

KORIAN & MEDICA ANNOUNCE PLANS TO MERGE TO CREATE THE EUROPEAN LEADER OF THE ELDERLY CARE SECTOR

→ KORIAN AND MEDICA ANNOUNCE THE SIGNING OF A MEMORANDUM OF UNDERSTANDING FOR A POTENTIAL MERGER OF EQUALS IN ORDER TO CREATE THE EUROPEAN LEADER OF THE ELDERLY CARE SECTOR, WITH OVER 57,000 BEDS⁽¹⁾, CLOSE TO 600 FACILITIES⁽¹⁾, AND COMBINED REVENUES OF €2.2Bn⁽²⁾

→ THE NEW GROUP WOULD OPERATE IN FOUR HIGH-POTENTIAL MARKETS (FRANCE, GERMANY, ITALY AND BELGIUM, WITH 40% OF ITS REVENUES OUTSIDE FRANCE) ACROSS FOUR KEY SEGMENTS (NURSING HOMES, POST-ACUTE CARE, INTERMEDIATE RESIDENCES AND HOMECARE)

→ THE NEW GROUP WOULD LEVERAGE COMPLEMENTARY EXPERTISE AND SHARE BEST PRACTICES BENEFITING BOTH CUSTOMERS AND EMPLOYEES

→ THE GROUP'S EUROPEAN LEADERSHIP POSITION WILL ENABLE IT TO PURSUE ORGANIC AND EXTERNAL GROWTH, TO CREATE OPPORTUNITIES TO DEPLOY NEW SERVICE OFFERINGS FOR ELDERLY PEOPLE AND TARGET REVENUES OF €3Bn BY 2017

Paris, 18 November 2013 – Korian and Medica, two major European players of the elderly care sector, today announce that they have signed a memorandum of understanding for a potential merger of equals, to create the new European leader in the industry. With close to 40,000 employees, the combined group would be ideally placed to develop its current business portfolio further. In addition, its market leading position in Europe would enable it to seize new opportunities to address the silver economy needs and to pave the way for further innovation and new business models.

Yann Coléou, CEO of Korian, and Jacques Bailet, Chairman and CEO of Medica, said jointly: *“We would share our know-how, best practices and the experience which our complementary geographical presence permits, to improve our processes and develop our performance. We would have the power to develop new activities, services and processes. We would channel this power into implementing the same vision: ensuring that our care for elderly people has, as its central tenet, the idea of maintaining independence for as long as possible, and thereby preserving the dignity of elderly people.”*

(1) Figures as of September 30, 2013, including SLG beds and facilities

(2) Cumulated 2012 unaudited figures of both companies, adjusted for 2013 divestments and acquisitions

The combination of Korian and Medica would create a new market leader better positioned to strengthen and expand its geographical scope, more powerful to seize value-creating growth opportunities, and more diversified to respond to changing regulatory environments.

Creating a European market leader

The operation would combine complementary expertise and geographical networks. The combined group would benefit from a pan-European reach, and would be the market leader in the care of elderly people in France, Germany and Belgium, and be the second largest player in Italy. As such, the group would be ideally placed to seize expanded opportunities on these four markets with strong demographic fundamentals.

Number of beds ⁽³⁾	Europe	France	Germany	Italy	Belgium
Korian	34,347	14,249	15,709	4,389	–
Medica	22,817	15,231	–	2,105	5,481
Total	57,164	29,480	15,709	6,494	5,481

The new group would benefit from a diverse and complementary business portfolio, including nursing homes, post-acute care, intermediate residences and homecare networks.

Driving future growth

This combination would boost the group's growth potential, enabling it to target revenues of €3bn by 2017. This growth would be fueled by:

- Organic growth prospects in high-potential regions;
- External growth to strengthen presence on its current markets and enter attractive geographies;
- Solid financial structure with a sustainable debt level.

Complementary business portfolios would enable the new group to transfer its expertise and business models across different markets and build up a more extensive offering that would better meet complex customer requirements, and their ambition to preserve autonomy as long as possible.

The size of the new group would enable it to spur innovation in each country, forge stronger ties with health authorities and local communities, and enhance its response to elderly people requirements with regard to Ageing Well.

Enhancing performance and operational excellence

Sharing their expertise and best practices would enable the new group to improve its operational performance in terms of revenues and processes.

The combination should result in €15m of efficiency savings in year three after the merger (stemming from the modernization of post-acute care segment, as well as from purchasing and operating costs savings).

⁽³⁾ Figures as of September 30, 2013, including SLG beds

Governance of the new group

In the event that the merger is completed, Yann Coléou will be appointed CEO of the new group. The Management Committees would comprise managers from both Korian and Medica.

Jacques Bailet and Christian Chautard would be appointed respectively as Chairman of the Board and Vice Chairman of the Board responsible for international business. Christian Chautard would be appointed Chairman a year after the merger.

Summary terms and conditions of the proposed merger and timetable

The transaction would take the form of a statutory merger (“fusion-absorption”) between Medica and Korian, whereby Medica would be merged into Korian. Medica shareholders would receive 10 Korian shares for every 11 Medica shares they own.

Terms of the memorandum of understanding have been unanimously approved by the Boards of Directors of Korian and Medica.

Both companies will inform and consult their employee representatives (“instances représentatives du personnel”) about the proposed project. In compliance with current legislation and regulatory requirements, no final agreement may be concluded until this consultation process is completed.

The transaction would be subject to the approval of the Autorité de Concurrence (competition authority) in France.

The merger would be submitted for approval to shareholders of both companies at Extraordinary General Meetings that would be held in the first quarter of 2014.

Analysts and investors are invited to a meeting that will be held at 10:00 am CET on Monday November 18, to be followed by a press conference at 11:30 am CET.

Korian is advised by J.P. Morgan, BNP Paribas, CACIB and Bredin Prat, and Medica is advised by Credit Suisse and Cleary Gottlieb.



About Korian

The KORIAN Group was created in 2001. Korian offers over 34,000 beds across Europe (France, Germany and Italy) and employs over 26,000 people. The Group manages 270 retirement homes and 50 specialized clinics (follow-up care and rehabilitation). It can accommodate 2,200 people in intermediate residences, and provides home-based healthcare to 9,000 customers.

Korian has been listed on Compartment B of Eurolist by Euronext Paris, since November 2006.

Website: www.groupe-Korian.com

About Medica

The MEDICA Group was created in 1968 and is now a standard setter in permanent or temporary dependency in France. The Group has an accommodation capacity comprising over 22,800 beds and employed a staff of 13,800 as of October 1, 2013. It operates in France, Belgium and Italy.

Medica has been listed on Compartment B of Eurolist by Euronext Paris, since February 2010. It is also part of the SBF 120 index.

Website: www.groupeMedica.com



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Important information

This press release does not constitute and shall not be construed as an offer or the solicitation of an offer to purchase, sell or exchange any securities of KORIAN and MEDICA. In addition, it does not constitute an offer or the solicitation of an offer to purchase, sell or exchange of securities in any jurisdiction (including the US and the United Kingdom) in which it would be unlawful or subject to registration or qualification under the laws of such jurisdiction.

In connection with the proposed transaction, the required information documents will be filed with the Autorité des Marchés Financiers ("AMF"). Investors and shareholders are strongly advised to read, when available, the information documents that have been filed with the AMF and any other relevant document that has been filed with the AMF as well as any related amendment if any and/or supplements because they will contain important information.

Shareholders and investors may obtain free copies of documents filed with the AMF at www.amf-france.org.

Forward-looking statements

This press release contains information and statements that might be deemed forward-looking information and statements with respect to KORIAN and MEDICA and the aggregate operations of both companies once the transaction would have been completed. They do not constitute historical facts. These information and statements include financial projections that are based upon certain assumptions and assessments made by KORIAN and MEDICA's management in light of its experience and its perception of historical trends, current economic and industry conditions, expected future developments and other factors they believe to be appropriate.

Forward-looking statements include statements typically using conditional and containing verbs such as "expect", "anticipate", "believe", "target", "plan", or "estimate", their declensions and conjugations and words of similar import.

Although the KORIAN and MEDICA's management believes that the forward-looking statements and information are reasonable, the KORIAN and MEDICA shareholders and other investors are cautioned that the completion of such expectations is by nature subject to various risks and uncertainties many of which are difficult to predict and generally beyond the control of KORIAN and MEDICA. These risks could cause actual results and developments to differ materially from those expressed in or implied or projected by the forward-looking statements. These risks include those discussed or identified in the public filings made by KORIAN and MEDICA with the AMF. Such forward-looking statements are not guarantees of future performance.

Neither KORIAN nor MEDICA undertakes any obligation to update or revise the forward-looking statements and information except to the extent legally required.

Combined financial data

This press release contains certain financial information resulting from the aggregation of revised historical financial information. This information is given for indicative purposes only and does not constitute pro forma financial information and has not been audited.