

DVANTAGE

Providing Solutions For The Caregiver

Message from the President and CEO



Marvin Richardson,
President & CEO

In the six months since I became President and CEO of Arcadia, I have learned a lot more about this company and its excellent people and, as a result, I am

more optimistic than ever about our future.

I appreciate the time you have given me to share your thoughts about this company and our opportunities. I have quickly come to respect the enormous talent and commitment of the Arcadia team.

It is an honor to be working with such a fine group of professionals, and I vow to do my best to make this an even better company in the years ahead.

For those of you interested in my background, I became part of the Arcadia family earlier this year when Arcadia purchased the company I co-founded, PrairieStone Pharmacy.

PrairieStone has been a leader in the retail pharmacy industry, with an outstanding reputation for innovation and the application of technology to enhance the pharmacy experience.

I have enjoyed the opportunity to get out in the field and meet our valued Affiliates and Associates and hear directly from you about

(continued on page 4)

Arcadia HealthCare begins new era in the Hoosier state

Company announces new headquarters and highly anticipated drug packaging system

The national spotlight shined on Arcadia HealthCare with two recent major announcements made by CEO Marvin Richardson. Joined by Indiana Governor Mitch Daniels, Richardson recently announced Arcadia HealthCare's plan to relocate its national headquarters to Indianapolis. Along with the move, Richardson also announced that Indiana residents will have access to DailyMed™ beginning in November.

"We are thrilled with our collaboration with the State of Indiana. I could not be more pleased with our selection of Indianapolis for our new corporate headquarters," said Richardson.

This announcement will mean additional jobs for Indiana and several tax breaks for Arcadia. The company plans to add to its existing staff by hiring more than 400 employees by 2010 and will begin to hire managers, pharmacists, pharmacy technicians and sales staff later this year. The Indiana Economic Development Corporation supported Arcadia's relocation with up to \$6 million in performance-based tax credits along with additional training grants based on current job creation plans. Arcadia will also receive decreased property taxes from the City of Indianapolis.

The new corporate office in Indianapolis is the result of the consolidation of four regional offices; Naples, Orlando, Montvale, N.J., and Minneapolis. Operations in Southfield, Mich., will remain as is and continue to play a vital part in the company.



Indiana Governor Mitch Daniels (right) welcomes Arcadia HealthCare CEO Marvin Richardson during a press conference held to announce the relocation.

"This new headquarters establishes a long-term presence here that will continue to create jobs for Hoosiers well into the future," said Governor Daniels.

The highly anticipated launch of DailyMed™ in Indiana jump starts the national launch, which is expected to occur in April 2008. The drug packaging system arranges patients' multiple prescriptions and over-the-counter medicines and vitamins into a roll of single dose packs labeled with the dates and times the patient should take them. The system's objective is to reduce medication errors, improve medication compliance and, ultimately, lower the cost of care.

Arcadia, through relationships with Indiana's Family & Social Services Administration as well as Community Action Agencies and Area Agencies on Aging, will begin dispensing DailyMed™ to up to 100,000 Medicaid recipients in Indiana. Furthermore, Arcadia is using a direct-to-consumer campaign on health and wellness to encourage the 1.7 million residents enrolled in Medicare to take advantage of the system.

In an effort to improve outcomes and lower Indiana's health care expenditures, the State of Indiana is taking part in the effort to encourage all residents to use DailyMed™.



DailyMed™ is a simpler alternative to traditional pill organizers. More information can be obtained at www.DailyMedRx.com

What's New

Executives join Arcadia HealthCare leadership team

Two new professionals have joined the executive team. Michelle Molin joins as Executive Vice President and General Counsel and Steve Zeller joined in September as Executive Vice President of Services. Both report directly to CEO Marvin Richardson.

"These two appointments are only the start of an estimated 400 new life science jobs that Arcadia HealthCare will bring to Indiana by 2010," stated Richardson. "We are thrilled to have these two talented, professionally-rich



Michelle Molin

Indiana residents join our Executive Team," he continued. "Their expertise will propel Arcadia HealthCare as a premiere health and life sciences company and an Indiana corporate citizen."

Executive Vice President and General Counsel Michelle Molin will advise and provide legal services to corporate staff and operating management regarding commercial, corporate, securities, employee law and litigation. She will also serve as a member of the corporate Executive Committee, driving the Company's mission, vision and values. Molin was most recently legal counsel and partner at Ice Miller LLP. She is a Cum Laude graduate of the Indiana University School of Law (Indianapolis) and holds a bachelor's degree from Purdue University.

Executive Vice President Steve Zeller is leading the long-term planning, oversight, and day-to-day management for Arcadia HealthCare services business line, which includes the company's in home health care and medical staffing businesses. In addition, he will be providing guidance and direction to Regional/Divisional Vice Presidents to

maximize growth and efficiency of operations; the development of new programs as well as serving as a member of the corporate Executive Committee, driving the Company's mission, vision and values.



Steve Zeller

Zeller was most recently President of BestCare Travel Staffing, LLC, an Arcadia Resources, Inc. affiliate. He has nearly 25 years of general management experience, including 18 years with

Columbus, Ind.-based Cummins Inc., where he last served as vice president and managing director of a Cummins European-based subsidiary. Zeller holds his Juris Doctor from Indiana University (Summa Cum Laude) and a bachelor's in economics from The College of William and Mary in Williamsburg, Va.

Arcadia awarded certification from The Joint Commission

Arcadia's travel healthcare staffing division, has been awarded the Gold Seal of Approval™ for healthcare staffing services from the Joint Commission for the Accreditation of Healthcare Organizations.

"This award reflects our ongoing commitment and investment in the future of our business partners and owned operations," said Marvin Richardson, Chief Executive Officer and President of Arcadia. "We are moving forward to certify all of our staffing businesses in order to be more competitive in the marketplace."

Medical staffing has been a core part of the Arcadia strategy since the company was founded in 1978. Arcadia supplies travel healthcare professionals to a broad base of medical facilities throughout the United States. Since it was established

in 2003, the travel division has seen double-digit growth in revenues, and made a significant contribution to Arcadia's profitability. The Joint Commission certification positions Arcadia well for future growth.

"Health care organizations that contract with Arcadia can look to this certification as an assurance that the company demonstrates a commitment to providing and continuously improving quality services," says Michele Sacco, M.S., executive director, Health Care Staffing Services Certification, Joint Commission. The Joint Commission's certification program, launched in October 2004, offers an independent, comprehensive evaluation of a staffing firm's abilities to provide competent staffing services.

"The Joint Commission's certification recognizes Arcadia's dedication to excellence and providing nurses and



allied health professionals that are qualified to provide safe, high-quality care to patients," said Steven Zeller, Executive Vice President of Service. "Our employees and customers recognize our commitment to high quality patient care, and the Joint Commission's Gold Seal of Approval™ is validation of this commitment from a well-respected independent certifying body."

Frequently Asked Questions

Q. How did Marvin Richardson arrive at Arcadia HealthCare?

A. He joined Arcadia in January 2007 when, as co-founder, President and CEO of Minneapolis, Minn.-based PrairieStone Pharmacy, he completed the sale of PrairieStone to Arcadia.

Q. How did he get started in the health care industry?

A. Richardson is a pharmacist and a 32-year veteran of health care and retail pharmacy services.

He started his career at age 16 in an independent retail pharmacy in his hometown of Anderson, Indiana.

Q. What positions has he held?

A. He worked for the Walgreen Company for 10 years beginning in 1979 before co-founding Low Cost Health Care, where he was President and CEO for 11 years. The company owned and operated retail pharmacies as well as a long-term care pharmacy operation that serviced several thousand patients in Indiana. He later

sold this multi-store retail chain and institutional pharmacy chain.

In 2000, he joined Rite Aid Corporation as part of a newly formed management team focused on the turn-around of its operations. He served as Senior Vice-President, Pharmacy Operations and was responsible for pharmacy operations and pharmacy technology for 3,600 pharmacies in the Rite Aid drug chain.

Q. Is there anything else you can tell us about his background?

A. Richardson is a 1980 graduate of Purdue University in West Lafayette, Ind., where he earned his Bachelor of Science degree in Pharmacy. He is former Chairman of the Long Term Care Committee of the National Association of Community Pharmacies and served on the Pharmacy Committee for the National Association of Chain Drug Stores. He has been an advisor to several major government leaders on healthcare policy, including Vice President Dan Quayle.

DailyMed™ and PrairieStone provide new pharmaceutical opportunities for Arcadia

When Arcadia acquired Minneapolis-based PrairieStone Pharmacy in February, not too many people knew that it was considered the “Starbucks of pharmacies.”

It is considered this because the company’s growth had been so rapid since it was founded in 2003. PrairieStone owns, operates or manages via its proprietary software interfaces with over 200 pharmacies in the Central and Eastern United States.

According to Marvin Richardson, the co-founder of PrairieStone, the company’s success is due to its focus on personal service, automation and its new DailyMed™ packaging system.

“When we launched PrairieStone, we took a fresh look at the pharmacy business and discovered we could make

(continued on page 4)

COMMUNICATIONS CORNER - Marilyn Kisly and Teddi Williams, Editors

What’s new in our internal communications arena? Plenty!

Arcadia HealthCare is proceeding with the next phase of Pilot’s development and plans are afoot for a new Home page interface that will include direct links to our policies, forms, departments/divisions, job opportunities, training materials, and more.

The updated Human Resources manual was successfully deployed company-wide as well as a new H.O.M.E. manual for our Products division. We welcome your feedback on these materials—we are always looking to improve on the usefulness of this content.

Training activities and events include ongoing refresher sessions on the use of ATM (the Arcadia Timesheet Module) as well as Outlook Web Access (OWA) by request. Every

Arcadia employee has an email account set up for their use. Each employee should be using the ATM to record time and attendance.

Have you checked out the latest issue of **Bits & Bytes**, the educational email message that is published each month? This year’s focus is MicroSoft Word®. Be on the lookout for this short, informative communication that is delivered right to your Arcadia mailbox.

Did you miss a month? Soon, previous **Bits & Bytes** will be available on Pilot. If you are not receiving a monthly **Bits & Bytes** message in your Arcadia mailbox, contact Teddi Williams at twilliams@arcadiaservices.com.

President & CEO Message

(continued from page 1)

our opportunities and challenges. At the same time, I am continuing efforts to create synergies among our businesses.

We are reviewing our entire operations with an eye on increasing accountability and the further alignment of incentive

programs with our strategic priorities.

Our recent consolidation of executive and marketing functions, and DailyMed™ offices to Indianapolis, along with the continued important administrative role of our Southfield

offices, provides a solid base for further company growth.

I believe very strongly in communication, and I look forward to communicating with you on a regular and timely basis.

Arcadia home health aide wins scholarships – heads for nursing career

Arcadia home health aide Candace Spence is heading to a nursing career with Arcadia’s Jackson, Mich. office, and it’s a career path that came with many bumps along the way.

Recently, the two-year Arcadia employee was awarded two scholarships from the Michigan Home Health Association that will help her to complete her nursing degree. With a 3.69 grade point average, Candace is graduating with honors.

Candace has managed to juggle her part-time work at Arcadia with her full-time studies, all while performing her most important job – that of being a single mother to 10-year old Allen.

According to Stacy Zimmerman, location manager for the Jackson, Mich. office, Candace is well deserving of the scholarships. “Candace has been a very caring home health aide,” said Stacy. “She’s thorough in all of her office work and always willing to go the extra mile. She has excellent rapport with her clients; many will switch their scheduled appointments to days when Candace is working.”

Candace is looking forward to moving into full-time nursing with Arcadia, but as much as she is excited about the medical aspects of her new career, she remains eager to maintain the positive personal interaction she has with clients and caregivers. “I enjoy meeting and

working with people, and helping them relieve their anxiety, whether its through medical skills or something as simple as just sitting and talking with them,” said Candace.



Candace Spence

She credits her success in school and at Arcadia to her mother, Charlene; her fiancé, Chris; and to Stacy Zimmerman and the Jackson office staff, who provided a flexible and accommodating work environment that adjusted to her school and parenting schedule.

PrairieStone provides new pharmaceutical opportunities for Arcadia

(continued from page 1)

it better,” said Richardson. “We made a commitment to remove the barriers that currently exist between patients and pharmacists to create a trusting and lasting relationship with our customers.

“Our store model allows pharmacists to interact directly with consumers – our highly automated systems eliminate the need for multiple counter personnel to tend to customers,” said Richardson. “Our pharmacies aren’t located in the back of stores like many chain drugstores – we’re out front and in the open, and our pharmacists are there to work with consumers directly.”

At PrairieStone, technology actually increases human contact. Each PrairieStone Pharmacy uses a high-speed, state-of-the-art prescription filling system. This automation is not only quicker, it also ensures accuracy and safety by running each prescription through numerous checks.

An extra benefit is that PrairieStone pharmacists have more time to help consumers because they’re not counting pills behind the countertops and shelves. Helping people is why pharmacists got into the profession in the first place and it is the reason that many of the top people in the field have joined the company.



Its new exclusive DailyMed™ service sorts monthly prescriptions, over-the-counter medications and even vitamins into convenient, single-dose packets. These sealed packets are arranged by the date and time they should be taken. Consumers receive a month’s supply of medication all at once inside a convenient dispensing box. The packets are connected by a perforation (much like a roll of paper towels) so they’re easily accessible.

With innovations like DailyMed™, it’s easy to see why PrairieStone was voted the “National Chain of the Year” by Drug Topics magazine in 2005, and why Arcadia’s future is brighter than ever.