

December 6, 2010

**Offer to Purchase and  
Consent Solicitation Statement**

**RES-CARE, INC.**

**Offer to Purchase for Cash and Solicitation of Consents (collectively the “Offer”)  
Relating to its 7¾% Senior Notes due 2013 (the “Notes”)  
CUSIP NO. 760943AJ9**

**The Offer (as defined below) will expire at 11:59 p.m., New York City time, on January 4, 2011 unless extended or earlier terminated at the sole discretion of the Company (as defined below) (such date and time, as the same may be extended or earlier terminated, the “Expiration Time”). Holders of Notes (as defined below) must tender and not withdraw their Notes at or prior to the Expiration Time in order to receive the Tender Consideration (as defined below). In order to receive the Total Consideration (as defined below), holders of Notes must tender and not withdraw their Notes and deliver and not revoke their Consents (as defined below) to the Amendments (as defined below) at or prior to 5:00 p.m. New York City time, on December 17, 2010, unless extended or earlier terminated at the sole discretion of the Company (such date and time, as the same may be extended or earlier terminated, the “Consent Payment Deadline”).**

Res-Care, Inc., a Kentucky corporation (the “Company,” “we” or “us”), hereby offers to purchase for cash (the “Offer”), upon the terms and subject to the conditions set forth in this Offer to Purchase and Consent Solicitation Statement (as it may be amended or supplemented from time to time, this “Offer to Purchase”), any and all of its outstanding 7¾% Senior Notes due 2013 (CUSIP No. 760943AJ9) (the “Notes”), from each registered holder of any of the Notes (each a “Holder” and, collectively, the “Holders”).

The total consideration for each \$1,000 principal amount of Notes validly tendered and not validly withdrawn pursuant to the Offer is \$1,021.88 (the “Total Consideration”). The Total Consideration includes a consent payment (the “Consent Payment”) of \$30 per \$1,000 principal amount of Notes payable only in respect of Notes validly tendered and not validly withdrawn and as to which Consents to the Amendments are delivered at or prior to the Consent Payment Deadline. Upon the terms and subject to the conditions of the Offer, each Holder who validly tenders and does not validly withdraw such Holder’s Notes at or prior to the Consent Payment Deadline will be eligible to receive the Total Consideration from the Company if such Notes are accepted for payment (the date of such payment, the “Initial Payment Date”). Holders who validly tender their Notes after the Consent Payment Deadline and at or prior to the Expiration Time will be eligible to receive an amount, paid in cash, equal to the Total Consideration less the Consent Payment per \$1,000 principal amount of Notes (the “Tender Consideration”) if such Notes are accepted for payment (the date of such payment, the “Final Payment Date” and, each of the Initial Payment Date and the Final Payment Date, a “Payment Date”). The Initial Payment Date is expected to occur promptly following the Consent Payment Deadline, assuming all conditions to the Offer have been satisfied or waived. The Final Payment Date is expected to occur promptly after the Expiration Time, assuming all conditions to the Offer have been satisfied or waived. In each case, Holders whose Notes are accepted for payment in the Offer shall receive accrued and unpaid interest in respect of such purchased Notes from the last interest payment date to, but not including, such Payment Date for the Notes purchased in the Offer. We currently intend to issue a redemption notice prior to or concurrently with our initial acceptance for payment of Notes to Holders who have not validly tendered their Notes with Consents at or prior to the Consent Payment Deadline. Pursuant to the terms of the Notes and the Indenture (as defined below), the Notes are redeemable at our option at the price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption. We will be obligated to issue the redemption notice if we consummate the New Senior Note Issuance (as defined below) but will not otherwise be obligated to do so.

The following table summarizes the material terms of the Offer:

<u>CUSIP No.</u>	<u>Notes</u>	<u>Outstanding Principal Amount</u>	<u>Tender Consideration</u> <sup>1</sup>	<u>Consent Payment</u> <sup>1</sup>	<u>Total Consideration</u> <sup>12</sup>
760943AJ9	7¾% Senior Notes Due 2013	\$150,000,000	\$991.88	\$30.00	\$1,021.88

Holders of a majority of the outstanding principal amount of the Notes must consent (the “Requisite Consents”) to the Amendments in order for them to become effective. The Company’s acceptance of and payment for any or all Notes tendered is conditioned upon, among other things, the Requisite Consents having been received (and not validly withdrawn) prior to the Consent Payment Deadline. For a description of the Amendments and the conditions to the Offer, see “The Amendments” and “Conditions to the Offer and Consent Solicitation.”

Tenders of Notes may be validly withdrawn (and the related Consents thereby validly revoked) at any time on or before 5:00 p.m. New York City time, December 17, 2010, unless extended (such date and time, as the same may be extended, the “Withdrawal Deadline”) but not thereafter. Holders may not withdraw Notes previously tendered without revoking the previously delivered Consents to which such tender relates and vice versa. Any Notes tendered on or before the Withdrawal Deadline that are not validly withdrawn before the Withdrawal Deadline may not be withdrawn thereafter, and any Notes tendered after the Withdrawal Deadline may not be withdrawn, unless in either case the Company is otherwise required by applicable law to permit the withdrawal. A valid withdrawal of tendered Notes on or before the Withdrawal Deadline shall be deemed a valid revocation of the related Consent.

<sup>1</sup> For each \$1,000 principal amount of Notes.

<sup>2</sup> Excluding accrued but unpaid interest thereon from the most recent interest payment date for the Notes to, but not including, the applicable Payment Date, which interest will be paid in addition to the applicable Tender Consideration or Total Consideration pursuant to the Offer.

The Dealer Managers for the Offer are:

J.P. Morgan

BofA Merrill Lynch

Subject to the terms and conditions of this Offer to Purchase, each Holder who validly tenders Notes at or prior to the Consent Payment Deadline and does not validly withdraw such Notes will, if such Notes are accepted for payment, be entitled to receive the Total Consideration, plus accrued and unpaid interest to, but not including, the Initial Payment Date. Holders who validly tender their Notes after the Consent Payment Deadline but at or prior to the Expiration Time will, if such Notes are accepted for payment, be entitled to receive the Tender Consideration, plus accrued and unpaid interest to, but not including, the Final Payment Date.

In conjunction with the Offer, the Company hereby solicits with respect to the Notes (the "Consent Solicitation") consents (the "Consents") of Holders of the Notes to certain proposed amendments (the "Amendments") to the Indenture dated as of October 3, 2005 (as amended and supplemented to the date hereof, the "Indenture"), between the Company, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to which the Notes were issued. The Amendments would amend the Indenture to eliminate substantially all of the restrictive covenants, several affirmative covenants and certain events of default contained in the Indenture and to modify the covenant regarding mergers, consolidations and transfers of assets of the Company and the guarantors. Subject to the terms and conditions of the Offer, the Company hereby offers to pay to each registered Holder who validly delivers a Consent to the Amendments at or prior to the Consent Payment Deadline a Consent Payment equal to \$30 for each \$1,000 principal amount of Notes for which Consents have been validly delivered and not validly revoked prior to the Withdrawal Deadline. The Consent Payment comprises part of the Total Consideration payable in respect of Notes validly tendered at or prior to the Consent Payment Deadline and not validly withdrawn. The Consent Payment will only be made if the Notes are accepted for payment pursuant to the terms of the Offer. Holders that tender their Notes pursuant to the Offer and in accordance with the procedures described in this Offer to Purchase will be deemed to have delivered their Consents pursuant to the Consent Solicitation. The Amendments must be consented to by the Holders of a majority of the outstanding principal amount of the Notes in order to be effective. Assuming that the Requisite Consents are received, it is expected that the Supplemental Indenture (as defined below) will be entered into promptly after the Consent Payment Deadline. If the Supplemental Indenture is executed, the Amendments will not become operative unless and until the Company has purchased all Notes validly tendered and not validly withdrawn prior to the Consent Payment Deadline, whereupon the Amendments will apply to all Notes remaining outstanding. The Amendments constitute a single proposal, and a consenting Holder must consent to the Amendments as an entirety and may not consent selectively with respect to certain of the Amendments.

**Holders who tender Notes pursuant to the Offer are obligated to deliver their Consents to the Amendments. The transmission of an Agent's Message (as defined below), in connection with a tender of Notes pursuant to the Offer will be deemed to constitute the delivery of Consents with respect to the Notes tendered. Holders may not deliver Consents without tendering their Notes in the Offer and may not revoke Consents without validly withdrawing the previously tendered Notes to which such Consent relates.**

Notwithstanding any other provision of the Offer or the Consent Solicitation, the Company's obligation to accept for payment, and to pay for, Notes validly tendered pursuant to the Offer and the Company's obligation to make Consent Payments with respect to Consents delivered pursuant to the Consent Solicitation are conditioned upon the satisfaction or waiver of (i) the Requisite Consent Condition, (ii) the Transactions Condition and (iii) the General Conditions (each as defined below). See "Conditions to the Offer and Consent Solicitation."

The Company reserves the right to terminate, withdraw or amend the Offer and the Consent Solicitation at any time and from time to time, as described in this Offer to Purchase.

If you would like to tender Notes pursuant to the Offer, you must do so through the Depository Trust Company ("DTC") pursuant to DTC's Automated Tender Offer Program ("ATOP") by following the instructions that appear later in this Offer to Purchase under "Procedures for Tendering Notes and Delivering Consents." If you hold your Notes through a broker or other nominee, only that broker or nominee can tender your Notes. In that case, you must instruct your broker or nominee if you want to tender your Notes.

**THIS OFFER TO PURCHASE CONTAINS IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE A DECISION IS MADE WITH RESPECT TO THE OFFER. NEITHER THE COMPANY NOR THE TRUSTEE NOR THE INFORMATION AGENT NOR THE DEALER MANAGERS (AS EACH IS DEFINED BELOW) MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD TENDER NOTES PURSUANT TO THE OFFER OR PROVIDE CONSENTS TO THE PROPOSED AMENDMENTS. EACH HOLDER MUST MAKE ITS OWN DECISION AS TO WHETHER TO TENDER ITS NOTES AND, IF SO, THE PRINCIPAL AMOUNT OF THE NOTES TO BE TENDERED.**

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### IMPORTANT NOTICE TO HOLDERS

Any questions or requests for assistance or for additional copies of this Offer to Purchase or related documents may be directed to the Information Agent (as defined below) at one of its telephone numbers set forth on the last page of this Offer to Purchase. A Holder may also contact the Dealer Managers at one of the telephone numbers set forth on the last page of this Offer to Purchase or such Holder's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

No person has been authorized to give any information or to make any representations other than those contained herein and, if given or made, such information or representations must not be relied upon as having been authorized. This Offer to Purchase and related documents do not constitute an offer to buy or the solicitation of an offer to sell Notes or a solicitation of Consents in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Company by the Dealer Managers or one or more registered brokers or dealers licensed under the laws of such jurisdiction. Neither the delivery of this Offer to Purchase and related documents nor any purchase of Notes shall, under any circumstances, create any implication that the information contained herein or therein is current as of any time subsequent to the date of such information or that there has been no change in the information set forth herein or therein or in the affairs of the Company or any of its subsidiaries or affiliates since the date hereof or thereof.

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In the event that the Offer and the Consent Solicitation are withdrawn, terminated or otherwise not completed, no consideration will be paid or become payable.

Subject to all applicable securities laws and the terms set forth in this Offer to Purchase, the Company reserves the right, in its sole discretion, at any time, regardless of whether such conditions shall have been satisfied prior to the Expiration Time, (1) to waive prior to the Expiration Time any and all conditions to the Offer and the Consent Solicitation, (2) to extend the Consent Payment Deadline or the Expiration Time and thereby delay acceptance for payment of, and the payment for, the Notes, (3) to extend or to terminate the Offer or the Consent Solicitation, (4) to modify or terminate the Offer and not accept for purchase any Notes upon failure of any of the conditions to the Offer and the Consent Solicitation, or (5) to otherwise amend the Offer or the Consent Solicitation in any respect. In the event that the Offer is terminated or otherwise not completed, neither the Tender Consideration nor the Total Consideration, as applicable, will be paid or become payable to the Holders of Notes that have validly tendered and not withdrawn their Notes in connection with the Offer.

Notwithstanding any other provision of the Offer or the Consent Solicitation, the Company's obligation to accept for payment and to pay for Notes validly tendered and not validly withdrawn pursuant to the Offer is conditioned upon (a) the execution by the Company and the Trustee of the Supplemental Indenture implementing the Amendments following receipt of the Requisite Consents (the "Requisite Consent Condition") and (b) satisfaction of the other conditions to the Offer set forth herein. See "Conditions to the Offer and Consent Solicitation."

**The Offer and the Consent Solicitation are not being made to (nor will the tender of Notes for payment be accepted from or on behalf of) Holders of Notes in any jurisdiction where the making or acceptance of the Offer or the Consent Solicitation would not comply with the laws of such jurisdiction.**

**None of this Offer to Purchase or any related document has been filed with the Securities and Exchange Commission (the "SEC"), nor has any such document been filed with or reviewed by any federal or state securities commission or regulatory authority of any country. No authority has passed upon the accuracy or adequacy of this Offer to Purchase or any related documents, and it is unlawful and is a criminal offense to make any representation to the contrary.**

Recipients of this Offer to Purchase and the accompanying materials should not construe the contents hereof or thereof as legal, business or tax advice. Each Holder should consult his, her or its own attorney, business advisor and tax advisor as to legal, business, tax and related matters concerning the Offer.

Holders of Notes should take note of the following dates in connection with the Offer:

<u>Date</u>	<u>Calendar Date</u>	<u>Event</u>
Consent Payment Deadline .....	5:00 p.m., New York City time on December 17, 2010, unless extended or earlier terminated by the Company.	The last time for Holders to validly tender Notes in order to receive the Consent Payment as part of the Total Consideration.
Withdrawal Deadline .....	5:00 p.m., New York City time, on December 17, 2010 unless extended by the Company in its sole discretion.	The last time for Holders to validly withdraw tendered Notes and revoke delivered Consents.
Initial Payment Date.....	Promptly following the Consent Payment Deadline, assuming all conditions to the Offer have been satisfied or waived.	The Company deposits with the Depositary (as defined below) the amount of cash necessary to pay each tendering Holder the Total Consideration plus accrued and unpaid interest on the Notes accepted for payment to but excluding the Initial Payment Date.
Expiration Time.....	11:59 p.m., New York City time on January 4, 2011 unless extended or earlier terminated by the Company.	The last time for Holders to tender Notes pursuant to the Offer.
Final Payment Date .....	Promptly following the Expiration Time, assuming all conditions to the Offer have been satisfied or waived.	For Notes that have been validly tendered after the Consent Payment Deadline, but at or prior to the Expiration Time, the Company deposits with the Depositary the amount of cash necessary to pay each tendering Holder the Tender Consideration plus accrued and unpaid interest on the Notes accepted for payment to but excluding the Final Payment Date.

**The Company retains the right to extend the Consent Payment Deadline, the Withdrawal Deadline or Expiration Time if necessary to satisfy the conditions to the Offer. See “Conditions to the Offer and Consent Solicitation.”**

Subject to all applicable securities laws and the terms set forth in this Offer to Purchase, the Company reserves the right, in its sole discretion, at any time, regardless of whether such conditions shall have been satisfied prior to the Expiration Time, (1) to waive prior to the Expiration Time any and all conditions to the Offer and the Consent Solicitation, (2) to extend the Consent Payment Deadline or the Expiration Time and thereby delay acceptance for payment of, and the payment for, the Notes, (3) to extend or to terminate the Offer or the Consent Solicitation, (4) to modify or terminate the Offer and not accept for purchase any Notes upon failure of any of the conditions to the Offer and the Consent Solicitation or (5) to otherwise amend the Offer or the Consent Solicitation in any respect. In the event that the Offer is terminated or otherwise not completed, neither the Tender Consideration nor the Total Consideration, as applicable, will be paid or become payable to the Holders of Notes that have validly tendered and not withdrawn their Notes in connection with the Offer.

## SUMMARY OF THE OFFER

The following summary is provided solely for the convenience of the Holders of the Notes. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Offer to Purchase and any related amendments or supplements. The Holders of the Notes are urged to read this Offer to Purchase in its entirety. Each of the capitalized terms used in this summary and not defined below has the meaning set forth elsewhere in this Offer to Purchase.

<b>Company</b>	Res-Care, Inc., a Kentucky corporation.
<b>Notes</b>	7¾% Senior Notes due 2013. The Notes are governed by the Indenture, dated as of October 3, 2005, between the Company, the subsidiary guarantors party thereto and the Trustee.
<b>The Transactions</b>	The Offer and Consent Solicitation are being made in conjunction with, and are conditioned upon, the consummation of the following transactions (the "Transactions"): (i) the Company's entry into a new senior secured credit facility to replace its existing senior secured credit facility; (ii) the Company's issuance of \$200 million principal amount of new senior notes; and (iii) the closing of the share exchange transaction (the "Share Exchange") under the Agreement and Plan of Share Exchange, dated as of September 6, 2010, between Onex Rescare Acquisition, LLC ("Rescare Acquisition") and the Company, pursuant to which all shares of the Company's common stock not already owned by Rescare Acquisition and its affiliates, will be exchanged for cash with the result that the Company will become wholly-owned by Rescare Acquisition and its affiliates.
<b>Purpose of Offer and Consent Solicitation</b>	The purpose of the Offer is to acquire any and all of the outstanding Notes. The purpose of the Consent Solicitation is to eliminate or modify various affirmative and negative covenants, certain events of default and certain other related provisions of the Indenture.
<b>Total Consideration</b>	<p>If Notes are purchased pursuant to the Offer, Holders who validly tender and do not validly withdraw their Notes at or prior to the Consent Payment Deadline will receive the Total Consideration (which includes the Consent Payment) plus accrued and unpaid interest to but excluding the Initial Payment Date.</p> <p>The Total Consideration is \$1,021.88 per \$1,000 principal amount of the Notes.</p>
<b>Consent Payment</b>	The Consent Payment will be paid only as a part of the Total Consideration and will be a portion thereof equal to \$30 per \$1,000 principal amount of the Notes with respect to which Consents are delivered and not revoked prior to the Consent Payment Deadline.
<b>Tender Consideration</b>	If Notes are purchased pursuant to the Offer, Holders who validly tender their Notes after the Consent Payment Deadline and at or prior to the Expiration Time will receive the Tender Consideration (which is the Total Consideration <u>minus</u> the Consent Payment) plus accrued and unpaid interest on such Notes to but excluding the Final Payment Deadline.
<b>Acceptance for Payment</b>	For purposes of the Offer, tendered Notes will be deemed to have been accepted for payment if, as and when the Company gives oral notice (confirmed in writing) or written notice thereof to the Depository.
<b>Procedure For Tendering Notes and Delivering Consents</b>	The procedures for validly tendering your Notes (by virtue of which you will also be deemed to be delivering a Consent with respect to such Notes) are set forth under the section "Procedures For Tendering Notes and Delivering Consents."
<b>Withdrawal Deadline</b>	The deadline for withdrawals of Notes is 5:00 p.m., New York City time, on December 17, 2010, unless extended by the Company in its sole discretion. The Company may extend the Expiration Time without extending the Withdrawal Deadline or otherwise reinstating withdrawal rights of Holders.
<b>Consent Payment Deadline</b>	The Consent Payment Deadline ( <i>i.e.</i> , the time by which Holders must tender their Notes in order to be eligible to receive the Total Consideration) will be 5:00 p.m., New York City time, on December 17, 2010, unless extended or earlier terminated by the Company in its sole discretion.
<b>Expiration Time</b>	The Offer will expire at 11:59 p.m. New York City time, on January 4, 2011, unless extended or earlier terminated by the Company in its sole discretion. If the Expiration Time is extended, the Company will issue a public announcement (in the form of a press release) no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled Expiration Time setting forth a new time and date for the Expiration Time.

**The Amendments**

If the Amendments become operative, substantially all of the restrictive covenants in the Indenture and related provisions in the Indenture will be eliminated or modified. The Amendments include eliminating the following covenants: (i) requirements to file reports with the SEC, (ii) requirements to pay taxes, (iii) limitations on sale/leaseback transactions, (iv) limitation on restricted payments, (v) limitations on restrictions on payment of dividends and other payment restrictions affecting subsidiaries, (vi) limitations on incurrence of indebtedness and issuance of preferred stock, (vii) limitations on asset sales and requirements to repurchase the Notes with excess proceeds thereof; (viii) limitations on affiliate transactions, (ix) limitations on liens, (x) limitations on the businesses in which the Company and its subsidiaries may engage, (xi) requirements to preserve corporate existence, (xii) limitations on sale of capital stock of restricted subsidiaries, (xiii) limitations on payments for consent from holders of Notes, (xiv) requirements to repurchase Notes upon a change of control, (xv) limitations on mergers, consolidation and sale of assets with respect to the Company, and (xvi) certain events of default.

The Amendments relating to the Notes will be set forth in the Supplemental Indenture that will be executed by the Company and the Trustee promptly following the Consent Payment Deadline or the time at which the Holders of a majority in principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes pursuant to the Offer and thereby given their Requisite Consents to the Amendments in respect of such Notes. However, the Supplemental Indenture will provide that the Amendments will not become operative unless and until the Company has purchased all Notes validly tendered and not validly withdrawn prior to the Consent Payment Deadline. If the Amendments become operative, the Holders, including non-tendering Holders, will be bound by the terms of the Supplemental Indenture. If the Company fails to obtain the Requisite Consents or any other conditions to the Offer are not satisfied or waived, the related Amendments will not become operative and the Notes will continue to be subject to the terms and conditions of the Indenture. See “Conditions to the Offer and Consent Solicitation.”

**Withdrawal Rights and Revocation of Consents**

Tenders of Notes may be withdrawn at any time before the Withdrawal Deadline by following the procedures described in this Offer to Purchase. A valid withdrawal of tendered Notes before the Withdrawal Deadline shall be deemed a valid revocation of the related Consents. Tenders of Notes previously made, including Consents previously delivered, may not be withdrawn after the Withdrawal Deadline. By tendering Notes pursuant to the Offer, the Holder of such Notes thereby agrees that the tender of Notes may not be withdrawn and the related Consents may not be revoked after the Withdrawal Deadline. See “Withdrawal of Tenders and Revocation of Consents.”

**Payment Dates**

For Notes that have been validly tendered and not validly withdrawn at or prior to the Consent Payment Deadline and that are accepted for payment, payment of the Total Consideration will occur on the Initial Payment Date, which is expected to occur promptly after the Consent Payment Deadline assuming all conditions to the Offer have been satisfied or waived. For Notes that have been validly tendered after the Consent Payment Deadline, but at or prior to the Expiration Time, and that are accepted for payment (and not redeemed prior to the Expiration Time), payment of the Tender Consideration (namely, the Total Consideration less the Consent Payment) will occur on the Final Payment Date, which will occur promptly after the Expiration Time.

**Conditions to the Offer**

The Offer is conditioned upon, among other things:

- satisfaction of the Requisite Consent Condition;
- satisfaction of the Transactions Condition (as defined below); and
- satisfaction of the General Conditions (as defined below).

If any of the above conditions to the Offer is not satisfied, the Company may delay the acceptance for payment of any tendered Notes, and may terminate, extend or amend the Offer, in each event subject to Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). See “Conditions to the Offer and Consent Solicitation.” We may waive any of the conditions in our sole discretion, including the Requisite Consent Condition, and pay for the Notes validly tendered and not validly withdrawn pursuant to the Offer.

**Optional Redemption**

We currently intend to issue a redemption notice prior to or concurrently with our initial acceptance for payment of Notes to Holders who have not validly tendered their Notes with Consents at or prior to the Consent Payment Deadline. Pursuant to the terms of the Notes and the Indenture, the Notes are redeemable at our option at a price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption.

We will be obligated to issue the redemption notice if we consummate the New Senior Note Issuance but will not otherwise be obligated to do so. The date of redemption of the Notes will occur 30 days after the redemption notice is given.

**Certain Tax Considerations**

Holders should consider certain United States federal income tax consequences of the Offer and the Consent Solicitation. See “Certain United States Federal Income Tax Consequences.”

**Dealer Managers**

J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated

**Information Agent**

Georgeson Inc.

**Depository**

Computershare Trust Company, N.A.

**Further Information**

Additional copies of this Offer to Purchase and any other documents related to the Offer may be obtained by contacting the Information Agent at its telephone number and address set forth on the back cover of this Offer to Purchase.

## THE COMPANY

The Company is a leading human services company that provides residential, therapeutic, job training and educational support to people with intellectual or developmental disabilities, to elderly people who need in-home care, to youths with special needs, and to adults who are experiencing barriers to employment. As of September 30, 2010, the Company provided services to approximately 60,000 individuals with special needs each day across 41 states, Washington, D.C., Puerto Rico and several locations in Europe and Canada.

For more information regarding the Company, see "Available Information."

## The Transactions

We are making the Offer and Consent Solicitation in conjunction with the consummation of the following transactions: (i) the Company's entry into a new senior secured credit facility to replace its existing senior secured credit facility; (ii) the Company's issuance of \$200 million principal amount of new senior notes (the "New Senior Note Issuance"); and (iii) the closing of the Share Exchange under the Agreement and Plan of Share Exchange, dated as of September 6, 2010, between Rescare Acquisition and the Company, pursuant to which all shares of the Company's common stock not already owned by Rescare Acquisition and its affiliates will be exchanged for cash with the result that the Company will become wholly-owned by Rescare Acquisition and its affiliates. We refer to the transactions described in clauses (i) and (ii) herein collectively as the "Refinancing Transactions."

## PURPOSE OF THE OFFER

The purpose of the Offer is to acquire any and all of the outstanding Notes. The purpose of the Consent Solicitation is to eliminate or modify various affirmative and negative covenants, certain events of default and certain other related provisions of the Indenture. The Offer and Consent Solicitation are being made in conjunction with, and are conditioned upon the consummation of, each of the Transactions.

The Company expects to pay the Tender Consideration and the Total Consideration with the proceeds of the Refinancing Transactions.

Assuming that the Requisite Consents are received, it is expected that the Supplemental Indenture will be entered into promptly after the Consent Payment Deadline. If the Supplemental Indenture is executed, the Amendments will not become operative unless and until the Company has purchased all Notes validly tendered and not validly withdrawn prior to the Consent Payment Deadline, whereupon the Amendments will apply to all Notes remaining outstanding.

## THE OFFER

In the Offer, the Company is offering to purchase for cash all of the outstanding Notes, on the terms and subject to the conditions set forth in this Offer to Purchase, as it may be amended from time to time, for the Total Consideration of \$1,021.88 per \$1,000 principal amount of Notes, of which \$30 per \$1,000 principal amount of Notes (*i.e.*, 3.0% of the principal amount) will constitute the Consent Payment that we will pay only for Notes tendered at or prior to the Consent Payment Deadline, plus accrued and unpaid interest to but excluding such applicable Payment Date.

The Offer will expire at the Expiration Time, which will be 11:59 p.m., New York City time, on January 4, 2011 unless extended. The Company will pay the Consent Payment only as part of the Total Consideration for Notes validly tendered and not validly withdrawn prior to the Consent Payment Deadline and purchased pursuant to the Offer. The Consent Payment Deadline is 5:00 p.m., New York City time, on December 17, 2010, unless extended. Accordingly, Holders of Notes must validly tender and not withdraw their Notes at or before the Consent Payment Deadline in order to receive the Total Consideration (which includes the Consent Payment). Holders of Notes who do not validly tender their Notes at or before the Consent Payment Deadline, must validly tender and not validly withdraw their Notes at or prior to the Expiration Time in order to receive the Tender Consideration (which is the Total Consideration minus the Consent Payment). In either case, such Holders will receive accrued and unpaid interest on such Notes to but excluding the applicable Payment Date.

We currently intend to issue a redemption notice prior to or concurrently with our initial acceptance for payment of Notes to Holders who have not validly tendered their Notes with Consents at or prior to the Consent Payment Deadline. Pursuant to the terms of the Notes and the Indenture, the Notes are redeemable at our option at the price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption. We will be obligated to issue the redemption notice if we consummate the New Senior Note Issuance but will not otherwise be obligated to do so.

The Company is making the Offer in order to acquire the Notes and obtain Consents from Holders of Notes to the adoption of the Amendments to the Indenture under which the Notes were issued. The Company is seeking these Amendments in order to, among other things, permit the completion of the Transactions. Adoption of the Amendments requires receipt of the Requisite Consents. For more information about the Amendments, see "The Amendments" below. Assuming receipt of the Requisite Consents, we will set forth the Amendments in a supplemental indenture (the "Supplemental Indenture") to the Indenture, but those Amendments will not become operative unless and until the Company has purchased all Notes validly tendered and not validly withdrawn prior to the Consent Payment Deadline. If you validly tender Notes you will, by the act of tendering, consent to the Amendments.

Pursuant to the terms of the Offer, the acceptance of the Offer through ATOP by a Holder of Notes in connection with the tender of such Notes will be deemed to constitute the delivery of the Consent of such tendering Holder to the adoption of the Amendments pursuant to the Consent Solicitation. However, Holders that tender their Notes after the Consent Payment Deadline will not receive the Consent Payment. Holders may not deliver Consents without tendering their Notes in the Offer and may not revoke Consents without validly withdrawing from the Offer the previously tendered Notes to which such Consents relate.

It is anticipated that, assuming receipt of the Requisite Consents, the Company and the Trustee will execute the Supplemental Indenture promptly after the Consent Payment Deadline to implement the Amendments. Although the Supplemental Indenture will become effective upon execution, the Amendments will not become operative until the Notes that were validly tendered and not validly withdrawn at or prior to the Consent Payment Deadline are purchased by the Company on the Initial Payment Date pursuant to the terms of the Offer. The provisions to be eliminated or modified in connection with the Amendments will remain in effect in the form in which they exist until the Initial Payment Date, whereupon such amended provisions will be modified or eliminated as provided in the Amendments.

If the Amendments become operative, they will apply to all Notes issued under the Indenture and each Holder of Notes that are not validly tendered and accepted for payment hereunder will be bound by such Amendments even though such Holder did not deliver a Consent to the adoption of the Amendments. If the Amendments become operative, substantially all of the restrictive covenants and certain of the event of default provisions of the Indenture will be eliminated or modified.

Notes that are not tendered and accepted for payment pursuant to the Offer will remain obligations of the Company. Therefore, if the Amendments become operative, Holders that do not tender all of their Notes pursuant to the Offer will continue to hold such Notes as obligations of the Company until redeemed at our option at a price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption, or if not redeemed, until the maturity thereof.

The Company has offered to purchase all of the outstanding Notes in this Offer. Following completion of the Offer, the Company may purchase additional Notes in the open market, in privately negotiated transactions, through tender offers, by redemption or otherwise. Any future purchase may be on the same terms or on terms that are more or less favorable to Holders of Notes than the terms of the Offer. Any future purchases by the Company will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Company will choose to pursue.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable laws, the Company will pay for all Notes validly tendered (and not validly withdrawn) that are accepted for payment pursuant to the Offer on the Initial Payment Date and the Final Payment Date for Notes tendered at or prior to the Consent Payment Deadline and the Expiration Time, respectively. Payment for any such Notes will be made in immediately available (same-day) funds. Any accrued and unpaid interest payable on the Notes accepted for payment in the Offer to but excluding the applicable Payment Date will be paid in cash in immediately available (same-day) funds concurrently with the payment of the Total Consideration or the Tender Consideration for such Notes, as applicable. The Initial Payment Date is expected to occur promptly following the day on which the Consent Payment Deadline occurs, and the Final Payment Date is expected to occur promptly following the day on which the Expiration Time occurs. Under no circumstances will any additional amounts be paid by the Company or the Depositary by reason of any delay in making such payment.

#### PROCEDURES FOR TENDERING NOTES AND DELIVERING CONSENTS

The following describes the method that Holders wishing to tender Notes and deliver Consents must follow. There are no other methods for tendering Notes and delivering Consents, and Holders must tender and deliver in accordance with the following procedures.

*How to Tender Notes and Deliver Consents.* Any Holder should contact its broker, dealer, bank, trust company or other nominee that holds the Notes on its behalf promptly and instruct such nominee to submit instructions on such Holder's behalf. Please check with your nominee to determine its procedure. A form "Letter of Instructions" has been provided which Holders can use to direct their nominees.

*Procedures to be Followed by Brokers, Dealers, Banks, Trust Companies and Other Nominees; Tender Through ATOP.* The Depositary and DTC have confirmed that the Offer is eligible for ATOP. Accordingly, the Depositary will establish one or more accounts on behalf of the Company with respect to the Notes at DTC promptly after the date of this Offer to Purchase. ATOP allows a financial institution that is a participant in DTC's system to tender Notes by causing DTC to make an electronic book-entry transfer of Notes into the account established by the Depositary and electronically deliver the Consents with respect to such Notes. Notes may be tendered by (1) effecting a book-entry transfer of all Notes to be tendered in the Offer into the account of the Depositary, at DTC, in accordance with DTC's procedures for such transfer and (2) effecting an Agent's Message.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depositary and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant (i) has received and agrees to be bound by this Offer to Purchase, including the representations and warranties set forth hereunder, and that the Company may enforce such agreement against such participant and (ii) consents to the Amendments and to the execution and delivery of the Supplemental Indenture and waives defaults under the Indenture as described in this Offer to Purchase.

DTC will authorize DTC participants for whom DTC or its nominee holds Notes to execute Consents with respect to such Notes as if such participants were the Holders of such Notes; accordingly, such participants shall be deemed for purposes hereof to be Holders of such Notes and Agent's Messages transmitted by DTC shall be deemed to be valid Consents with respect to such Notes.

Timely book-entry delivery requires receipt of a confirmation of a book-entry transfer into the Depositary's account at DTC (a "Book-Entry Confirmation") by the Depositary prior to the Consent Payment Deadline (in order to receive the Total Consideration which includes the Consent Payment) or the Expiration Time (in order to receive the Tender Consideration). Although delivery of Notes may be effected through book-entry transfer into the Depositary's account at DTC, an Agent's Message in connection with a book-entry transfer, together with any other required documents, must, in any case, be delivered or transmitted to and received by the Depositary at the address set forth on the back cover page of this Offer to Purchase (1) prior to the Consent Payment Deadline to receive the Total Consideration which includes the Consent Payment and (2) prior to the Expiration Time to receive the Tender Consideration for tendered Notes. Delivery will be deemed made only when actually received by the Depositary. **Holders desiring to tender their Notes on the date of the Consent Payment Deadline or the date of the Expiration Time must allow sufficient time for completion of the ATOP procedures during normal business hours of DTC on such date. Delivery of such documents to DTC does not constitute delivery to the Depositary.**

*Determination of Validity.* All questions as to the form of documents and validity, eligibility (including time of receipt), acceptance for payment and withdrawal of tendered Notes and revocation of corresponding Consents will be determined by the Company in its sole discretion, and its determination will be final and binding. The Company reserves the absolute right to reject any and all tenders and withdrawals of Notes that it determines are not in proper form or for which the acceptance for payment or payment may, in the opinion of its counsel, be unlawful. The Company also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in the tender or withdrawal of Notes of any particular Holder, whether or not similar conditions, defects or irregularities are waived in the case of other Holders. Tenders or withdrawals of Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. The Company's interpretation of the terms and conditions of the Offer will be final and binding. None of the Company, the Dealer Manager, the Information Agent, the Depositary, the Trustee or any other person will be under any duty to give notice of any defects or irregularities in tenders or consents or any notices of withdrawal or will incur any liability for failure to give any such notice.

*No Guaranteed Delivery.* There are no guaranteed delivery provisions provided for by the Company in connection with the Offer under the terms of this Offer to Purchase or any other related documents. Holders must tender their Notes in accordance with the procedures set forth above.

*Representations, Warranties and Undertakings.* A Holder that tenders Notes pursuant to the Offer acknowledges receipt of this Offer to Purchase and, effective upon the acceptance for purchase of, and payment for, such Notes tendered in accordance with the terms and subject to the conditions of the Offer, the tendering Holder sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to all of the Notes tendered. Upon tendering Notes, the tendering Holder irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of such Holder (with full knowledge that the Depositary also acts as the agent of the Company) with respect to such Notes, with full powers of substitution and revocation (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Notes for transfer of ownership on the books of the Company and (ii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Notes in accordance with the terms and conditions of the Offer.

A Holder that tenders Notes pursuant to this Offer to Purchase understands that the tender of Notes (and subsequent acceptance of such tender by the Company) pursuant to any of the procedures described in this Offer to Purchase will constitute a binding agreement between such Holder and the Company upon the terms and subject to the conditions set forth herein. For purposes of the Offer, such Holder understands that all Notes validly tendered (or defectively tendered Notes if such defect has been waived by the Company in its sole discretion), and not validly withdrawn, pursuant to the Offer will be accepted for purchase and payment by the Company if, as and when the Company gives oral or written notice thereof to the Depositary.

By tendering Notes pursuant to this Offer to Purchase, the Holder tendering Notes represents and warrants that it has full power and authority to tender, sell, assign and transfer such Notes and to grant Consents in respect of such Notes and that when such tendered Notes are accepted for purchase and payment by the Company, the Company will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. If a Holder has tendered Notes, such Holder agrees that it will, upon request, execute and deliver any additional documents deemed by the Depositary or by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Notes tendered.

By tendering Notes pursuant to this Offer to Purchase, the Holder making such tender understands that notwithstanding any other provision of the Offer, the Company's obligation to accept, and pay for, Notes validly tendered (and not validly withdrawn) pursuant to the Offer is conditioned upon satisfaction of, or the Company's waiver of, the conditions to the Offer set forth in the Offer to Purchase, and the Company expressly reserves the right, in its sole discretion, to terminate the Offer if any such conditions shall not have been satisfied or waived by the Company prior to the Expiration Time.

By tendering Notes pursuant to this Offer to Purchase, the tendering Holder agrees and acknowledges that all authority conferred or agreed to be conferred by tendering Notes pursuant to the Offer to Purchase shall not be affected by, and shall survive, the death or incapacity of such tendering Holder, and any obligation of the tendering Holder hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, successors and assigns of such Holder.

#### **WITHDRAWAL OF TENDERS AND REVOCATION OF CONSENTS**

Notes tendered pursuant to the Offer may be withdrawn at any time prior to the Withdrawal Deadline, but no consideration will be payable in respect of Notes validly withdrawn. **Tenders of Notes may not be withdrawn after the Withdrawal Deadline.** A valid withdrawal of tendered Notes prior to the Withdrawal Deadline will constitute the concurrent valid revocation of the Consent and will be the only means of validly revoking the Consent. The Supplemental Indenture will be executed by the Company and the Trustee at or promptly after the Consent Payment Deadline if the Requisite Consents have been obtained. See "The Amendments" below.

If the Offer is terminated without any Notes being purchased thereunder, the Notes validly tendered pursuant thereto will be promptly returned to the tendering Holders, whether or not such Holders have validly withdrawn such Notes. The Company may extend the Expiration Time without extending the Withdrawal Deadline or otherwise reinstating withdrawal rights of Holders.

For a withdrawal of Notes to be valid and effective, the notice of withdrawal must be timely received by the Depositary at its address set forth on the last page of this Offer to Purchase. The withdrawal notice must:

- specify the DTC Voluntary Offer Instruction (V.O.I.) Number, the name of the participant for whose account such Notes were validly tendered and such participant's account number at DTC to be credited with the withdrawn Notes;
- contain a description of Notes to be withdrawn (including the principal amount to be withdrawn); and

- be submitted through ATOP by such participant in the same manner as the applicable Agent’s Message, or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of such Notes.

Withdrawals of tenders of Notes may not be rescinded, and any Notes validly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Validly withdrawn Notes may, however, be retendered by again following one of the procedures described in “Procedures for Tendering Notes and Delivering Consents” above at any time prior to the Consent Payment Deadline or the Expiration Time, as applicable.

Withdrawals of Notes and revocations of Consents can only be accomplished in accordance with the foregoing procedures. See “Procedures for Tendering Notes and Delivering Consents—Determination of Validity” (above) for additional information regarding the validity and eligibility of a withdrawal of Notes and a revocation of Consents.

### **RISKS TO NON-TENDERING HOLDERS; SPECIAL CONSIDERATIONS**

None of the Company, its board of directors, any officer or other affiliate of the Company, the Dealer Managers, the Information Agent or the Depositary makes any recommendation as to whether a Holder should tender or refrain from tendering any or all of its Notes, and none of the Company, its board of directors, or any officer or other affiliate of the Company has authorized any person to make any such recommendation. Holders are urged to evaluate carefully all information in the Offer to Purchase, consult with their own investment, legal, business and tax advisors and make their own decision whether to tender Notes. In deciding whether to participate in this Offer, you should carefully consider the following, in addition to the other information contained in this Offer to Purchase.

#### **Adverse Effect of the Amendments on Holders Who Do Not Tender**

The successful completion of the Offer may have material adverse consequences to Holders of Notes not tendered and accepted in the Offer. If the Amendments are adopted and the Offer is consummated, Notes that are not validly tendered, are validly withdrawn or that are not accepted for purchase and payment, pursuant to the Offer will remain outstanding but will be subject to the terms of the Indenture, as modified by the Supplemental Indenture, as described under “The Amendments.”

If the Amendments become operative, substantially all of the restrictive covenants in the Indenture and related provisions and certain events of default in the Indenture will be eliminated or modified. The Amendments include eliminating the following covenants: (i) requirements to file reports with the SEC, (ii) requirements to pay taxes, (iii) limitations on sale/leaseback transactions, (iv) limitations on restricted payments, (v) limitations on restrictions on payment of dividends and other payment restrictions affecting subsidiaries, (vi) limitations on incurrence of indebtedness and issuance of preferred stock, (vii) limitations on asset sales and requirements to repurchase the Notes with excess proceeds thereof; (viii) limitations on affiliate transactions, (ix) limitations on liens, (x) limitations on the businesses in which the Company and its subsidiaries may engage, (xi) requirements to preserve corporate existence, (xii) limitations on sale of capital stock of restricted subsidiaries, (xiii) limitations on payments for consent from holders of Notes, (xiv) requirements to repurchase Notes upon a change of control, (xv) limitations on mergers, consolidation and sale of assets with respect to the Company, and (xvi) certain events of default.

The modifications of the Indenture that will be effected by the adoption of the Amendments may permit the Company to take actions that could materially increase the risks faced by Holders of Notes or that could otherwise be materially adverse to the interests of Holders of Notes. Without taking into account other factors affecting the Notes, the adoption of the Amendments may have a material adverse effect on the value of any Notes that remain outstanding after the consummation of the Offer. See “The Amendments.”

#### **Adverse Effect on the Trading Market, the Market Price and Price Volatility of Notes Not Tendered and Accepted in the Offer**

To the extent that Notes are validly tendered and are accepted in the Offer, the outstanding principal amount of Notes will be reduced. Any debt security with a smaller outstanding principal amount available for trading, commonly referred to as the “float,” may experience less liquidity, more price volatility and generally lower prices than would a comparable debt security with a greater float. Therefore, the market price for Notes not validly tendered, validly withdrawn or not purchased may be affected adversely to the extent the principal amount of Notes tendered and purchased pursuant to the Offer reduces the float of the Notes. In addition, upon the effectiveness of the Amendments, specific covenants and certain events of default will be eliminated as described under the “Amendments,” which may adversely affect the market price for the Notes.

The Company cannot assure you that an active market, or that any trading market, in the Notes will exist and that you will be able to find willing buyers for your Notes, or give you any assurance as to the price or prices at which the Notes may trade after the consummation of the Offer. The extent of the market for outstanding Notes following consummation of the Offer will depend, among other factors, upon the number of Holders that remain at such time and the interest in maintaining a market in the Notes on the part of securities firms.

Additionally, as a result of and following the consummation of the Transactions, the amount of indebtedness incurred by the Company is expected to increase.

#### **Subsequent Repurchases of Notes**

The Company expressly reserves the absolute right, in its sole discretion, from time to time to purchase any Notes that remain outstanding after the Expiration Time through open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise, on terms that may or may not be equal to the Total Consideration or the Tender Consideration and could be for cash or other consideration, or to exercise any of its rights under the Indenture.

Notwithstanding the foregoing, the Company currently intends to issue a redemption notice prior to or concurrently with its initial acceptance for payment of Notes to Holders who have not validly tendered their Notes with Consents at or prior to the Consent Payment Deadline. Pursuant to the terms of the Notes and the Indenture, the Notes are redeemable at the Company's option at the price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption. The Company will be obligated to issue the redemption notice if it consummates the New Senior Note Issuance but will not otherwise be obligated to do so. The date of redemption will occur 30 days after the redemption notice is given.

#### CONDITIONS TO THE OFFER AND CONSENT SOLICITATION

Notwithstanding any other provision of the Offer and in addition to (and not in limitation of) the Company's rights, subject to Rule 14e-1 under the Exchange Act, to terminate, extend or amend the Offer, the Company will not be required to accept any Notes tendered pursuant to the Offer unless:

- the Requisite Consent Condition shall have been satisfied;
- the consummation of each of the Transactions shall have occurred (the "Transactions Condition"); and
- all of the General Conditions (as defined below) shall have been satisfied.

If the foregoing conditions are satisfied at the Initial Payment Date, the Company's obligations to pay for any Notes validly tendered after the Consent Payment Deadline and at or prior to the Expiration Date (and not earlier redeemed prior to the Expiration Time) shall only be conditioned upon the satisfaction of the General Conditions.

For purposes of the foregoing provisions, the "General Conditions" shall be the following conditions:

(i) there shall not have been instituted or threatened or be pending any action or proceeding before or by any court or governmental regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer or the Consent Solicitation or the purchase of the Notes pursuant to the Offer, or otherwise relating to the Offer or the Consent Solicitation, that is, or is reasonably likely to be, in the sole judgment of the Company, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company or would or might prohibit, prevent, restrict or delay consummation of the Offer or the Consent Solicitation;

(ii) there shall not have occurred or be likely to occur any event affecting the business or financial affairs of the Company that, in the sole judgment of the Company, would or might prohibit, prevent, restrict or delay consummation of the Offer or the Consent Solicitation, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Offer or the Consent Solicitation to the Company, or otherwise result in the consummation of the Offer or the Consent Solicitation not being or reasonably likely not being in the best interests of the Company;

(iii) no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the sole judgment of the Company, would or might prohibit, prevent, restrict or delay the consummation of the Offer or the Consent Solicitation or that is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company;

(iv) the Trustee shall not have objected in any respect to, or taken any action that, in the sole judgment of the Company, could adversely affect the consummation of the Offer or the Company's ability to cause the Amendments to become operative, and no person shall have taken any action that challenges the validity or effectiveness of the Supplemental Indenture or the procedures used by the Company in soliciting the Consents to the Amendments (including the form thereof) or in making the Offer or the acceptance of, or payment for, any of the Notes or the Consents; and

(v) there shall not have occurred (a) any general suspension of, shortening of hours for, or limitation on prices for trading in securities on the New York Stock Exchange or in the over-the-counter market (whether or not mandatory), (b) any significant adverse change in the price of the Notes or in the United States securities or financial markets, (c) a material impairment in the trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect of banks by Federal or state authorities in the United States (whether or not mandatory), (e) a commencement or escalation of a war, armed hostilities or other national or international crisis, (f) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States, (g) any significant change in United States currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory), (h) any significant adverse change in United States securities or financial markets generally or (i) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof.

The conditions to the Offer are for the sole benefit of the Company and may be asserted by the Company in its sole discretion regardless of the circumstances giving rise to such conditions or may be waived by the Company, in whole or in part, at any time and from time to time, in its sole discretion, whether or not any other condition of the Offer is also waived (including the Requisite Consent Condition which the Company may waive and pay for the Notes validly tendered and not validly withdrawn pursuant to the Offer). Any determination by the Company concerning the events described in this section shall be final and binding upon all persons. The failure by the Company at any time to exercise any of the foregoing rights will not be deemed a waiver of any right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

## ACCEPTANCE FOR PAYMENT AND PAYMENT

Upon the terms and subject to the conditions set forth herein (including, if the Offer and the Consent Solicitation are supplemented or amended, the terms of any such supplement or amendment), the Company is offering to purchase for cash any and all of the outstanding Notes.

If we accept Notes for payment pursuant to the Offer, we will pay (a) the Total Consideration for Notes validly tendered at or prior to the Consent Payment Deadline, and not validly withdrawn prior to the Withdrawal Deadline, together with accrued and unpaid interest on such Notes to but excluding the Initial Payment Date, and (b) the Total Consideration minus the Consent Payment for Notes validly tendered after the Consent Payment Deadline and at or prior to the Expiration Time together with accrued and unpaid interest on such Notes to but excluding the Final Payment Date.

The Initial Payment Date is the date that the Company will pay the Total Consideration, and the Final Payment Date is the date that the Company will pay the Tender Consideration, in respect of any Notes validly tendered and not validly withdrawn, if accepted for payment by the Company. The Initial Payment Date and the Final Payment Date are expected to occur promptly following the day on which the Consent Payment Deadline and the Expiration Time occur, respectively. It is intended that the Initial Payment Date occur concurrently with the consummation of the Transactions. No tenders will be valid if submitted after the Expiration Time.

Subject to the satisfaction or waiver of the conditions to the Offer and the Consent Solicitation and the Company's acceptance for payment of tendered Notes, the Company will pay the Total Consideration, which includes the Consent Payment, to Holders that validly tender to the Depository and do not validly withdraw their Notes at or prior to the Consent Payment Deadline, or the Tender Consideration, which excludes the Consent Payment, to Holders that validly tender their Notes to the Depository after the Consent Payment Deadline but at or prior to the Expiration Time. In each case such Holders will also receive accrued but unpaid interest to but excluding the applicable Payment Date. The Company will be deemed to have accepted validly tendered Notes in the Offer and validly delivered Consents in the Consent Solicitation when, as and if the Company has given oral or written notice thereof to the Depository.

To the extent permitted by applicable law, the Company reserves the right to extend, delay, accept, amend or terminate the Offer and the Consent Solicitation. To the extent permitted by applicable law, the Company may waive any or all of the conditions to the Offer and the Consent Solicitation.

We currently intend to issue a redemption notice prior to or concurrently with our initial acceptance for payment of Notes to Holders who have not validly tendered their Notes with Consents at or prior to the Consent Payment Deadline. Pursuant to the terms of the Notes and the Indenture, the Notes are redeemable at the Company's option at a price of 101.938% of the principal amount plus any accrued and unpaid interest, if any, to but excluding the date of redemption. The Notes are redeemable on not less than 30 nor more than 60 days' notice. We will be obligated to issue the redemption notice if we consummate the New Senior Note Issuance but will not otherwise be obligated to do so.

All Holders that tender their Notes pursuant to the Offer and in accordance with the procedures described in this Offer to Purchase will be deemed to have delivered their Consents pursuant to the Consent Solicitation. Holders may not deliver Consents without tendering their Notes nor may they tender Notes without delivering Consents. However, Holders who tender their Notes after the Consent Payment Deadline will not receive the Consent Payment.

Notes may be tendered and will be accepted for payment only in denominations of \$1,000 principal amount and integral multiples thereof. The Depository will act as agent for the tendering Holders of Notes for the purpose of receiving the cash consideration from the Company. In the event the Company amends the consideration offered for Notes in the Offer, such amended consideration will be paid with regard to all Notes accepted in the Offer, including those accepted before the announcement of any such increase.

Holders of Notes that tender in the Offer will not be required to pay brokerage commissions to the Dealer Managers, the Information Agent or the Depository or fees other than transfer taxes, if any, with respect to the tender of Notes pursuant to the Offer. If Notes are held through a nominee, Holders should contact such nominee to determine whether any transaction costs are applicable. See "Dealer Managers, Information Agent and Depository."

No appraisal rights are available to Holders of Notes in connection with the Offer or the Consent Solicitation.

### **The Consent Solicitation**

In conjunction with the Offer, the Company is soliciting Consents from Holders of Notes to the adoption of the Amendments. Holders that tender their Notes pursuant to the Offer and in accordance with the procedures described in this Offer to Purchase will be deemed to have delivered their Consents pursuant to the Consent Solicitation. Holders may not deliver Consents without tendering their Notes in the Offer, and may not revoke Consents without validly withdrawing from the Offer the previously tendered Notes to which such Consents relate. After the Consent Payment Deadline but at or prior to the Expiration Time, Notes may be validly tendered, but any such valid tenders accepted for payment will not be eligible for the Consent Payment.

Upon receipt of the Requisite Consents, the Company intends to cause the Depository to deliver the Requisite Consents to the Trustee. The Company will not be obligated to accept tendered Notes for purchase and to pay the Tender Consideration or the Total Consideration, as applicable, pursuant to the Offer unless, among other things, the Requisite Consent Condition and the other conditions set forth herein shall have been satisfied or waived. In addition, Consents will not be counted if the tender of such Holder's Notes is defective and such defect is not cured to the satisfaction of, or waived by, the Company. The Company expects to execute the Supplemental Indenture implementing the Amendments as soon as practicable following the satisfaction of the Requisite Consent Condition and receipt by the Trustee of an officers' certificate and an opinion of counsel pursuant to the Indenture. Pursuant to the terms of the Supplemental Indenture, which will be effective upon execution, the provisions to be eliminated or modified by the Amendments will remain unchanged and waivers will not be effective until the Notes that were

validly tendered and not validly withdrawn prior to the Consent Payment Deadline are accepted for purchase pursuant to the terms of the Offer, whereupon the Amendments and waivers will automatically become operative. See “Conditions to the Offer and Consent Solicitation.”

The transfer of Notes on the Note register will not have the effect of revoking any Consent given before such transfer by the Holder of such Notes. See “Withdrawal of Tenders and Revocation of Consents.”

#### **Acceptance of Notes for Purchase; Payment for Notes and Consents**

Upon the terms and subject to the conditions of the Offer, the Company will accept all Notes validly tendered pursuant to the Offer and not validly withdrawn. Subject to rules promulgated under the Exchange Act, the Company expressly reserves the right to delay acceptance of any of the Notes or to terminate the Offer or the Consent Solicitation and not accept for purchase any Notes not theretofore accepted if any of the conditions set forth under the heading “Conditions to the Offer and Consent Solicitation” are not satisfied or waived by the Company. The Company will pay the Tender Consideration or the Total Consideration, as applicable. In all cases, the Company will purchase Notes accepted for purchase pursuant to the Offer only after timely receipt by the Depository of (a) timely confirmation of a book-entry transfer of such Notes into the Depository’s account at DTC pursuant to the procedures set forth in the section entitled “Procedures for Tendering Notes and Delivering Consents,” (b) a validly transmitted Agent’s Message and (c) any other documents required thereby.

For purposes of the Offer, the Company will be deemed to have accepted validly tendered and not validly withdrawn Notes when, as and if the Company gives oral or written notice thereof to the Depository. The Depository will act as agent for the tendering Holders of Notes for the purposes of receiving the cash consideration from the Company and transmitting the cash consideration to the tendering Holders. Under no circumstances will any additional amount be paid by the Company or the Depository by reason of any delay in making such payment.

All questions as to the validity, form, eligibility (including the time of receipt), acceptance and withdrawal of tendered Notes and delivery and revocation of delivered Consents will be resolved by the Company, whose determination will be final and binding. The Company reserves the absolute right to (a) reject any or all tenders of Notes and deliveries of Consents that are not in proper form or the acceptance of which would, in the opinion of counsel for the Company, be unlawful and (b) waive any irregularities or conditions of tender as to particular Notes or delivery as to particular Consents. The Company’s interpretation of the terms and conditions of the Offer and the Consent Solicitation will be final and binding. Unless waived, any irregularities or defects in connection with tenders of Notes and deliveries of Consents must be cured within such time as the Company determines. None of the Company, the Dealer Managers, the Information Agent or the Depository will have any duty to give notification of irregularities or defects in such tenders or deliveries or will incur any liability for failure to give such notification. Tenders of Notes or deliveries of Consents will not be deemed to have been made until such irregularities have been cured to the satisfaction of, or waived by the Company.

If, for any reason whatsoever, acceptance for purchase of any Notes tendered is delayed, or the Company is unable to accept for purchase Notes tendered pursuant to the Offer, then, without prejudice to the Company’s rights set forth herein, the Depository may, nevertheless, on behalf of the Company and subject to rules promulgated under the Exchange Act, retain previously tendered Notes, and such Notes may not be withdrawn except to the extent that the tendering Holder of such Notes is entitled to withdrawal and revocation rights as described herein. See “Withdrawal of Tenders and Revocation of Consents.”

If any tendered Notes are not accepted for purchase because of an invalid tender, the occurrence or non-occurrence of certain other events set forth herein or otherwise, then such unaccepted Notes will be returned promptly, at the Company’s expense, to the tendering Holder thereof (or, in the case of Notes tendered by book-entry transfer, such Notes will be credited to the account maintained at DTC from which such Notes were delivered) promptly after the Expiration Time or the termination of the Offer and any Consents delivered in connection with such Notes will be deemed void.

No alternative, conditional or contingent tenders of Notes or deliveries of Consents will be accepted. A tendering Holder, by transmitting its acceptance or causing such transmission of its behalf through ATOP, waives all rights to receive notice of acceptance of such Holder’s Notes for purchase.

Holders whose Notes are tendered and accepted for purchase pursuant to the Offer will be entitled to accrued and unpaid interest on their Notes up to, but not including, the applicable Payment Date.

#### **EXTENSION, AMENDMENT AND TERMINATION**

The Company expressly reserves the right, at any time or from time to time, regardless of whether or not the conditions set forth in “Conditions to the Offer and Consent Solicitation” shall have been satisfied, subject to applicable law:

- to extend the Consent Payment Deadline or Expiration Time and retain any Notes that have been tendered pursuant to the Offer;
- to waive any condition to the Offer and accept all Notes previously tendered for purchase pursuant to the Offer;
- to amend the Offer in any respect; or
- to terminate the Offer prior to the Expiration Time therefor and return the Notes tendered pursuant thereto;

in each case, by giving written notice of such extension, amendment or termination to DTC. If the Tender Consideration is modified, the Offer will, to the extent required by law, be extended to the extent necessary to permit it to remain open for at least ten business days from the date that notice of such modification is first published or sent or given to Holders of Notes. Any waiver, amendment or modification of the Offer will apply to all Notes tendered pursuant to such Offer or Consents delivered pursuant to such Offer. If the Company makes a material change in the

terms of the Offer or the information concerning the Offer in a manner determined by the Company in its sole discretion, to constitute a material adverse change to the Holders of Notes, the Company will disseminate additional material in respect of the Offer and will extend the Offer, to the extent required by law.

There can be no assurance that the Company will exercise its right to extend the Consent Payment Deadline or Expiration Time. Any extension, amendment or termination will be followed as promptly as practicable by public announcement thereof, with the announcement in the case of an extension of the Expiration Time, to be issued no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled Expiration Time.

### THE AMENDMENTS

A Holder validly tendering Notes that are not validly withdrawn before execution of the Supplemental Indenture will, by tendering such Notes, be consenting to the Amendments described below to the Indenture.

*Deletion of Restrictive Covenants.* The Amendments will, among other things, eliminate the Company's obligations to comply with substantially all of the "restrictive covenants" contained in the Indenture.

The Amendments will, in substance:

- eliminate the following sections of the Indenture with respect to Notes:
  - Section 3.2. Commission Reports
  - Section 3.3. Limitation on Indebtedness
  - Section 3.4. Limitation on Restricted Payments
  - Section 3.5. Limitation on Liens
  - Section 3.6. Limitation on Restrictions on Distributions from Restricted Subsidiaries
  - Section 3.7. Limitation on Sales of Assets and Subsidiary Stock
  - Section 3.8. Limitation on Affiliate Transactions
  - Section 3.9. Change of Control
  - Section 3.10. Limitation on Sale of Capital Stock of Restricted Subsidiaries
  - Section 3.12. Limitation on Lines of Business
  - Section 3.13. Limitation on Sale/Leaseback Transactions
  - Section 3.15. Corporate Existence
  - Section 3.16. Payment of Taxes and Other Claims
  - Section 3.17. Payments for Consent
  - Section 4.1. Merger and Consolidation
  - eliminate all "Events of Default" (as defined in the Indenture) other than the failure to pay principal, premium or interest on the Notes, the failure of any subsidiary guarantee to be in full force and effect (except pursuant to the Indenture) and the failure to comply with other agreements in the Indenture as supplemented by the Supplemental Indenture.

Certain definitions in the Indenture (Section 1.1) also will be added, amended, modified or deleted, as appropriate, and certain provisions of the Indenture will be modified, in each case to make conforming changes consistent with the foregoing.

The Amendments constitute a single proposal and a consenting Holder must consent to the Amendments as an entirety and may not consent selectively with respect to certain of the Amendments.

The Amendments will be set forth in a Supplemental Indenture that will be executed by the Company and the Trustee promptly following receipt of the Requisite Consents relating to the Notes. However, the Supplemental Indenture will provide that the Amendments will not become operative unless and until all Notes that are validly tendered and not validly withdrawn at or prior to the Consent Payment Deadline are accepted for purchase on the Initial Payment Date. If the Amendments become operative, all Holders of Notes will be bound thereby. If Notes that are validly tendered and not validly withdrawn at or prior to the Consent Payment Deadline are not accepted for payment pursuant to the Offer (or if the Requisite Consents are not obtained), the Amendments will not become operative.

The foregoing is qualified in its entirety by reference to the Indenture and the form of Supplemental Indenture, copies of which can be obtained without charge from the Information Agent.

#### AVAILABLE INFORMATION

The Company is subject to the periodic reporting requirements of the Exchange Act and in accordance therewith files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports with the SEC in addition to other information. Such reports and other information filed with the SEC by the Company may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials can be obtained at prescribed rates from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549 or through the World Wide Web (<http://www.sec.gov>). Please call the SEC at 1-800-SEC-0330 for further information on the public reference facilities. Such materials related to the Company may also be obtained from the Company, upon the oral or written request of any Holder, at Res-Care, Inc., Attention: Nel Taylor, Chief Communication Officer, 10140 Linn Station Road, Louisville, Kentucky 40223-3813 (telephone no. (502) 394-2100).

#### INCORPORATION BY REFERENCE

The Company incorporates by reference its Annual Report on Form 10-K for the fiscal year ended December 31, 2009, Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2010 and its Current Reports on Form 8-K (including amendments) filed on February 1, June 28, September 10, October 7 and November 5, 2010.

All documents and reports filed by the Company with the SEC (but excluding any documents, portions of documents, exhibits or other information that is deemed to have been “furnished” and not “filed”) pursuant to the Exchange Act, the Securities Act, and the Indenture after the date of this Offer to Purchase and before the termination of the Offer made hereby shall be deemed incorporated herein by reference and shall be deemed to be a part hereof from the date of filing such documents and reports. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Offer to Purchase, shall be deemed to be modified or superseded for purposes of this Offer to Purchase to the extent that a statement contained herein or in any subsequently filed document or report that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offer to Purchase.

#### SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Offer to Purchase includes statements that express the Company’s opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The Company has based these forward-looking statements on its current views about future events. The Company identifies forward-looking statements in this Offer to Purchase by using words or phrases such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “seek,” “intend,” “may be,” “objective,” “plan,” “predict,” “project,” “will be” and similar words or phrases, or the negative thereof. These forward-looking statements include all matters that are not historical facts. These forward-looking statements are not guarantees of future performance and are subject to numerous assumptions, risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition to the specific risk factors described in the section entitled “Risk factors,” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the Company in its forward-looking statements include, among others, the following:

- changes in reimbursement rates, policies or payment practices by third-party payors;
- changes in governmental regulations or the interpretations thereof, including the recent federal health care reform legislation;
- any failure to comply with existing and future government regulations;
- our ability to successfully integrate acquired businesses;
- the size of our self-insurance reserves and changes in the insurance market that affect our ability to obtain coverage at reasonable rates;
- the outcome or impact of ongoing or future litigation and regulatory actions;
- changes in labor costs;
- our ability to maintain our reputation and relationships with government agencies, advocacy groups for individuals with developmental disabilities and their families, and the public;
- our ability to maintain our status as a licensed service provider in certain jurisdictions;
- our ability to attract and retain experienced personnel, especially members of our senior management team;
- increased or more effective competition;
- the sufficiency of our cash flows and available borrowing for our operations and debt service obligations; and
- variability in interest rates.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Offer to Purchase. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offer to Purchase, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this Offer to Purchase speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical.

#### **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, WE INFORM YOU THAT ANY TAX STATEMENT HEREIN REGARDING ANY UNITED STATES FEDERAL TAX IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES. ANY SUCH STATEMENT HEREIN WAS WRITTEN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS TO WHICH THE STATEMENT RELATES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion summarizes certain United States federal income tax consequences that may be relevant to Holders of Notes if the Offer is completed as described herein. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated under the Code, administrative rulings and judicial decisions as of the date of this Offer, all of which are subject to change or differing interpretations, possibly on a retroactive basis. There is no authority directly addressing the United States federal income tax consequences to a Holder of Notes of the receipt of the Tender Consideration or the Consent Payment or the adoption of the Amendments, in the circumstances described herein. The Company has not sought any ruling from the Internal Revenue Service (the "IRS") or an opinion of counsel with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion is general and does not purport to furnish information with a Holder of Note's specific tax circumstances in mind or in the level of detail that would be provided by such Holder's own tax advisor.

This summary assumes the Notes are held as capital assets within the meaning of Section 1221 of the Code. This summary does not address the effect of alternative minimum taxes, the United States federal gift or estate tax or of the laws of any foreign, state or local jurisdiction. In addition, this summary does not address all tax considerations that may be applicable to a Holder's particular circumstances or to Holders that may be subject to special tax rules, including, without limitation:

- U.S. Holders (as defined below) that are subject to the alternative minimum tax;
- banks, insurance companies or other financial institutions;
- tax-exempt organizations;
- non-U.S. Holders (as defined below) that are "controlled foreign corporations," "passive foreign investment companies" or United States expatriates;
- dealers in securities or commodities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- U.S. Holders whose "functional currency" is not the United States dollar;
- persons holding the Notes as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons deemed to sell the Notes under the constructive sale provisions of the Code; or
- persons holding an interest in any pass-through entity that holds Notes.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Notes that for United States federal income tax purposes is:

- an individual citizen or resident of the United States;
- a corporation (including any entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States or of any political subdivision of the United States or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or

- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

For purposes of this discussion, a “non-U.S. Holder” is a beneficial owner of Notes that for United States federal income tax purposes is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for United States federal income tax purposes).

In the case of a Holder of Notes that is treated as a partnership for United States federal income tax purposes, the tax consequences of the Offer to a partner of the partnership generally will depend upon the tax status of the partner and the activities of the partnership. If you are a partner of a partnership holding Notes, then you should consult your own tax advisors.

**THIS SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE FOR ANY PARTICULAR HOLDER. HOLDERS OF NOTES ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

### U.S. Holders

*Sale of Notes.* Subject to the discussion in “Consent Payment” below, a U.S. Holder receiving cash in exchange for Notes pursuant to the Offer will recognize capital gain or loss in an amount equal to the difference between the amount of cash received (other than amounts received that are attributable to accrued interest) and the U.S. Holder’s adjusted tax basis in the Notes sold at the time of sale. A U.S. Holder’s adjusted tax basis in a Note generally will equal the cost of the Note to such U.S. Holder, increased by the amount of any market discount previously taken into income by the U.S. Holder, and reduced by the amount of any payments received on the Notes, other than payments of stated interest, and by any amortizable bond premium which the U.S. Holder has previously deducted from income. Subject to the market discount rules discussed below, such gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the Notes have been held for more than one year. For certain non-corporate U.S. Holders (including individuals) net long-term capital gain, if in excess of net short-term capital losses, will be subject to tax at a reduced rate, currently at a maximum of 15%. Capital losses generally may be used only to offset capital gains and are subject to limitations under the Code, such as the wash sale and related party rules that can disallow losses. Any cash received attributable to accrued but unpaid interest that has not yet been included in a U.S. Holder’s income will be taxable as ordinary income.

*Market Discount.* An exception to the capital gain treatment described above may apply to a U.S. Holder who purchased the Notes at a “market discount.” In general, a U.S. Holder is considered to have acquired a Note with “market discount” if the Holder’s adjusted tax basis in the Note is less than the Note’s principal amount by more than a *de minimis* amount. In general, unless the U.S. Holder has elected to include market discount in income currently as it accrues, any gain recognized by a U.S. Holder on the sale of a Note having market discount will be treated as ordinary income to the extent of the lesser of (i) the gain recognized or (ii) the portion of the market discount that has accrued (on a straight-line basis or, at the election of the U.S. Holder, on a constant-yield basis) but has not yet been taken into income while that Note was held by the U.S. Holder. Gain in excess of such accrued market discount will be subject to the capital gains rules described above.

*Bond Premium.* If a U.S. Holder purchased a Note for an amount in excess of the principal amount, the Note has bond premium equal to the excess of the cost of the Note to the U.S. Holder over the amount payable at maturity. If the U.S. Holder has elected to amortize bond premium over the term of the Note, as mentioned previously, the amortized bond premium reduces the U.S. Holder’s adjusted tax basis in the Note by the amount of the bond premium used to offset interest income.

*Consent Payment.* The law is unclear with respect to the United States federal income tax consequences of a U.S. Holder’s receipt of a Consent Payment. The receipt of a Consent Payment by a U.S. Holder may be treated for United States federal income tax purposes either as (i) additional consideration in exchange for the Notes, in which case such amount would be taken into account in determining the amount of gain or loss on the exchange or (ii) separate consideration for consenting to the Amendments, in which case such amount would constitute ordinary income to the U.S. Holder. The Company intends to treat the Consent Payment as additional consideration paid in exchange for the tendered Notes. There can be no assurance, however, that the IRS will not attempt to treat the receipt of a Consent Payment as the receipt of separate consideration for consenting to the Amendments. U.S. Holders should consult their tax advisors regarding the United States federal income tax treatment of a Consent Payment.

*Non-Tendering U.S. Holders.* Generally, the modification of a debt instrument will be treated, for United States federal income tax purposes, as a “deemed” exchange of an old debt instrument for a new debt instrument if such modification is “significant” as defined in the Treasury regulations promulgated under Section 1001 of the Code (the “Regulations”). Under the Regulations, the modification of a debt instrument is a “significant” modification that will create a deemed exchange if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights that are altered and the degree to which they are altered are “economically significant.” A modification that adds, deletes, or alters customary accounting or financial covenants is not a “significant” modification, though the Regulations do not define “customary accounting or financial covenants.” In the case of the adoption of the Amendments, although the issue is not free from doubt, the Company intends to take the position that the adoption of such amendments does not constitute a “significant modification” of the terms of the Notes for United States federal income tax purposes. In such case, a U.S. Holder who does not tender its Notes pursuant to the Offer would not recognize any gain or loss for United States federal income tax purposes as a result of the adoption of the Amendments, and such U.S. Holder would continue to have the same tax basis, holding period, accrued market discount and bond premium, if any, with respect to the Notes as it had before the adoption of the Amendments.

If the adoption of the Amendments were treated as a significant modification of the terms of the Notes, however, a non-tendering U.S. Holder would be treated as having exchanged its “old” Notes for “new” Notes for United States federal income tax purposes. If both the “old”

Notes and the “new” Notes are treated as “securities” within the meaning of Section 354 of the Code, such deemed exchange could be treated as a tax-free recapitalization, in which case such non-tendering Holder would not recognize any gain or loss. In general, for United States federal income tax purposes, (i) a debt instrument with a term of less than five years is not regarded as a security, (ii) a debt instrument with a term in excess of ten years is regarded as a security, (iii) and it is unclear as to whether a debt instrument with a term between five years and ten years is a security. If the “old” Notes or “new” Notes were not treated as “securities” for United States federal income tax purposes, a non-tendering U.S. Holder would recognize gain (if any) in an amount equal to the excess of the “issue price” of the “new” Notes (which we believe would be the fair market value of the “new” Notes) over such U.S. Holder’s adjusted tax basis in the “old” Notes. The fair market value of the “new” Notes will be equal to the value at which the “old” Notes traded immediately before the exchange. Such gain would generally be treated as capital gain (except to the extent of any accrued market discount and any portion attributable to accrued but unpaid interest on the “old” Notes, which would be taxable as ordinary interest income). A U.S. Holder’s initial tax basis in any “new” Notes deemed received would be equal to the fair market value of such “new” Notes. A U.S. Holder’s holding period for the “new” Notes would begin on the day following the deemed exchange.

Non-tendering U.S. Holders are urged to consult their tax advisors regarding the United States federal income tax treatment of the adoption of the Amendments and the resulting tax consequences to them, including the possibility of the “new” Notes being issued with original issue discount.

#### **Non-U.S. Holders**

*Sale of Notes.* A non-U.S. Holder will generally not be subject to United States federal income tax or withholding tax on any gain realized on a sale of the Notes pursuant to the Offer unless (i) in the case of a non-U.S. Holder who is an individual, such Holder is present in the United States for periods aggregating 183 days or more during the taxable year of the disposition and certain other requirements are met or (ii) the gain is effectively connected with a United States trade or business of the non-U.S. Holder and, where a tax treaty applies, is attributable to a United States permanent establishment maintained by the non-U.S. Holder.

An individual described in clause (i) above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses (even though the individual is not considered a resident of the United States). A non-U.S. Holder described in clause (ii) above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates. If such non-U.S. Holder is a foreign corporation, it may also be required to pay a branch profits tax at a 30% rate (or a lower rate if so specified by an applicable income tax treaty).

A non-U.S. Holder generally will not be subject to withholding of United States federal income tax on payments attributable to accrued interest, provided that, (i) such interest is not effectively connected with a United States trade or business of the non-U.S. Holder (ii) the non-U.S. Holder does not actually (or constructively) own 10% or more of the total combined voting power of all classes of the voting stock of the Company within the meaning of the Code and the applicable United States Treasury regulations; (iii) the non-U.S. Holder is not a controlled foreign corporation that is related to the Company actually or constructively through stock ownership; (iv) the non-U.S. Holder properly certifies the non-U.S. Holder’s foreign status on IRS Form W-8BEN or other applicable form.

If a non-U.S. Holder does not qualify for an exemption from withholding of United States federal income tax on accrued interest under the preceding paragraph and the interest is not effectively connected with a United States trade or business of the non-U.S. Holder (or, if an income tax treaty applies, such interest is not attributable to a permanent establishment maintained in the United States by the non-U.S. Holder), such interest generally will be subject to withholding of United States federal income tax at a rate of 30%, unless such non-U.S. Holder is able to claim a valid exemption from or reduction of withholding under an applicable income tax treaty.

If accrued interest paid to a non-U.S. Holder is effectively connected with a United States trade or business of the non-U.S. Holder, then, although exempt from United States withholding tax if the non-U.S. Holder provides the appropriate documentation (generally, an IRS Form W-8ECI or applicable substitute form), the non-U.S. Holder will generally be subject to United States federal income tax on that accrued interest in the same manner as if the non-U.S. Holder were a U.S. Holder. In addition, if the non-U.S. Holder is a foreign corporation, the accrued interest may be subject to a branch profits tax at a rate of 30% or lower applicable treaty rate.

*Consent Payment.* Under current United States federal income tax law, there is some uncertainty regarding whether amounts paid in respect of the Consent Payment would constitute a separate fee taxable as ordinary income to the recipient rather than additional consideration for the Notes (see “U.S. Holders—Consent Payment” above), and whether the receipt of the Consent Payment by a non-U.S. Holder is subject to United States federal withholding tax. The Company does not intend to withhold from the Consent Payment.

*Non-Tendering Non-U.S. Holders.* If the Amendments become effective, it is possible that the non-tendering non-U.S. Holders may be treated as recognizing income or gain for United States federal income tax purposes as a result of a “deemed” exchange of their Notes. (See “U.S. Holders—Non-Tendering U.S. Holders” above.) In such event, the discussion of the treatment of tendering non-U.S. Holders above shall apply to any gain or amounts attributable to accrued interest, subject to potential treatment as a tax-free recapitalization, as described in “U.S. Holders—Non-Tendering U.S. Holders.” Non-tendering non-U.S. Holders should consult their tax advisors.

#### **Information Reporting and Backup Withholding**

A U.S. Holder whose Notes are tendered and accepted for payment by the Company may be subject to certain information reporting requirements. In addition, a U.S. Holder may be subject to backup withholding with respect to the Tender Consideration and any Consent Payments unless such U.S. Holder (i) is a corporation or other exempt recipient and, when required, establishes this exemption or (ii)(a) provides its correct taxpayer identification number (which, in the case of an individual, is his or her social security number), (b) certifies that it is not currently subject to backup withholding and (c) otherwise complies with applicable requirements of the backup withholding rules. A U.S. Holder can satisfy these requirements by completing and submitting an IRS Form W-9 (as instructed by the relevant broker). A U.S. Holder who does not provide its correct taxpayer identification number may be subject to penalties imposed by the IRS.

In general, a non-U.S. Holder will not be subject to information reporting or backup withholding with respect to the Tender Consideration and any Consent Payments, provided (i) such non-U.S. Holder provides an applicable Form W-8, or appropriate substitute form, certifying as to its non-United States status, and the Company does not have actual knowledge or reason to know that such non-U.S. Holder is a United States person or (ii) the non-U.S. Holder otherwise establishes an exemption. However, information returns will generally be filed in connection with payments to non-U.S. Holders that are attributable to accrued interest.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a Holder's United States federal income tax liability and, if withholding results in an overpayment of tax, such Holder may be entitled to a refund, provided that the requisite information is timely furnished to the IRS.

#### **DEALER MANAGERS, INFORMATION AGENT AND DEPOSITARY**

We have retained J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated to act as Dealer Managers, Georgeson Inc. to act as Information Agent (the "Information Agent") and Computershare Trust Company, N.A. to act as Depositary (the "Depositary") in connection with the Offer. We have agreed to pay the Information Agent and the Depositary customary fees for their services in connection with the Offer. We have also agreed to reimburse the Dealer Managers, the Information Agent and the Depositary for their out-of-pocket expenses and to indemnify them against certain liabilities, including liabilities under federal securities laws.

The Dealer Managers in the ordinary course of their business purchase and/or sell our securities, including the Notes, for their own account and for the account of their customers. As a result, the Dealer Managers at any time may own certain of our securities, including the Notes. In addition, the Dealer Managers may tender Notes into the Offer for their own account.

Affiliates of the Dealer Managers are lenders and agents under our senior secured credit facility and are expected to be lenders and agents under our new senior secured credit facilities. The Dealer Managers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Neither the Dealer Managers nor the Information Agent nor the Depositary assumes any responsibility for the accuracy or completeness of the information concerning us, our affiliates or the Notes contained in this Offer to Purchase or for any failure by us to disclose events that may have occurred and may affect the significance or accuracy of that information.

#### **MISCELLANEOUS**

The Company is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If the Company becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, the Company will make a good faith effort to comply with any such law or seek to have such laws declared inapplicable to this Offer. If, after such good faith effort, the Company cannot comply with any such law, the Offer will not be made to (nor will tenders of Notes be accepted from or on behalf of) the owners of Notes residing in such jurisdiction.

The Company's directors, officers and regular employees (who will not be specifically compensated for such services) and the Dealer Managers may contact Holders by mail, telephone, telex, telegram messages, electronic mail, mailgram messages, datagram messages and personal interviews regarding the Offer and may request brokers, dealers and other nominees to forward this Offer to Purchase and related materials to beneficial owners of Notes.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offer to Purchase and, if given or made, such information or representation may not be relied upon as having been authorized by the Company or the Dealer Managers.

*The Trustee for the Notes is:*

**Wells Fargo Bank, National Association**

Questions regarding the Offer or the procedure for rendering, as well as request for assistance or additional copies of this Offer or the Letter of Instructions may be directed to the Information Agent at its address and telephone number listed below. You may also contact your broker, dealer or commercial bank trust company or other nominee for assistance with the Offer.

The Depository for the Offer and Solicitation is:

**Computershare Trust Company, N.A.**

By Mail:	By Facsimile Transmission:	By Hand or Overnight Courier:
Computershare Trust Company, N.A. c/o Voluntary Corporate Actions PO Box 43011 Providence RI 02940-3011	For Eligible Institutions Only:  (617) 360-6810  For Confirmation Only Telephone:  (781) 575-2332	Computershare Trust Company, N.A. c/o Voluntary Corporate Actions 250 Royall Street Canton, MA 02021

Any questions or requests for assistance or additional copies of this Offer to Purchase or the Consent Solicitation may be directed to the Information Agent or Dealer Managers at the telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank or trust company or nominee for assistance concerning the Offer and Solicitation.

The Information Agent for the Offer and Solicitation is:

**Georgeson Inc.**

199 Water Street – 26<sup>th</sup> Floor  
New York, NY 10038  
Banks and Brokers call: (212) 440-9800  
All others call toll free: (866) 203-9357

The Dealer Managers for the Offer to Purchase are:

**J.P. Morgan Securities LLC**  
383 Madison Avenue, 3<sup>rd</sup> Floor  
New York, NY 10179  
Attn: Liability Management Group  
U.S. Toll Free: (800) 245-8812  
Call Collect: (212) 270-1200

**BofA Merrill Lynch**  
214 North Tryon Street, 17<sup>th</sup> Floor  
Charlotte, NC 28255  
Attn: Debt Advisory Services  
U.S. Toll Free: (888) 292-0070  
Call Collect: (980) 388-9217