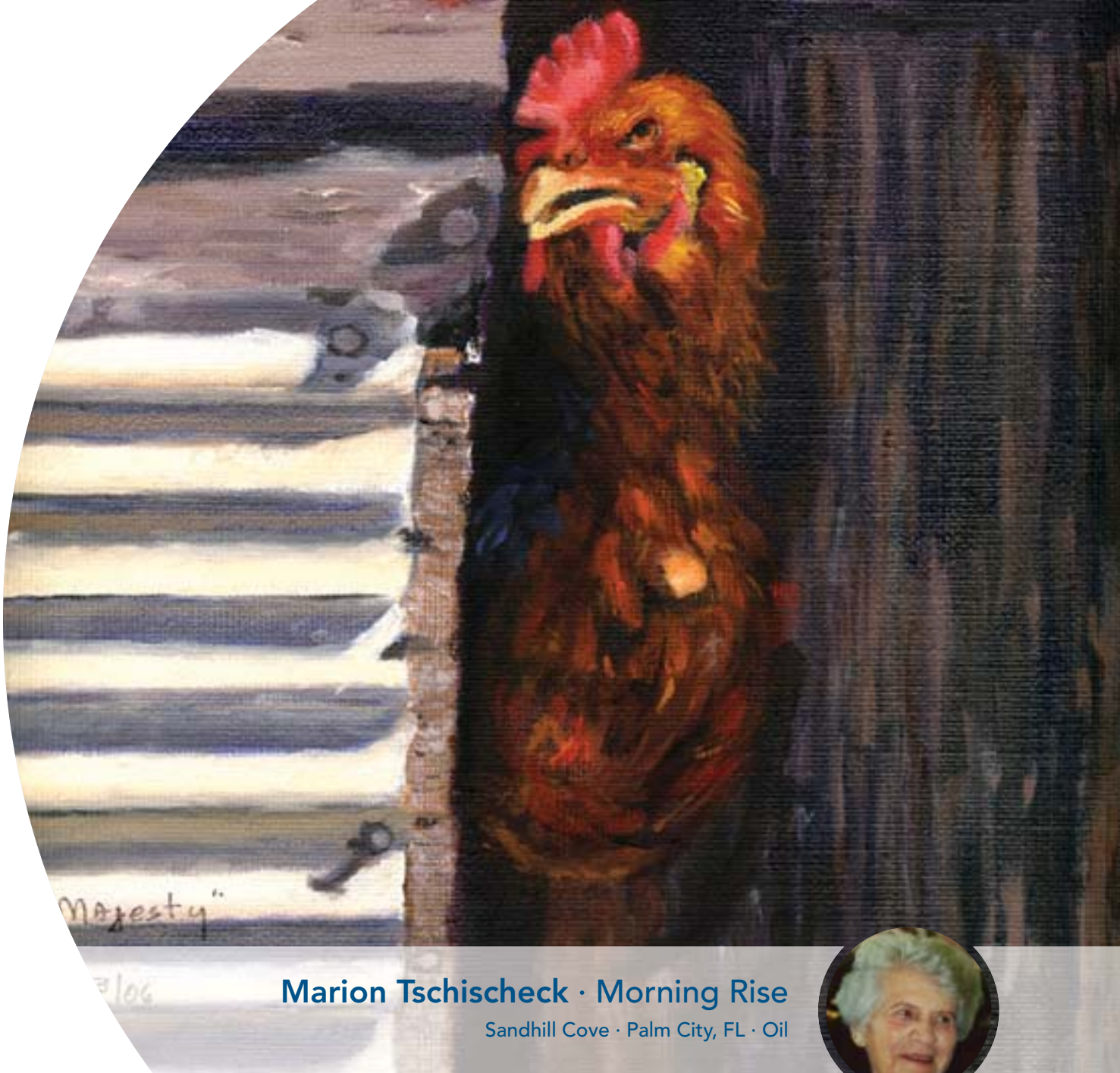
- A new nurse practitioner program was opened at Blakehurst (Towson, MD).
- A new home health program was established at Westminster Manor (Austin, TX).
- The home health and nurse practitioner programs opened at Timber Ridge at Talus, which is LCS' newest owned community.

Health Care Quality focuses on efforts involving health care training, standards and education, and the mitigation of potential risks – all with the end goal of improving the skills, knowledge and service capabilities of our people working in health centers throughout the country. Successes for 2008 include:

- Eighty-two (82) percent of LCS communities outperformed national/ state averages when it came to deficiencies, led by six communities earning deficiency-free surveys. They were: The Cedars of Chapel Hill (Chapel Hill, NC), The Cypress of Hilton Head (Hilton Head Island, SC),

The Cypress of Charlotte (Charlotte, NC), Mercy Retirement and Care Center (Oakland, CA), Quail Haven Village (Pinehurst, NC), and Sumner on Ridgewood (Copley, OH).

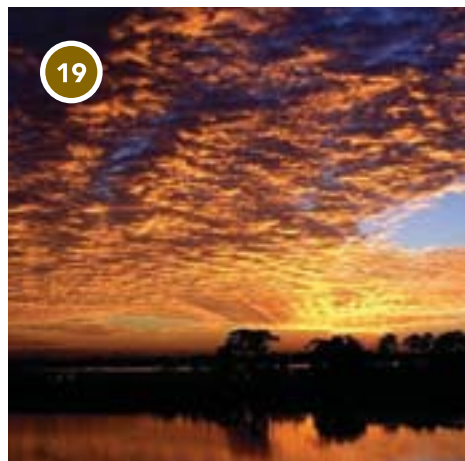
- Initiating resident centered care changes in health centers at LCS managed and owned communities.
- Baywood Court (Castro Valley, CA) receiving Medicare certification.
- CMS Ratings – 40 LCS communities achieving either four- or five-star ratings.
- The LCS Clinical Team assisting 20 communities in successful surveys.
- The growth of the LCS Clinical Team through the addition of two field nurse consultants.
- Completing a full implementation of clinical programs in LCS' owned communities, as well as successfully standardizing CPSI vendor contracts.



Marion Tschischeck · Morning Rise
Sandhill Cove · Palm City, FL · Oil



- 13 Wanda Gilmour · Sandhill Cove (FL) · Oil
- 14 Judie Corbett · Park Springs (GA) · Oil
- 15 Matilda Armstrong · The Marshes of Skidaway (GA) · Oil



16 Richard Brueggeman · Friendship Village of West County (MO) · Textiles

17 Jeanne Hounsell Robinson · Kingswood Senior Living Community (MO) · Oil

18 Ursula Marx · Vantage House (MD) · Tempera

19 Joan Menagh · Sandhill Cove (FL) · Photography

20 Hermine Gerner Rink · Pomperaug Woods (CT) · Acrylic

21 Mac Rudman · Sierra Winds (AZ) · Woodworking

2009 · A LOOK AHEAD

As a company, we are always looking for ways to reflect, and maintain, our role as a **Sound, Reliable** and **Innovative** leader in senior lifestyle services. We take these efforts very seriously and know that it comes with a great deal of responsibility. With this in mind, here are some examples of things we will be doing this year to keep moving forward in our position as a recognized industry leader:

- **Client Education** – The biennial LCS Board/Owner Forum will be held in Nashville; and LCS will once again have a presence at the AAHSA Annual Conference, which will be held in Chicago.
- **Industry Leadership** – LCS employees will continue to play key roles in industry-related associations and serve as presenters at a number of conferences throughout the year.
- **LCS INSIGHT** – This Web-based information management tool will be fully implemented and made available to boards and

owners nationwide, thus allowing for community data to be viewed remotely on a real-time basis.

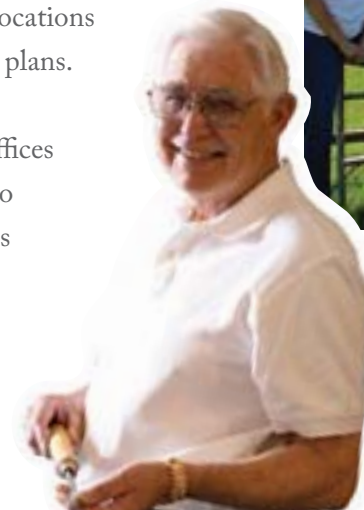
- **Extraordinary Impressions** – This new hospitality program will be unveiled and implemented throughout the LCS portfolio of communities.
- **Training** – LCS Marketing & Sales will hold its biennial National Sales Conference in the fall; and five department head conferences (directors of nursing, residential health services, plant operations, social workers and chaplains, and accounting) will be held throughout the year – all in Durham, NC.
- **New Sites** – LCS Development will continue searching for new locations to accommodate our growth plans.
- **New Markets** – New sales offices will be opened in Sacramento and Naples to begin pre-sales on planned communities.

- **Web Presence** – The newly-designed and launched LCS Web site (www.LCSnet.com) will continue to add features and information, thus becoming a more visible component of LCS' overall communications efforts.
- **The Heritage at Brentwood** – Phase II will be completed and plans for Phase III will begin.

- **Sagewood** – Construction on Phases IA and IB wraps up, with first occupancy scheduled for January 2010.
- **Timber Ridge at Talus** – Phase II sales will begin in the summer.
- **Trillium Woods** – Financing for Trillium Woods will be secured upon reaching 70 percent pre-sales.



LCS employees, in the spirit of "One LCS," participated in a United Way "Day of Caring" outing



BOARD OF DIRECTORS



Sitting (L to R):

Ed Kenny · President & Chief Executive Officer

Kent Larson · Senior Vice President / Director of Development

Mark Heston · Vice President / Director of Human Resources

Standing (L to R):

Mary Harrison · Senior Vice President / Director of
LCS Foundation & Health Care Alliances

Joe Brucella · Senior Vice President / Senior Director of
Operations Management, Atlantic Division

Joel Nelson · Executive Vice President of Operations Management

Liz Bush · Senior Vice President of Marketing & Sales

Bill Pickhardt · Vice President / Director of Operations Finance,
Health Care Group

Diane Bridgewater · Vice President & Treasurer /
Chief Financial Officer

Rich Seibert · Vice President / Director of Corporate
Marketing & Consulting

Rick Exline · Senior Vice President / Senior Director of Operations
Management, Midwest-West Division



22



23



24



25

- 22 George Sellers · Sierra Winds (AZ) · Woodworking
- 23 Lillian Boesewetter · Friendship Village of South County (MO) · Gourd Sculpture
- 24 G. Donald Higgs · Park Springs (GA) · Sculpture
- 25 Jean Ryder · Sierra Winds (AZ) · Woven Basket

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